

NORTHROP GRUMMAN SYSTEMS CORP
Form 11-K
June 29, 2001

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 11-K

ANNUAL REPORT PURSUANT TO SECTION 15 (d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Annual report pursuant to Section 15 (d) of the Securities
Exchange Act of 1934 (No fee required)

For the fiscal years ended December 31, 2000 and 1999

OR

Transition report pursuant to SECTION 15 (d) of the Securities Exchange Act
of 1934 (No fee required)

For the transition period from _____ to _____

Commission file number 33-59853

A. Full title of the plan and the address of the plan, if different from
that of the issuer named below:

NORTHROP GRUMMAN SAVINGS AND INVESTMENT PLAN

B. Name of issuer of the securities held pursuant to the Plan and the
address of its principal executive office:

NORTHROP GRUMMAN CORPORATION
1840 Century Park East
Los Angeles, California 90067

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NORTHROP GRUMMAN SAVINGS AND INVESTMENT PLAN

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INDEPENDENT AUDITORS' REPORT

To the Administrative Committee of the
Northrop Grumman Savings and Investment Plan:

We have audited the accompanying statements of net assets available for plan benefits of the Northrop Grumman Savings and Investment Plan (the "Plan") as of December 31, 2000 and 1999, and the related statement of changes in net assets available for plan benefits for the year ended December 31, 2000. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the net assets available for plan benefits as of December 31, 2000 and 1999, and the changes in net assets available for plan benefits for the year ended December 31, 2000, in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of assets held for investment purposes at December 31, 2000, is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental schedule is the responsibility of the Plan's management. Such supplemental schedule has been subjected to the auditing procedures applied in our audits of the basic financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

/s/ Deloitte & Touche LLP

Los Angeles, California
June 27, 2001

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NORTHROP GRUMMAN SAVINGS AND INVESTMENT PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR PLAN BENEFITS DECEMBER 31, 2000 AND 1999

	2000	1999
ASSETS:		
Investments (Notes B, C, D, and E)	\$ 3,988,957,330	\$ 4,002,157,293
Receivables:		
Participant contribution	3,639,865	352,316
Employer contribution	1,370,709	178,265
Due from broker for securities sold	26,052,697	1,945,217
Dividends and interest receivable	4,894,710	4,233,263
	-----	-----
Total assets	4,024,915,311	4,008,866,354
	-----	-----
LIABILITIES:		
Accrued expenses	3,282,800	3,554,439
Due to broker for securities purchased	59,459,797	20,388,536
	-----	-----
Total liabilities	62,742,597	23,942,975
	-----	-----
NET ASSETS AVAILABLE FOR PLAN BENEFITS	\$ 3,962,172,714	\$ 3,984,923,379
	=====	=====

See notes to financial statements.

NORTHROP GRUMMAN SAVINGS AND INVESTMENT PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR PLAN BENEFITS YEAR ENDED DECEMBER 31, 2000

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INVESTMENT INCOME:	
Net depreciation in fair value of investments (Notes B, C, and D)	\$ (35,106,07
Plan interest in Northrop Grumman Stable Value Master Trust investment income (Notes B, C, D, and E)	55,987,70
Interest	20,514,85
Dividends	52,073,05

Total investment income	93,469,54
Less investment expenses	4,634,64

Net investment income	88,834,90

CONTRIBUTIONS:	
Participant	154,392,70
Employer	56,575,05

Total contributions	210,967,75

Total additions	299,802,65

DEDUCTIONS:	
Benefits paid to participants	701,178,86
Administrative expenses	9,599,20

Total deductions	710,778,07

TRANSFER FROM OTHER PLANS (Note A)	388,224,75

NET DECREASE	(22,750,66
NET ASSETS AVAILABLE FOR PLAN BENEFITS:	
Beginning of year	3,984,923,37

End of year	\$ 3,962,172,71
	=====

See notes to financial statements.

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YEARS ENDED DECEMBER 31, 2000 AND 1999

A. DESCRIPTION OF THE PLAN

The following description of the Northrop Grumman Savings and Investment Plan (the "Plan") provides only general information. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

General - The Northrop Grumman Savings and Investment Plan is a qualified profit-sharing and employee stock ownership plan sponsored by Northrop Grumman Corporation (the "Company"). It was established February 1, 1962, and restated effective January 1, 1998, covering all hourly and salaried employees who are at least 18 years old, citizens or residents of the United States of America, and are not covered under another plan. It is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA").

On September 1, 1999, the Northrop Grumman Commercial Aircraft Division Salaried Savings and Investment Plan (the "Former Plan") was merged with the Plan and the Former Plan participants became eligible for participation in the Plan.

On December 18, 1999, participants in the Employee Salary Deferral Plan of Logicon, Inc.; the Employees Profit Sharing Plan of Logicon, Inc.; the Employees Profit Sharing Plan of Logicon Eagle Technology, Inc.; the Logicon Syscon, Inc. Profit Sharing Plan; the INRI 401(k) and Profit Sharing Plan; and the INRI Money Purchase Plan (collectively, the "Logicon Plans"), became eligible for participation in the Plan. On July 28, 2000, the Logicon Plans were merged with the Plan.

Contributions - Plan participants may contribute between 1 percent and 18 percent of eligible compensation in increments of 1 percent, on a tax-deferred (before-tax) basis, an after tax-basis, or a combination thereof. An active participant may change the percentage of his or her contributions. Contributions are subject to certain limitations.

The Company's matching contributions are as follows:

Employee Contribution	Company Match
First 2 percent of eligible compensation	100 %
Next 2 percent of eligible compensation	50 %
Next 4 percent of eligible compensation	25 %
Contribution over 8 percent	0 %

Participant Accounts - A separate account is maintained for each participant. Each participant's account is credited with the participant's contribution and allocations of (a) the Company's contribution, (b) Plan earnings, and (c) administrative expenses. Allocations are based on participant earnings on account balances, as defined in the Plan document. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Vesting - Plan participants are fully vested (100 percent) at all times in the balance of their accounts (both employee and employer contributions), none of which may be forfeited for any reason.

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Investment Options - Upon enrollment in the Plan, each participant may direct that his or her employee contributions and Company matching contributions, in 1 percent increments, be invested in any of the following eleven investment funds.

U.S. Equity Fund - The U.S. Equity Fund consists predominantly of holdings in large- and medium-sized U.S. company stocks. The fund's objectives are capital appreciation over the long term, along with current income (dividends). The fund's stock investments are selected by independent professional investment managers appointed by the Plan's Investment Committee.

U.S. Fixed Income Fund - The Fixed Income Fund consists of holdings in marketable, fixed-income securities rated within the three highest investment grades (i.e., A or better) assigned by Moody's Investor Services or Standard & Poor's Corporation, U.S. Treasury or federal agency obligations, or cash-equivalent instruments. The fund is broadly diversified and maintains an average maturity of 10 years. The securities are selected by independent professional investment managers appointed by the Plan's Investment Committee.

Northrop Grumman Stable Value Master Trust - The Northrop Grumman Stable Value Master Trust (the "Master Trust," Note D) is diversified among U.S. government securities and obligations of government agencies, bonds, short-term investments, cash, and investment contracts issued by insurance companies and banks. The Master Trust is managed by an independent professional investment manager appointed by the Plan's Investment Committee.

Northrop Grumman Fund - The Northrop Grumman Fund invests exclusively in Northrop Grumman Corporation common stock.

Balanced Fund - The Balanced Fund is a fully diversified portfolio consisting of fixed portions of five of the savings plan funds (Stable Value Fund, U.S. Equity Fund, Fixed Income Fund, International Equity Fund, and Small Cap Fund). The fund seeks to exceed the return of the bond market and approach the return of the stock market, but with less risk than an investment only in stocks.

International Equity Fund - The International Equity Fund consists of stocks of a diversified group of companies in developed countries outside the United States. The fund's objectives are capital appreciation over the long term, along with current income (dividends).

Small Cap Fund - The Small Cap Fund consists of stocks of a diversified group of small-capitalization U.S. companies. The stocks purchased by the fund typically have a market capitalization similar to companies in the Russell 2001 Index, which are companies with an average market capitalization of \$500 million. The fund's objective is capital appreciation over the long term, rather than current income (dividends).

Equity Index Fund - The Equity Index Fund consists of a diversified portfolio of stocks, as defined by an established market index. These stocks are selected by independent professional investment managers appointed by the Plan's Investment Committee. This fund is designed to provide results that closely match those of the Standard & Poor's 500 Stock Index.

High Yield Bond Fund - The High Yield Bond Fund consists of below-investment-grade securities (i.e., BBB or lower) assigned by Moody's Investor Services or Standard & Poor's Corporation. The fund

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seeks to exceed the return of the high-quality (investment grade) bond market.

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International Bond Fund - The International Bond Fund consists of non-U.S. dollar denominated debt instruments rated within the three highest investment grades (i.e., A or better) by Moody's Investor Services or Standard & Poor's Corporation. The fund's objective is to provide a higher level of income and capital appreciation than the domestic fixed income market.

Emerging Market Fund - The Emerging Market Fund consists of a diversified portfolio of stocks issued by companies based in developing countries. The fund's objective is capital appreciation over the long term.

Schwab Personal Choice Retirement Account - The Schwab Personal Choice Retirement Account consists of mutual funds from over 300 mutual fund companies.

Participants may change their investment options daily.

Contributions deposited into each investment fund buy a number of units in each fund. The value of each participant's account within each fund depends on two factors: (1) the number of units purchased to date, and (2) the current value of each unit. Unit values are updated daily prior to any plan transactions, including contributions, withdrawals, distributions, and transfers.

Participant Notes Receivable - Participants may borrow from their fund accounts a minimum of \$1,000, up to a maximum equal to the lesser of \$50,000 or 50 percent of their account balance reduced by the highest outstanding balance over the past 12 months. A participant may not have more than two outstanding loans at any given time. Loans will be prorated across all investment funds and are secured by the balance in the participant's account. The interest rate is fixed on the first business day of each month at the prime rate of the Plan's trustee plus 1 percent. Repayments are made from payroll deductions (for active employees) or personal check (for former employees or employees on a leave of absence). The maximum loan period is five years, or ten years for a loan used to acquire a dwelling that is to be the principal residence of the participant. Loans may be prepaid in full; partial prepayments are not permitted.

Payment of Benefits - On termination of service due to death, disability, or retirement, a participant may receive a lump-sum payment of his or her account balance. A participant may also delay his or her lump-sum payment until the age of 70 1/2, if the account balance exceeds \$5,000.

Distribution from the Northrop Grumman Fund will be paid in cash, stock, or a combination of both, depending on the participant's election.

Withdrawals - A participant may withdraw all or a portion of his or her after-tax contributions (plus earnings) at any time. In addition, a participant may withdraw all or a portion of his or her Company matching contribution (plus earnings) at any time. A participant may withdraw all or a portion of his or her before-tax contributions for any reason after reaching age 59 1/2, or prior to reaching age 59 1/2 in the case of hardship (as described in the Plan document).

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B. SUMMARY OF ACCOUNTING POLICIES

Basis of Accounting - The financial statements of the Plan are prepared under the accrual basis of accounting.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

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Investment Valuation and Income Recognition - In the accompanying statement of net assets available for plan benefits as of December 31, 2000, the Plan's investments are stated at fair value, except for the investments in insurance and investment contracts included in the Master Trust, which are stated at contract value (see Note E). Quoted market prices are used to determine the fair value of the investments. Notes receivable from participants are valued at cost, which approximates fair value.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

Broker commissions, transfer taxes, and other charges and expenses incurred in connection with the purchase, sale, or other disposition of securities or other investments held by the Master Trust are added to the cost of such securities or other investments, or are deducted from the proceeds of the sale or other disposition thereof, as appropriate. Taxes (if any) on the assets of the funds, or on any gain resulting from the sale or other disposition of such assets, or on the earnings of the funds, are apportioned in such a manner as the trustee deems equitable among the participants and former participants (if any) whose interests in the Plan are affected, and the share of such taxes apportioned to each such person is charged against his or her account in the Plan.

Payment of Benefits - Benefits are recorded when paid. As of December 31, 2000 and 1999, benefits payable in cash to participants were \$104,046 and \$111,924, respectively.

New Accounting Pronouncements - In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards ("SFAS") No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended by SFAS No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities." SFAS No. 133 establishes accounting and reporting standards for derivative instruments and for hedging activities. It requires that all derivatives, including those embedded in other contracts, be recognized as either assets or liabilities and that those financial instruments be measured at fair value. The Plan is required to adopt SFAS No. 133, as amended, for the plan year 2001. The Plan administrator has not yet quantified the impact of adopting SFAS No. 133, as amended, on the Plan's 2001 financial statements.

C. INVESTMENTS

The following presents investments that represent 5 percent or more of the Plan's net assets, as of December 31, 2000 and 1999:

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	2000	1999
Northrop Grumman Corporation common stock, 4,078,898 and 4,754,472 shares, respectively	\$ 338,548,534	\$ 257,038
Plan Interest in the Northrop Grumman Stable Value Master Trust	873,708,082	950,455
Charles Schwab Personal Choice Retirement Account	291,083,607	

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During 2000, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated in value by \$20,881,629 as follows:

Common stock	\$ 15,998,945
Debt obligations	11,878,508
Mutual funds	(62,983,532)

Net depreciation in fair value of investments	(35,106,079)
Plan interest in Northrop Grumman Stable Value Master Trust investment income	55,987,708

	\$ 20,881,629
	=====

D. INTEREST IN NORTHROP GRUMMAN STABLE VALUE MASTER TRUST

A portion of the Plan's investments is in the Master Trust, which was established for the investment of the assets of the Plan and two other Northrop Grumman Corporation sponsored savings plans. Each participating savings plan has an undivided interest in the Master Trust. The assets of the Master Trust are held by Primco Capital Management. At December 31, 2000 and 1999, the Plan's interest in the net assets of the Master Trust were approximately 68 percent and 67 percent, respectively. Investment income and administrative expenses relating to the Master Trust are allocated among the participating plans based upon average monthly balances invested by each plan.

Investments held in the Master Trust as of December 31, 2000 and 1999 were as follows (in thousands):

	2000	1999
Guaranteed and Synthetic Investment Contracts (at contract value)	\$ 1,275,250	\$ 1,373
Northrop Retirement Savings Temporary Investment Fund	14,627	3
	-----	-----
Total	\$ 1,289,877	\$ 1,413
	=====	=====

Investment income of the Master Trust totaled \$84,005,912 for the year ended December 31, 2000.

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E. INVESTMENT CONTRACTS WITH INSURANCE COMPANIES

All investment contracts held by the Master Trust are considered to be fully benefit responsive and, therefore, are reported at contract value. Contract value represents contributions made under the contract, plus interest at the contract rate, less withdrawals and administrative expenses.

The Master Trust holds wrapper contracts in order to manage the market risk and return of certain securities held by the Master Trust. The wrapper contracts generally modify the investment characteristics of certain underlying securities similar to those of guaranteed investment contracts. Each wrapper contract and its related underlying assets are referred to as a Synthetic Investment Contract ("SIC") and are recorded at contract value. The SICs held by the Master Trust had a contract value totaling \$1,264,054,000 and \$1,324,045,000 at December 31, 2000 and 1999, respectively. The fair value of the underlying assets related to the wrapper contracts totaled \$1,292,226,000 and \$1,306,787,000 as of December 31, 2000 and 1999, respectively.

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The fair value of the non-synthetic guaranteed investment contracts totaled \$10,987,000 and \$57,491,000 at December 31, 2000 and 1999, respectively.

The following information is disclosed for the investment contracts within the Master Trust as of December 31, 2000 and 1999:

	2000	1999
Average yield of assets on December 31	6.64 %	6.25 %
Average crediting interest rate of assets at December 31	6.64 %	6.25 %
Average duration	3.20 years	2.77 years

F. TRANSACTIONS WITH PARTIES-IN-INTEREST

In Plan management's opinion, fees paid during the year for services rendered by parties-in-interest were based upon customary and reasonable rates for such services.

G. PLAN TERMINATION

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of the Plan's termination, the interests of all participants in their accounts are 100 percent vested and nonforfeitable.

H. INCOME TAXES

The Internal Revenue Service has determined and informed the Company by letter dated April 25, 2000, that the Plan, as amended, and related trust are designed in accordance with applicable sections of the Internal Revenue Code (the "IRC"). The plan administrator and the Plan's counsel believe that the Plan is currently being operated in compliance with the applicable requirements of the IRC.

I. DESCRIPTION OF PLAN MERGERS

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Effective September 1, 1999, plan assets of \$248,055,395 of the Former Plan were merged into the Plan. The transferred net assets have been recognized in the accounts of the Plan at their balances as previously carried in the accounts of the Former Plan.

Effective July 28, 2000, plan assets of \$388,224,753 of the Logicon Plans were merged into the Plan. The transferred net assets have been recognized in the accounts of the Plan at their balances as previously carried in the accounts of the Logicon Plans.

J. SUBSEQUENT EVENTS

On February 23, 2001, the Northrop Grumman Naval Systems Division - Cleveland Facility Salaried Employees 401(k) Savings Plan and Northrop Grumman Naval Systems Division - Cleveland Facility Hourly Employees 401(k) Savings Plan (collectively, the "Naval Plans") were merged with the Plan and the Naval Plans participants became eligible for participation in the Plan.

On April 12, 2001, the Northrop Grumman Electronic Sensors and Systems Sector Savings and Investment Plan (the "ESSS Plan") was merged with the Plan and the ESSS Plan participants became eligible for participation in the Plan.

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On June 16, 2001, participants in the Data Procurement Corporation, Inc. 401(k) Retirement Plan became eligible for participation in the Plan.

On June 22, 2001, the Employees' Profit Sharing Plan of Logicon Geodynamics, Inc. (the "Geodynamics Plan") was merged with the Plan and Geodynamics Plan participants became eligible for participation in the Plan.

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SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSES
 DECEMBER 31, 2000

(a)	(b) Identity of Issuer, Borrower, Lessor or Similar Party	(c) Description of Investment	\$
*	Northrop Grumman Corporation	Participation in the Northrop Grumman Stable Value Master Trust	
*	Northrop Grumman Corporation	Common Stock	
*	Charles Schwab	Personal Choice Retirement Account	
*	State Street Bank & Trust Co	Short Term Investment Fund	
*	S&P 500 Flagship Series A	Flagship S&P 500 Index Fund	
*	Northrop Grumman Corporation	Participant Loans	
	SSGA CME9	Bond Market Index Fund Series A	
	Dresdner Rcm Midcap Fd	Midcap Fund Class 1	
	Citigroup Inc	Common Stock	
	Barclays Global Invs Fds Inc	S&P 500 Stock Fund	
	Capital Guardian Tr Co	Small Cap Daily Fund	
	JP Morgan Smart Index Fund	Common Stock	
	Pfizer Inc	Common Stock	
	General Elec Co	Common Stock	
	Sit Mut Fds Inc	International Growth Fund	
	Exxon Mobil Corp	Common Stock	
	PIC Small Cap Inv Fund Debt	Common Stock	
	Capital Guardian Non US	Developed Market Equity	
	American Intl Group Inc	Common Stock	
	Foreign Discover	Rowe T Price Trust Fund	
	Cisco Sys Inc	Common Stock	
	Schroder Intl Equity Fund	Common Stock	
	Merck & CO Inc	Common Stock	
	Viacom Inc	Class B	
	SBA Communications Inc	Common Stock	
	Federal Natl Mtg Assn	Common Stock	

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Tyco Intl Ltd New	Common Stock
Home Depot Inc	Common Stock
Pharmacia Corp	Common Stock
Johnson & Johnson	Common Stock
Bank Amer Corp	Common Stock
Amgen Inc	Common Stock
Qwest Communications Intl Inc	Common Stock
Wal Mart Stores Inc	Common Stock
Philip Morris Cos Inc	Common Stock

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Lilly Eli & Co	Common Stock
Microsoft Corp	Common Stock
Bank One Corp	Common Stock
Alcoa Inc	Common Stock
Procter & Gamble Co	Common Stock
AT&T Corp	Com Liberty Media Grp Class A
American Express Co	Common Stock
EMC Corp Mass	Common Stock
Verizon Communications	Common Stock
American Home Products Corp	Common Stock
International Business Machs	Common Stock
Time Warner Inc	Common Stock
Merrill Lynch & Co Inc	Common Stock
USA Ed Inc	Common Stock
Texas Instrs Inc	Common Stock
Schering Plough Corp	Common Stock
Schlumberger Ltd	Common Stock
Medtronic Inc	Common Stock
Hewlett Packard Co	Common Stock
Nike Inc	Class B
Applied Materials Inc	Common Stock
Intel Corp	Common Stock
Chevron Corp	Common Stock
Anheuser Busch Cos Inc	Common Stock
Alltrista Corp	Common Stock
Genentech Inc	Common Stock
Enron Corp	Common Stock
Washington Fed Inc	Common Stock
Household Intl Inc	Common Stock
Texaco Inc	Common Stock
Lowe's Cos Inc	USD0.50
Kimberly Clark Corp	Common Stock
America Online Inc Del	Common Stock
Abbott Labs	Common Stock
FHLMC TBA Dec 30 Gold Single	7.5% 01 Dec 2099
Baker Hughes Inc	Common Stock
Kohls Corp	Common Stock

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Kellogg Co	Common Stock
Goldman Sachs Group Inc	Common Stock
Teradyne Inc	Common Stock
United Technologies Corp	Common Stock

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XL Capital Ltd	Shs A
United States Treasury Bonds	7.875% 15 Feb 2021
Conoco Inc	Common Stock
Illinois Tool Wks Inc	Common Stock
US Bancorp Del	Common Stock
Forest Labs Inc	Common Stock
Sun Microsystems Inc	Common Stock
Bristol Myers Squibb Co	Common Stock
United States Treasury Notes	6% 15 Aug 2009
Agilent Technologies Inc	Common Stock
Union Pac Corp	Common Stock
J P Morgan Chase & Co	Common Stock
Morgan Stanley Dean Witter	Common Stock
Colgate Palmolive Co	Common Stock
Applera Corp Allied Biosys	Common Stock
Unocal Corp	Common Stock
Nextel Communications Inc	Class A
Compaq Computer Corp	Common Stock
Pepsico Inc	Common Stock
Ford Mtr Co Del	Com Par USD0.01
Target Corp	Common Stock
Dell Computer Corp	Common Stock
United States Treasury Notes	6.125% 15 Aug 2007
Williams COS Inc	Common Stock
Campbell Soup Co	Common Stock
Motorola Inc	Common Stock
Bank New York Inc	Common Stock
Applied Micro Circuits Corp	Common Stock
Coca Cola Co	Common Stock
Univision Communications	Class A
Keycorp New	Common Stock
Lockheed Martin Corp	Common Stock
Costco Whsl Corp New	Common Stock

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Pimco Funds	High Yield Fund Instl Cl
Capital Guardian	Emerging Market Equity
Worldcom Inc	Common Stock
FNMA Pool 535095	8% 01 Dec 2014
McDonalds Corp	Common Stock
Oracle Corp	Common Stock
Guidant Corp	Common Stock
First Union Corp	Common Stock
General Mtrs Corp	Common Stock
Omnicom Group	Common Stock
United States Treasury Notes	5.75% 15 Aug 2010
AT&T Corp	Common Stock
Arrow Electrs Inc	Common Stock
GNMA Pool 780191	7.5% 15 Jul 2025
Wells Fargo & Co New	Common Stock
Astrazeneca Plc	Sponsored Adr
General Mls Inc	Common Stock
Clear Channel Communications	Common Stock
Corning Inc	Common Stock
AES Corp	Common Stock
Baxter Intl Inc	Common Stock
Tiffany & Co New	Common Stock
Checkfree Corp New	Common Stock
Eaton Corp	Common Stock
Veritas Software Corp	Common Stock

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Becton Dickinson & Co	Common Stock
GNMA Pool 781176	7% 15 Dec 2028
VF Corp	Common Stock
Halliburton Co	Common Stock
Cablevision Sys Corp	Class A
Parker Hannifin Corp	Common Stock
JDS Uniphase Corp	Common Stock
May Dept Stores Co	Common Stock
Bell South Corp	Common Stock
DLG Mtg Accep Corp	6.75% 19 Jun 2028
KLA Tencor Corp	Common Stock
International Paper Co	Common Stock

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CNF Inc	Common Stock
FNMA Pool 323819	7.5% 01 Jun 2029
General Dynamics Corp	Common Stock
Hartford Financial Svcs Group	Common Stock
Dow Chem Co	Common Stock
Clorox Co	Common Stock
Fedex Corp	Common Stock
Ingersoll Rand Co	Common Stock
American Std Cos Inc Del	Common Stock
Gillette Co	Common Stock
Peoplesoft Inc	Common Stock
Ambac Finl Group Inc	Common Stock
Heinz H J Co	Common Stock
Minnesota Mng & Mfg Co	Common Stock
FNMA TBA Jan 30 Single Fam	7% 01 Dec 2099
Analog Devices Inc	Common Stock
Lincoln Natl Corp In	Common Stock
Golden West Finl Corp Del	Common Stock
Wisconsin Energy Corp	Common Stock
First Data Corp	Common Stock
Comcast Corp	Class A
Emerson Elec Co	Common Stock
Sepracor Inc	Common Stock
Merita Bk Ltd	7.15% 29 Dec 2049
Avnet Inc	Common Stock
Boeing Co	Common Stock
Flextronics International	Common Stock
Quintiles Transnational Corp	Common Stock
Allergan Inc	Common Stock
Dover Corp	Common Stock
Providian Finl Corp	Common Stock
Avon Prods Inc	Common Stock
Federal Natl Mtg Assn	7.25% 15 Jan 2010
United States Treasury Notes	5.25% 15 May 2004
TXU Corp	Common Stock
Safeway Inc	Common Stock
Brocade Communications Sys Inc	Common Stock

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United States Treasury Bd Strp Prn	0.01% 15 Nov 2004
Berkshire Hathaway Inc Del	Class A
Fleetboston Finl Corp	Common Stock

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Cinergy Corp	Common Stock
Entergy Corp	Common Stock
Transocean Sedco Forex Inc	Common Stock
Federal Natl Mtg Assn	6.625% 15 Oct 2007
Grainger WW Inc	Common Stock
General Mtrs Corp	Common Stock
Capital One Finl Corp	Common Stock
Caterpillar Inc	Common Stock
Fed Hm Ln PC C41473	7.5% 01 Aug 2030
FFTW Fds Inc	Intl Hedged Portfolio
Wells Fargo Bk N A San Francisco	7.8% 15 Jun 2010
Countrywide Cr Inds Inc	Common Stock
Palm Inc	Common Stock
HCA Healthcare Co	Common Stock
PNC Finl Svcs Group Inc	Common Stock
Sony Corp	Common Stock
United States Treasury Notes	6.75% 15 May 2005
Cigna Corp	Common Stock
Federal Home Ln Mtg Corp	Common Stock
Solectron Corp	Common Stock
Eastman Kodak Co	Common Stock
PMI Group Inc	Common Stock
Conagra Inc	Common Stock
United States Treasury Bonds	6.625% 15 Feb 2027
Air Products & Chemicals Inc	Common Stock
PMC Sierra Inc	Common Stock
Packaging Corp Amer	Common Stock
Phillips Pete Co	Common Stock
Interpublic Group Cos Inc	Common Stock
Germany Federal Rep OF	5% 19 Aug 2005
LB UBS Coml Mtg TR	6.51% 15 Nov 2010
Rohm & Haas Co	Common Stock
Black & Decker Corp	Common Stock
Nisource Inc	Common Stock

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Genuine Parts Co	Common Stock
Tenet Healthcare Corp	Common Stock
Indymac Bancorp Inc	Common Stock
Royal Dutch Pete Co	Common Stock
Fed Hm Ln PC G01135	8% 01 Sep 2030
Carnival Corp	Common Stock
NCR Corp New	Common Stock
Hasbro Inc	Common Stock
Amerada Hess Corp	Common Stock
Rational Software Corp	Common Stock
Medimmune Inc	Common Stock
Deere & Co	Common Stock
Delphi Automotive Sys Corp	Common Stock
Walgreen Co	Common Stock
GNMA I TBA Jan 30 Single Fam	8% 15 Dec 2099
Tennessee Gas Pipeline Co	7% 15 Oct 2028
Raytheon Co	Class B
Kennametal Inc	Common Stock
FHLMC TBA Jan 30 Gold Single	7.5% 01 Dec 2099
Federal Natl Mtg Assn	6.625% 15 Nov 2010
FNMA TBA Jan 30 Single Fam	7.5% 01 Dec 2099
Bowater Inc	Common Stock
Waters Corp	Common Stock

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Fluor Corp New	Common Stock
Summit Bancorp	Common Stock
Occidental Pete Corp	Common Stock
Conseco Inc	8.75% 09 Feb 2004
Progress Energy Inc	Common Stock
Honeywell Intl Inc	Common Stock
Gannett Inc	Common Stock
Ameren Corp	Common Stock
Dynegy Inc New	Class A
Global Marine Inc	Common Stock
Autodesk Incorporated	Common Stock
MBIA Inc	Common Stock
Whirlpool Corp	Common Stock
Financing Corp Cpn Fico Strips	0.01% 30 May 2005

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United States Treasury Bonds	5.25% 15 Feb 2029
Coca Cola Enterprises Inc	Common Stock
American Gen Corp	Common Stock
Cincinnati Finl Corp	Common Stock
Centaur Funding	Preferred Shares
PPG Inds Inc	Common Stock
Novellus Sys Inc	Common Stock
Perkinelmer Inc	Common Stock
NTL Inc	Common Stock
Devon Energy Corporation New	Common Stock
Ing Cap Fdg TR III	8.439% 31 Dec 2049
United States Treasury Notes	5.875% 15 Nov 2004
Disney Walt Co	Common Stock
Axa Sa	8.6% 15 Dec 2030
Fox Entmt Group Inc	Class A
Immunex Corp New	Common Stock
Delta Air Lines Inc	7.379% 18 May 2010
Nabors Industries Inc	Common Stock
United States Treasury Notes	6% 15 Aug 2009
Cooper Inds Inc	Common Stock
St Paul Cos Inc	Common Stock
Siebel Sys Inc	Common Stock
Quaker Oats Co	Common Stock
Federal Home Ln Mtg Corp	7% 15 Jul 2005
JP Morgan Instl Fds	International Bond Fund
TMP Worldwide Inc	Common Stock
Abitibi Consolidated Inc	8.55% 01 Aug 2010
* Northrop Grumman Corporation	Cash Account
Greenpoint Finl Corp	Common Stock
Symbol Technologies Inc	Common Stock
AFLAC Inc	Common Stock
Duke Energy Field Svcs LLC	7.875% 16 Aug 2010
Goodrich BF Co	Common Stock
Archer Daniels Midland Co	Common Stock
Harley Davidson Inc	Common Stock
Weatherford Intl Inc New	Common Stock
Donnelley R R & Sons Co	Common Stock

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Internationsl Rectifier Corp	Common Stock
Qualcomm Inc	Common Stock

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Equity Office Pptys Tr	Common Stock
Radioshack Corp	Common Stock
Electronic Data Sys Corp New	Common Stock
Pinnacle West Cap Corp	Common Stock
Cadence Design Sys Inc	Common Stock
Thermo Electron Corp	Common Stock
Weyerhaeuser Co	Common Stock
Loews Corp	Common Stock
Northeast Untils	Common Stock
DTE Energy Co	Common Stock
Mercury Interactive Corp	Common Stock
Fiserv Inc	Common Stock
Millennium Pharmeceuticals	Common Stock
Valero Energy Corp	Common Stock
RF Micro Devices Inc	Common Stock
Peregrine Sys Inc	Common Stock
Pitney Bowes	Common Stock
Fed Hm Ln PC C00921	7.5% 01 Feb 2030
Southwest Aircls Co	Common Stock
United States Treasury Notes	5.75% 15 Nov 2005
Emulex Corp	Common Stock
United Parcel Svc Inc	Class B
Amr Corp Del	Common Stock
Jefferson Pilot Corp	Common Stock
Convergys Corp	Common Stock
United States Treasury Bonds	7.25% 15 May 2016
MBNA Corp	Common Stock
Harrahs Entmt Inc	Common Stock
Financing Corp Cpn Fico Strips	0.01% 06 Jun 2003
IDEC Pharmaceuticals Corp	Common Stock
Vodafone Group PLC New	Sponsored Adr
Finisar Corp	Common Stock
Xerox Corp	Common Stock
Starbucks Corp	Common Stock
Nortel Networks Corp	Common Stock

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Masco Corp	Common Stock
National Comm Bancorp	Common Stock
Juniper Networks Inc	Common Stock
FNMA Pool 498091	6.5% 01 May 2029
GNMA Pool 354686	7.5% 15 Nov 2023
GNMA Pool 496920	7% 15 Apr 2029
Bjs Whsl Club Inc	Common Stock
IVAX Corp	Common Stock
Federal Natl Mtg Assn	7.25% 15 Jan 2010
TJX Cos Inc New	Common Stock
Altera Corp	Common Stock
Government Natl Mtg Assn	1% 16 Jul 2028
United States Treasury Notes	5.75% 15 Aug 2010
Jones Apparel Group Inc	Common Stock
Maxim Integrated Prods Inc	Common Stock
Universal Health Svcs Inc	Class B
Cintas Corp	Common Stock
Marriott Intl Inc New	CL A
Federal Natl Mtg Assn	7.25% 15 May 2030
Starwood Hotels & Resorts	Class B
American Electric Power Inc	Common Stock
CMS Energy Corp	Common Stock

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Allegiance Telecom Inc	Common Stock
USA Networks Inc	Common Stock
K Mart Corp	Common Stock
Kroger Co	Common Stock
Cooper Cameron Corp	Common Stock
Legg Mason Inc	Common Stock
Federal Home Ln Mtg PC Gtd	3.5% 15 Jun 2007
Dana Corp	Common Stock
Southtrust Corp	Common Stock
Niagara Mohawk Hldgs Inc	Common Stock
FNMA Pool 535039	8% 01 Nov 2029
Autonation Inc Del	Common Stock
Mattel Inc	Common Stock
Daily Eafe Sl Series A	Series A
ITT Inds Inc	Common Stock

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Circuit City Stores Inc	Common Stock
SSGA CMK4	Russel Special Small Co Series A
Family Dlr Stores Inc	Common Stock
Vitesse Semiconductor Corp	Common Stock
Nordstrom Inc	Common Stock
Federal Natl Mtg Assn	6.625% 15 Nov 2030
Wachovia Corp	Common Stock
Johnson Ctls Inc	Common Stock
Providian Home Equity Ln TR	1% 25 Jun 2025
Equity Residential Pptys Tr	Sh Ben Int
Calpine Corp	Common Stock
Federated Dept Stores Inc Del	Common Stock
Bard C R Inc	Common Stock
Gap Inc	Common Stock
Praxair Inc	Common Stock
United States Treasury Notes	6.5% 15 Aug 2005
United States Treasury Notes	6.875% 15 May 2006
Union Carbide Corp	Common Stock
Vornado Rlty TR	Common Stock
Tibco Software Inc	Common Stock
Redback Networks Inc	Common Stock
Micromuse Inc	Common Stock
King Pharmaceuticals Inc	Common Stock
Burlington Northn Santa Fe	Common Stock
Eastman Chem Co	Common Stock
FNMA Pool 402853	6.5% 01 Dec 2027
Bausch & Lomb Inc	Common Stock
Dollar Gen Corp	Common Stock
SDL Inc	Common Stock
Cit Group Inc	Class A
Newport Corp	Common Stock
Quest Diagnostics Inc	Common Stock
Charter Communications Inc Del	Class A
Amazon.com Inc	4.75% 01 Feb 2009
GNMA I TBA Jan 30 Single Fam	7.5% 15 Dec 2099
Capital Desjardins Inc	7.37% 08 Aug 2005
Double Click Inc	Common Stock

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Inter Amerin Dev Bk	7.375%	15 Jan 2010
FNMA TBA Jan 30 Single Fam	7%	01 Dec 2099
Residential Asset Sec Mtg Pass	1%	25 Jan 2032
FNMA Pool 537273	8%	01 May 2030
Borg Warner Automotive Inc		Common Stock
Citigroup Inc	7.25%	01 Oct 2010
Torchmark Inc		Common Stock
FNMA TBA Jan 30 Single Fam	6.5%	01 Dec 2099
Lauder Estee Cos Inc		Class A
Federal Natl Mtg Assn Remic	6%	25 Mar 2009
Deutsche Mtg & Assets Rec Corp	6.538%	15 Feb 2008
Du Pont E I De Nemours & Co		Common Stock
FNMA TBA Jan 30 Single Fam	6%	01 Dec 2099
Internet Sec Sys Inc		Common Stock
Valero Energy Corp New	8.75%	15 Jun 2030
Federal Natl Mtg Assn	6.625%	15 Oct 2007
Metromedia Fiber Network Inc		Class A
Bea Sys Inc		Common Stock
Telephone & Data Sys Inc		Common Stock
Boise Cascade Corp		Common Stock
M&T Bank Corp		Common Stock
BJ Svcs Co		Common Stock
Atmel Corp		Common Stock
Owens ILL Inc		Common Stock
Smith Intl Inc		Common Stock
Royal Caribbean Cruises Ltd		Shares
Lehman Brothers Holdgs Inc		Common Stock
Sprint Corp		PCS Com Series 1
Edison Intl		Common Stock
Tesoro Pete Corp		Common Stock
Energy East Corp	8.05%	15 Nov 2010
Engelhard Corp		Common Stock
Ariba Inc		Common Stock
GNMA Pool 781035	6.5%	15 May 2029
FNMA Pool 252256	7%	01 Feb 2029
Lubrizol Corp		Common Stock
Sprint Corp		PCS Com Series 1

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Consolidated Edison Inc		Common Stock
Chubb Corp		Common Stock
Inhale Therapeutic Sys		Common Stock
Murphy Oil Corp		Common Stock
Converse Technology Inc		Common Stock
Residential Fdg Mtg Secs	6.5%	25 Sep 2014
Henry Schein Inc		Common Stock
Echostar Communications Corp		Class A
Gemstar TV Guide Intl Inc		Common Stock
Federal Home Ln Mtg PC Gtd	3.5%	15 Nov 2007
Polycom Inc		Common Stock
Radian Group Inc		Common Stock
Williams Sonoma Inc		Common Stock
Crown Castle Intl Corp		Common Stock
Santa Fe International Corp		Shares
Hibernia Corp		Class A
Darden Restaurants Inc		Common Stock
Massachusetts Mut Life Ins Co	7.5%	01 Mar 2024
Precision Castparts Corp		Common Stock

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Textron Inc	Common Stock
John Hancock Financial Srvcs	Common Stock
Esterline Technologies Corp	Common Stock
Fed Hm Ln PC C28216	6.5% 01 Jul 2029
Vignette Corp	Common Stock
Ecolab Inc	Common Stock
Invesment Technology Group	Common Stock
Gilead Sciences Inc	Common Stock
General Elec Cap Corp Mtn	7.25% 03 May 2004
Unilever N V	Common Stock
Ford Mtr Co Del	7.45% 16 Jul 2031
Merit Securities Corp	6.9562% 28 Apr 2027
Micron Technology Inc	Common Stock
United States Treasury Bills	0.01% 26 Apr 2001
Authomatic Data Processing Inc	Common Stock
Temple Inland Inc	Common Stock
California Infrs & Economic	6.38% 25 Sep 2008
Advanced Micro Devices Inc	Common Stock
Sawtek Inc	Common Stock

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Intersil Hldg Corp	Class A
Level 3 Communications Inc	Common Stock
Idacorp Inc	Common Stock
Suntrust Bks Inc	Common Stock
Arch Chemicals Inc	Common Stock
Massey Energy Corp	Common Stock
Pacificare Health Systems	Common Stock
Federal Home Ln Mtg Corp	1% 15 Apr 2019
Banco Latino Americano De Expor	7.2% 28 May 2002
Verisign Inc	Common Stock
Unitedhealth Group Inc	Common Stock
Zions Bancorp	Common Stock
United States Treasury Notes	6.75% 15 May 2005
Adelphia Communications Corp	Class A
FNMA Pool 504076	6.5% 01 Jun 2029
Danaher Corp	Common Stock
Invitrogen Corp	Common Stock
Protein Design Labs Inc	Common Stock
Synopsys Inc	Common Stock
Lucent Technologies Inc	Common Stock
Mellon Finl Corp	Common Stock
Corn Products Intl Inc	Common Stock
FNMA Pool 535315	7% 01 May 2015
Cendant Corp	Common Stock
Credence Systems Corp	Common Stock
General Elec Cap Corp Mtn	6.8% 01 Nov 2005
McLeodusa Inc	Common Stock
Edwards A G Inc	Common Stock
Firstplus Home Ln Owner Tr	6.61% 10 May 2020
Aon Corp	Common Stock
UBS Pfd Fdg TRI	1% 29 Oct 2049
United States Treasury Bonds	7.875% 15 Feb 2021
Smurfit Stone Container Corp	Common Stock
Bergen Brunswig Corp	Class A
Alberto Culver Co	Class B
FNMA Pool 535200	7% 01 Mar 2015

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Fed Hm Ln PC E74599	6%	01 Jan 2014
Dole Food Inc	Common Stock	
Americredit Corp	Common Stock	
Anadarko Pete Corp	Common Stock	
FNMA Pool 323887	6%	01 Dec 2013
RTI Intl Metals Inc	Common Stock	
Schweitzer Mauduit Intl Inc	Common Stock	
Fleetboston Finl Corp	7.25%	15 Sep 2005
Webb Del Corp	Common Stock	
Metris Cos Inc	Common Stock	
American Pwr Conversion Corp	Common Stock	
Litton Inds Inc	Common Stock	
Medicis Pharmaceutical Corp	Class A	
Moodys Corp	Common Stock	
Xilinx Inc	Common Stock	
Wellpoint Health Networks Inc	Common Stock	
Human Genome Sciences Inc	Common Stock	
GPU Inc	Common Stock	
News Amer Hldgs Inc	10.125%	15 Oct 2012
Comed Transitional Fdg Tr	5.63%	25 Jun 2009
Washington Fed Inc	Common Stock	
Old Rep Intl Corp	Common Stock	
PG&E Corp	Common Stock	
Bisys Group Inc	Common Stock	
Cabot Corp	Common Stock	
Harman Intl Inds Inc New	Common Stock	
Openwave Sys Inc	Common Stock	
Gardner Denver Inc	Common Stock	
Limited Inc	Common Stock	
Affiliated Computer Services Inc	Class A	
First American Corp	Common Stock	
Intuit	Common Stock	
St Jude Med Inc	Common Stock	
NVR Inc	Common Stock	
Laboratory Corp Amer Hldgs	Common Stock	
Helmerich & Payne Inc	Common Stock	
Transwitch Corp	Common Stock	

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Manugistics Group Inc	Common Stock	
Federal Natl Mtg Assn Remic	1%	25 Feb 2009
Triquint Semiconductor Inc	Common Stock	
Bio Rad Laboratories Inc	Class A	
Lifepoint Hosps Inc	Common Stock	
Public Storage	Common Stock	
Charter One Finl Inc	Common Stock	
Michael Foods Inc	Common Stock	
Paychex Inc	Common Stock	
Invacare Corp	Common Stock	
Pacific Centy Finl Corp	Common Stock	
WPS Res Corp	Common Stock	
Cytec Inds Inc	Common Stock	
Bell Atlantic Finl Svcs Inc	7.6%	15 Mar 2007
Dime Bancorp Inc	Common Stock	
Dillards Inc	Class A	
G E Cap Mtg Svcs Inc	7.6875%	25 Jan 2009

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Peco Energy Trans TR	6.13%	01 Mar 2009
Kellwood Co	Common Stock	
Interstate Bakeries Corp	Common Stock	
Webbmethods Inc	Common Stock	
Sandisk Corp	Common Stock	
West America Bancorporation	Common Stock	
FPL Group Inc	Common Stock	
Varco Intl Inc Del	Common Stock	
Anaren Microwave Inc	Common Stock	
Amsouth Bancorporation	Common Stock	
Federal Natl Mtg Assn Remic	1%	25 Aug 2022
Storage Technology Corp	Common Stock	
Federal Natl Mtg Assn Gtd	7.1563%	25 Dec 2023
Partnerre Ltd	Common Stock	
United States Treasury Bonds	6.12%	15 Aug 2029
New Jersey Economic Dev Auth	7.425%	15 Feb 2029
Block Drug Inc	Class A	
United States Treasury Notes	5.5%	28 Feb 2003
Tetra Tech Inc New	Common Stock	
Household Fin Corp	8%	09 May 2005

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Protective Life Corp	Common Stock	
Union Oil Co CA	7.35%	15 Jun 2009
Abgenix Inc	Common Stock	
Government Natl Mtg	1%	17 Feb 2029
Federal Natl Mtg Assn	5.75%	15 Apr 2003
Harleysville Group Inc	Common Stock	
General Mtrs Accep Corp	7.5%	15 Jul 2005
Sungard Data Sys Inc	Common Stock	
Crompton Corp	Common Stock	
Public Svc Co NM	Common Stock	
Wellman Inc	Common Stock	
Steris Corp	Common Stock	
Everest Reinsurance Group Ltd	Shares	
First USA Cr Card Master Tr	1%	15 Oct 2003
Penn Engr & Mfg Corp	Common Stock	
Brinker Intl Inc	Common Stock	
Community Health Sys Inc New	Common Stock	
Professional Detailing Inc	Common Stock	
Cox Radio Inc	Class A	
Granite Constr Inc	Common Stock	
El Paso Energy Corp Del	Common Stock	
Beckman Coulter Inc	Common Stock	
Green Tree Finl Corp	7.35%	15 May 2027
Regal Beloit Corp	Common Stock	
Briggs & Stratton Corp	Common Stock	
Diamond Cluster Intl Inc	Common Stock	
Empire Dist Elec Co	Common Stock	
Pactiv Corp	Common Stock	
Bob Evans Farms Inc	Common Stock	
Misc Indl Direct Inc	Class A	
Southwestern Energy Co	Common Stock	
Federal Natl Mtg Assn Gtd	0%	25 May 2022
Ucar Intl Inc	Common Stock	
BankNorth Group Inc New	Common Stock	
Prudential Ins Co Amer	6.875%	15 Apr 2003
Petroleum Geo Svcs A/S	6.625%	30 Mar 2008
Summit Pptys Inc	Common Stock	

FMC Corp	Common Stock
Scotts Co	Class A
Hilton Hotels Corp	Common Stock
Ralcorp Hldgs Inc New	Common Stock
Alliant Corp	Common Stock
Nicor Inc	Common Stock
Norwest Asset Secs Corp	6.75% 25 Dec 2014
Macrovision Corp	Common Stock
Arden Realty Inc	Common Stock
Rayonier Inc	Common Stock
3M Employee St Ownership Plan	5.62% 15 Jul 2009
National Oilwell Inc	Common Stock
FNMA Pool 444397	6.5% 01 Nov 2028
LB Coml Conduit Mtg TR	6.78% 15 Apr 2009
TD Waterhouse Group Inc	Common Stock
Cardinal Health Inc	Common Stock
Sun Life CDA US Cakp TR I	8.526% 29 May 2049
Regis Corp Minnesota	Common Stock
United States Treasury Notes	5.75% 15 Aug 2010
Anixter Intl Inc	Common Stock
Texas Inds Inc	Common Stock
Nationslink Fdg Corp	6.001% 20 Nov 2007
FNMA Pool 494652	6.5% 01 May 2029
Albany Molecular Rech Inc	Common Stock
Phelps Dodge Corp	Common Stock
Horage Mann Educators Corp	Common Stock
California Infra & Economic	6.42% 26 Dec 2009
Reliant Energy Inc	Common Stock
KB Home	Common Stock
EOP Oper Ltd Partnership	7.375% 15 Nov 2003
Knight Ridder Inc	Common Stock
Fuller H B Co	Common Stock
Avalonbay Cmtys Inc	Common Stock
GBC Bancorp Calif	Common Stock
Lamar Advertising Co	Class A
Newcourt CR Group Inc	6.875% 16 Feb 2005
Hutchinson Technology Inc	Common Stock

Alexander & Baldwin Inc	Common Stock
Avista Corp	Common Stock
Mirant Corp	Common Stock
Genuity Inc	Class A
Alza Corp	Common Stock
Globespan Semiconductor Inc	Common Stock
Xcel Energy Inc	Common Stock
Biovail Corp	Common Stock
Andrx Corp	Common Stock
California Infrastructure Dev	6.42% 25 Sep 2008
On Semiconductor Corp	Common Stock
Federal Natl Mtg Assn Gtd	0% 25 Jun 2008
Toro Co	Common Stock
Federal Home Ln Mtg PC Gtd	6% 15 May 2008
Cima Labs Inc	Common Stock

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International Game Technology	Common Stock
Longs Drug Stores Copr	Common Stock
AAR Corp	Common Stock
Federal Natl Mtg Assn Remic	1% 25 Sep 2007
Franklin Pk Fin Inc	1% 15 May 2007
Moog Inc	Class A
Myriad Genetics Inc	Common Stock
Gtech Hldgs Corp	Common Stock
Norwest Asset Secs Corp	6.75% 25 Aug 2029
New York Times Co	Class A
Oneida Ltd	Common Stock
Fed Hm Ln PC C27874	7% 01 Jun 2029
Global Crossing Ltd	Shares
Andrew Corp	Common Stock
R G S Energy Group Inc	Common Stock
Parexel Intl Corp	Common Stock
Federal Home Ln Mtg Corp	1% 15 Jan 2025
JLG Inds Inc	Common Stock
Compass Bancshares Inc	Common Stock
Oshkosh Truck Corp	Common Stock
Interface Inc	Class A
Raytheon Co	6.15% 01 Nov 2008

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New Jersey Res Corp	Common Stock
Pentair Inc	Common Stock
Ford Mtr Cr Mtn BE	7.75% 15 Feb 2007
Franklin Res Inc	Common Stock
Radio One Inc	Common Stock
Pogo Producing Co	Common Stock
Powerwave Technologies Inc	Common Stock
Phoenix Technology Ltd	Common Stock
Viacom Inc	7.7% 30 Jul 2010
Dial Corp New	Common Stock
Govt Natl Mtg Assn Gtd Remic	1% 16 Aug 2029
Quantum Corp	Common Stock
Avanex Corp	Common Stock
Ultramar Diamond Shamrock	Common Stock
Regions Finl Corp	Common Stock
Wal Mart Stores Inc	7.55% 15 Feb 2030
American Tower Corp	Class A
Florida Pwr & Lt Co	6.875% 01 Dec 2005
Merrill Lynch & Co Inc	6% 17 Feb 2009
L 3 Communications Hldg Corp	Common Stock
Liberty Property	Common Stock
Structural Dynamics Resh Corp	Common Stock
Iron Mtn Inc PA	Common Stock
Allstate Corp	7.875% 01 May 2005
Hexcel Corp New	Common Stock
Medarex Inc	Common Stock
Iomega Corp	Common Stock
Citicorp Mtg Secs Inc	1% 25 Sep 2014
Lennar Corp	Common Stock
Boston Pptys Inc	Common Stock
United States Treasury Bd Strp Prn	0.01% 15 Nov 2001
Unilever Capital	7.125% 01 Nov 2010
Target Corp	7.5% 15 Aug 2010
FNMA Pool 479193	6% 01 Jan 2029
Ruddick Corp	Common Stock

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CSG Sys Intl Inc	Common Stock
Atlanta Downtown Dev Auth	6.875% 01 Feb 2021

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Perrigo Co	Common Stock
FNMA Pool 534357	7.5% 01 May 2030
Exar Corp	Common Stock
Stilwell Financial Inc	Common Stock
Mueller Inds Inc	Common Stock
Northern Trust Corp	Common Stock
Associates Corp North America	5.8% 20 Apr 2004
Pepsi Bottling Hldgs Inc	5.625% 17 Feb 2009
Burlington Northn Santa Fe Corp	6.75% 15 Mar 2029
California Water Service Grp	Common Stock
Keyspan Corp	8% 15 Nov 2030
Chesapeake Corp	Common Stock
Wolverine Tube Inc	Common Stock
American Natl Ins Co	Common Stock
PNC Fdg Corp	7.5% 01 Nov 2009
FNMA Pool 503680	6.5% 01 Jun 2029
Student Ln Marketing Assn Mtn	9.4% 31 May 2002
Patterson Energy Inc	Common Stock
Impath Inc	Common Stock
Vanderbilt Mtg & Fin Inc	1% 07 Feb 2012
FNMA Pool 506543	6.5% 01 Jul 2029
Unilever Capital Corp	6.875% 01 Nov 2005
FNMA Pool 498065	6.5% 01 Jun 2029
Chase Manhattan Corp New	7.875% 15 Jun 2010
Noven Pharmaceuticals Inc	Common Stock
FNMA Pool 503732	6.5% 01 Jul 2029
Kelly Svcs Inc	Class A
Airborne Inc	Common Stock
First Rep Bk San Francisco	Common Stock
FNMA Pool 252497	6.5% 01 Jun 2029
Vanderbilt Mtg & Fin Inc	1% 07 Jun 2009
Eastgroup Pptys Inc	Common Stock
Stride Rite Corp	Common Stock
Federal Natl Mtg Assn Gtd	1% 25 Apr 2029
Bombadier Cap Inc Med Trm Nts	7.3% 15 Dec 2002
Deutsche Telekom Intl	8% 15 Jun 2010
Duke Weeks Rlty Corp	Common Stock

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Goldman Sachs Group Inc	6.65% 15 May 2009
Vodafone Airtouch PLC	7.75% 15 Feb 2010
Commercial Metals Co	Common Stock
Abercrombie and Fitch Co	Class A
FNMA Pool 303975	10% 01 Nov 2018
Continental Airls Pass Thru Tr	7.256% 15 Mar 2020
Ross Stores Inc	Common Stock
Comcast Cable Communications	8.875% 01 May 2017
International Paper Co	8% 08 Jul 2003
Qlogic Corp	Common Stock
Alaska Air Group Inc	Common Stock
Cytec Corp	Common Stock
Arizona Pub Svc Co	7.625% 01 Aug 2005

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Citigroup Cap II	7.75%	01 Dec 2036
Modine Mfg Co	Common Stock	
Salomon Bros Coml Mtg TR	6.592%	18 Oct 2010
California Inf & Economic Dev	6.48%	26 Dec 2009
Tycom Ltd	Shares	
Molecular Devices Corp	Common Stock	
Actuate Corp	Common Stock	
Manhattan Assocs Inc	Common Stock	
Post Pptys Inc	Common Stock	
Province Healthcare Co	Common Stock	
Tech Data Corp	Common Stock	
Federal Natl Mtg Assn	7%	15 Jul 2005
Extreme Networks Inc	Common Stock	
Maximus Inc	Common Stock	
Bowne & Co Inc	Common Stock	
Kimco Rlty Corp	Common Stock	
Cole Kenneth Prodtns Inc	Class A	
Alpha Inds Inc	Common Stock	
Lilly Eli & Co	6.77%	01 Jan 2036
Veritas DGC Inc	Common Stock	
AETNA Inc	Common Stock	
Southern Peru Ltd	7.9%	30 May 2007
Park Pl Entmt Corp	7.95%	01 Aug 2003
Celeritek Inc	Common Stock	

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Verizon Global Fdg Corp	7.75%	01 Dec 2030
Wal Mart Stores Inc	6.875%	10 Aug 2009
Venator Group Inc	Common Stock	
Krispy Kreme Doughnuts Inc	Common Stock	
Federal Home Ln Mtg PC Gtd	9%	15 Jun 2020
Sanmina Corp	Common Stock	
Vodafone Airtouch PLC	7.625%	15 Feb 2005
Phillips Pete Co	8.5%	25 May 2005
Conmed Corp	Common Stock	
SBA Communications Corp	Common Stock	
Petroleum Geo Svcs A/S	7.5%	31 Mar 2007
Lockheed Martin Corp	8.2%	01 Dec 2009
Burlington Res Inc	7.375%	01 Mar 2029
United States Treasury Notes	5.625%	28 Feb 2001
GNMA Pool 405558	7.5%	15 Jan 2026
United States Treasury Bonds	6.125%	15 Aug 2029
C H Robinson Worldwide	Common Stock	
Federal Natl Mtg Assn	1%	18 Nov 2027
Proxim Inc	Common Stock	
Retek Inc	Common Stock	
Russell Corp	Common Stock	
Power One Inc	Common Stock	
E Trade Group Inc	Common Stock	
Federal Home Ln Mtg PC Gtd	1%	25 Oct 2023
Verizon Global Fdg Corp	7.25%	01 Dec 2010
United States Treasury Notes	7%	15 Jul 2006
Russell Frank Co	5.625%	15 Jan 2009
Heller Finl Inc	7.5%	23 Aug 2002
United States Treasury Notes	4.75%	15 Nov 2008
GMAC Coml Mtg Sec Inc	6.42%	15 Aug 2008
Quanta Services Inc	Common Stock	
Marshall & Ilsley Corp	Common Stock	
Whole Foods Mkt Inc	Common Stock	

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Prologis TR	Common Stock
Bright Horizons Family Solut	Common Stock
Advent Software Inc	Common Stock
Saxon Asset Secs TR	7.205% 25 Sep 2030

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Green Tree Finl Corp	6.04% 01 Nov 2029
Akamai Technologies	Common Stock
California Pizza Kitchen Inc	Common Stock
Waste Mgmt Inc Del	Common Stock
Worldcom Inc GA	6.4% 15 Aug 2005
Zale Corp New	Common Stock
P F Changs China Bistro Inc	Common Stock
Quantum Corp	Common Stock
Mercury Gen Corp New	Common Stock
Aeroflex Inc	Common Stock
Sipex Corp	Common Stock
Aspen Technology Inc	Common Stock
Continental Aircls Pass Thru Tr	6.545% 02 Feb 2019
Metlife Inc	Common Stock
Varian Inc	Common Stock
General Semiconductor Inc	Common Stock
Input/Output Inc	Common Stock
Morgan Stanley Dean Witter	7.75% 15 Jun 2005
Michael Stores Inc	Common Stock
Signet Helco TR	1% 20 Jun 2004
Vodafone Airtouch PLC	7.875% 15 Feb 2030
Ontario Prov CDA	7% 04 Aug 2005
Read Rite Corp	Common Stock
Arqule Inc	Common Stock
Devry Inc Del	Common Stock
Firstmerit Corp	Common Stock
Telefonica Europe BV	7.35% 15 Sep 2005
Federal Natl Mtg Assn Remic	1% 25 Mar 2009
Bank America Corp	5.875% 15 Feb 2009
Burlington Northn Santa Fe Corp	6.375% 15 Dec 2005
Money Store TR	7% 15 Apr 2028
Advanta Mtg LN TR	6.33% 25 Aug 2019
Adaptec Inc	Common Stock
Bell South Cap Fdg Corp	7.875% 15 Feb 2030
USX Marathon Group	9.375% 15 Feb 2012
Harrahs Oper Inc	7.5% 15 Jan 2009
Mentor Corp Minn	Common Stock

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Techne Corp	Common Stock
Sonus Networks Inc	Common Stock
Fleetwood Enterprises Inc	Common Stock
Raytheon Co	8.2% 01 Mar 2006
Felcor Lodging Tr Inc	Common Stock
Elantec Semiconductor Inc	Common Stock
Lockheed Martin Corp	7.25% 15 May 2006
Intl Bk for Recon & Dev	7% 27 Jan 2005
Electronic Arts	Common Stock
Pericom Semiconductor Corp	Common Stock
Aztar Corp	Common Stock

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Merrill Lynch & Co Inc	6%	17 Feb 2009
Time Warner Entmt Co L P	7.25%	01 Sep 2008
Federal Natl Mtg Assn	7.125%	15 Jun 2010
Rock Tenn Co		Common Stock
Cognizant Technology Solutions		Class A
Insight Enterprises Inc		Common Stock
Sprint Cap Corp	6.9%	01 May 2019
Keyspan Corp	7.625%	15 Nov 2010
Zoll Med Corp		Common Stock
Critical Path Inc		Common Stock
Cit Group Inc	7.375%	15 Mar 2003
Northwest Airls Corp		Class A
Telefonica Europe BV	7.75%	15 Sep 2010
Fed Hm Ln PC G10777	9%	01 Jun 2010
Alpharma Inc		Class A
Scansource Inc		Common Stock
Apache Corp		Common Stock
Mapinfo Corp		Common Stock
Rockwell Intl Corp New		Common Stock
Albertsons Inc		Common Stock
Verizon Global Fdg Corp	7.25%	01 Dec 2010
Digital Lightwave Inc		Common Stock
Energy East Corp	7.75%	15 Nov 2003
99 Cents Only Stores		Common Stock
Tollgrade Communications		Common Stock
Virata Corp		Common Stock

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Residential Fdg Mtg Secs II	1%	20 Sep 2022
FMAC Ln Recievables Tr	6.404%	24 Dec 2028
Arvinmeritor Inc		Common Stock
Martin Marietta Corp	6.5%	15 Apr 2003
Biosite Diagnostics Inc		Common Stock
Getty Images Inc		Common Stock
Visteon Corp		Common Stock
Cheesecake Factory		Common Stock
Art Technology Group Inc		Common Stock
Caminus Corp		Common Stock
Mitchell Energy & Dev Corp		Class A
US West Cap Fdg Inc	6.375%	15 Jul 2008
Celgene Corp		Common Stock
Associates Corp North America	6.95%	01 Nov 2018
Diversa Corp		Common Stock
Lyondell Chemical Co		Common Stock
Documentum Inc		Common Stock
Ford Mtr Cr Co	5.75%	23 Feb 2004
Accredo Health Inc		Common Stock
PPL Corp		Common Stock
Playtex Prods Inc		Common Stock
C&D Technologies		Common Stock
Federal Home Ln Mtg Corp	1%	15 Feb 2023
Aurora Bioscience Corp		Common Stock
Stanford Microdevices Inc		Common Stock
Ryerson Tull Inc New		Common Stock
Ann Taylor Stores Corp		Common Stock
Chase Manhattan Corp New	7%	15 Nov 2009
Speechworks Intl Inc		Common Stock
Compucredit Corp		Common Stock
Millennium Chemicals Inc		Common Stock
Carreker Corp		Common Stock

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Avocent Corp	Common Stock
Radio One Inc	Class A
Iona Technologies PLC	Common Stock
Filenet Corp	Common Stock
US Dept Veteran Affairs Remic	1% 15 Sep 2022

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Broadwing Inc	Common Stock
Supertex Inc	Common Stock
Telefonica Europe BV	7.75% 15 Sep 2010
Syngenta AG	Common Stock
Mobile Mini Inc	Common Stock
Ford Mtr Co Del	6.375% 01 Feb 2029
Beneficial Home Equity Ln Tr	1% 28 Apr 2026
Cost Plus Inc Calif	Common Stock
United States Treasury Bonds	7.875% 15 Feb 2021
American Finl Group Inc Ohio	Common Stock
International Paper Co	8.125% 08 Jul 2005
CVS Corp	Common Stock
Webtrends Corp	Common Stock
Christopher & Banks Corp	Common Stock
United States Treasury Notes	5.5% 31 May 2003
Conoco Inc	5.9% 15 Apr 2004
Reliance Stl & Alum Co	Common Stock
JNI Corp	Common Stock
Civic Bancorp	Common Stock
Pulte Corp	Common Stock
CEC Entmt Inc	Common Stock
Actel Corp	Common Stock
FNMA Pool 393419	7% 01 Aug 2012
General Mtrs Accep Corp	7.75% 19 Jan 2010
United States Treasury Notes	6.25% 31 Jul 2002
United States Treasury Notes	6.125% 31 Aug 2002
United Rentals Inc	Common Stock
Education Mgmt Corp	Common Stock
E Bay Inc	Common Stock
Methode Electrs Inc	Class A
FNMA Pool 252980	7% 01 Jan 2030
Spanish Broadcasting Sys Inc	Class A
Central Vt Public Service	Common Stock
Cognex Corp	Common Stock
Merrill Lynch & Co Inc	1% 15 Jun 2021
Compuware Corp	Common Stock
Lattice Semiconductor Corp	Common Stock

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Jabil Circuit Inc	Common Stock
Business Objects S A	Common Stock
Photon Dynamics Inc	Common Stock
Hispanic Broadcasting Corp	Common Stock
National Australia Bk Ltd	8.6% 19 May 2010
Cooper Tire & Rubr Co	Common Stock
Sprint Corp	Common Stock
Niku Corporation	Common Stock
Morgan Guaranty Trust Co of NY	1% 31 Dec 2000
Aames Mortgage Trust	1% 15 Jun 2028

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Harsco Corp	Common Stock
Linens N Things Inc	Common Stock
Barnes & Noble Inc	Common Stock
Oak Technology	Common Stock
Brush Ebgineered Matls Inc	Common Stock
Curtiss Wright Corp	Common Stock
Russ Berrie & Co Inc	Common Stock
Vendee Mtg TR	0% 15 Feb 2026
Norfolk Southn Corp	Common Stock
US Dept Veteran Affairs Remic	1% 15 Sep 2024
Schuler Homes Inc	Common Stock
Merix Corp	Common Stock
Bay View Cap Corp Del	Common Stock
Dollar Tree Stores Inc	Common Stock
Websense Inc	Common Stock
Firepond Inc	Common Stock
International Business Machs	5.375% 01 Feb 2009
Integrated Silicon Solution	Common Stock
Silicon Storage Technology Inc	Common Stock
Corvis Corp	Common Stock
Mks Instrs Inc	Common Stock
Parametric Technology Corp	Common Stock
Boston Scientific Corp	Common Stock
PC Connection Inc	Common Stock
Concurrent Computer Corp	Common Stock
Marsh & McLennan Cos Inc	Common Stock
United States Treasury Notes	5.5% 28 Feb 2003

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US Dept Veterans Affairs GTD	1% 15 Jun 2026
Natural Microsystems Corp	Common Stock
GNMA II POOL 080094	1% 20 Jul 2027
Aames Mortgage Trust	Common Stock
Hershey Foods Corp	Common Stock
Advanced Switching Comm Inc	Common Stock
Aclara Biosciences Inc	Common Stock
FNMA Pool 390375	7% 01 Jul 2012
US Dept Veteran Affairs Remic	1% 15 Jun 2024
Freemarkets Inc	Common Stock
US Dept Veteran Affairs Remic	1% 15 Sep 2024
Ralston Purina Co	Common Stock
United Therapeutics Corp Del	Common Stock
Crescent Real Estate Equities	Common Stock
Lincoln Elec Hldgs Inc	Common Stock
Matrixone Inc	Common Stock
Williams Communications Group	Common Stock

* Party-in-Interest

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Exhibit 1

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in Registration Statement (No. 33-59853) of Northrop Grumman Corporation on Form S-8 of our report dated June 27, 2001, appearing in this annual report on Form 11-K of the Northrop Grumman Savings and Investment Plan for the year ended December 31, 2000.

/s/ Deloitte & Touche LLP

Los Angeles, California
June 27, 2001