

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) | (c) | |
|-----|--|--|----|
| | Identity of Issuer, Borrower, Lessor or Similar Party | 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 Svcs | 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