

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, 1998 and 1997

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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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the  
trustees (or other persons who administer the employee benefit plan) have duly  
caused this annual report to be signed on its behalf by the undersigned hereunto  
duly authorized.

NORTHROP GRUMMAN SAVINGS AND INVESTMENT PLAN

/s/ Alan M. Roth  
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Dated: June 29, 1999

By Alan M. Roth  
Vice President Taxes and Benefits Compliance



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, 1998 and 1997, and the related statement of changes in net assets available for plan benefits for the year ended December 31, 1998. 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 generally accepted auditing standards. 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, 1998 and 1997, and the changes in net assets available for plan benefits for the year ended December 31, 1998, in conformity with generally accepted accounting principles.

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, 1998 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 information by fund in the statements of net assets available for plan benefits and the statement of changes in net assets available for plan benefits is presented for the purpose of additional analysis rather than to present the net assets available for plan benefits and changes in net assets available for plan benefits of the individual funds. The supplemental schedules and supplemental information by fund are the responsibility of the Plan's management. Such supplemental schedules and supplemental information by fund have 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.

June 24, 1999

NORTHROP GRUMMAN SAVINGS AND INVESTMENT PLAN

STATEMENT OF NET ASSETS AVAILABLE FOR PLAN BENEFITS  
 DECEMBER 31, 1998

	Supplemental Information by Fund				
	Northrop Grumman Fund	Stable Value Fund	Fixed Income Fund	U.S. Equity Fund	Equity Growth Fund
<b>ASSETS:</b>					
Investments, at fair value (Note B):					
Temporary investments	\$ 7,323,712		\$ 34,854,574	\$ 35,221,747	
U.S. government securities			183,978,389		
Corporate debt instruments			118,993,375		
Corporate Stocks	359,145,979		9,635,729	1,347,237,845	435,431,452
Investments, at contract value (Note C):					
Northrop Grumman Stable Value Master Trust (Note D)		868,475,534			
Participant loans					
Total investments	366,469,691	868,475,534	347,462,067	1,382,459,592	435,431,452
Other receivables:					
Contribution receivable - Employee	719,108	2,024,003	1,236,807	5,747,218	
Contribution receivable - Employer	1,812,782	598,904	349,152	1,391,853	
Due from broker for securities sold			12,092,143	7,725,460	26,315
Dividends and interest receivable	45,967		2,503,935	1,262,624	14
Total assets	369,047,548	871,098,441	363,644,104	1,398,586,747	435,457,781
<b>LIABILITIES:</b>					
Options outstanding			4,022,600		
Due to broker for securities purchased	962,735		67,318,476	4,422,029	
<b>NET ASSETS AVAILABLE FOR PLAN BENEFITS</b>	<b>\$368,084,813</b>	<b>\$871,098,441</b>	<b>\$292,303,028</b>	<b>\$1,394,164,718</b>	<b>\$435,457,781</b>

## NORTHROP GRUMMAN SAVINGS AND INVESTMENT PLAN

STATEMENT OF NET ASSETS AVAILABLE FOR PLAN BENEFITS  
DECEMBER 31, 1998

(Continued)

	Small Cap Fund	International Equity Fund	Balanced Fund	Loan Fund	Total
<b>ASSETS:</b>					
Investments, at fair value (Note B):					
Temporary investments	\$ 1,117,602	\$ 3,767			\$ 78,521,402
U.S. government securities					183,978,389
Corporate debt instruments					118,993,375
Corporate Stocks	59,557,099	35,223,795	77,429,071		2,323,660,970
Investments, at contract value (Note C):					
Northrop Grumman Stable Value Master Trust (Note D)					868,475,534
Participant loans				56,363,709	56,363,709
<b>Total investments</b>	<b>60,674,701</b>	<b>35,227,562</b>	<b>77,429,071</b>	<b>56,363,709</b>	<b>3,629,993,379</b>
Other receivables:					
Contribution receivable - Employee	469,208	254,194	435,244		10,885,782
Contribution receivable - Employer	131,782	66,343	131,393		4,482,209
Due from broker for securities sold	498,921				20,342,839
Dividends and interest receivable	20,183	17			3,832,740
<b>Total assets</b>	<b>61,794,795</b>	<b>35,548,116</b>	<b>77,995,708</b>	<b>56,363,709</b>	<b>3,669,536,949</b>
<b>LIABILITIES:</b>					
Options outstanding					4,022,600
Due to broker for securities purchased	201,812	2,249	534,956		73,442,257
<b>NET ASSETS AVAILABLE FOR PLAN BENEFITS</b>	<b>\$61,592,983</b>	<b>\$35,545,867</b>	<b>\$77,460,752</b>	<b>\$56,363,709</b>	<b>\$3,592,072,092</b>

See notes to financial statements.

NORTHROP GRUMMAN SAVINGS AND INVESTMENT PLAN

STATEMENT OF NET ASSETS AVAILABLE FOR PLAN BENEFITS  
DECEMBER 31, 1997

	Supplemental Information by Fund				
	Northrop Grumman Fund	Stable Value Fund	Fixed Income Fund	U.S. Equity Fund	Equity Growth Fund
ASSETS:					
Investment in Northrop Grumman Corporation Savings and Investment Plan Master Trust at Fair Value (Notes B, C, D and E)	\$606,926,596	\$891,256,604	\$252,714,747	\$1,149,008,061	\$387,039,424
Due from (to) other fund	74,882	-			
Contributions receivable:					
Employer	4,086,608	958,642	603,107	2,361,890	-
Employee	1,510,036	4,165,708	2,218,527	11,112,146	-
NET ASSETS AVAILABLE FOR PLAN BENEFITS	\$612,598,122	\$896,380,954	\$255,536,381	\$1,162,482,097	\$387,039,424

	Small Capital Fund	International Equity Fund	Balanced Fund	PAYSOP Savings	Loan Fund	Total
	ASSETS:					
Investment in Grumman Corporation Savings and Investment Plan Master Trust at Fair Value (Notes B, C D and E)	\$60,545,598	\$30,581,971	\$56,890,237	\$ 74,882	\$51,819,246	\$3,486,857,366
Due from (to) other fund	-	-	-	(74,882)	-	-
Contributions receivable:						
Employer	218,507	115,398	143,694	-	-	8,487,846
Employee	882,170	493,059	611,551	-	-	20,993,197
NET ASSETS AVAILABLE FOR PLAN BENEFITS	\$61,646,275	31,190,428	\$57,645,482	\$ -	\$51,819,246	\$3,516,338,409

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, 1998

	Supplemental Information by Fund				
	Northrop Grumman Fund	Stable Value Fund	Fixed Income Fund	U.S. Equity Fund	Equity Growth Fund
INVESTMENT INCOME:					
Net appreciation/depreciation	\$ (210,474,258)	\$ 55,162,752	\$ 5,814,967	\$ 275,914,292	\$ 95,943,818
Interest	807,197	78,175	16,360,843	6,851,899	17,867
Dividends	8,049,250		552,763	13,811,461	21,846,779
Total investment income	(201,617,811)	55,240,927	22,728,573	296,577,652	117,808,464
Less: Investment expenses		728,587	768,294	3,193,574	
Net investment income	(201,617,811)	54,512,340	21,960,279	293,384,078	117,808,464
CONTRIBUTIONS					
Employee	7,729,671	21,011,422	12,337,633	65,517,829	
Employer	21,657,791	6,342,892	3,719,663	15,776,450	
Total contributions	29,687,462	27,354,314	16,057,296	81,294,279	
Total additions	(171,930,349)	81,866,654	38,017,575	374,678,357	117,808,464
DEDUCTIONS:					
Benefits/loans paid to participants	72,753,546	152,090,573	35,289,946	128,819,912	55,771,871
Administrative expenses	2,431,609	3,167,547	1,129,434	2,422,902	48,481
Total deductions	75,185,155	155,258,120	36,419,380	131,242,814	55,820,352
TRANSFERS BETWEEN FUNDS	2,602,195	18,617,482	31,069,694	(45,986,485)	(15,606,156)
MERGED PLAN TRANSFERS		29,491,472	4,098,757	34,233,563	2,036,400
NET INCREASE (DECREASE)	(244,513,309)	(25,282,512)	36,766,646	231,682,621	48,418,356
NET ASSETS AVAILABLE FOR PLAN BENEFITS:					
Beginning of year	612,598,122	896,380,954	255,536,381	1,162,482,097	387,039,424
End of Year	\$368,084,813	\$871,098,442	\$292,303,027	\$1,394,164,718	\$ 435,457,780



	Small Cap Fund	International Equity Fund	Balanced Fund	Loan Fund	Total
<b>INVESTMENT INCOME:</b>					
Net appreciation/depreciation	\$ 68,037	\$ 3,705,278	\$ 9,885,574	\$	\$236,020,460
Interest	112,786	35,480		5,997,837	30,262,084
Dividends	386,837				44,647,090
Total investment income	567,660	3,740,758	9,885,574	5,997,837	310,929,634
Less: Investment expenses	422,366	164,543	116,261		5,393,625
Net investment income	145,294	3,576,215	9,769,313	5,997,837	305,536,009
<b>CONTRIBUTIONS</b>					
Employee	5,332,122	2,925,140	4,489,701		119,343,518
Employer	1,512,248	806,999	1,313,087		51,429,130
Total contributions	6,844,370	3,732,139	5,802,768		170,772,648
Total additions	6,989,664	7,308,354	15,572,081	5,997,837	476,308,657
<b>DEDUCTIONS:</b>					
Benefits/loans paid to participants	5,899,746	3,048,582	10,777,741		464,451,917
Administrative expenses	293,351	211,770	254,827		9,959,921
Total deductions	6,193,097	3,260,352	11,032,568		474,411,838
TRANSFERS BETWEEN FUNDS	(2,802,316)	(407,825)	13,966,785	(1,453,374)	
MERGED PLAN TRANSFERS	1,952,457	715,262	1,308,953		73,836,864
NET INCREASE (DECREASE)	(53,292)	4,355,439	19,815,271	4,544,463	75,733,683
<b>NET ASSETS AVAILABLE FOR PLAN BENEFITS:</b>					
Beginning of year	61,646,275	31,190,428	57,645,482	51,819,246	3,516,338,409
End of Year	\$ 61,592,983	\$35,545,867	\$77,460,753	\$56,363,709	\$3,592,072,092

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 agreement 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, 1995, 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 January 1, 1998, the Company merged the plan assets of the Northrop Grumman Retirement and Savings Plan with the Plan. On April 1, 1998, the Company merged the plan assets of the Grumman Technical Services, Inc. Aircraft Services Unit (Operations and Maintenance) Capital Accumulation Plan, Grumman Technical Services, Inc. Represented Employee Investment Plan, Grumman Technical Services, Inc. Capital Accumulation Plan SPC - Represented Employees, Grumman St. Augustine Corporation Capital Accumulation Plan, Grumman Aerospace Corporation Electronics Systems Division (Salisbury, Maryland Operations) Capital Accumulation Plan, and Georgia Production Site Retirement and Savings Plan with the Plan. On July 1, 1998, the Company merged the plan assets of the Grumman Systems Support Corporation Money Purchase Pension Plan with the Plan. Effective July 1, 1998, with the completion of all the Plan mergers, the Plan no longer participated in the Northrop Grumman Corporation Savings and Investment Plan Master Trust (the "Master Trust").

Contributions - The Plan offers employees a choice between the type of contributions they can make, and such contributions may be between 1% and 18% of eligible compensation. A participant can elect tax-deferred (before-tax) contributions, after-tax contributions or a combination of both. An active participant may change the percentage of his or her contributions. Contributions are subject to certain limitations.

The Company's matching contribution is as follows:

Employee Contribution	Company Match
First 2% of eligible compensation	100%
Next 2% of eligible compensation	50%
Next 4% of eligible compensation	25%
Contribution over 8%	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 agreement. 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%) at all times in the balance of their accounts (both employee and employer contributions), none of which may be forfeited for any reason.

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

U.S. Equity Fund - The U.S. Equity Fund consists of holdings in large-and medium-sized U.S. company stocks. 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.

Fixed Income Fund - The Fixed Income Fund is broadly diversified and maintains an average maturity of 10 years. This 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 securities are selected by independent professional investment managers appointed by the Plan's Investment Committee.

Stable Value Fund - The Stable Value Fund is diversified among U.S. government securities and obligations of government agencies, bonds, short-term investments, cash and contracts issued by insurance companies and banks. The fund 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, 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 objective is capital appreciation over the long term, along with some 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 2000 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).

Participants may change their investment options once per month.

The Equity Growth Fund and the PAYSOP Fund were transferred from the Employee Investment Plan of Grumman Corporation, which was merged with the Plan on August 1, 1995. These two funds were frozen, and no employee contributions have been allowed subsequent to the Merger. Distributions from the Equity Growth Fund are made under the provisions of the Plan. The PAYSOP Fund was terminated in 1997 and the assets of the fund were distributed to the participants of the fund.

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 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% of their account balance. A participant may not have more than one outstanding loan 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%. Repayments are made from monthly 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 repaid 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) which have been in the Plan for at least 24 months. 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).

#### 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 generally accepted accounting principles 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.

Investment Valuation and Income Recognition - In the accompanying statements of net assets available for Plan benefits as of December 31, 1998, the Plan's investments are stated at fair value, except for the investments in insurance and investment contracts included in the Northrop Grumman Stable Value Master Trust, which are stated at contract value (see Note C). Quoted market prices are used to determine the fair value of the investments. In the accompanying statements of net assets available for plan benefits, the Plan's interest in the Northrop Grumman Corporation Savings and Investment Plan Master Trust (the "Master Trust") is stated at fair value, except for the investments in insurance and investment contracts, which are stated at contract value (see Note C). Quoted market prices are used to value investments (except insurance and investment contracts) in the Master Trust.

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 trustees deem 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, 1998 and 1997, benefits payable in cash to participants are \$14,796,768 and \$36,108,483, respectively. Additionally, the market values of shares of Northrop Grumman Corporation common stock to be distributed as of December 31, 1998 and 1997 are \$8,785 and \$574,050, respectively.

C. INVESTMENT CONTRACTS WITH INSURANCE COMPANIES

All investment and insurance contracts held by the Northrop Grumman Stable Value Master Trust (the "Stable Value Master Trust") as of December 31, 1998, and the Master Trust as of December 31, 1997, 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 following information is disclosed for the investment and insurance contracts within the Stable Value Master Trust as of December 31, 1998, and the Master Trust as of December 31, 1997 (in millions):

	1998	1997
Contract value of assets	\$1,299	\$869
Fair value of assets	\$1,343	\$899
Average yield on assets for on December 31	7.09 %	7.27 %
Crediting interest rate of assets at December 31	7.08 %	6.50 %
Duration	2.58 Years	2.89 years

#### D. INVESTMENTS

Except for its insurance and investment contracts (see Note C), the Plan's investments as of December 31, 1998 and 1997, are stated at fair value as determined by quoted market prices.

On January 1, 1998, Northrop Grumman Corporation pooled all of the insurance and investment contracts for the Northrop Grumman Corporation Savings and Investment Plan Master Trust, the Northrop Grumman Master Trust, and the contracts held by the Northrop Grumman Electronic Sensors and Systems Division Savings and Investment Program into the Master Trust.

Investments held at contract value in the Master Trust as of December 31, 1998 are as follows (in thousands):

Guaranteed and Bank Investment Contracts	\$1,298,790
Northrop Retirement Savings Temporary Investment Fund	60,090
Accrued Income	113
	-----
Total	\$1,358,993

The Plan's investment in the Master Trust as of December 31, 1998 is as follows (in thousands):

Contract Value of Guaranteed and Bank Investment Contracts	\$ 868,476
Net securities sales pending settlement	-
Total	\$ 868,476
	-----
Percentage of ownership	63.91%

Investment income in the Master Trust was \$91,158,197 for the year ended December 31, 1998.

Except for its insurance and investment contracts (see Note C), the Plan's investments as of December 31, 1997 are stated at fair values determined and reported by Bankers Trust Company, the trustee, in accordance with the Master Trust Agreement established by Northrop Grumman Corporation. Proportionate interests of each participating plan are ascertained on the basis of the trustee's equitable share accounting method for master trust arrangements. Plan assets represent 98% of total net assets reported by the trustee of the Master Trust as of December 31, 1997. The trustee's administration fees and investment management fees are charged to the Plan.

The net assets of the Master Trust at fair value consist of the following as of December 31, 1997:

Assets:	
Temporary investments	\$ 209,385,012
U.S. government securities	163,627,269
Corporate debt instruments	86,611,718
Corporate stocks	2,203,605,503
Investment and insurance contracts	869,768,970
Dividends and interest receivable	5,447,669
Due from broker for securities sold	19,233,354
Notes receivable from participants	51,819,246
	-----
Total assets	3,609,498,741
	-----
Liabilities:	
Options outstanding	(2,043)
Due to broker for securities purchased	51,395,425
	-----
Total liabilities	51,393,382
	-----
Net assets of the Master Trust	\$ 3,558,105,359
	=====

The Master Trust held approximately 5,234,524 shares of Northrop Grumman Corporation common stock with a fair value of \$601,970,260 as of December 31, 1997, which are included in the determination of net assets available to the Plan at December 31, 1997.

Investment income for the Master Trust for the period ended July 1, 1998 is as follows:

Net appreciation (depreciation) in fair value of investments:	
U.S. government securities	\$ 1,153,393
Corporate debt instruments	762,666
Corporate stocks	239,962,559
Other	356,441
	-----
	\$242,235,060
Interest	15,757,575
Dividends	21,410,553
Investment expense	(3,744,175)
	-----
Total	\$239,900,801
	=====

E. UNIT VALUES

Participation units outstanding at December 31, 1998 and 1997, and participant's equity per unit at the end of each quarter within the years then ended, are as follows:

	Units Outstanding December 31	Participant's Equity per Unit			
		March 31	June 30	September 30	December 31
1998					
Northrop Grumman Fund	6,801,043.744	\$61.06	\$48.73	\$29.62	\$54.12
Stable Value Fund	225,429,267.648	3.80	3.70	3.76	3.86
Fixed Income Fund	19,988,067.843	14.94	12.91	13.50	14.61
U.S. Equity Fund	24,926,961.203	52.84	50.88	44.23	55.93
Equity Growth Fund	126,844,030.400	2.98	3.04	2.70	3.43
Small Cap Fund	61,805,012.515	1.45	1.15	0.99	1.19
International Fund	28,620,501.816	1.55	1.03	1.80	1.24
Balanced Fund	57,665,557.698	1.37	1.28	1.20	1.34

1997

Northrop Grumman Fund	7,091,622.483	\$53.67	\$61.87	\$88.84	\$86.38
Stable Value Fund	243,021,711.265	3.54	3.60	3.66	3.69
Fixed Income Fund	18,817,505.962	12.78	13.16	13.48	13.58
U.S. Equity Fund	26,024,135.621	35.76	40.59	45.72	44.67
Equity Growth Fund	149,344,975.088	2.09	2.41	2.64	2.59
PAYSOP Fund	.000	75.63	87.61	121.38	0.00
Small Cap Fund	53,311,302.140	0.91	1.05	1.02	1.16
International Fund	27,571,892.043	0.84	1.06	1.12	1.13
Balanced Fund	50,611,393.693	0.83	0.99	1.13	1.14

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% vested and nonforfeitable.

H. INCOME TAXES

The Internal Revenue Service (the "IRS") ruled in 1989 that the Plan qualifies under Section 401(a) of the Internal Revenue Code (the "IRC"), and therefore, the related trust is not subject to tax under the present income tax law. Once qualified, the Plan is required to operate in conformity with the IRC to maintain its qualification. The Company is not aware of any course of action or series of events that have occurred which might adversely affect the Plan's qualified status. On November 6, 1996, the Company received a favorable determination letter from the IRS stating that the Plan, as amended, continues to meet the requirements of Section 401(a) of the IRC.



I. DESCRIPTION OF PLAN MERGERS

Effective January 1, 1998, plan assets of \$49,348,374 of the Northrop Grumman Retirement and Savings Plan were merged into the Plan.

Effective April 1, 1998, the following plan assets were merged into the Plan:

\$8,994,131 of the Grumman Technical Services, Inc. Aircraft Services Unit (Operations and Maintenance) Capital Accumulation Plan

\$480,298 of the Grumman Technical Services, Inc. Represented Employee Investment Plan

\$140,345 of the Grumman Technical Services, Inc. Capital Accumulation Plan SPC - Represented Employees

\$4,096,989 of the Grumman St. Augustine Corporation Capital Accumulation Plan

\$399,275 of the Grumman Aerospace Corporation Electronics Systems Division (Salisbury, Maryland Operations) Capital Acquisition Plan

\$5,238,270 of the Georgia Production Site Retirement and Savings Plan

Effective July 1, 1998, plan assets of \$5,139,182 of the Grumman Systems Support Corporation Money Purchase Pension Plan were merged into the Plan.

The total transferred net assets of \$73,836,864 have been recognized in the accounts of the Plan at their balances as previously carried in the accounts of the former plans.

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## NORTHROP GRUMMAN SAVINGS AND INVESTMENT PLAN

Item 27a - SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSES  
 DECEMBER 31, 1998

(a)	(b)	(c)	(d)	(e)
	Identity of Issuer, Borrower, Lessor or Similar Party	Description of Investment	Cost	Current Value
*	Northrop Grumman	Participation in Stable Value Unitized Fund	824,511,528	878,911,835
*	Fidelity	Magellan Fund	226,756,196	427,406,112
*	Northrop Grumman	Common Stock	130,893,625	359,145,979
*	Bankers Trust	Pyramid Equity Index Fund	82,044,941	91,307,092
*	Bankers Trust	Participation in Pyramid Directed Cash Account	45,583,753	45,583,753
*	Bankers Trust	Participation in Pyramid Directed Cash Account	35,221,748	35,221,748
	MCI Worldcom Inc.	Common Stock	13,951,322	30,538,136
	Pfizer Inc.	Common Stock	9,686,927	27,750,000
	General Electric Co.	Common Stock	13,819,283	25,979,400
	Microsoft Corp.	Common Stock	9,464,506	23,771,123
	Citigroup Inc.	Common Stock	21,221,073	23,432,861
	RCM Growth Equity Fund #8760	Mutual Fund Shares	25,804,914	22,446,916
	Cisco Systems Inc.	Common Stock	7,469,159	20,827,237
*	Bankers Trust	Participation in Pyramid Broad Market Fixed Income Fund	18,986,843	19,202,282
	International Business Machines Corp.	Common Stock	8,348,907	17,589,375
	Intel Corp.	Common Stock	8,303,873	16,954,509
	Chase Manhattan Corp (New)	Common Stock	10,124,492	16,034,356
	Capital Guardian Trust Co	Small Cap Daily Fund	11,981,056	15,541,425
	Federal National Mortgage Assn.	TBA 6.0% 30 Year 1/1/2028	14,070,469	14,112,241
	Bank of America Corp	Common Stock	10,741,848	14,042,915
	Home Depot Inc.	Common Stock	5,924,241	13,755,062
	Applied Materials Inc.	Common Stock	6,757,916	13,446,720
	Ford Motor Co.	Common Stock	7,690,904	13,082,318
	Capital Guardian	International Equity Daily Fund	10,012,873	12,349,961
	Tyco International LTD.	Common Stock	6,265,924	12,205,868
	Nokia Corp	Common Stock	2,256,051	12,200,369
	Federal National Mortgage Assn.	TBA 6.5% 30 Year 1/1/2028	12,048,594	12,078,720
	Medtronic Inc.	Common Stock	2,592,797	12,063,234
	PIC	Small Cap Investment Fund Debt	10,189,668	11,487,819
	America Online Inc.	Common Stock	2,297,195	11,479,250
	America Home Products Corp.	Common Stock	8,693,303	11,308,825
	United States Treasury	Treasury Bond DTD 08/15/1997 6.375% 08/15/2027	10,801,273	11,246,585
	Texas Instruments Inc.	Common Stock	6,507,314	11,054,188
	Warner Lambert Co	Common Stock	5,829,540	10,947,373
	Lincoln National Corp	Common Stock	5,454,370	10,505,025
	Time Warner Inc.	Common Stock	3,604,219	10,432,790
	USG Corp.	Common Stock	10,302,440	10,325,133
	United States Treasury	Treasury Notes DTD 02/15/1993 6.250% 02/15/2003	9,926,239	10,204,875
	Aetna Inc.	Common Stock	9,291,660	9,666,944
	Amgen Inc	Common Stock	5,662,030	9,515,233
	Scudder International Equity	International Equity Retirement Trust	8,750,000	9,488,755
	Altera Corp.	Common Stock	5,992,568	9,459,975
	Airtouch Communication	Common Stock	4,237,402	9,416,940

American International Group Inc.	Common Stock	4,970,095	9,396,781
Philip Morris Cos Inc.	Common Stock	6,849,690	9,367,850
Foreign Discover	Rowe T Price Trust Fund	7,950,000	9,328,208
Ascend Communications Inc.	Common Stock	6,081,057	9,231,300
McDonalds Corp	Common Stock	7,872,298	8,979,440
Merck & Co.	Common Stock	6,995,883	8,850,000
Countrywide Credit Industries Inc.	Common Stock	4,571,656	8,742,750
Wal Mart Stores Inc	Common Stock	4,460,898	8,632,428
Schroder	Capital Funds	9,028,862	8,625,159
Bank One Corp.	Common Stock	7,833,864	8,355,439
Merrill Lynch & Co.	Common Stock	9,518,319	8,350,425
DaimlerChrysler	Common Stock	4,598,149	8,299,363
Networks Associates Inc.	Common Stock	5,295,031	8,251,438
* Bankers Trust	Pyramid Equity Index Fund	7,586,193	8,025,340
Federal National Mortgage Association	Common Stock	5,121,332	8,006,800
United States Treasury	Treasury Notes DTD 03/15/1995 6.875% 03/31/2000	7,990,091	8,003,502
GTE Corp	Common Stock	6,002,376	7,995,000
Exel LTD	Class A ORD	3,757,043	7,875,000
Mobil Corp.	Common Stock	5,686,205	7,684,425
Federal Home Loan MTG Corp.	TBA 15 Year 6.0% 1/1/2013	7,540,563	7,575,897
Adobe Systems Inc.	Common Stock	6,431,485	7,564,150
Dell Computer Corp.	Common Stock	2,594,758	7,523,726
Lowe's Cos Inc.	Common Stock	2,636,855	7,376,191
SLM Holding Corp.	Common Stock	4,254,783	7,372,800
* Bankers Trust	Russell 2000 Equity Index Fund	6,566,624	7,343,076
* Bankers Trust	Participation in Pyramid Directed Cash Account	7,323,712	7,323,712
* CBS Corp.	Common Stock	6,533,652	7,222,141
Washington Mutual Inc	Common Stock	5,951,815	7,220,256
Burlington North Santa Fe Corp.	Common Stock	5,861,848	7,106,875
Government National MTG Assn	Pass thru CTF Pool #780191 7.5% 7/15/2025	6,853,833	6,957,878
Hewlett Packard Co.	Common Stock	5,254,993	6,913,276
Schering Plough Corp.	Common Stock	4,720,544	6,746,025
Federal Home Loan MTG Corp.	Series A DTD 6/24/1998 6.22% 6/24/2008	6,545,000	6,677,929
Rite Aid Corp	Common Stock	4,437,958	6,606,800
Proctor & Gamble Co.	Common Stock	3,319,224	6,181,891
Associates First Cap Corp.	Common Stock	5,406,483	6,169,546
Federal National Mortgage Assn.	TBA 6.0% 15 Year 1/1/2013	5,990,000	6,015,000
United States Treasury	Treasury Notes DTD 12/31/1998 4.625% 12/31/2000	5,907,836	5,909,204
Kohl's Corp	Common Stock	4,692,730	5,887,744
Oracle Corp.	Common Stock	3,678,595	5,817,563
* Bankers Trust	Pyramid Balanced Fund	5,532,180	5,714,129
Atlantic Richfield Co.	Common Stock	6,120,227	5,700,700
Lockheed Martin Corp	Common Stock	6,200,120	5,695,200
Morgan Stanley Dean Witter Discover & Co.	Common Stock	3,548,237	5,692,070
Household International Corp	Common Stock	4,818,149	5,678,263
Bell Atlantic Corp.	Common Stock	3,842,539	5,621,940
Clear Channel Communications Inc.	Common Stock	3,672,979	5,618,950
Johnson & Johnson	Common Stock	4,122,187	5,586,075
Bristol Myers Squibb Co.	Common Stock	2,298,150	5,553,240
AES Corp.	Common Stock	4,557,323	5,448,125
KLA-Tencor Corp	Common Stock	3,658,551	5,417,538
Xerox Corp	Common Stock	4,194,573	5,404,400
UNUM Corp .	Common Stock	3,890,661	5,335,475
Baxter International Inc.	Common Stock	4,125,160	5,286,529

ICN Pharmaceutical Inc	Common Stock	9,581,753	5,190,175
Lucent Technologies Inc	Common Stock	1,720,606	5,171,264
Eli Lilly & Co.	Common Stock	1,292,781	5,142,361
United States Treasury	Treasury Bonds Stripped Prin Pmt 12.000% 05/15/2005 DTD 11/15/1985	4,740,370	5,124,292
AT&T Corp.	Common Stock	3,230,530	5,090,400
Tele Communications Inc	Liberty Media Group Ser A	1,622,483	5,089,962
Bank New York Inc.	Common Stock	4,002,972	5,071,500
3Com Corp	Common Stock	3,994,758	5,052,666
Guidant Corp	Common Stock	1,925,098	5,038,000
Centaur FDG Corporation	Preferred shares Series B 144 A	4,800,000	5,019,000
Federal Home Loan MTG Corp.	Discount note 1/20/1999	4,976,011	4,989,000
EMC Corp Mass	Common Stock	1,725,784	4,972,500
Air Products & Chemicals Inc.	Common Stock	4,064,518	4,948,000
Fort James Corp	Common Stock	4,461,392	4,948,000
Coca Cola Co.	Common Stock	3,781,818	4,924,500
Gap Stores Inc.	Common Stock	1,515,530	4,892,697
Aluminum Co. America	Common Stock	4,111,978	4,734,751
K N Energy Inc	SR Note Dated 11/25/1998 6.450% 11/30/2001	4,696,616	4,717,155
MBNA Corp	Common Stock	3,324,725	4,714,147
Colgate Palmolive Co.	Common Stock	2,269,740	4,699,475
Burlington Res Inc	Common Stock	5,051,576	4,691,503
Home Ownership Funding	144A Preferred	4,804,297	4,616,730
Staples Inc.	Common Stock	3,287,723	4,582,871
Federated Departent Stores Inc.	Common Stock	4,096,472	4,578,471
IBP Inc.	Common Stock	3,538,999	4,502,725
Columbia HCA Healthcare Corp.	Common Stock	5,038,720	4,487,175
Merita Bk Ltd	Cap Secs Step-up Perpetual 144A 12/29/2049	4,499,460	4,353,930
SBC Commuications Inc.	Common Stock	2,670,205	4,338,263
United States Treasury	Treasury Bond DTD 11/15/1997 6.125% 11/15/2027	4,201,640	4,281,590
Du Pont E I De Nemours &Co	Common Stock	3,832,648	4,245,040
United States Treasury	Treasury Note Stripped Prin Pmt 11/15/2001	3,991,333	4,136,785
Provident Cos.	Common Stock	3,221,642	4,129,250
RJR Nabisco Holdings Corp.	Common Stock	4,031,249	4,126,632
Hasro Inc.	Common Stock	2,942,130	4,118,250
Praxair Inc.	Common Stock	5,746,275	4,117,200
Federal National Mortgage Assn Dwarf	TBA 6.5% 15 Year 1/1/2013	4,001,250	4,056,240
First UN Corp	Common Stock	2,049,138	4,013,658
Comcast Corp.	Common Stock	2,288,279	4,002,522
Wells Fargo & Co	Common Stock	2,366,354	3,993,800
Omnicom Group	Common Stock	1,148,983	3,990,400
Chubb Corp.	Common Stock	3,418,761	3,936,800
Tellabs Inc.	Common Stock	1,845,717	3,908,091
Associates Corp. North America	SR Note DTD 10/30/1998, 5.750%, 11/01/2003	3,848,499	3,884,535
Eastman Kodak Co.	Common Stock	4,051,464	3,866,400
CSX Corporation	Note DTD 10/28/98 6.25% 10/15/2008	3,815,998	3,855,290
Interstate Bakeries Corp.	Common Stock	3,888,329	3,828,222
Monsanto Co.	Common Stock	4,334,673	3,800,000
Unocal Corp	Common Stock	4,602,186	3,765,252
Qwest Communications International Inc.	Common Stock	2,883,025	3,750,000
United States Treasury	Treasury Notes DTD 11/61/1998 4.750% 11/15/2008	3,721,853	3,723,858
Cigna Corp	Common Stock	2,805,459	3,718,755
HBO & CO	Common Stock	3,923,621	3,709,358
Schwab Charles Corp	Common Stock	1,217,585	3,708,408
Safeway Inc	NT DTD 11/09/1998 5.750% 11/15/2000	3,691,638	3,707,400

Viacom Inc	Class B Common Non-voting Stock	2,857,557	3,700,000
Archer Daniels Midland Co.	Common Stock	3,829,069	3,675,453
Halliburton Co.	Common Stock	4,347,255	3,655,725
PNC Bank Corp.	Common Stock	3,525,766	3,650,400
Coca Cola Enterprise Inc.	Common Stock	1,714,783	3,646,500
Deere & Co.	Common Stock	4,510,850	3,629,400
AMR Corp.	Common Stock	2,865,500	3,497,188
Amkor Technology Inc.	Common Stock	2,624,770	3,485,030
Masco Corp	Common Stock	2,309,165	3,481,625
Dover Corp	Common Stock	2,535,814	3,479,375
Global Marine Inc.	Common Stock	6,807,097	3,477,600
Motorola Inc.	Common Stock	2,945,942	3,462,272
ACE LTD	Common Stock	3,111,141	3,426,581
Quintiles Transnational Corp.	Common Stock	1,908,441	3,416,000
Texaco Inc.	Common Stock	3,188,096	3,413,200
Avon Products Inc.	Common Stock	3,189,991	3,407,250
Schlumberger LTD.	Common Stock	2,986,612	3,390,013
Micron Electronics	Common Stock	3,511,009	3,344,872
Federal Home Loan MTG Corp.	PARTN CTF Group #G10381 6.50% 9/1/2010	3,213,721	3,328,363
Williams Co	Common Stock	3,143,143	3,274,740
United Technologies Corp	Common Stock	2,199,749	3,262,500
Allstate Corp.	Common Stock	2,818,032	3,260,950
Dana Corp.	Common Stock	3,956,659	3,257,738
Teradyne Inc.	Common Stock	2,437,486	3,254,400
Kmart Corp	Common Stock	2,900,939	3,227,980
United States Treasury	Treasury Bonds DTD 02/15/1991 7.875% 02/15/2021	2,894,130	3,156,384
Nike Inc.	Common Stock	4,073,748	3,155,801
Payless Shoesource Inc.	Common Stock	3,777,086	3,145,700
Government National MTG Assn	TBA 8.0% 1/1/2028 30 Year	3,119,219	3,118,110
St. Paul Cos. Inc.	Common Stock	3,601,633	3,077,469
Tenet Healthcare Corp	Common Stock	3,292,570	3,026,625
Abbott Labs	Common Stock	1,454,105	3,008,600
LB Commercial Conduit Mtg Trust	1998-C4 Mtg Pass Thru CTF CL A-1-A 5.970% 08/15/2006	3,001,928	3,003,834
Arrow Electronics Inc.	Common Stock	2,424,012	2,999,731
Consolidated Stores Corp.	Common Stock	4,473,338	2,991,862
Newell Co.	Common Stock	3,098,542	2,978,250
Bowater Inc.	Common Stock	3,250,197	2,975,248
Queens Health Sys	Commercial Paper Disc DTD 11/23/1998 Due 1/19/1999	2,975,063	2,975,063
Cadence Design Systems	Common Stock	2,869,400	2,972,025
Raytheon Co.	Common Stock	3,103,728	2,961,722
Trinity Industries Inc.	Common Stock	2,868,581	2,933,700
Federal-Mogel Fing TR	GTD TR Preferred SECS CONV % 144A Stock 2,252,275	2,930,625	
Alza Corp.	Common Stock	2,480,760	2,926,000
CSX Corp.	Common Stock	3,197,860	2,900,850
Conagra Inc.	Common Stock	2,647,895	2,885,400
United States Treasury	Treasury Notes Series J DTD 05/31/1996 6.500% 05/31/2001	2,784,999	2,833,478
Infinity Broadcasting Corp	Common Stock	2,121,750	2,833,313
Allied Signal Inc	Common Stock	2,167,786	2,791,719
Hilton Hotels Corp	Common Stock	2,965,822	2,780,775
Astra AB	Sponsored ADR RESTG A SH	2,251,461	2,758,393
Texas Utilities Co.	Common Stock	2,252,000	2,754,592
FFTW International Hedge Fund	Participation in FFTW #30242R873	2,677,467	2,745,942
Dun & Bradstreet Corp	Common Stock	2,534,503	2,739,668
Solectron Corp	Common Stock	708,924	2,732,377

Compaq Computer Corp.	Common Stock	2,419,403	2,730,000
Emerson Electronic Co.	Common Stock	2,657,420	2,722,500
General Mills Inc.	Common Stock	2,391,686	2,721,250
Autodesk Inc.	Common Stock	2,580,271	2,693,613
Gannett Inc.	Common Stock	2,196,944	2,689,650
Noble Drilling Corp.	Common Stock	5,710,248	2,688,516
Fleet Financial Group Inc.	Common Stock	2,191,112	2,672,342
Ensco International	Common Stock	6,054,594	2,637,798
Avnet Inc.	Common Stock	2,169,882	2,613,600
PNC Mtg Secs Corp	Mtg Pass Thru CTF 98-2 CL IIIA7 6.750% 03/25/2013	2,570,279	2,602,039
Goodyear Tire & Robber Co.	Common Stock	2,985,036	2,582,426
* Bankers Trust	Pyramid Daily International Equity Index	2,339,643	2,536,784
General Motors Corp.	Common Stock	1,861,163	2,526,174
Residential Fdg Mtg Secs I Inc	Mtg Pass Thru CTF Ser 1997-S122 CL A-18 6.750% 08/25/2027	2,445,939	2,511,688
Black & Decker Holding Inc.	Serial Note 144A DTD 6/26/98 7.05% 7/1/2028	2,495,925	2,502,425
Tele Communications Inc	TCI Group SER A	823,633	2,498,599
Raytheon Co.	Common Stock	2,441,808	2,470,800
Owens Ill Inc.	Common Stock	2,853,132	2,465,313
Sealed Aid Corp	Common Stock	1,762,932	2,451,024
Promus Hotel Corp.	Common Stock	2,494,076	2,415,175
General Re Corp.	Common Stock	1,621,287	2,391,000
Lockheed Martin Corp	Common Stock	2,640,798	2,372,577
Sears Roebuck & Co.	Common Stock	2,589,311	2,367,250
United States Treasury	Treasury Notes DTD 08/15/1995 6.500% 08/15/2005	2,272,335	2,362,979
Occidental Pete Corp.	Common Stock	3,119,763	2,359,125
Textron Inc.	Common Stock	1,190,329	2,354,078
Pharmacia & Upjohn Inc.	Common Stock	2,001,013	2,338,613
Sundstrand Corp.	Common Stock	1,906,818	2,334,375
Parker Hannifin Corp	Common Stock	2,412,284	2,321,975
Illinois Tool Works Inc.	Common Stock	1,184,104	2,320,000
Annheuser Busch Companies Inc.	Common Stock	1,479,617	2,296,875
PPG Industries Inc.	Common Stock	2,031,944	2,286,788
Ameritech Corp.	Common Stock	1,726,305	2,281,500
Conoco Inc.	Common Stock	2,591,627	2,222,325
Federal National Mortgage Assn.	GTD MTG pass thru CTF pool # 420778 6.5% 6/1/2028	2,168,747	2,198,778
Jostens Inc.	Common Stock	1,796,728	2,173,604
Lucasvarity	Common Stock	2,360,984	2,167,450
Sun Microsystems Com.	Common Stock	1,031,238	2,157,750
Dayton Hudson Corp.	Common Stock	1,888,547	2,115,750
Republic Industries Inc	Common Stock	2,183,856	2,115,225
United Healthcare Corp	Common Stock	2,210,396	2,110,087
Kellogg Co	Common Stock	2,060,962	2,081,625
Jones Apparel Group Inc.	Common Stock	2,250,271	2,073,922
United States Treasury	Treasury Notes DTD 07/31/1998 5.375% 07/31/2000	2,064,094	2,072,427
Allied Waste Industries Inc.	Common Stock	1,663,135	2,071,913
Bestfoods	Common Stock	1,426,621	2,066,100
Crown Cork & Seal Inc.	Common Stock	2,840,824	2,064,471
United States Treasury	Treasury Bond DTD 08/15/1998 5.500% 08/15/2028	2,084,435	2,056,805
Federal National Mortgage Assn.	TBA 7.5% 30 Year 1/1/2028	2,055,625	2,054,360
Federal National Mortgage Assn.	30 Year TBA 7.0% 1/1/2028	2,039,375	2,040,000
Fox Entertainment Group Inc	Common Stock	1,853,754	2,035,125
LOEWS Corp	Common Stock	1,617,651	2,004,300
Unilever N V	Common Stock	848,509	1,990,512
Repsol Intl Financing	Commercial Paper Disc DTD 12/29/1998 Due 3/29/1999	1,974,650	1,974,650

Government National MTG Assn	Pass thru CTF Pool #354686 7.5% 11/15/2023	1,965,324	1,973,983
Nabisco Holdings Corp.	Common Stock	1,802,856	1,971,250
Analog Devices INC	Common Stock	1,356,195	1,938,975
Gateway 2000 Inc.	Common Stock	1,729,422	1,934,906
Amerada Hess Corp.	Common Stock	1,978,695	1,920,350
United States Treasury	Treasury Bonds DTD 11/15/1996 6.500% 11/15/2026	1,663,922	1,918,637
Saks Inc.	Common Stock	1,375,294	1,909,562
First Data Corp.	Common Stock	1,846,746	1,896,563
Interpublic Group Cos Inc.	Common Stock	472,750	1,854,188
Government National MTG Assn	Remic TR 1998-17 CL F floating rate 7/16/2028	1,849,310	1,839,241
Union Pac. Corp.	Common Stock	1,762,041	1,829,558
Baker Hughes Inc.	Common Stock	1,645,232	1,828,065
Dollar Gen Corp	Common Stock	1,536,211	1,823,850
First Energy Corp.	Common Stock	1,733,890	1,817,015
Federal Home Loan MTG Corp.	PARTN CTF Group #E00544 7.0% 4/1/2013	1,802,368	1,813,466
Neiman Marcus Group	Common Stock	1,824,088	1,805,511
Costco Cos.	Common Stock	1,666,107	1,804,700
May Dept. Stores Co.	Common Stock	1,643,758	1,799,175
Northeast Utils. Com.	Common Stock	1,448,017	1,772,800
Gartner Group Inc.	Common Stock	1,738,903	1,748,875
Keycorp	Common Stock	1,630,192	1,731,200
Pacificare Health Systemes Inc.	Common Stock	1,535,952	1,716,900
Chevron Corp.	Common Stock	1,039,103	1,716,817
Vornado Realty Tr	Common Stock	2,065,000	1,675,000
Computer Associates International Inc	Common Stock	1,467,090	1,674,097
Nextel Communications Inc.	Common Stock	1,634,718	1,641,938
York International Corp	Common Stock	1,762,592	1,632,520
Hibernia Corp	Common Stock	788,748	1,612,400
Sprint Corp.	Common Stock	1,188,757	1,598,375
Pacificare Health Systemes Inc.	Common Stock	1,240,562	1,590,000
Black & Decker Corp	Common Stock	966,352	1,580,977
Tenneco Inc.	Common Stock	1,915,243	1,560,085
R&B Falcon Corp.	Common Stock	5,036,230	1,529,375
American Standard CDS Inc.	Common Stock	1,498,229	1,526,400
Delta Airlines Inc.	Common Stock	1,567,570	1,518,400
CNF Transportation Inc.	Common Stock	1,564,530	1,506,276
Western Digital Corp	Common Stock	1,933,068	1,491,237
Minnesota MNG & MFG Co.	Common Stock	1,770,828	1,486,513
Seagate Technology	Common Stock	1,409,191	1,479,225
Continental Airlines Inc.	Common Stock	1,628,820	1,474,000
Advanced Micro Devices Inc.	Common Stock	1,215,675	1,450,000
B F GoodrichCo.	Common Stock	1,489,862	1,438,588
Gillette Co.	Common Stock	1,251,505	1,434,390
Federal National Mortgage Assn.	GTD MTG pass thru CTF pool # 439939 6.5% 10/1/2028	1,427,032	1,428,813
Peoplesoft Inc.	Common Stock	1,629,514	1,420,350
Government National MTG Assn	Pass thru CTF Pool #405558 7.5% 1/15/2026	1,394,925	1,409,657
Money Store Tr	1998-A Asset Bkd CTF CL Av Var RT 06/15/2029	1,395,508	1,384,672
Peak Trends	Trust Enhanced Dividend Securities	2,113,055	1,383,113
Nordstrom Inc. Com.	Common Stock	1,170,823	1,380,582
United States Treasury	Treasury Bond DTD 02/15/1997 6.625% 02/15/2027	1,304,783	1,360,232
Corning Inc.	Common Stock	948,404	1,345,500
Weatherford Intl Inc	Common Stock	1,995,697	1,340,266
American Power Conversion	Common Stock	657,050	1,336,889
Financing Corp	Coupon FICO Strips SER 12-INT PMT on 9.9% 2018 6/6/2003	1,232,512	1,334,410
Federal National Mortgage Assn.	GTD MTG pass thru CTF pool #190750 6.0% 4/1/2009	1,278,330	1,325,120
Green Tree Financial Corp	97-5 MFD Housing SR/SUB Pass thru CTF A-4 6.42% 5/15/2029	1,299,391	1,311,375
Quebec Prov CDA	Medium Term NTS Book Entry Tranche # TR 00049 03/02/2026	1,150,000	1,304,146

Sony Corp.	Common Stock	1,554,485	1,296,000
United States Treasury	Treasury Notes DTD 05/31/1998 5.500% 05/31/2003	1,273,730	1,290,625
Federal National Mortgage Assn.	GTD MTG pass thru CTF pool # 437266 5.5% 8/1/2028	1,290,580	1,285,552
Cablevision Systems Corp	Common Stock	867,425	1,278,188
US Bancorp	Common Stock	1,203,832	1,278,000
Ford Motor CR Co.	Global Bond Issue # US345397RP0 6.5% 2/28/2002	1,261,823	1,277,758
BP Amoco PLC	Common Stock	1,221,031	1,270,500
Union Camp Corp.	Common Stock	931,481	1,261,950
Champion International Corp.	Common Stock	1,272,898	1,255,500
IMS Health Inc.	Common Stock	870,287	1,244,727
Government National MTG Assn	Pass thru CTF Pool #454195 7.0% 8/15/2028	1,204,169	1,211,564
Tricon Global Restaurants Inc.	Common Stock	908,333	1,203,000
United States Treasury	Treasury Bonds DTD 08/15/1995 6.875% 08/15/2025	1,114,061	1,181,729
Cendant Corp	Common Stock	1,280,079	1,174,230
Best Buy Inc.	Common Stock	720,727	1,169,194
AMP Inc.	Common Stock	911,361	1,167,825
Symbol Technologies Inc.	Common Stock	648,521	1,157,278
Bausch & Lomb Inc.	Common Stock	1,035,878	1,140,000
Hospitality Properties	TR SR Note DTD 2/24/1998 7.0% 3/1/2008	1,222,795	1,131,484
Bankers Trust	Participation in Pyramid Directed Cash Account	1,117,602	1,117,602
Office Depot Inc.	Common Stock	912,033	1,111,890
United States Treasury	Treasury Notes DTD 07/15/1996 7.000% 07/15/2006	1,035,549	1,098,739
Capital Desjardins Inc.	Serial Note Series A 144A 7.37% 8/8/2005	1,015,550	1,086,280
Circuit City Stores Inc.	Common Stock	1,037,181	1,083,655
Federal National Mortgage Assn.	GTD Remic pass thru CTF CL 157E RT93-157 5/25/2022 prin only	783,897	1,080,613
Royal Caribbean Cruises	Common Stock	805,303	1,058,200
Donaldson Lufkin & Jenrette	Common Stock	992,380	1,037,300
Barnes & Noble Inc.	Common Stock	778,304	1,028,500
Cardinal Health Inc.	Common Stock	743,951	1,024,313
Mattel Inc.	Common Stock	1,165,934	1,019,900
Associates Corp. North America	Medium Term SR Notes , Tranche # TR00195 6.670% 7/28/2000	1,012,620	1,019,730
Boeing Co.	Common Stock	606,154	1,011,375
Federal National Mortgage Assn.	GTD MTG pass thru CTF pool #199434 6.0% 3/25/2009	958,281	1,005,620
Federal Home Loan MTG Corp.	Multiclass MTG PARTN CTFS GTD SER G024 CL G024-J 6.25% 11/25/2023	1,023,594	1,003,750
Barclays Bank	PLC Institutional CTF DEP CD (Book E), 5.200% DTD 11/24/98, Due 1/24/1999	1,000,000	1,000,000
Union Pac Res Group Inc	Common Stock	2,732,121	988,773
Federal National Mortgage Assn.	GTD Remic pass thru CTF TR 1993-G40 CL-FA variable rate 12/25/2023	986,580	983,443
Structured Asset Secs Corp	Mtg Pass Thru CTF Ser 1998-4 CL A-2 5.896% 05/25/2028	1,000,000	977,110
Government National MTG Assn	Pass thru CTF Pool #345036 7.5% 10/15/2023	960,059	960,199
Merit Securities Corp	Coll Bd Ser 11 CL 3-a1 5.960% 05/28/2031	961,391	957,507
Federal National Mortgage Assn.	GTD MTG pass thru CTF pool # 452415 6.0% 12/1/2028	953,184	952,789
Kenametal Inc	Common Stock	1,737,962	952,000
Wisconsin Central Transportation	Common Stock	1,261,584	947,059
Federal Home Loan MTG Corp.	Gold 15 Year TBA 6.0% 1/1/2014	941,763	942,350
MediaOne Group	Common Stock	909,064	940,000
General Nutrition Cos Inc.	Common Stock	1,558,468	932,750
United States Treasury	Treasury Note Stripped Prin Pmt 7.875% 08/15/2001	930,752	931,350
Dominion Res Inc	Common Stock	803,964	930,325
Massachusetts Mutual Life Ins Co	Surplus NT 144A 7.500% 03/01/2024	916,978	911,123
General Motors Corp.	Common Stock	1,083,075	904,886
Federal National Mortgage Assn.	GTD Remic pass thru CTF Remic TR 1992-138 CL-FB variable rate 8/25/2022	906,211	904,748
Nucor Corp.	Common Stock	920,108	903,925



AAMES	98-B Mortgage Pass Through CTF CL A-1A, ADJ 6/15/2028	902,059	895,672
SUSA Partnership L P	NT DTD 11/07/1996 7.125% 11/01/2003	918,414	892,377
BMC Software Inc.	Common Stock	919,117	891,260
Texas Utils Co	Sr NT Ser B 6.375% 10/01/2004	859,450	886,841
Beverly Enterprise	Common Stock	1,134,527	885,600
Structured Asset Secs Corp	Multicl Pass Thru CTF 98-C2 Var 144A CL A 01/25/2013	880,798	877,257
WorldCom Inc GA	NT DTD 08/11/1998 6.950% 08/15/2028	815,104	875,017
Zeneca Group PLC Sponsored	Common Stock	538,635	870,575
General Electric Cap Corp	Medium term notes Tranche # TR 00412 5.13% 4/1/2004 Steps up to 8.09%	841,938	867,274
Harrahs Entertainment	Common Stock	1,335,269	862,840
Federal Home Loan MTG Corp.	Multiclass MTG PARTN CTFS GTD SER 01404 CL F 3.50% 11/15/2007	802,222	834,634
Metropolitan Life Ins Co	Surplus NT 144A 6.300% 11/01/2003	802,560	812,176
First NBC Credit Card Master	TR 97-1 Asset backed CTF CL A 6.15% 9/15/2004	779,878	806,788
Green Tree Financial Corp	SER 1996-2 CL-A1 6.45% 4/15/2027	783,000	805,744
Agco Corp.	Common Stock	2,208,963	804,038
Atlantic City Electric Co.	1st Mortgage, DTD 9/01/1993, 7.00% 9/01/2023	712,845	800,078
Pennsylvania Pwr & Lt Co	6.000% 06/01/2000	782,321	794,511
United States Treasury	Treasury Notes DTD 03/02/1998 5.500% 02/28/2003	769,639	793,223
Indymac Mortgage Holdings, Inc	Common Stock	1,928,889	792,225
United States Treasury	Treasury Bills DTD 05/28/1998 MAT 05/27/1999	783,592	783,592
Banco Latinoamericano de Exportaciones	S A European Note 44A, Tranche # TR0017, DTD 5/28/1997, 7.200%, 5/28/2002	2,735	782,025
Student Ln Marketing Assn	DTD 12/02/1987 9.400% 05/31/2002	775,600	779,016
Prudential Ins Co Amer	Cap NT 144A 6.875% 04/15/2003	743,903	775,200
Federal National Mortgage Assn.	GTD Remic pass thru TR 1994-17 CL-F variable rate 2/25/2009	764,455	766,948
Green Tree Financial Corp	97-6 MFD Housing SR/SUB Pass thru CTF A-4 6.47% 1/15/2029	749,883	754,688
Oryx Energy Co.	Common Stock	1,313,302	739,090
GMAC Commercial Mortgage Securities Inc	MTG pass thru SER 1997-C1 CL A-3 6.869% 7/15/2029	700,348	735,616
Federal Express Corp	Pass thru 1998-1-A 6.72% 1/15/2022	707,273	733,432
Quebec Prov CDA	Deb DTD 02/09/1994 7.125% 02/09/2024	713,168	731,586
MBNA Master Credit Card Tr II	Ser 97-F Asset Backed CTF CL A 6.600% 11/15/2004	698,810	725,809
Xerox Corp	Medium Term Notes Book Entry 5.910% 04/01/2037	700,000	718,529
Federal National Mortgage Assn.	GTD MTG pass thru CTF pool # 313638 7.0% 7/1/2012	717,800	717,140
Thermo Electron Corp.	Common Stock	1,437,520	713,937
Lehman Bros Holdings Inc	Medium Term NTS Book Entry Tranche #TR 00262 6.625% 12/27/2002	709,569	704,641
Pier 1 Imports Inc.	Common Stock	1,032,285	700,442
New American Holdings Inc	GTD Sr Deb 10.125% 10/15/2012	683,040	697,458
Firstplus Home Loan Owner	TR 1998-1 Asset backed note CL A-6 5/10/2020	699,827	696,717
Fairfax Final Holdings LTD	Note 6.875% 4/15/2008	699,097	696,500
CIT RV TR	1998-A Asset backed note CL A-4 6.09% 2/15/2012	679,926	692,002
Olin Corp.	Common Stock	881,825	690,837
Seagram Joseph E & Sons Inc	GTD Deb 8.875% 09/15/2011	682,002	685,314
Federal National Mortgage Assn.	GTD MTG pass thru CTF pool # 379750 6.5% 5/1/2012	635,998	664,565
Raytheon Co	DTD 11/04/1998 6.150% 11/01/2008	650,805	661,941
Midland Bk Plc	Sub NT DTD 06/24/1996 7.625% 06/15/2006	628,482	661,560
Comed Transitional FDG TR	SER 1998 NT CL A-6 5.63% 6/25/2009	654,682	659,172
International Lease Finance Corp	Medium Term NTS Book Entry Tranche # TR 00445 5.849% 04/02/2001	\$ 644,573	\$ 656,058
Quantum Corp.	Common Stock	798,353	652,375
Florida Residential Property & CAS JT			
Underwriting Association	SER 144A 7.25% 7/1/2002	629,042	651,666

Railcar Tr	No 1992-1 TR NT 7.750% 06/01/2004	634,061	631,552
Citicorp	Medium term note Tranche # SB 00195 DTD 11/6/1998 6.375% 11/15/2008	606,834	621,018
Advanta	Mortgage Loan TR SER 97-1 Asset Backed CTF CL A-6, FLTG RT, 7/25/2027	618,491	615,248
Countrywide Home Loans Inc.	Medium term notes DTD 10/21/1998 5.62% 10/16/2000	600,000	598,230
Federal Home Loan MTG Corp.	Multiclass MTG PARTN CTFS GTD SER 01511 CL L 0.00% 5/15/2008	556,943	589,780
New Jersey Economic Dev Auth St	Pension Fdg Rev DTD 06/15/1997 7.425% 02/15/2029	500,000	586,950
HRPT Properties	TR SR Note CL A 6.75% 12/18/2002	590,790	584,166
Healthsouth Corp.	Common Stock	1,062,740	574,294
RalCorp Holdings Inc	NT 8.750% 09/15/2004	573,190	571,005
Newcourt Receivables Asset Tr	1997-1 Bkd NT CL A 4 6.193% 05/20/2005	550,000	559,097
American Express	Commercial Paper 6.100%, DTD 12/29/98, Due 1/05/99	550,000	550,000
Prudential Ins Co Amer	DTD 07/05/1995 7.650% 07/01/2007	537,900	547,050
Associated Materials Inc.	Common Stock	616,643	545,200
Sun Life CFA US Cap TR I	Ser 144A 8.526% 05/29/2049	500,000	542,615
Federal National Mortgage Assn.	GTD Remic pass thru CTF TR 1993-169 CL-S 3.63% 9/25/2000	520,893	537,382
Total SA B	ADR Sponsored ADR	455,472	537,300
Copelco Cap FDG TR	1998-A Lease backed note CL A-4 5.92% 7/15/2003	519,869	527,145
USA Waste Svcs Inc	Sr NT DTD 12/17/1997 7.125% 12/15/2017	512,250	525,780
3M Employee Stock Ownership Plan Trust	GTD Amortizing ESOP Note 144A 5.62% 7/15/2009	525,000	522,874
Philip Morris Cos Inc	Puttable Reset Secs Purs 6.150% 03/15/2010	509,734	514,233
Money Store Tr	1998-B Asset Bkd CTF CL AF-3 6.080% 07/15/2017	510,000	510,275
Federal National Mortgage Assn.	GTD Remic pass thru TR Series 1997-M7 CL V 7.8544% 9/25/2007	497,448	509,658
Time Warner Inc	7.75% 06/15/2005	506,791	508,778
Federal Home Loan MTG Corp.	PARTN CTF Group #G10777 9.0% 6/1/2010	516,534	505,488
NationsLink Fdg Corp	Coml Mtg Pass Thru CTF 1998-2 CL A-1 6.001% 11/20/2007	499,877	502,622
First USA Credit Card Master	TR Asset backed CTF SER 94-6 CL A FLTG RT 10/15/2003	504,824	501,090
Ford Credit Auto Owners	TR 1998-A Asset backed note CL A-3 5.65% 10/15/2001	498,691	500,935
Finova Cap Corp.	Note DTD 10/21/1998 5.875% 10/15/2001	497,070	500,380
Xerox Corp	Medium Term Notes Book Entry Tranche # TR 00040 5.545% 07/22/2037	501,563	499,465
CSXT Trade Receivables Master Trust	SER 1998-1 PARTN CTFS 6/25/2003 6.0% 7/25/2004	479,583	488,850
Petroleum Geo-Svcs A/S	Sr NT DTD 04/02/1998 6.625% 03/30/2008	497,905	488,105
Prologis Trust	Sr NT DTD 08/07/1998 7.050% 07/15/2006	498,925	487,875
Skandinaviska Enskilda Banken N Y	Sub NT Step Up 144A 6.500% 12/29/2049	498,130	487,480
Green Tree Financial Corp	96-3 MFD Housing SR/SUB Pass thru CTF A-5 7.35% 7/15/2026	469,486	485,421
Fleet Financial Group Inc.	New Sub Debt 6.7% 7/15/2028	465,534	477,746
American Express Co.	Common Stock	483,429	471,500
Chase Commercial Mortgage Securities	1998-2 Mtg passthrough CTF CL A-2 6.39% 11/18/2030	455,038	464,891
Federal Home Loan MTG Corp.	Multiclass MTG PARTN CTFS GTD SER 2081P CL C 6.25% 10/15/2026	452,795	464,310
NationsBank Corp	03/18/1998 5.75% 03/15/2001	458,238	463,910
Signet Helco Trust	Home Equity LN Asset Bkd CTF Ser 95-A 06/20/2004	467,226	463,505
Tyco Intl Group S A	NT 6.375% 06/15/2005	448,159	458,721
General Electric Cap Corp	Medium term notes Tranche # TR 00269 DTD 4/3/1998 5.92% 4/3/2001	450,000	457,686
MCI Communications Corp	NT Callable/Redeemable 6.125% 04/15/2002	454,851	456,849
Harman International Ind Inc	Common Stock	511,780	453,688
California Infrastructure & Economic Development	SER1997-1 CL A7 DTD 12/11/97 6.42% 12/26/2009	444,104	453,377
Capital One Bank	Medium term note Tranche # 00038 6.74% 5/31/1999	452,822	451,598
Government National MTG Assn	Pass thru CTF Pool #439497 7.5% 2/15/2027	450,984	451,460
Comdisco Inc.	Mandatory par put remarketed securities 6.13% 8/1/2006	450,000	446,544
EOP Operating LTD Partnership	Mandatory par put remarketed securities 6.376% 2/15/2002	449,330	445,851
Venator Group Inc	Common Stock	1,693,833	442,000
Transocean Offshore Inc	Deb 8.000% 04/15/2027	441,028	433,636
Citigroup Holdings Inc.	Medium term serial note 7.125% 6/17/2002	419,094	430,795
Advanta	Mortgage Loan TR SER 97-1 Asset Backed CTF CL A-2, 7.100%, 5/25/2020	424,047	426,545

Amresco Residential Securities Corp.	Mortgage Loan TR 1997-3 Pass Through CTF CL A-9, 6.960%, 3/25/2027	411,438	407,313
AT&T Corp.	Medium Term Notes, #TR 00638 6.600%, 5/15/2005	427,270	407,176
Adaptec Inc.	Common Stock	836,696	403,949
Royal Caribbean Cruises Ltd	Sr NT DTD 10/14/1997 7.000% 10/15/2007	410,944	400,556
Sprint Capital Corp	DTD 11/16/1998 6.125% 11/15/2008	389,711	398,514
Residential Fdg Mtg Secs II Inc	Ser 1997-HS2 CL A Home Equity LN Bkd NT Fltg Rate 09/20/2022	398,747	396,142
Franklin Park Financing Corp	Collateralized note SER 144A CL A floating rate 5/15/2002	399,960	396,125
Beneficial Home Equity Loan	SER 1996-1 asset backed CTF CL A Variable rate 4/28/2026	397,392	394,507
Weyerhaeuser Co	Common Stock	339,861	386,179
American Electric Power Inc	Common Stock	374,636	376,504
Federal National Mortgage Assn.	GTD MTG pass thru CTF pool #0006H2 5.0% 6/25/2007	367,123	374,420
Hercules Inc.	Common Stock	636,209	365,150
Zurich Capital Trust	DTD 05/30/1997 8.376% 06/01/2037	320,000	357,693
Georgia Pacific Corp.	Common Stock	348,180	357,234
UCFC Loan Trust	Home Equity LN CTF 1997-D CL A-4 6.670% 06/15/2020	350,000	356,804
Bear Stearns Cos Inc.	SR Note DTD 7/15/1998, 6.250%, 7/15/2005	349,783	352,296
Keycorp	Medium Term NTS Book Entry Tranche #TR 00050 7.000% 05/11/2005	338,026	352,067
Wachovia Corp	Common Stock	350,352	349,752
Novellus Systems Inc	Common Stock	239,668	341,550
Ford Cap BV	9.875% 5/15/2002	340,461	338,889
Cox Communications	Common Stock	273,611	338,713
State Street Instit Capital A	Cap Secs Ser A144A 7.94% 12/30/2026	318,558	336,732
United States Treasury	Treasury Bonds DTD 08/15/1983 12.000% 08/15/2013	340,107	335,878
Bio Rad Laboratories Inc	Class A Stock	393,819	327,600
Federal National Mortgage Assn.	GTD MTG pass thru CTF pool # 393419 7.0% 8/1/2012	319,786	325,513
Oshkosh Truck Corp	Class B Stock	149,912	324,625
Marshall Inds Com	Common Stock	423,046	323,400
Federal National Mortgage Assn.	GTD MTG pass thru CTF pool # 393419 7.0% 8/1/2012	311,498	319,330
Vanderbilt Mtg & Fin Inc	96A MFD HSG Sr/Sub Pass Thru CTF 1996-A CL A-5 DTD 04/01/1996 7.425% 04/07/2026	299,625	317,734
Boise Cascade Corp.	Common Stock	381,837	316,200
Government National MTG Assn	Pass thru CTF Pool #472821 7.0% 8/15/2000	319,348	315,705
United States Treasury	Treasury Notes Series H DTD 06/30/1997 6.250% 06/30/2002	301,265	314,907
Hutchinson Technology Inc	Common Stock	255,505	313,500
Vanderbilt Mtg & Fin Inc	96A MTD HSG Sr/Sub Pass Thru CTF A-4 7.175% 04/07/2026	299,953	310,747
General Motors Accep Corp	Global Note DTD 1/22/1998 6.125% 1/2/2008	307,128	308,580
Bayerische Landesbank Girozentrale	NY Branch, Medium Term SR DEP Notes, Tranche # SR00048, DTD 11/30/1998 5.875%, 12/01/2008		
Highwoods / Forsyth LTD Partnership	Note DTD 12/1/1996 7.0% 12/1/2006	319,644	303,505
Cendant Corporation	DTD 11/30/1998 7.75% 12/1/2003	299,484	303,201
Noram Energy	Term Enhanced Remktable Secs DTD 11/10/1998 6.375% 11/01/2003	299,376	302,964
Heller Financial Inc	Medium term note Tranche # TR 00230 DTD 10/26/1998 5.875% 11/1/2000	299,799	299,967
Scotts Co	Class A Stock	226,904	299,816
California Infrastructure & Economic Development	PG&E SER 1997-1 CL A8 6.48% 12/26/2009	274,656	287,504
Hussman International	Common Stock	221,175	284,812
Suntrust Bks. Inc.	Common Stock	244,922	283,050
General Instruments Corp.	Common Stock	179,193	281,685
Southern Peru Ltd	Ser A-1 Secured Expt NT DTD 05/30/1997 7.900% 05/30/2007	300,000	276,000

Kaufman & Broad Home Corp	Common Stock	195,359	276,000
Telecommunications Inc	Deb DTD 08/03/1993 7.875% 08/01/2013	257,310	269,461
Enron Corporation	Remarketed reset note floating rate 11/15/2037	260,000	263,575
Noble International LTD.	Common Stock	266,928	262,800
NationsBank Corp	Sr NT DTD 05/04/1998 6.375% 05/15/2005	260,882	259,862
Furon Co	Common Stock	277,955	259,358
Petroleum Geo-Svcs A/S	NT 7.500% 03/31/2007	262,718	258,795
Block Drug Inc	Class A Stock	260,638	257,603
Esterline Technologies	Common Stock	180,048	256,650
Prudential Ins Co Amer	Sr NT 144A 6.375% 07/23/2006	252,210	255,785
Corn Products International Inc	Common Stock	290,504	255,150
Beneficial	Home Equity Loan TR SER 1995-1 Asset Backed CTF CL A-1, 6.35%, 3/28/2000	255,505	254,587
Transcanada Pipelines	LTD Medium Term NTS Tranche # TR 00005 DTD 09/21/1998 6.490% 01/21/2009	254,415	254,417
Merrill Lynch & Co Inc	Medium Term NTS Book Entry DTD 06/27/1997 6.470% 06/27/2000	253,008	254,328
Mid-State Tr Vi Asset	Backed NT CL A-4 7.790% 07/01/2035	242,375	252,933
Manitoba Prov CDA	Deb Ser Ef DTD 09/29/1998 5.500% 10/01/2008	248,405	252,800
Potomac Electric Power Co	Common Stock	232,288	252,605
Tyco Intl Group S A	NT 6.125% 06/15/2001	253,988	252,408
General Motors Accep Corp	Global Note DTD 11/9/1998 5.75% 11/10/2003	249,035	251,940
Mellon Financial Co	DTD 11/13/1998 5.750% 11/15/2003	249,537	251,732
Comdisco Inc.	Medium term notes Tranche # 00138 DTD 11/25/1998 6.32% 11/27/2000	250,000	250,513
Household Affinity Credit Card Master	CTR Card PARTN CTF CL A floating rate 9/15/2000	250,219	250,000
Williams Cos Inc	Extendible Synthetic Put Note 144A 5.95% 02/15/2000	250,810	249,823
Petrozuata Fin Inc	BD Ser B 144A 8.220% 04/01/2017	317,265	249,375
Valero Energy Corp	Common Stock	371,796	248,625
Cleco Corp	Common Stock	203,832	247,054
Occidental Pete Corp	Sr NT 6.400% 04/01/2013	256,885	246,043
WPS Resources Corp	Common Stock	196,226	243,225
Moog Inc	Class A Stock	211,208	242,575
Network Appliance Inc	Common Stock	69,026	242,158
New Era of Networks Inc	Common Stock	73,259	237,600
Enron Corporation	DTD 7/10/1998 6.95% 7/15/2028	244,109	237,168
Harleysville Group Inc	Common Stock	167,463	234,898
May Dept Stores Co	NT DTD 10/30/1998 5.950% 11/01/2008	231,356	234,262
Federal Home Loan MTG Corp.	PARTN CTF Group #G10830 7.0% 9/1/2013	233,855	234,141
Microage Inc	Common Stock	199,587	233,700
Peco Energy Co.	Common Stock	146,799	225,450
Idacorp Inc	Common Stock	203,403	224,366
Legato Sys Inc	Common Stock	52,693	224,189
Cabot Corp	Common Stock	204,863	223,504
Interstate Energy Corp Wisc	Common Stock	202,276	222,525
Partnerre Holdings Ltd.	Common Stock	188,488	219,600
United States Treasury	Treasury Notes DTD 10/31/1996 6.250% 10/31/2001	220,073	218,793
United States Treasury	Treasury Notes Series D DTD 08/15/1997 6.125% 08/15/2007	219,290	218,438
Borg Warner Automotive Inc	Common Stock	188,514	217,671
Anixter International Inc	Common Stock	186,072	217,349
Pepsico Inc.	Common Stock	203,531	216,638
Electronic Data Systems Corp	Common Stock	175,015	215,808
Everest Reins Holdings Inc	Common Stock	190,755	214,159
Ruddick Corp	Common Stock	171,108	211,600
Exide Corporation	Common Stock	237,210	209,625
Granite Construction Inc	Common Stock	96,155	208,091
Regis Corp Minn	Common Stock	132,308	208,000

Federal National Mortgage Assn.	GTD MTG pass thru CTF pool # 283657 6.0% 3/1/2009	200,202	207,788
Merrill Lynch & Co Inc	NT DTD 11/24/1998 6.875% 11/15/2018	199,018	207,330
Coca Cola Enterprises Inc.	DTD 9/11/1998 6.75% 9/15/2028	197,840	207,010
Albany International Corp.	New Class A Stock	242,368	206,805
California Wtr Svc Group	Common Stock	176,432	206,666
Burlington Northern Santa Fe Corp.	Note DTD 12/11/95 6.375% 12/15/2005	207,388	206,180
ERP Operating LTD Partnership	Note DTD 8/13/1996 7.57% 8/15/2026	200,000	205,706
Insight Enterprises Inc	Common Stock	76,183	204,772
Federal National Mortgage Assn.	GTD MTG pass thru CTF pool # 280117 6.0% 4/1/2009	196,448	203,892
Medpartners Inc.	Common Stock	377,815	203,700
Consolidated Paper Inc	Common Stock	208,982	203,500
Franchise Financing Corp of America	SR note DTD 10/30/1998 8.25% 10/30/2003	199,798	203,256
Lucent Technologies Inc	DTD 11/24/1998 5.500% 11/15/2008	199,124	202,272
Dean Witter Discover & Co	Note DTD 3/15/1993 6.25% 3/15/2000	201,168	201,368
Tesoro Pete Corp	Common Stock	241,966	201,275
Provident Cos Inc	Common Stock	141,193	199,200
Heilig-Meyers Master Trust	SER 98-2 Asset backed CTF CL A 144A floating rate 7/20/2005	200,000	198,813
WorldCom Inc GA	NT 6.400% 08/15/2005	189,616	197,471
Read-Rite Corp	Common Stock	216,711	195,109
Brinker International Inc	Common Stock	106,173	193,463
Fresh Delmonte Produce	Common Stock	168,049	193,023
Kellwood Company	Common Stock	213,444	190,000
Quebec Prov CDA	Deb 11.000% 06/15/2015	204,340	189,093
Justin Industries Inc	Common Stock	182,025	189,000
Federal National Mortgage Assn.	GTD MTG pass thru CTF pool # 266975 6.0% 2/1/2009	181,303	188,173
Airborne Flight Corp.	Common Stock	144,278	187,528
Washington Fed Inc	Common Stock	178,525	186,816
Universal Health Svcs Inc	Class B Stock	161,250	186,750
Alaska Air Group Inc.	Common Stock	158,620	185,850
Federal National Mortgage Assn.	GTD MTG pass thru CTF pool # 287310 6.0% 5/1/2009	177,311	184,030
Dallas Semi Conductor Corporation	Common Stock	172,965	183,375
Russ Berrie & Co	Common Stock	179,391	183,300
Sierra Health Services Inc	Common Stock	176,260	183,248
Orion Capital Corp	Common Stock	200,612	183,140
Pentair Inc	Common Stock	167,986	183,140
Cadmus Communications	Common Stock	207,262	183,087
American National Insurance Co	Common Stock	197,306	182,050
Webb Del Corp	Common Stock	149,303	181,916
Alexander & Baldwin Inc.	Common Stock	210,600	181,350
Astoria FINL Corp.	Common Stock	143,734	180,713
Chesapeake Corp	Common Stock	168,144	180,687
Exar Corporation	Common Stock	203,000	180,600
World Color Press Inc	Common Stock	159,331	179,584
Kulicke & Soffa Industries Inc	Common Stock	172,106	179,275
Penn Engr & Mfg Corp	Common Non-voting Stock	210,330	179,000
Veritas Software Co	Common Stock	75,766	178,316
Helmerich & Payne Inc	Common Stock	214,904	178,250
ESG Re Ltd.	ISIN #BMG312151092 Common Stock	183,600	178,200
Vitesse Semiconductor Corp	Common Stock	69,615	177,938
Sanmina Corp	Common Stock	90,409	177,750
Credit Suisse First Boston Mortgage Securities	Commercial Mortgage pass thru CTF 1997-C2 CL A-2 6.52% 7/17/2007	170,823	177,320
Lyondell Petrochemical Co	Common Stock	179,483	176,400
Coastal Corp.	Common Stock	164,964	175,625
Arvin Industries Inc	Common Stock	147,574	175,090

Kelly Services Inc	Class A Stock	169,679	174,625
Fleetwood Enterprises Inc	Common Stock	172,760	173,750
Alltrista Corp	Common Stock	170,097	172,800
Longs Drug Stores Inc	Common Stock	136,736	172,500
Mercury Interactive Corp	Common Stock	86,971	170,775
Universal Corp VA	Common Stock	191,006	168,600
Russell Corp	Common Stock	253,307	168,598
Fuller H B Co	Common Stock	179,414	168,438
Structured Asset Secs Corp	Mtg Pass Thru CTF Ser 1996-CFL CL X-1 Flt Rt 02/25/2028	159,724	168,280
Concord EFS Inc	Common Stock	64,727	165,263
Transaction Sys Architects Inc	Class A Common Stock	107,303	165,000
Edison International	Common Stock	170,717	164,463
Bowne & Company Inc	Common Stock	174,565	164,450
VLSI Technology Inc	Common Stock	146,733	162,976
BJ'S Wholesale Club Inc	Common Stock	104,976	162,095
Springs Industries	Common Stock	186,529	161,608
Reliastar Financial Corp	Common Stock	120,126	161,438
Express Scripts Inc	Class A Stock	56,867	161,100
Sequent Computer Sys Inc	Common Stock	181,286	160,438
Burlington Industries Inc	Common Stock	193,276	160,200
Talbots Inc	Common Stock	107,325	160,013
AAR Corporation	Common Stock	175,956	159,963
International Network Svc	Common Stock	61,339	159,600
Toro Company	Common Stock	230,220	159,600
Stride Rite Corp	Common Stock	189,411	159,250
Papa Johns Intl Inc	Common Stock	111,853	158,850
Enhance Financial Svcs Group Inc	Common Stock	100,581	156,000
Complete Business Solutions Inc	Common Stock	75,995	155,825
Perrigo Company	Common Stock	196,159	154,228
Tektronix Inc	Common Stock	185,490	150,315
Quantum Corp	Common Stock	147,900	148,750
Washington Water Power Co	Common Stock	168,291	148,225
Merrill Lynch Mtg Invs Inc	MTG Pass Thru CTF 1995-C2 CL IO Int Only 06/15/2021	190,349	147,872
Bay View Capital Corporation	Common Stock	211,969	147,478
American Safety Razor Co	Common Stock	137,250	146,400
New Jersey Res Corp	Common Stock	132,082	146,150
Standard Register Co	Common Stock	160,744	145,409
Millennium Chemicals Inc	Common Stock	198,569	145,088
Wisconsin Energy Corp	Common Stock	140,814	144,615
Commercial Metals Co	Common Stock	166,552	144,300
St. Paul Bancorp Inc.	Common Stock	131,467	144,260
Pediatric Medical Group	Common Stock	104,711	143,851
Medicis Pharmaceutical Corp	New Class A Stock	100,511	143,700
Schweitzer-Mauduit International Inc	Common Stock	202,551	143,573
United States Dept Veterans	Vendee Mtg Tr 1992-2 CL IO 09/15/2022	249,425	142,661
Lam Resh Corp	Common Stock	240,381	142,504
Zale Corp	Common Stock	134,070	141,900
Roadway Express Inc	Common Stock	225,541	141,492
Kaman Corp	Class A Stock	136,939	141,354
Wind Riv Sys Inc	Common Stock	104,113	141,000
Cytotec Industries Inc	Common Stock	165,471	140,250
Wellman Inc	Common Stock	279,354	138,557
First Rep Bank San Francisco Calif	Common Stock	164,089	137,846
Arch Coal Inc	Common Stock	203,499	137,000

Civic Bancorp	Common Stock	181,532	136,475
Federal National Mortgage Assn.	GTD Remic pass thru CTF Remic TR 1993-100 CL-J prin only 6/25/2023	105,609	136,352
Quanex Corp	Common Stock	179,645	135,378
Midamerican Energy Holdings Co	Common Stock	106,690	134,375
Southwestern Energy Co	Common Stock	222,705	134,250
Documentum Inc	Common Stock	82,426	133,595
Westamerica Bancorporation	Common Stock	107,719	132,300
Michael Foods Inc	Common Stock	46,750	132,000
Federal National Mortgage Assn.	GTD MTG pass thru CTF pool #263006 6.0% 1/1/2009	126,689	131,489
Federal National Mortgage Assn.	GTD MTG pass thru CTF pool #0000F0 0.0% 8/25/2021	122,931	130,540
Andrew Corp	Common Stock	138,714	130,350
Vanderbilt Mtg & Fin Inc	97B MFD HSG Sr/Sub Pass Thru CL IIA-1 Adj 07/07/2028	130,170	130,197
Whittman-Hart Inc	Common Stock	66,057	129,838
Ford Motor CR Co.	Note DTD 10/26/1998 5.125% 10/15/2001	129,639	129,103
Tetra Tech Inc	Common Stock	70,886	128,712
Eastern Enterprises	Common Stock	117,802	126,875
Suiza Foods Corp	Common Stock	113,135	126,836
Pool Energy Services Co	Common Stock	232,961	126,512
Federal Home Loan MTG Corp.	Multiclass MTG PARTN CTFS GTD SER 1765B CL A 10.0% 1/15/2017	130,295	125,520
Wicor Inc	Common Stock	126,749	122,153
Kaiser Aluminum Corp	Common Stock	254,301	120,900
Federal National Mortgage Assn.	GTD Remic pass thru CTF Remic TR 1993-100 CL-N prin only 6/25/2023	92,363	119,765
Golden est Financial orp	Common Stock	101,761	119,194
Chelsea GCA Realty	DTD 1/23/1996 7.75% 1/26/2001	120,379	119,144
Burlington Coat Factory Whse. Corp	Common Stock	112,578	119,085
Interface Inc	Class A Stock	172,416	118,797
Medquist Inc	Common Stock	69,447	118,500
Uniphase Corp	Common Stock	57,315	117,937
Qlogic Corp	Common Stock	62,519	117,787
Gatx Corp	Common Stock	84,243	117,412
Hexcel Corp	Common Stock	298,401	117,250
Blyth Industries Inc	Common Stock	97,956	117,187
Cyprus Amax Minerals Co	Common Stock	181,243	116,000
RF Micro Devices Inc	Common Stock	69,613	115,938
Intervoice Inc	Common Stock	77,922	113,850
Applied Micro Circuits Corp	Common Stock	66,743	112,098
Gucci Group NV	Common Stock	141,340	111,838
Pacificorp	Common Stock	113,832	109,528
Motive Power Inds Inc	Common Stock	85,991	109,439
Wyman Gordon Co	Common Stock	231,007	109,318
Abacus Dirct Corp.	Common Stock	77,417	109,200
Aztar Corp	Common Stock	146,376	107,842
Frontier Ins Group Inc	Common Stock	173,905	107,635
Pinnacle Systems Inc	Common Stock	107,527	107,250
Peregrine Systems Inc	Common Stock	81,409	106,662
Chris Craft Industries Inc	Common Stock	109,394	106,014
Prudential Home Mtg Secs Co	Mtg Pass Thru CTFS Ser 1992-36 CL A-7 6.500% 11/25/1999	103,925	105,028
Medical Manager Corp	Common Stock	81,095	103,537
Federal Home Loan MTG Corp.	PARTN CTF Group #C16343 7.5% 10/1/2028	101,466	102,537
Concord Communications Inc	Common Stock	74,168	102,150
Macromedia Inc	Common Stock	58,476	101,064
Terra Industries Inc	Common Stock	199,890	100,864
Marlin Wtr Tr & Marlin Wtr Cap Corp	Sr Secd NT 144A DTD 12/17/1998 7.090% 12/15/2001	100,000	100,466
Vintage Pete Inc	Common Stock	210,299	100,050

Visio Corp	Common Stock	82,795	98,720
Central Vt Public Svc Corp	Common Stock	138,004	97,525
AHL Services Inc.	Common Stock	98,053	96,875
Cleveland Cliffs Inc	Common Stock	103,996	96,751
United Rentals Inc	Common Stock	76,151	96,062
Southern Co.	Common Stock	85,379	95,908
Centocor Inc.	Common Stock	85,653	94,763
Tekelec	Common Stock	97,978	94,409
Whole Foods Market Inc	Common Stock	72,984	91,913
Dollar Tree Stores Inc	Common Stock	45,078	91,745
Texas Inds Inc	Common Stock	129,393	91,589
Structural Dynamics Resh Corp	Common Stock	62,585	91,425
Sipex Corp	Common Stock	61,227	91,325
Pacific Gateway Exchange	Common Stock	78,336	91,320
CMP Group Inc	Common Stock	92,199	90,600
CKE Restaurants Inc	Common Stock	73,329	89,050
Thomas Industries Inc	Common Stock	96,293	88,313
Coach USA	Common Stock	82,026	86,720
Empire Dist Electric Co	Common Stock	77,210	86,625
Kellstrom Industries Inc	Common Stock	74,258	86,250
Smurfit-Stone Container Corp.	Common Stock	106,150	86,102
United States Treasury	Treasury Notes DTD 05/06/1998 5.625% 05/15/2008	84,200	85,362
Action Performance Cos Inc.	Common Stock	84,168	84,900
Oneida Ltd	Common Stock	87,194	83,693
Federal Home Loan MTG Corp.	PARTN CTF Group #D83270 7.50% 10/1/2027	83,496	83,563
Lillian Vernon Corp	Common Stock	75,879	82,500
Adelphia Communications Corp.	Common Stock	61,704	82,350
Transwitch Corp	Common Stock	50,580	81,770
Michaels Stores Inc	Common Stock	147,482	81,423
Mueller Inds Inc	Common Stock	102,940	81,252
Metro Information Services Inc	Common Stock	81,977	81,000
Reliance Steel & Aluminum Co	Common Stock	88,210	80,113
Polycom Inc	Common Stock	45,142	80,100
Rayonier Inc	Common Stock	72,565	78,095
Lubrizol Corp	Common Stock	77,334	77,064
Southdown Inc	Common Stock	58,185	76,944
Maxim Group	Common Stock	50,874	76,800
Hunt Corporation	Common Stock	158,116	75,437
Province Healthcare Co	Common Stock	61,926	75,337
Ann Taylor Stores Corp	Common Stock	48,809	74,932
Kroll O Gara Co	Common Stock	59,112	74,932
Gymboree Corp	Common Stock	167,079	73,950
Government National MTG Assn	Pass thru CTF Pool #080094 6.0% 7/20/2027	71,321	71,947
CVS Corp.	Common Stock	67,485	71,500
Genesco Inc	Common Stock	154,153	71,100
Inland Steel Industries Inc	Common Stock	109,457	70,453
Kendle International Inc	Common Stock	75,822	70,125
Asyst Technologies	Common Stock	46,238	69,275
Newfield Expl. Co.	Common Stock	68,904	68,888
Citadel Communications Corp	Common Stock	51,057	67,275
CDW Computer Centers Inc	Common Stock	65,412	67,157
Best Software Inc	Common Stock	70,455	66,500
Apex PC Solutions Inc	Common Stock	57,492	66,412
Bindview Development Corp	Common Stock	51,971	66,000
Computer Sciences Corp	Common Stock	69,615	64,250
Healthcare Financial Partners	Common Stock	68,292	63,800



AGCO Corporation	Common Stock	224,024	63,787
Diamond Technology Partners Inc	Common Stock	85,547	63,112
Federal National Mortgage Assn.	GTD MTG pass thru CTF pool # 275770 6.0% 3/1/2009	60,420	62,709
Metamor Worldwide Inc	Common Stock	65,826	62,500
Quadramed Corp	Common Stock	88,074	61,500
Brush Wellman Inc	Common Stock	87,491	61,033
Allied Waste Industries Inc.	Common Stock Par \$001 new	39,701	59,417
Curtiss Wright Corp	Common Stock	40,214	57,187
Mariner Post-Acute Network Inc	Common Stock	205,852	56,397
Federal National Mortgage Assn.	GTD MTG pass thru CTF pool # 275059 6.0% 3/1/2009	53,039	54,980
Waters Corp	Common Stock	21,463	52,350
United States Dept Veterans Affairs	GTD Remic Pass Thru Vendee Mtg Tr 1994-3 IO VAR RT 09/15/2024	87,019	51,471
Parexel International Corp	Common Stock	57,206	50,000
Schuler Homes Inc	Common Stock	40,537	49,163
Rental Svc Corp	Common Stock	72,698	48,633
Ciber Inc	Common Stock	34,082	47,282
China Tire Holdings LTD	Common Stock	88,041	45,230
Power Integrations Inc	Common Stock	42,535	45,113
Guilford Mls Inc	Common Stock	37,531	43,389
Building One Services Corp	Common Stock	33,699	41,750
Novacare Inc	Common Stock	191,082	41,250
Federal Home Loan MTG Corp.	PARTN CTF Group #D82608 7.50% 9/1/2027	41,168	41,201
Rock-Tenn Co	Class A Stock	40,245	40,651
Federal Home Loan MTG Corp.	PARTN CTF Group #S10063 7.50% 10/1/2027	55,972	40,254
Federal National Mortgage Assn.	GTD MTG pass thru CTF pool # 276664 6.0% 3/1/2009	37,972	39,410
Vendee Mtg Tr	Remic Pass Thru CTF 96-1 CL IO Int Only 02/15/2026	81,139	38,128
Federal National Mortgage Assn.	GTD MTG pass thru CTF pool # 390375 7.0% 7/1/2012	35,838	36,480
Wesley Jessen Visioncare Inc	Common Stock	47,138	36,075
Unit Corp	Common Stock	51,663	34,342
Theragenics Corp	Common Stock	31,472	34,257
Foundation Health Sys Inc	Common Stock	57,965	33,250
SS&C Technologies Inc	Common Stock	50,491	29,700
SM&A Corp	Common Stock	34,584	28,500
PC Connection Inc	Common Stock	25,374	28,200
Government National MTG Assn	Pass thru CTF Pool #428620 7.5% 8/15/1999	24,320	25,000
Manhattan Assoc Inc	Common Stock	19,432	21,800
Structured Asset Secs Corp	Mtg Pass Thru CTF Ser 1996-CFL CL X-2 1.274% 02/25/2028	30,163	20,585
Federal Home Loan MTG Corp.	PARTN CTF Group SER #S01262 0.0% 1/1/2028	17,582	19,561
Traveler's PPTY AS Corp	Common Stock	19,237	18,600
United States Dept Veterans Affairs	GTD Remic Pass Thru Vendee Mtg Tr 1994-2 CL 3 IO 06/15/2014	25,781	17,586
Croatia	ISTN#XS0068364701, SER B FLTG RATE 07/31/2006	20,075	15,298
United States Dept Veteran	Vendee Mtg Tr 1994-2 CL VAR RT 06/15/2006	46,440	15,171
Atlantic Data Services Inc	Common Stock	30,257	13,701
Federal National Mortgage Assn.	GTD Remic pass thru SER 1992-148 CL C 11.00% 4/25/2019	23,079	11,330
United States Dept Veterans Affairs	GTD Remic Pass Thru CTFS Vendee Mtg Tr 1994-3 CL 2-IO VAR RT 09/15/20	18,399	10,954
Vincam Group Inc	Common Stock	16,348	10,713
NBTY Inc	Common Stock	10,136	9,262
Proxim Inc	Common Stock	7,923	8,006
Tarrant Apparel Group	Common Stock	3,927	3,975
* Bankers Trust	Participation in Pyramid Directed Cash Account	3,767	3,767
Federal Home Loan MTG Corp.	PARTN CTF Group SER 0183 DTD 4/10/1997 4/1/2027	1,941	2,103
Residential Fdg Mtg Secs I Inc	Mtg Pass Thru CTF Ser 1997-S122 CL A-3 7.250% 08/25/2027	470	470
Government National MTG Assn	Pass thru CTF Pool #428621 7.5% 12/15/2037	63	68
* Northrop Grumman	Participant Loans		56,363,709
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			3,629,993,379
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\* Party in interest

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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 24, 1999, appearing in this Annual Report on Form 11-K of the Northrop Grumman Savings and Investment Plan for the year ended December 31, 1998.

/s/ Deloitte & Touche LLP

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Deloitte & Touche LLP  
Los Angeles, California  
June 29, 1999