

# SECURITIES AND EXCHANGE COMMISSION

## FORM 13F-HR

Initial quarterly Form 13F holdings report filed by institutional managers

Filing Date: **2006-08-03** | Period of Report: **2006-06-30**  
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### FILER

#### **MARKSTON INTERNATIONAL LLC**

CIK: **1089991** | IRS No.: **134053806** | State of Incorp.: **NY** | Fiscal Year End: **1231**  
Type: **13F-HR** | Act: **34** | File No.: **028-04869** | Film No.: **061000939**

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*50 MAIN STREET  
WHITE PLAINS NY 10606*

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

FOR 13-F

FORM 13-F COVER PAGE

Report for the Calendar Year or Quarter Ended: JUNE 30, 2006

Check here if Amendment [ ]; Amendment Number:  
This Amendment (Check only one): [ ] is a restatement  
[ ] adds new holdings entries

Institutional Investment Manager Filing This Report:

Markston International LLC  
50 Main Street  
Suite 285  
White Plains, NY 10606

13F File Number: 28-04869

The institutional investment manager filing this report and the person by whom it is signed hereby represent that the person signing the report is authorized to submit it, that all information contained herein is true, correct and complete, and that it is understood that all required items, statements, schedules, lists, and tables, are considered integral parts of this form.

Person Signing this Report on Behalf of Reporting Manager:

Name: Michael Mullarkey  
Title: Managing Member  
Phone: 914-761-4700

Signature, Place, and Date of Signing:  
Michael Mullarkey, White Plains, New York AUGUST 3, 2006

Report Type (Check only one):  
[ X ] 13F HOLDINGS REPORT  
[ ] 13F NOTICE  
[ ] 13F COMBINATION REPORT

List of Other Managers Reporting for this manager:

I AM SIGNING THIS REPORT AS REQUIRED BY THE SECURITIES EXCHANGE ACT OF 1934.

<TABLE>  
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Markston International LLC  
FORM 13F  
June 30, 2006

Name of Issuer	Title of class	CUSIP	Value (x\$1000)	Shares/ Prn Amt	Sh/ Prn	Put/ Call	Invstmt Dscrtcn	Other Managers	Voting Authority		
									Sole	Shared	None
3M COMPANY	common stock	88579Y101	5061	62662	SH		Sole			62662	
ACTIVIDENTITY CORPORATION	common stock	00506P103	226	49567	SH		Sole			49567	
ADC TELECOMMUNICATIONS	common stock	000886309	2726	161691	SH		Sole			161691	
ADESA, INC.	common stock	00686U104	1161	52200	SH		Sole			52200	
AES CORPORATION (THE)	common stock	00130H105	2361	127957	SH		Sole			127957	
AETNA, INC.	common stock	00817Y108	8417	210800	SH		Sole			210800	
AGILENT TECHNOLOGIES, INC.	common stock	00846U101	514	16275	SH		Sole			16275	
ALLETE INC.	common stock	018522300	734	15500	SH		Sole			15500	
ALLSTATE CORPORATION	common stock	020002101	7788	142300	SH		Sole			142300	
AMERICAN COMMERCIAL LINES, INC	common stock	025195207	16194	268773	SH		Sole			268773	
AMERICAN ELECTRIC POWER COMPAN	common stock	025537101	2055	60000	SH		Sole			60000	
AMERICAN EXPRESS CO.	common stock	025816109	26523	498372	SH		Sole			498372	
AMERICAN INTERNATIONAL GROUP,	common stock	026874107	1202	20349	SH		Sole			20349	
AMERIPRISE FINANCIAL, INC.	common stock	03076C106	4084	91415	SH		Sole			91415	
AMERISOURCEBERGEN CORPORATION	common stock	03073E105	880	21004	SH		Sole			21004	
AMGEN, INC.	common stock	031162100	15153	232295	SH		Sole			232295	
ANADARKO PETROLEUM CORP.	common stock	032511107	5947	124692	SH		Sole			124692	

ANDRX CORPORATION	common stock	034553107	705	30400	SH	Sole	30400
APACHE CORPORATION	common stock	037411105	10463	153300	SH	Sole	153300
APPLIED MICRO CIRCUITS CORPORA	common stock	03822W109	866	317050	SH	Sole	317050
ARCHER DANIELS MIDLAND CO.	common stock	039483102	11542	279610	SH	Sole	279610
ARTHROCARE CORPORATION	common stock	043136100	803	19110	SH	Sole	19110
AT&T, INC.	common stock	00206R102	555	19912	SH	Sole	19912
BANK OF AMERICA CORPORATION	common stock	060505104	1582	32896	SH	Sole	32896
BAXTER INTERNATIONAL INC.	common stock	071813109	1392	37862	SH	Sole	37862
BEAR STEARNS COMPANIES, INC.	common stock	073902108	791	5650	SH	Sole	5650
BECTON DICKINSON & CO.	common stock	075887109	872	14259	SH	Sole	14259
BIG LOTS INC.	common stock	089302103	1647	96400	SH	Sole	96400
BISYS GROUP	common stock	055472104	560	40900	SH	Sole	40900
BLACK HILLS CORPORATION	common stock	092113109	774	22550	SH	Sole	22550
BLACKBOARD, INC.	common stock	091935502	1558	53808	SH	Sole	53808
BLUE COAT SYSTEMS, INC.	common stock	09534T508	509	30163	SH	Sole	30163
BOEING COMPANY	common stock	097023105	6823	83300	SH	Sole	83300
BOSTON SCIENTIFIC CORPORATION	common stock	101137107	10475	622060	SH	Sole	622060
BOYKIN LODGING COMPANY	common stock	103430104	2275	208922	SH	Sole	208922
BP p.l.c.	common stock	055622104	1491	21418	SH	Sole	21418
BRISTOL-MYERS SQUIBB COMPANY	common stock	110122108	7998	309278	SH	Sole	309278
BUNGE LIMITED	common stock	G16962105	2528	50300	SH	Sole	50300
CABLEVISION SYSTEMS CORP. CL A	common stock	12686C109	1675	78075	SH	Sole	78075
CAPITALSOURCE, INC.	common stock	14055X102	679	28946	SH	Sole	28946
CATERPILLAR, INC.	common stock	149123101	227	3050	SH	Sole	3050
CELADON GROUP, INC.	common stock	150838100	4067	184533	SH	Sole	184533
CELGENE CORPORATION	common stock	151020104	7100	149692	SH	Sole	149692
CENDANT CORP.	common stock	151313103	2864	175800	SH	Sole	175800
CERNER CORPORATION	common stock	156782104	2281	61472	SH	Sole	61472
CHECKFREE CORPORATION	common stock	162813109	1358	27401	SH	Sole	27401
CHEMTURA CORPORATION	common stock	163893100	257	27535	SH	Sole	27535
CHESAPEAKE ENERGY CORPORATION	common stock	165167107	2949	97500	SH	Sole	97500
CHEVRON CORPORATION	common stock	166764100	7120	114731	SH	Sole	114731
CHICAGO BRIDGE & IRON CO. NV	common stock	167250109	1017	42100	SH	Sole	42100
CHUBB CORPORATION	common stock	171232101	471	9440	SH	Sole	9440
CINCINNATI BELL, INC.	common stock	171871106	807	196750	SH	Sole	196750
CIRCUIT CITY STORES INC.	common stock	172737108	1021	37500	SH	Sole	37500
CISCO SYSTEMS, INC.	common stock	17275R102	833	42638	SH	Sole	42638
CIT GROUP, INC.	common stock	125581108	1391	26600	SH	Sole	26600
CITIGROUP INC.	common stock	172967101	14668	304000	SH	Sole	304000
CMS ENERGY CORPORATION	common stock	125896100	1976	152700	SH	Sole	152700
COCA-COLA CO.	common stock	191216100	4797	111500	SH	Sole	111500
COINSTAR INC.	common stock	19259P300	1271	53085	SH	Sole	53085
COLGATE-PALMOLIVE COMPANY	common stock	194162103	1020	17025	SH	Sole	17025
COMCAST CORP CL A	common stock	20030N101	3021	92257	SH	Sole	92257
COMCAST CORPORATION SPECIAL CL	common stock	20030N200	379	11576	SH	Sole	11576
COMPUTER SCIENCES CORP.	common stock	205363104	3372	69450	SH	Sole	69450
COMPUWARE CORPORATION	common stock	205638109	4145	618712	SH	Sole	618712
CONOCOPHILLIPS	common stock	20825C104	2513	38350	SH	Sole	38350
COSTCO WHOLESALE CORPORATION	common stock	22160K105	742	12985	SH	Sole	12985
COVANTA HOLDING CORPORATION	common stock	22282E102	5986	339173	SH	Sole	339173
CRESCENT R.E. EQUITIES CO	common stock	225756105	520	28000	SH	Sole	28000
CSX CORPORATION	common stock	126408103	1564	22200	SH	Sole	22200
CUBIST PHARMACEUTICALS, INC.	common stock	229678107	4159	165183	SH	Sole	165183
CVS CORPORATION	common stock	126650100	7201	234564	SH	Sole	234564
DANAHER CORPORATION	common stock	235851102	229	3566	SH	Sole	3566
DELTA AIR LINES, INC.	common stock	247361108	11	14707	SH	Sole	14707
DEVON ENERGY CORP.	common stock	25179M103	17288	286184	SH	Sole	286184
DIRECTV GROUP INC.	common stock	25459L106	878	53200	SH	Sole	53200
DISCOVERY HOLDING COMPANY 'A'	common stock	25468Y107	817	55853	SH	Sole	55853
DOVER CORPORATION	common stock	260003108	771	15600	SH	Sole	15600
DOW JONES & COMPANY, INC.	common stock	260561105	376	10744	SH	Sole	10744
DTE ENERGY COMPANY	common stock	233331107	3381	83000	SH	Sole	83000
DUKE ENERGY CORP.	common stock	26441C105	38373	1306532	SH	Sole	1306532
DUQUESNE LIGHT HOLDINGS INC.	common stock	266233105	1923	117000	SH	Sole	117000
DYNEGY INC. CL A	common stock	26816Q101	2016	368628	SH	Sole	368628
E.I. DUPONT DE NEMOURS & CO.	common stock	263534109	18714	449845	SH	Sole	449845
EASTMAN CHEMICAL CO.	common stock	277432100	4566	84550	SH	Sole	84550
EDS CORP.	common stock	285661104	4629	192413	SH	Sole	192413
EMBARQ CORPORATION	common stock	29078E105	312	7612	SH	Sole	7612
EMC CORPORATION	common stock	268648102	167	15266	SH	Sole	15266
EMDEON CORPORATION	common stock	290849108	1733	139622	SH	Sole	139622
EMERSON ELECTRIC COMPANY	common stock	291011104	694	8275	SH	Sole	8275
ENSICO INTERNATIONAL, INC.	common stock	26874Q100	1210	26300	SH	Sole	26300
EXXON MOBIL CORPORATION	common stock	30231G102	1463	23842	SH	Sole	23842
FINISAR CORPORATION	common stock	31787A101	1899	580789	SH	Sole	580789
FIRST DATA CORPORATION	common stock	319963104	946	21013	SH	Sole	21013
FOREST LABORATORIES, INC.	common stock	345838106	272	7019	SH	Sole	7019
FOSTER WHEELER LTD.	common stock	G36535139	3236	74904	SH	Sole	74904
FRIEDMAN, BILLINGS, RAMSEY GRO	common stock	358434108	253	23100	SH	Sole	23100
GAP, INC.	common stock	364760108	487	28000	SH	Sole	28000
GEMSTAR-TV GUIDE INTERNATIONAL	common stock	36866W106	1448	411461	SH	Sole	411461
GEN-PROBE INCORPORATED	common stock	36866T103	1353	25068	SH	Sole	25068
GENCORP INC.	common stock	368682100	712	44400	SH	Sole	44400
GENENTECH, INC.	common stock	368710406	22548	275650	SH	Sole	275650
GENERAL ELECTRIC COMPANY	common stock	369604103	16308	494775	SH	Sole	494775

GENERAL MOTORS	common stock	370442105	391	13125	SH	Sole	13125
GLAXOSMITHKLINE PLC ADR	common stock	37733W105	280	5023	SH	Sole	5023
GLOBAL CROSSING LTD	common stock	G3921A175	947	53284	SH	Sole	53284
GM SR DEB CONV SER A P\$25 PUTT	common stock	370442741	249	10200	SH	Sole	10200
GOLDMAN SACHS GROUP, INC.	common stock	38141G104	330	2196	SH	Sole	2196
GOODYEAR TIRE & RUBBER	common stock	382550101	1212	109146	SH	Sole	109146
HARRIS CORPORATION	common stock	413875105	13325	321000	SH	Sole	321000
HEALTH CARE PROPERTY INVESTORS	common stock	421915109	5208	194746	SH	Sole	194746
HESS CORPORATION	common stock	42809H107	3330	63000	SH	Sole	63000
HEWLETT-PACKARD COMPANY	common stock	428236103	712	22475	SH	Sole	22475
HILTON HOTELS CORPORATION	common stock	432848109	4239	149900	SH	Sole	149900
HONEYWELL INTERNATIONAL	common stock	438516106	2634	65358	SH	Sole	65358
HOSPIRA, INC.	common stock	441060100	1653	38500	SH	Sole	38500
HUMANA, INC.	common stock	444859102	3566	66400	SH	Sole	66400
I2 TECHNOLOGIES, INC.	common stock	465754208	1266	99938	SH	Sole	99938
INNOVEX INC.	common stock	457647105	267	69789	SH	Sole	69789
INTEL CORP.	common stock	458140100	1279	67290	SH	Sole	67290
INTERNATIONAL BUSINESS MACHINE	common stock	459200101	1327	17268	SH	Sole	17268
INTERNATIONAL COAL GROUP, INC.	common stock	45928H106	2342	325700	SH	Sole	325700
INTERNATIONAL PAPER CO.	common stock	460146103	3340	103400	SH	Sole	103400
INTERNET CAPITAL GROUP INC.	common stock	46059C205	310	34400	SH	Sole	34400
ITRON, INC.	common stock	465741106	741	12501	SH	Sole	12501
JACOBS ENGR GROUP, INC.	common stock	469814107	3026	38000	SH	Sole	38000
JAMES RIVER COAL COMPANY	common stock	470355207	932	35183	SH	Sole	35183
JANUS CAPITAL GROUP, INC.	common stock	47102X105	523	29225	SH	Sole	29225
JEFFERIES GROUP INC.	common stock	472319102	7440	251100	SH	Sole	251100
JOHNSON & JOHNSON	common stock	478160104	2109	35200	SH	Sole	35200
JPMORGAN CHASE & COMPANY	common stock	46625H100	6412	152658	SH	Sole	152658
KEY ENERGY SERVICES, INC.	common stock	492914106	2222	145700	SH	Sole	145700
KINDER MORGAN, INC.	common stock	49455P101	7507	75150	SH	Sole	75150
KNIGHT CAPITAL GROUP, INC.	common stock	499005106	811	53232	SH	Sole	53232
KORN/FERRY INTERNATIONAL	common stock	500643200	588	30000	SH	Sole	30000
KROGER CO.	common stock	501044101	579	26464	SH	Sole	26464
LEXMARK INTERNATIONAL, INC. CL	common stock	529771107	553	9900	SH	Sole	9900
LIBERTY GLOBAL, INC. CLASS A	common stock	530555101	1231	57241	SH	Sole	57241
LIBERTY GLOBAL, INC. CLASS C	common stock	530555309	1194	58051	SH	Sole	58051
LIBERTY MEDIA HOLDING CORP. -	common stock	53071M302	3141	37498	SH	Sole	37498
LIBERTY MEDIA HOLDING CORP.-IN	common stock	53071M104	3236	187490	SH	Sole	187490
LOCKHEED MARTIN CORPORATION	common stock	539830109	3657	50970	SH	Sole	50970
LONGS DRUG STORES CORP.	common stock	543162101	1437	31500	SH	Sole	31500
LSI LOGIC CORPORATION	common stock	502161102	583	65109	SH	Sole	65109
LUCENT TECHNOLOGIES, INC.	common stock	549463107	103	42561	SH	Sole	42561
MARATHON OIL CORPORATION	common stock	565849106	5873	70500	SH	Sole	70500
MARSH & MCLENNAN COMPANIES, IN	common stock	571748102	544	20225	SH	Sole	20225
MATTEL INC.	common stock	577081102	734	44485	SH	Sole	44485
MAXIM INTEGRATED PRODUCTS, INC	common stock	57772K101	402	12534	SH	Sole	12534
MCDATA CORPORATION CL A	common stock	580031201	912	223608	SH	Sole	223608
MCDONALD'S CORP.	common stock	580135101	6881	204800	SH	Sole	204800
MEADWESTVACO CORP.	common stock	583334107	3047	109077	SH	Sole	109077
MERRILL LYNCH & CO. INC.	common stock	590188108	13285	190981	SH	Sole	190981
METLIFE, INC.	common stock	59156R108	24852	485300	SH	Sole	485300
MGIC INVESTMENT CORPORATION	common stock	552848103	323	4971	SH	Sole	4971
MICROSOFT CORPORATION	common stock	594918104	1514	64971	SH	Sole	64971
MONSANTO COMPANY	common stock	61166W101	26084	309821	SH	Sole	309821
MORGAN STANLEY	common stock	617446448	30005	474685	SH	Sole	474685
MOSAIC COMPANY	common stock	61945A107	541	34600	SH	Sole	34600
MOTOROLA, INC.	common stock	620076109	898	44585	SH	Sole	44585
MSC SOFTWARE CORP.	common stock	553531104	748	41800	SH	Sole	41800
MURPHY OIL CORP.	common stock	626717102	3843	68800	SH	Sole	68800
NATIONAL FUEL GAS COMPANY	common stock	636180101	2382	67800	SH	Sole	67800
NEKTAR THERAPEUTICS	common stock	640268108	3869	210938	SH	Sole	210938
NETGEAR INC.	common stock	64111Q104	300	13868	SH	Sole	13868
NETIQ CORPORATION	common stock	64115P102	4068	333692	SH	Sole	333692
NEW YORK COMMUNITY BANCORP INC	common stock	649445103	953	57700	SH	Sole	57700
NEWELL RUBBERMAID, INC.	common stock	651229106	2524	97700	SH	Sole	97700
NEWPARK RESOURCES, INC.	common stock	651718504	1882	306050	SH	Sole	306050
NICOR, INC.	common stock	654086107	2718	65500	SH	Sole	65500
NMS COMMUNICATIONS CORP.	common stock	629248105	1515	418427	SH	Sole	418427
NOBLE ENERGY, INC.	common stock	655044105	5216	111300	SH	Sole	111300
NOKIA CORPORATION ADR	common stock	654902204	343	16919	SH	Sole	16919
NORFOLK SOUTHERN CORP.	common stock	655844108	2477	46550	SH	Sole	46550
NORTEL NETWORKS CORP.	common stock	656568102	171	76322	SH	Sole	76322
NORTHERN TRUST COMPANY	common stock	665859104	2127	38455	SH	Sole	38455
NORTHROP GRUMMAN CORP.	common stock	666807102	16184	252632	SH	Sole	252632
NVIDIA CORPORATION	common stock	67066G104	2741	128730	SH	Sole	128730
OHIO CASUALTY CORPORATION	common stock	677240103	6419	215921	SH	Sole	215921
ON ASSIGNMENT INC.	common stock	682159108	436	47436	SH	Sole	47436
ON SEMICONDUCTOR CORPORATION	common stock	682189105	476	80989	SH	Sole	80989
ORACLE CORPORATION	common stock	68389X105	255	17632	SH	Sole	17632
ORBITAL SCIENCE CORP.	common stock	685564106	2590	160500	SH	Sole	160500
OSI PHARMACEUTICALS, INC.	common stock	671040103	2273	68970	SH	Sole	68970
PARKER DRILLING CO.	common stock	701081101	1205	167800	SH	Sole	167800
PATHMARK STORES	common stock	70322A101	2878	305830	SH	Sole	305830
PEOPLES ENERGY CORPORATION	common stock	711030106	1813	50500	SH	Sole	50500
PEPSICO, INC.	common stock	713448108	5429	90426	SH	Sole	90426

PFIZER, INC.	common stock	717081103	910	38771	SH	Sole	38771
PHH CORPORATION	common stock	693320202	1283	46595	SH	Sole	46595
PHOENIX COMPANIES, INC.	common stock	71902E109	641	45555	SH	Sole	45555
POGO PRODUCING COMPANY	common stock	730448107	11318	245500	SH	Sole	245500
POLYCOM INC.	common stock	73172K104	2145	97860	SH	Sole	97860
POPULAR, INC.	common stock	733174106	8318	433245	SH	Sole	433245
PRICELINE.COM INC.	common stock	741503403	2843	95200	SH	Sole	95200
PRIMEDIA, INC.	common stock	74157K101	625	341268	SH	Sole	341268
PRINCIPAL FINANCIAL GROUP	common stock	74251V102	3506	63000	SH	Sole	63000
PROCTER & GAMBLE COMPANY	common stock	742718109	368	6616	SH	Sole	6616
RAYTHEON COMPANY	common stock	755111507	10552	236755	SH	Sole	236755
RESTORATION HARDWARE, INC.	common stock	760981100	396	55174	SH	Sole	55174
RITE AID CORP.	common stock	767754104	483	113850	SH	Sole	113850
ROCKWELL AUTOMATION, INC.	common stock	773903109	3802	52800	SH	Sole	52800
S1 CORPORATION	common stock	78463B101	2555	532263	SH	Sole	532263
SANMINA/SCI SYSTEMS	common stock	800907107	1861	404615	SH	Sole	404615
SCHERING-PLOUGH CORP.	common stock	806605101	3731	196077	SH	Sole	196077
SCHLUMBERGER LIMITED	common stock	806857108	2093	32150	SH	Sole	32150
SEMPRA ENERGY	common stock	816851109	1319	29000	SH	Sole	29000
SKYWORKS SOLUTIONS, INC.	common stock	83088M102	598	108538	SH	Sole	108538
SMURFIT-STONE CONTAINER	common stock	832727101	282	25750	SH	Sole	25750
SOLETRON CORPORATION	common stock	834182107	2293	670574	SH	Sole	670574
SOUTHWEST AIRLINES INC.	common stock	844741108	6628	404871	SH	Sole	404871
SPRINT NEXTEL CORPORATION	common stock	852061100	4383	219266	SH	Sole	219266
ST. JOE COMPANY	common stock	790148100	6525	140200	SH	Sole	140200
ST. PAUL TRAVELERS COMPANIES	common stock	792860108	5623	126142	SH	Sole	126142
STAMPS.COM INCORPORATED	common stock	852857200	951	34174	SH	Sole	34174
STANDARD & POOR'S DEPOSITORY R	common stock	78462F103	573	4500	SH	Sole	4500
STATE STREET CORP.	common stock	857477103	6326	108900	SH	Sole	108900
STRATEX NETWORKS, INC.	common stock	86279T109	1320	389397	SH	Sole	389397
SUN MICROSYSTEMS, INC.	common stock	866810104	2412	581296	SH	Sole	581296
SUNLINK HEALTH SYSTEMS, INC.	common stock	86737U102	1589	160525	SH	Sole	160525
SURMODICS, INC.	common stock	868873100	769	21292	SH	Sole	21292
SWIFT TRANSPORTATION CO.	common stock	870756103	1890	59512	SH	Sole	59512
SYMBOL TECHNOLOGIES	common stock	871508107	4585	424956	SH	Sole	424956
SYSCO CORPORATION	common stock	871829107	688	22500	SH	Sole	22500
TENET HEALTHCARE CORP.	common stock	88033G100	70	10099	SH	Sole	10099
TEVA PHARMACEUTICAL INDUSTRIES	common stock	881624209	5001	158298	SH	Sole	158298
TEXAS INSTRUMENTS	common stock	882508104	219	7230	SH	Sole	7230
THREE-FIVE SYSTEMS INC.	common stock	88554L108	48	190800	SH	Sole	190800
TIBCO SOFTWARE INC.	common stock	88632Q103	534	75800	SH	Sole	75800
TIDEWATER INC.	common stock	886423102	3774	76700	SH	Sole	76700
TIME WARNER, INC.	common stock	887317105	3342	193174	SH	Sole	193174
TYCO INTERNATIONAL, LTD.	common stock	902124106	23750	863648	SH	Sole	863648
UNION PACIFIC CORPORATION	common stock	907818108	27244	293070	SH	Sole	293070
UNISYS CORPORATION	common stock	909214108	144	22902	SH	Sole	22902
UNITED DOMINION REALTY TRUST,	common stock	910197102	4702	167870	SH	Sole	167870
UNITED STATES STEEL CORPORATIO	common stock	912909108	3261	46500	SH	Sole	46500
UNIVERSAL HEALTH SERVICES INC.	common stock	913903100	412	8198	SH	Sole	8198
USI HOLDINGS CORPORATION	common stock	90333H101	817	60903	SH	Sole	60903
VALSPAR CORP.	common stock	920355104	872	33000	SH	Sole	33000
VERISIGN, INC.	common stock	92343E102	221	9525	SH	Sole	9525
VERTRUE, INC.	common stock	92534N101	250	5800	SH	Sole	5800
VITESSE SEMICONDUCTOR CORPORAT	common stock	928497106	1801	1250452	SH	Sole	1250452
VULCAN MATERIALS CO.	common stock	929160109	6972	89389	SH	Sole	89389
W.R. BERKLEY CORPORATION	common stock	084423102	7893	231262	SH	Sole	231262
WACHOVIA CORP. 2ND NEW	common stock	929903102	5355	99025	SH	Sole	99025
WADDELL & REED FINANCIAL, INC.	common stock	930059100	1957	95200	SH	Sole	95200
WAL-MART STORES, INC.	common stock	931142103	1298	26936	SH	Sole	26936
WALT DISNEY COMPANY	common stock	254687106	1271	42372	SH	Sole	42372
WASHINGTON MUTUAL, INC.	common stock	939322103	3566	78226	SH	Sole	78226
WASTE MANAGEMENT, INC.	common stock	94106L109	1586	44200	SH	Sole	44200
WATCHGUARD TECHNOLOGIES, INC.	common stock	941105108	214	52550	SH	Sole	52550
WEATHERFORD INTERNATIONAL, INC	common stock	G95089101	332	6700	SH	Sole	6700
WELLS FARGO & COMPANY	common stock	949746101	1218	18151	SH	Sole	18151
WERNER ENTERPRISES, INC.	common stock	950755108	1202	59300	SH	Sole	59300
WESTAR ENERGY, INC.	common stock	95709T100	3059	145300	SH	Sole	145300
WEYERHAEUSER COMPANY	common stock	962166104	2403	38600	SH	Sole	38600
WILLIAMS COMPANIES, INC.	common stock	969457100	3168	135620	SH	Sole	135620
WIND RIVER SYSTEMS, INC.	common stock	973149107	506	56799	SH	Sole	56799
XEROX CORP.	common stock	984121103	528	37938	SH	Sole	37938
YAHOO! INC.	common stock	984332106	5236	158654	SH	Sole	158654
ZORAN CORPORATION	common stock	98975F101	370	15200	SH	Sole	15200
eFUNDS CORPORATION	common stock	28224R101	9435	427883	SH	Sole	427883
SIX FLAGS, INC. PIERS 'B' 7.25	preferred stock	83001P505	2052	95000	SH	Sole	95000
ACOM WNTS, 4 SHS, STRK PR \$12,		025195116	1549	6765	SH	Sole	6765
REPORT SUMMARY	263 DATA RECORDS		943470			0 OTHER MANAGERS ON WHOSE BEHALF REPORT IS FILED	

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