FORM 10-K

Annual report pursuant to section 13 and 15(d)

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FILER

NYLIFE STRUCTURED ASSET MANAGEMENT COMPANY LTD

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

[X]ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934 For the fiscal year ended December 31, 1998
OR
[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934 Commission file number 33-43870

NYLIFE STRUCTURED ASSET MANAGEMENT COMPANY LTD.
(Exact name of registrant as specified in its charter)

TEXAS	13-3641944
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
51 Madison Avenue - Suite 1710, New York, NY	10010
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code (212) 576-6456

Securities Registered Pursuant to Section 12(b) of the Act:
NONE

Securities Registered Pursuant to Section 12(g) of the Act:
NONE

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X   No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.   X

State the aggregate market value of the voting stock held by non-affiliates of the registrant. Not applicable; see Item 5. - Market for Registrant's Common Equity and Related Stockholder Matters.

The Exhibit Index begins on page 15.

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DEFINITIONS - All capitalized terms not defined herein shall have the meanings given to them in the Financial Statements attached hereto as Appendix A.

PART I

ITEM 1. BUSINESS

GENERAL

NYLIFE Structured Asset Management Company Ltd. (the "Company" or "SAMCO") is a limited liability company formed under the laws of the State of Texas on October 18, 1991. A limited liability company offers its equity investors limited liability protection while providing them with flow through tax treatment.

SAMCO has two members. The principal member is NYLIFE SFD Holding Inc. ("SFD Holding"), formerly NAFCO Inc. The other member is NYLIFE Depositary Corporation ("NDC"). Both members are Delaware corporations and indirect wholly owned subsidiaries of New York Life Insurance Company ("New York Life"). Certain directors and officers of SFD Holding have been designated as managers of SAMCO. A manager of a limited liability company is similar to a director of a corporation, and the managers may designate one or more persons as officers of the limited liability company.

SFD Holding and NDC (collectively, the "Members") have purchased membership interests of 83.33% and 16.67%, respectively. In 1992, SFD Holding made an initial capital contribution to SAMCO of 500 shares of $1 par value, nonvoting, non-convertible, 24.39% cumulative preferred stock of NYLIFE Bridge Investor Inc. ("NBII"), like SAMCO a subsidiary of SFD Holding. The preferred stock was originally valued by SAMCO at $5,000,000 which represented SFD Holding's recorded carrying value for the preferred stock. NBII was liquidated and the original investment in preferred stock and accumulated dividends were paid to SAMCO during 1993. On January 15, 1992, NDC made an initial capital contribution of $1,000,000 in cash. SAMCO had no operations prior to that date.

SAMCO issued three series of secured five-year notes (the "Notes"), at both floating (Series A and Series B) and fixed (Series C) rates, the net proceeds of which were used to finance the acquisition of security alarm monitoring contracts (the "Contracts"). The Contracts acquired consisted of the obligations and payment rights with respect to monitoring services, and in certain instances repair and maintenance services, for security alarm systems in homes and light commercial businesses.

DISPOSITION OF ASSETS AND MATURITY OF SERIES A NOTES
In February 1998, SAMCO sold to WestSec for $15,107,145, the Contracts and related assets which constituted the collateral securing SAMCO's Series A Notes. The transaction was consummated pursuant to the Operational Services Agreement dated November 15, 1991 between SAMCO and Westinghouse Electric Corporation ("Westinghouse"), as amended (the "OSA"). A portion of the proceeds of the sale were used to pay all outstanding principal and accrued interest on the Series A Notes on February 17, 1998, the maturity date of such Notes. SAMCO recognized a gain of approximately $8.0 million on the sale of the Series A Contracts.

DISPOSITION OF ASSETS AND MATURITY OF SERIES B NOTES
In August 1998, SAMCO sold to WestSec the Contracts and related assets which constituted the collateral securing SAMCO's Series B Notes. The transaction was consummated pursuant to the OSA and the Consent, Assignment, Assumption, and Modification Agreement dated December 31, 1996 among SAMCO, Westinghouse and WestSec (the "Consent Agreement"). The purchase price of the Series B Contracts was in dispute. The Consent Agreement obligated WestSec to pay the greater of fair market value, as determined by an independent appraisal firm, or 30 times the recurring monthly revenue ("RMR") of the Contracts purchased. In the absence of a third-party appraisal specific to the Series B Contracts on the closing date, WestSec paid SAMCO $4,722,490 which represented the floor price of 30 times RMR.

SAMCO subsequently drew on a Letter of Credit from Chase Manhattan Bank in the amount of $2,343,658 which represented (i) the difference between the value of the Series B Contracts using a multiple of 41 times RMR pursuant to a valuation of the Series A Contracts in February 1998 by KPMG Peat Marwick LLP and (ii) the value of so called "person reassignment accounts" (see Item 3 - Legal Proceedings) at 41 times RMR. A portion of the proceeds of the sale were used to pay all outstanding principal and accrued interest on the Series B Notes on August 17, 1998, the maturity date of such Notes. SAMCO recognized a gain of approximately $3.8 million on the sale of the Series B Contracts.

DISPOSITION OF ASSETS AND DEFEASANCE OF SERIES C NOTES
On December 17, 1998, SAMCO sold to Protection One Alarm Monitoring, Inc., as successor by merger to WestSec, its remaining security alarm monitoring contracts and related assets, including those which constituted the collateral securing SAMCO's Series C Notes. The purchase price for the contracts and related assets was $29.5 million. SAMCO recognized a gain of approximately $4.8 million on the sale of its remaining Contracts.

The transaction was consummated pursuant to a Settlement Agreement dated December 17, 1998 between SAMCO and WestSec (the "Settlement Agreement") which resolved the litigation between the parties described hereafter in Item 3 Legal Proceedings.

A portion of the proceeds of the sale were used to purchase United States Government obligations which were deposited with United States Trust Company of New York (the "Trustee") pursuant to section 7.1(b) of the Indenture. The securities have an aggregate value that is sufficient to pay principal and interest to the Series C Noteholders on the remaining distribution dates of February 16, 1999, May 17, 1999 and at maturity on August 16, 1999. Under section 7.1(b) of the Indenture, upon the aforesaid deposit and satisfaction of certain other conditions, SAMCO is entitled to be relieved of its obligations under the Series C Notes, the Indenture and the Security Agreement. SAMCO is contractually obligated to obtain a release of the lien of the Security Agreement not later than March 24, 1999.

INVESTMENT CONTRACTS - 5,035 of the Contracts acquired on June 30, 1993, November 30, 1993 and February 28, 1994 were not utilized as collateral for the Company's Series C Notes. These Contracts were sold to WestSec on December 17, 1998.

ITEM 2. PROPERTIES
The Company does not own any material properties and is not a party to any material leases.

ITEM 3. LEGAL PROCEEDINGS
On March 2, 1998, WestSec filed a state court action against SAMCO in Dallas County, Texas seeking a determination that it did not have to purchase from SAMCO what WestSec calls "person reassignment accounts", and that it was entitled to costs and reasonable attorneys fees. These accounts, WestSec argued, are "accounts that are with a customer who (1) had an account owned by SAMCO which was terminated due to the relocation of the customer and (2) entered into a new security alarm contract with WEC or WestSec at the customer's new location within 120 days after terminating his or her account at the prior location." WestSec contended that such accounts were not included within the collateral securing SAMCO's Notes.

SAMCO contended that it owned these disputed accounts and that either WestSec is obligated to purchase them under Section 9.1 of the OSA or SAMCO was entitled to sell them to any party. The dispute was confined to approximately 2,323 accounts relating to the Series A Notes that matured on February 15, 1998. However, the dispute extended to other similar accounts relating to the Series B Notes.

The litigation was resolved on December 17, 1998 with the execution of the Settlement Agreement. As described previously in Item 1 - Business, SAMCO sold to Protection One Alarm Monitoring, Inc., as successor by merger to WestSec, its remaining security alarm monitoring contracts and related assets, including those which constituted the collateral securing SAMCO's Series C Notes. The purchase price for the contracts and related assets was $29.5 million.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS
None.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS
There is no organized trading market for the Noteholders or members of the Company.

ITEM 6. SELECTED FINANCIAL DATA
The following table sets forth selected financial information regarding the Company's financial position as of December 31, 1998, 1997, 1996, 1995 and 1994 and the results of operations for the periods then ended. This information should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations and the Financial Statements and Supplementary Data, which are included in Items 7 and 8 of this Report, respectively.

<TABLE>
<CAPTION>

<S>	1998 <C>	1997 <C>	1996 <C>	1995 <C>	1994 <C>
Total revenue	$30,591,079	$20,270,016	$23,230,617	$25,979,002	$26,752,768
Net income (loss)	$18,905,634	$ 2,860,543	($2,459,963)	($2,123,749)	$ 133,235
Cash flow from operations	$ 3,635,321	$ 6,884,186	$ 8,613,984	$ 9,683,149	$ 9,064,373
Notes payable (current and non-current):					
Series A	$ 0	$11,695,361	$13,506,863	$15,928,365	$18,263,116
Series B	$ 0	$ 4,520,521	$ 5,359,744	$ 6,422,734	$ 7,335,227

Series C	$20,600,090	$24,547,924	$28,845,893	$34,506,447	$40,798,349
Total assets at December 31	$41,061,243	$49,079,278	$53,601,399	$65,894,252	$77,883,745
SERIES A					
Debt Service Coverage (at 9%)	N/A	N/A	1.66	1.73	1.83
Interest Coverage (at 9%)	N/A	N/A	3.42	3.32	3.26
Debt Service Coverage (at 11%)	N/A	N/A	1.50	1.55	1.62
Interest Coverage (at 11%)	N/A	N/A	2.80	2.71	2.66
SERIES B					
Debt Service Coverage (at 9%)	N/A	3.08	1.86	1.89	1.95
Interest Coverage (at 9%)	N/A	5.71	3.76	3.50	3.38
Debt Service Coverage (at 11%)	N/A	N/A	1.68	1.68	1.73
Interest Coverage (at 11%)	N/A	N/A	3.08	2.86	2.77
SERIES C					
Debt Service Coverage (at 9%) (*)	N/A	1.83	1.89	2.04	1.97
Interest Coverage (at 9%)	N/A	3.79	3.59	3.60	3.24

</TABLE>

(*) The first required principal payment on the Series C Notes was August 15, 1994.

Financial data for the year ended 1994 reflects the acquisition of Contracts on February 28, 1994 and the ownership of the Contracts acquired June 30 and November 30, 1993 for a full year.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

LIQUIDITY AND CAPITAL RESOURCES - 1998
The Company's net cash position increased as a result of the gains on sale of the Company's Contracts. During 1998, the Company paid scheduled and additional principal of $11.7 million, $4.5 million and $3.9 million to the Series A, Series B, and Series C Noteholders, respectively.

At December 31, 1998 the Company has $18.1 million of cash and cash equivalents and $22.3 million of United States government securities. The United States government securities have been deposited with the Trustee for the specific purpose of paying the remaining principal and interest to the Series C Noteholders on February 16, 1999, May 17, 1999 and at maturity on August 16, 1999.

As described below, during 1998, SAMCO sold all of its security alarm monitoring contracts to Protection One. In 1999, SAMCO's sole source of revenue will be interest income from its cash and cash equivalents. SAMCO's remaining obligations include accrued liabilities, ongoing general and administrative expenses and the debt service on the Series C Notes until their maturity on August 16, 1999. SAMCO's December 31, 1998 cash and cash equivalents balance of $18.1 million and its $22.3 million of United States government securities, in addition to investment interest and principal payments to be received in 1999, is substantially in excess of its remaining obligations.

On March 10, 1999, SAMCO distributed $14.7 million to its Members. After the payment of accrued liabilities, ongoing operating expenses and the remaining obligations on the Series C Notes, SAMCO expects to return approximately $2.1 million to its Members during 1999.

DISPOSITION OF ASSETS AND MATURITY OF SERIES A NOTES
In February 1998, SAMCO sold to WestSec for $15.2 million, the Contracts and related assets which constituted the collateral securing SAMCO's Series A Notes. The transaction was consummated pursuant to the OSA and the Consent Agreement. A portion of the proceeds of the sale were used to pay all outstanding principal and accrued interest on the Series A Notes on February 17, 1998, the maturity date of such Notes. SAMCO recognized a gain of approximately $8.0 million on the sale of the Series A Contracts.

DISPOSITION OF ASSETS AND MATURITY OF SERIES B NOTES
In August 1998, SAMCO sold to WestSec for $4.7 million, the Contracts and related assets which constituted the collateral securing SAMCO's Series B Notes. The transaction was consummated pursuant to the OSA and the Consent Agreement. A portion of the proceeds of the sale were used to pay all outstanding principal and accrued interest on the Series B Notes on August 17, 1998, the maturity date of such Notes. SAMCO recognized a gain of approximately $3.8 million on the sale of the Series B Contracts.

DISPOSITION OF ASSETS AND DEFEASANCE OF SERIES C NOTES
On December 17, 1998, SAMCO sold to Protection One Alarm Monitoring, Inc., as successor by merger to WestSec, its remaining security alarm monitoring contracts and related assets, including those which constituted the collateral securing SAMCO's Series C Notes. The purchase price for the contracts and related assets was $29.5 million. SAMCO recognized a gain of approximately $4.8 million on the sale of its remaining Contracts.

A portion of the proceeds of the sale were used to purchase United States Government obligations which were deposited with United States Trust Company of New York (the "Trustee") pursuant to the Indenture. As mentioned above, the securities have an aggregate value that is sufficient to pay principal and interest to the Series C Noteholders on the remaining distribution dates of February 16, 1999, May 17, 1999 and at maturity on August 16, 1999. Under the Indenture, upon obtaining a release of the lien of the Security Agreement, SAMCO is entitled to be relieved of its obligations under the Series C Notes, the Indenture and the Security Agreement.

RESULTS OF OPERATIONS - 1998
For the year ended December 31, 1998, SAMCO derived 44% of its income from monitoring revenues, 54% from gains on the sale of Contracts and the balance from interest income on short term investments.

The decrease in the Company's monitoring revenues for the year ending December 31, 1998 compared to the corresponding period in 1997 is a result of the sale of contracts in February, August and December 1998. Accordingly, the related monitoring fee expense decreased in 1998. Interest expense decreased in 1998 as the Series A and B Notes matured and the Company continued to pay down scheduled and additional principal on the Series C Notes. The bad debt expense of $496,136 on the Company's Statement of Operations in 1998 represents actual revenue loss on attrited Contracts.

The Company's operating expenses included monitoring fees, general and administrative expenses, including (i) lockbox bank fees, (ii) audit and tax fees, (iii) printing and mailing of quarterly and annual reports to investors, (iv) trustee fees, (v) legal and consulting fees, and (vi) subordinated fees and expenses and state franchise taxes. The Company's other expenses include bad debt expense, interest expense and amortization of (i) Contracts and (ii) debt issuance costs. This is consistent with 1997 and 1996.

LIQUIDITY AND CAPITAL RESOURCES - 1997
The Company's net cash from operating activities decreased as attrition reduced monitoring revenue from customers. During 1997, the Company paid scheduled and additional principal of $1,811,501, $839,222 and $4,297,952 to the Series A, Series B, and Series C Noteholders, respectively.

Attrition, which is the loss of customers, results in decreased cash flow. In order to control the Company's exposure to attrition and the resulting loss of revenue, the Company has received from the Servicer certain attrition guarantees. These guarantees generally provide for the replacement of Contracts, with either cash or Contracts, by the Servicer if attrition exceeds certain levels. As of December 31, 1997, the Series A and Series C Contracts owned

by the Company are covered by attrition guarantees by the Servicer.

The Company's revenues from Contracts have been sufficient to pay the Servicer Basic Monitoring Fee, scheduled principal and interest on the Notes, third party operating expenses, taxes of the Company's Members (but only Member's taxes in respect of any allocations of taxable income from the Company), subordinated fees, to establish necessary reserves, if any, and to continue to make additional principal payments.

Series A and Series B Notes bear interest on the outstanding principal at a per annum floating rate of 2.50 percentage points above the minimum denomination five-year certificate of deposit average rate (the "Benchmark CD Rate"), as reported by the Bank Rate Monitor in its last report of the immediately preceding calendar quarter, but in no event less than 9% per annum or more than 11% per annum. At December 31, 1997, the Benchmark CD Rate was 5.42%. Accordingly, the outstanding principal on the Series B Notes will earn interest at 9% per annum through May 15, 1998.

Debt Service and Interest Coverage ratios are calculated based on the number of "active" accounts at the end of the period. An active account is one where the customer's alarm system is being monitored. Generally, accounts are monitored until they become 70 days delinquent. As indicated in Item 6 - Selected Financial Data, the Debt Service and Interest Coverage ratios for the Series C Notes at December 31, 1997 continues to be consistent with prior years. The Debt Service and Interest Coverage ratios for the Series B Notes were materially higher at December 31, 1997 than in prior years. Since the Series B Notes mature on August 15, 1998, only six months of required principal and interest payments are used in calculating the respective ratios.

CONTRACT REPURCHASE - SERIES A, SERIES B, AND SERIES C NOTES
At maturity, the Company is obligated to repay the then outstanding principal balance of the Notes. Pursuant to the Consent Agreement, as each series of Notes mature, WestSec shall purchase all of the Contracts securing such series of Notes for an amount equal to the greater of (i) the fair market value of such Contracts as determined by a nationally recognized independent valuation firm jointly selected by WestSec and SAMCO; or (ii) thirty (30) times the recurring monthly fees and charges payable by customers pursuant to such Contracts. Westinghouse has agreed that if the purchase price payable by WestSec for a particular Series of Notes is less than the amount of all principal and accrued and unpaid interest on such series of Notes, upon notice from SAMCO to Westinghouse, Westinghouse will remit to SAMCO, at the same time the WestSec price is required to be paid, in immediately available funds, the amount in excess of the WestSec price so that the total paid to SAMCO will equal the amount of all principal and accrued and unpaid interest on such Series of Notes. Such notice shall be given by SAMCO to Westinghouse at least five business days prior to the stated maturity date of each Series of Notes.

On May 22, 1997, WestSec furnished to SAMCO an irrevocable and unconditional letter of credit issued by The Chase Manhattan Bank in favor of SAMCO in the amount of $85 million (the "LC") in accordance with the Consent Agreement. The LC secures certain obligations owed to SAMCO under the OSA Agreements and the Consent Agreement. During 1997, the LC was reduced to $75,994,000 in accordance with its terms.

In addition, SAMCO and WestSec entered into a letter agreement dated May 21, 1997 memorializing certain collateral agreements and understandings related to the LC.

The Company does not anticipate the purchase of additional Contracts. As of December 31, 1997, the Company had no material capital commitments.

Should WestSec become unable to perform any of its contractual obligations with respect to the Company in the future, there can be no assurance that any third parties will be available or, even if available, that agreements could be reached with such third parties for comparable services and at comparable cost. Such a situation could have a materially adverse impact on the Company.

RESULTS OF OPERATIONS - 1997
For the year ended December 31, 1997, SAMCO derived 98% of its income from monitoring revenues and the balance from interest income on short term investments.

The decrease in the Company's monitoring revenues for the year ending December 31, 1997 compared to the corresponding period in 1996 is a result of the attrition of Contracts in 1997. Accordingly, the related monitoring fee expense decreased in 1997. An increase in attrition expense was offset by a decrease in amortization expense as attrition decreases the amortizable base of Contracts. Interest expense decreased in 1997 as the Company continues to pay down scheduled and additional principal. The bad debt expense of $834,691 on the Company's Statement of Operations in 1997 represents actual revenue loss on attrited Contracts and the potential revenue loss on Contracts with balances greater than 90 days past due as of December 31, 1997.

Most of the Contracts owned by the Company have a three year term, provide for automatic renewal and allow the Company to increase the customers' monitoring fee at certain times after the initial term. The Company has no intention of increasing monitoring fees in the immediate future.

LIQUIDITY AND CAPITAL RESOURCES - 1996
The Company's net loss for the year ending December 31, 1996 is due primarily to amortization expense, a non-cash charge against earnings, which resulted primarily from attrition of certain contracts in 1996. The Company's net cash from operating activities decreased as attrition reduced monitoring revenue from customers. During 1996, the Company paid scheduled and additional principal of $2,421,502, $1,062,990 and $5,660,554 to the Series A, Series B, and Series C Noteholders, respectively.

Attrition, which is the loss of customers, results in decreased cash flow. In order to control the Company's exposure to attrition and the resulting loss of revenue, the Company has received from

Servicer certain attrition guarantees. These guarantees generally provide for the replacement of Contracts, with either cash or Contracts, by the Servicer if attrition exceeds certain levels. At December 31, 1996, the Series A, Series B and Series C Contracts owned by the Company were covered by attrition guarantees by the Servicer.

Series A and Series B Notes bear interest on the outstanding principal at a per annum floating rate of 2.50 percentage points above the minimum denomination five-year certificate of deposit average rate (the "Benchmark CD Rate"), as reported by the Bank Rate Monitor in its last report of the immediately preceding calendar quarter, but in no event less than 9% per annum or more than 11% per annum. At December 31, 1996, the Benchmark CD Rate was 5.4%. Accordingly, the outstanding principal on the Series A and Series B Notes will earn interest at 9% per annum through May 15, 1997.

RESULTS OF OPERATIONS - 1996
For the year ended December 31, 1996, SAMCO derived 98% of its income from monitoring revenues and the balance from interest income on short term investments.

The decrease in the Company's monitoring revenues for the year ending December 31, 1996 compared to the corresponding period in 1995 is a result of the attrition of Contracts in 1996. Accordingly, the related monitoring fee expense decreased in 1996. An increase in attrition expense was offset by a decrease in amortization expense as attrition decreases the amortizable base of Contracts. Interest expense decreased in 1996 as the Company continues to pay down scheduled and additional principal. The bad debt expense of $751,164 on the Company's Statement of Operations in 1996 represents actual revenue loss on attrited Contracts and the potential revenue loss on Contracts with balances greater than 90 days past due as of December 31, 1996.

Most of the Contracts owned by the Company have a three year term, provide for automatic renewal and allow the Company to increase the customers' monitoring fee at certain times after the initial term. The Company has no intention of increasing monitoring fees in the immediate future.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

See Appendix A to this report.

ITEM 9. CHANGES IN AND DISAGREEMENT WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Certain directors and officers of SFD Holding have been designated as Managers of SAMCO. A manager is similar to a director of a corporation, and may designate one or more persons as officers of the limited liability company. The principal business occupations during the past five years for the Managers and officers of SAMCO are set forth below.

Name	Age	Title
Kevin M. Micucci	39	Manager and President
Jean E. Hoysradt	48	Manager and Vice President of Investment
Jay S. Calhoun	43	Vice President and Treasurer
Scott J. Drath	35	Manager, Vice President, Controller and Secretary
Richard W. Zuccaro	49	Tax Vice President
Jefferson C. Boyce	41	Manager

Kevin M. Micucci became a manager and the President of the Company in February 1996. Previously, he was Vice President of Finance from June 1994 and Vice President and Controller from October 1991. Mr. Micucci has been a Vice President of New York Life Insurance Company in the Structured Finance Department since March 1996; prior thereto, he was Corporate Vice President from March 1991. Mr. Micucci received a B.S. degree from St. John's University and is a Certified Public Accountant.

Jean E. Hoysradt has been a Manager and Vice President of Investment of the Company since January 1992. Ms. Hoysradt has been a Senior Vice President of New York Life Insurance Company in charge of the Investment Department since March 1992. She was a Vice President in the Investment Department in charge of private placements from 1990 to 1992. A 1972 graduate of Duke University, Ms. Hoysradt received her M.B.A. from Columbia University in 1974.

Jay S. Calhoun has been Vice President and Treasurer of the Company since March 1993. Mr. Calhoun is Treasurer and was named Senior Vice President of New York Life Insurance Company in March 1997. He was named Vice President and Associate Treasurer of New York Life Insurance Company in March 1992 and, prior to that time, served as a Corporate Vice President in the Treasury Department. Mr. Calhoun received a B.A. degree from Princeton University and an M.S. degree in Business Policy from Columbia University.

Scott J. Drath has been a Manager, Vice President and Controller of the Company since October 1996. Mr. Drath has been a Corporate Vice President in the Structured Finance Department of New York Life Insurance Company since May 1996.

Mr. Drath was Director of Accounting for Prins Recycling Corp. from May 1995 to April 1996. Prior thereto, he was an Assistant Vice President in the Structured Finance Department of New York Life Insurance Company from April 1994 to May 1995 and a Director of Accounting from September 1991 to April 1994. Mr. Drath received a Bachelor of Accountancy Degree from George Washington University and an M.B.A. degree in Finance from New York University.

Richard W. Zuccaro has been Tax Vice President of the Company since January 1992. Mr. Zuccaro has been a Vice President of New York Life Insurance Company since April 1995, and prior thereto, was a Corporate Vice President from May 1986 to April 1995. Mr. Zuccaro received a B.B.A. degree in Accounting from the University of Oklahoma.

Jefferson C. Boyce has been a Manager of the Company since June 1993. Mr. Boyce is Chairman and Chief Executive Officer of Monitor Capital Advisors, Inc., a subsidiary of New York Life Insurance Company. Prior to assuming this role he was a Senior Vice President of New York Life Insurance Company in charge of the MainStay Family of mutual funds and President of NYLIFE Securities Inc. and NYLIFE Distributors Inc., broker dealers. Mr. Boyce received a B.B.S. degree in Finance from Baruch College and has completed the Advanced Management Program at the Harvard Business School.

ITEM 11. EXECUTIVE COMPENSATION

Separate compensation is not paid by the Company to its Managers or to its officers for serving in such positions.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

<TABLE>

Title of Class	Name and Address Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
-	NYLIFE SFD Holding Inc. 51 Madison Avenue New York, NY 10010	Voting interest of the Company	83.33%
-	NYLIFE Depositary Corp. 51 Madison Avenue New York, NY 10010	Voting interest of the Company	16.67%

</TABLE>

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Information regarding certain payments to Members of the Company and their affiliates and certain contractual arrangements and related transactions are contained in Note 6 to the Financial Statements on pages F-8 through F-17 of this Form 10-K.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a) 1. Financial Statements - see Index of Financial Statements included under Item 8, Appendix A, on page F-2 of this report.

2. All schedules for which provision is made in the applicable accounting regulations of the Securities and Exchange Commission have been omitted since either: (1) the information required is disclosed in the financial statements and the notes thereto; (2) the schedules are not required under the related instructions; or (3) the schedules are inapplicable.

3. Exhibits:

Number and Description
Under Regulation S-k

The following reflects all applicable Exhibits required under Item 601 of Regulation S-K:

(3) ARTICLES OF INCORPORATION AND BY-LAWS

3.1 Articles of Organization of Company. *

3.2 Amended Regulations of Company. *

3.3 Amendment to Articles of Organization of Company. *

(4) INSTRUMENTS DEFINING THE RIGHTS OF SECURITY HOLDERS, INCLUDING INDENTURES:

4.1 Indenture. *

4.2 Form of Global Note, included as Exhibit A to Exhibit 4.1. *

4.3 Form of Definitive Note, included as Exhibit B to Exhibit 4.1. *

4.4 Form of Security Agreement, included as Exhibit C to Exhibit 4.1. *

4.5 Form of First Supplemental Indenture. *

4.6 Form of Second Supplemental Indenture. *

(10) MATERIAL CONTRACTS

10.1 Revised Form of Escrow Agreement. *

10.2 Operational Services Agreement. *

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10.3 Form of Lock-Box Agreement, included as Exhibit D to Exhibit 4.1. *

10.4 Agreement of Limited Partnership of Westinghouse Security Systems, L.P. *

10.5 Indemnification Agreement. *

10.6 Consulting Agreement with Coopers & Lybrand. *

10.7 Consulting Agreement with BK Financial, Inc. *

10.8 Consulting Agreement with Capital Recovery, Inc. *

10.9 Letter Agreement among Westinghouse Electric Corporation, Westinghouse Security Systems, L.P., the Company and NYLIFE Bridge Investor Inc., dated as of November 15, 1991. *

10.10 Accounts Purchase Agreement dated as of July 15, 1992 among the Company, Westinghouse Security Systems, L.P. and Westinghouse Electric Corporation. *

10.11 Accounts Purchase Agreement dated as of September 16, 1992 among the Company, Westinghouse Security Systems, L.P. and Westinghouse Electric Corporation. *

10.12 Accounts Purchase Agreement dated as of November 19, 1992 among the Company, Westinghouse Security Systems, L.P. and Westinghouse Electric Corporation. *

10.13 Accounts Purchase Agreement dated as of December 14, 1992 among the Company, Westinghouse Security Systems, L.P. and Westinghouse Electric Corporation. *

10.14 Demand Subordinated Note from Company to NYLIFE Asset Finance Corporation dated December 14, 1992. *

10.15 Amendment No. 1, dated as of March 18, 1993 to Accounts Purchase Agreement dated December 14, 1992 among Westinghouse Security Systems, L.P., Westinghouse Electric Corporation and NYLIFE Structured Asset Management Company Ltd. *

10.16 Letter Agreement dated March 18, 1993 amending certain sections of the Accounts Purchase Agreements dated July 15, 1992, September 16, 1992 and November 19, 1992 among Westinghouse Security Systems, L.P. and NYLIFE Structured Asset Management Company Ltd. *

10.17 Accounts Purchase Agreement dated as of June 18, 1993 among the Company and Westinghouse Electric Corporation. *

10.18 Demand Subordinated Note from Company to NAFCO Inc., formerly NYLIFE Asset Finance Corporation dated June 30, 1993. *

10.19 Demand Subordinated Note from Company to NAFCO Inc., formerly NYLIFE Asset Finance Corporation dated November 30, 1993. *

10.20 Demand Subordinated Note from Company to NAFCO Inc., formerly NYLIFE Asset Finance Corporation dated February 28, 1994. *

10.21 Consent, Assignment, Assumption, Amendment and Modification Agreement dated December 30, 1996 between NYLIFE Structured Asset Management Company Ltd.; Westinghouse Electric Corporation, WestSec, Inc. and Westar Capital, Inc. *

10.22 Letter of Credit No. P-271117 dated May 22, 1997 issued by The Chase Manhattan Bank (NYLIFE Structured Asset Management Company Ltd. as Beneficiary and WestSec, Inc. as Applicant). *

10.23 Letter agreement dated May 21, 1997 between NYLIFE Structured Asset Management Company Ltd. and WestSec, Inc. relating to Letter of Credit No. P-271117 dated May 22, 1997. *

10.24 Accounts Purchase Agreement dated February 17, 1998 between WestSec, Inc. and NYLIFE Structured Asset Management Company Ltd. *

10.25 Accounts Purchase Agreement dated December 17, 1998 between Protection One Alarm Monitoring, Inc., as successor by merger to WestSec, Inc. and NYLIFE Structured Asset Management Company Ltd. *

10.26 Settlement Agreement dated December 17, 1998 between Protection One Alarm Monitoring, Inc., as successor by merger to WestSec, Inc. and NYLIFE Structured Asset Management Company Ltd. *

10.27 Settlement Agreement and Release among BK Financial, Inc., Tudor Financial, Inc. and NYLIFE Structured Asset Management Company Ltd. dated December 11, 1998. *

10.28 Indemnity Agreement from SAMCO to the Trustee dated December 18, 1998. *

(27) FINANCIAL DATA SCHEDULE **

(b) REPORTS ON FORM 8-K:

NONE.

* Previously filed.
** Filed herewith.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

NYLIFE Structured Asset Management Company Ltd.

March 26, 1999 By: /s/ Kevin M. Micucci

Kevin M. Micucci
Manager and President (Principal Executive Officer and Principal Financial and Accounting Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities of and on the dates indicated.

<TABLE>
<CAPTION>

Signature	Title	Date
/s/ Kevin M. Micucci Kevin M. Micucci	Manager and President (Principal Executive Officer and Principal Financial and Accounting Officer)	March 26, 1999
/s/ Jean E. Hoysradt Jean E. Hoysradt	Manager and Vice President of Investment	March 26, 1999
/s/ Jay S. Calhoun Jay S. Calhoun	Vice President and Treasurer	March 26, 1999
/s/ Scott J. Drath Scott J. Drath	Manager, Vice President and Controller	March 26, 1999
/s/ Richard W. Zuccaro Richard W. Zuccaro	Tax Vice President	March 26, 1999
/s/ Jefferson C. Boyce Jefferson C. Boyce	Manager	March 26, 1999

</TABLE>

APPENDIX A TO

ANNUAL REPORT ON FORM 10-K

ITEM 8 AND ITEM 14 (A) (1) AND (2)

FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULES AS OF

DECEMBER 31, 1998, 1997 AND 1996

NYLIFE STRUCTURED ASSET MANAGEMENT COMPANY LTD.

Form 10-K -- Item 8 and Item 14 (a) (1) and (2)

NYLIFE Structured Asset Management Company Ltd.

<TABLE>
<CAPTION>

INDEX OF FINANCIAL STATEMENTS

</TABLE>

All schedules for which provision is made in the applicable accounting regulations of the Securities and Exchange Commission have been omitted since either (1) the information required is disclosed in the financial statements and the notes thereto; (2) the schedules are not required under the related instructions; or (3) the schedules are inapplicable.

REPORT OF INDEPENDENT ACCOUNTANTS

To the Managers and Members of
NYLIFE Structured Asset Management Company Ltd.

In our opinion, the accompanying statement of financial position and the related statements of operations and retained earnings (accumulated deficit), changes in members' capital and of cash flows present fairly, in all material respects, the financial position of NYLIFE Structured Asset Management Company Ltd. (the "Company") at December 31, 1998, and 1997, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 1998, in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards which 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, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

PricewaterhouseCoopers LLP
1177 Avenue of the Americas
New York, New York
March 19, 1999

NYLIFE STRUCTURED ASSET MANAGEMENT COMPANY LTD.
STATEMENT OF FINANCIAL POSITION

<TABLE>
<CAPTION>

ASSETS

	December 31, 1998	December 31, 1997
<S>	<C>	<C>
CURRENT ASSETS		
Cash and cash equivalents	$ 11,090,211	$ 7,633,845
Segregated cash and cash equivalents	7,018,453	4,577,980
Segregated investments in U.S. government securities	22,342,580	--
Security alarm monitoring contracts held for sale (Note 5)	--	11,195,005
Monitoring revenue and interest receivables (net of allowance of $-0- and $1,143,444, respectively)	609,999	1,715,726
Due from Servicer	--	141,709
Other receivables	--	234,638
Total current assets	41,061,243	25,498,903
Security alarm monitoring contracts held for sale (Note 5)	--	22,984,661
Debt issuance costs paid to affiliates (net of accumulated amortization of $6,353,426 and $5,757,712)	--	595,714
Total assets	$ 41,061,243	$ 49,079,278

LIABILITIES AND MEMBERS' CAPITAL

	1998	1997
CURRENT LIABILITIES		
Monitoring fees payable	$ 344,963	$ 639,503
Accounts payable and accrued liabilities	568,507	319,919
Due to Servicer	95,450	--
Due to affiliates (Note 6)	110,753	260,552
Unearned revenue	--	2,471,743
Interest payable (Note 5)	238,735	472,414
Notes payable (Note 5)	20,600,090	18,465,882
Total current liabilities	21,958,498	22,630,013
Notes payable (Note 5)	--	22,297,924
Total liabilities	21,958,498	44,927,937
MEMBERS' CAPITAL		
Contributed capital	6,000,000	6,000,000
Distributions to members	(4,586,983)	(632,753)
Retained earnings (accumulated deficit)	17,689,728	(1,215,906)

Total members' capital	19,102,745	4,151,341
Total liabilities and members' capital	$ 41,061,243	$ 49,079,278

</TABLE>

See accompanying notes to the financial statements.

NYLIFE STRUCTURED ASSET MANAGEMENT COMPANY LTD.
STATEMENT OF OPERATIONS AND RETAINED EARNINGS (ACCUMULATED DEFICIT)

<TABLE>
<CAPTION>

	For the Years Ended December 31,		
	1998	1997	1996
<S>	<C>	<C>	<C>
Income			
Monitoring revenue	$ 13,552,675	$ 19,899,321	$ 22,844,144
Interest	476,149	370,695	386,473
Gain on sale of security alarm monitoring contracts	16,562,255	--	--
Total income	30,591,079	20,270,016	23,230,617
Expenses			
Monitoring fees	4,286,014	6,672,621	7,732,543
Interest expense	2,396,774	3,963,054	4,684,855
General and administrative	1,140,198	479,278	379,276
Consulting fees	201,563	285,416	285,416
Asset management fee to affiliate	370,982	490,151	555,971
Equity return fee to affiliate	178,187	217,385	217,385
Bad debt expense	496,136	834,691	751,164
Valuation adjustment of security alarm monitoring contracts	2,019,878	3,440,849	9,924,570
Amortization of debt issuance costs paid to affiliates	595,713	1,026,028	1,159,400
Total expenses	11,685,445	17,409,473	25,690,580
Net income (loss)	18,905,634	2,860,543	(2,459,963)
Accumulated deficit at beginning of year	(1,215,906)	(4,076,449)	(1,616,486)
Retained earnings (accumulated deficit) at end of year	$ 17,689,728	$ (1,215,906)	$ (4,076,449)

</TABLE>

See accompanying notes to the financial statements.

NYLIFE STRUCTURED ASSET MANAGEMENT COMPANY LTD.
STATEMENT OF CHANGES IN MEMBERS' CAPITAL
FOR THE YEARS ENDED DECEMBER 31, 1998, 1997 AND 1996

<TABLE>
<CAPTION>

	NYLIFE SFD Holding Inc.	NYLIFE Depositary Corp.	Total Members' Capital
<S>	<C>	<C>	<C>
Balance at January 1, 1996	$ 3,125,709	$ 625,052	$ 3,750,761
Net loss	(2,049,887)	(410,076)	(2,459,963)
Balance at December 31, 1996	1,075,822	214,976	1,290,798
Net income	2,383,690	476,853	2,860,543
Balance at December 31, 1997	3,459,512	691,829	4,151,341
Net income	15,754,065	3,151,569	18,905,634
Distribution to members	(3,295,060)	(659,170)	(3,954,230)
Balance at December 31, 1998	$ 15,918,517	$ 3,184,228	$ 19,102,745

</TABLE>

See accompanying notes to the financial statements.

NYLIFE STRUCTURED ASSET MANAGEMENT COMPANY LTD.
STATEMENT OF CASH FLOWS
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

<TABLE>
<CAPTION>

	For the Years Ended December 31,		
	1998	1997	1996
<S>	<C>	<C>	<C>
Cash flows from operating activities:			
Net income (loss)	$ 18,905,634	$ 2,860,543	$ (2,459,963)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Gain on sale of security alarm monitoring contracts	(16,562,255)	--	--
Valuation adjustment of security alarm monitoring contracts	2,019,878	3,440,849	9,924,570
Amortization of debt issuance costs	595,713	1,026,028	1,159,400
Bad debt expense	496,136	834,691	751,164
Changes in assets and liabilities:			
Decrease (increase) in monitoring revenue and interest receivables	609,591	(492,383)	(48,568)
Decrease (increase) in due from Servicer	141,709	(116,934)	(24,775)
Decrease (increase) in other receivables	234,638	(234,638)	--
Decrease in monitoring fees payable to Servicer	(294,540)	(113,219)	(191,147)
Increase (decrease) in accounts payable and accrued liabilities	248,588	(12,450)	(2,124)
Increase (decrease) in due to Servicer	95,450	--	(14,351)
(Decrease) increase in due to affiliates	(149,799)	73,092	(17,230)
Decrease in unearned revenue	(2,471,743)	(300,865)	(357,010)
Decrease in interest payable	(233,679)	(80,528)	(105,982)
Net cash provided by operating activities	3,635,321	6,884,186	8,613,984
Cash flows from investing activities:			
Proceeds from sale of security alarm monitoring contracts - net of disposal costs	48,685,244	--	--
Purchase price refunds - investment in security alarm monitoring contracts	36,800	834,406	45,403

Net cash provided by investing activities	48,722,044	834,406	45,403
Cash flows from financing activities:			
Principal payments on Notes	(20,163,716)	(6,948,694)	(9,145,046)
Purchase of U.S. government securities	(22,342,580)	--	--
Distribution to members	(3,954,230)	--	--
Net cash used in financing activities	(46,460,526)	(6,948,694)	(9,145,046)
Net increase (decrease) in cash and cash equivalents	5,896,839	769,898	(485,659)
Cash and cash equivalents (including segregated cash and cash equivalents) at beginning of year	12,211,825	11,441,927	11,927,586
Cash and cash equivalents (including segregated cash and cash equivalents) at end of year	$ 18,108,664	$ 12,211,825	$ 11,441,927
Supplemental disclosure of cash flow information:			
Cash paid during the year for interest	$ 2,630,453	$ 4,043,582	$ 4,790,832

</TABLE>

See accompanying notes to the financial statements.

NYLIFE STRUCTURED ASSET MANAGEMENT COMPANY LTD.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1998 AND 1997

NOTE 1 - ORGANIZATION

NYLIFE Structured Asset Management Company Ltd. (the "Company" or "SAMCO") is a limited liability company formed under the laws of the State of Texas on October 18, 1991. A limited liability company offers its equity investors limited liability protection while providing them with flow through tax treatment.

SAMCO has two members. The principal member is NYLIFE SFD Holding Inc. ("SFD Holding"), formerly NAFCO Inc. The other member is NYLIFE Depositary Corporation ("NDC"). Both members are Delaware corporations and wholly owned subsidiaries of NYLIFE Inc. (a direct wholly owned subsidiary of New York Life Insurance Company, "New York Life"). Certain directors and officers of SFD Holding have been designated as managers of SAMCO. A manager of a limited liability company is similar to a director of a corporation, and may designate one or more persons as officers of the limited liability company.

On January 15, 1992, SFD Holding and NDC (collectively, the "Members") purchased membership interests in SAMCO of 83.33% and 16.67%, respectively. SFD Holding made an initial capital contribution to SAMCO of 500 shares of $1 par value, non-voting, non-convertible, 24.39% cumulative preferred stock of NYLIFE Bridge Investor Inc. ("NBII"), a subsidiary of SFD Holding prior to its liquidation on June 30, 1993. The preferred stock was originally valued by SAMCO at $5,000,000 which represents SFD Holding's recorded carrying value for the preferred stock. NDC made an initial capital contribution of $1,000,000 in cash. SAMCO had no operations prior to January 15, 1992.

SAMCO issued secured five year floating rate notes and secured five year fixed rate notes (the "Notes"), in order to finance the acquisition of security alarm monitoring contracts (the "Contracts"). Such Contracts consisted of the obligations and payment rights with respect to monitoring services, and in certain instances repair and maintenance services, for security alarm systems in residential homes and light commercial businesses. Security alarm monitoring is the process of notifying designated parties (either individuals or public authorities) if an unauthorized entry, fire, medical or other emergency signal from a customer alarm system is received at a central monitoring station.

All references in these Notes to the Financial Statements to "Servicer" shall mean Westinghouse Electric Corporation ("Westinghouse") with regard to all periods prior to December 31, 1996, and WestSec, Inc. ("WestSec"), a subsidiary of Western Resources, Inc. ("Western") with regard to the period from January 1, 1997 to November 24, 1997 (see Note 3 regarding the Consent Agreement). On November 24, 1997, Western, Inc. (the parent of WestSec and Westar) and Protection One, Inc. ("Protection One") combined their security service businesses to form the second largest

U.S. burglar and fire alarm company. Western owns 80.1% of the combined company. Subsequent to the combination, Servicer shall mean Protection One.

ACTIVITIES IN 1999

As mentioned in Note 5, during 1998 SAMCO sold all of its security alarm monitoring contracts to Protection One. In 1999, SAMCO's sole source of revenue will be interest income from its cash and cash equivalents. SAMCO's remaining obligations include accrued liabilities, ongoing general and administrative expenses and the debt service on the Series C Notes until their maturity on August 16, 1999. SAMCO's December 31, 1998 cash and cash equivalents balance of $18.1 million and its $22.3 million of United States government securities, in addition to investment interest and principal payments to be received in 1999, is substantially in excess of its remaining obligations.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

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 and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from the estimates.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include investments in highly liquid money market funds. Such funds invest in short-term obligations of the United States government. The carrying value of cash and cash equivalents approximates fair value. As mentioned earlier, SAMCO intends to distribute all remaining cash and cash equivalents to the Members during 1999.

SEGREGATED CASH AND CASH EQUIVALENTS

Under the terms of the Indenture dated July 15, 1992 between the Company and U.S. Trust Company of New York (the "Trustee"), cash receipts for each series of Notes are maintained in a segregated account and used to pay obligations to Noteholders and fees and expenses related to such series. Such receipts are invested by the Trustee in highly liquid money market funds. Such funds invest in short-term obligations of the United States government. The carrying value of segregated cash and cash equivalents approximates fair value.

SEGREGATED INVESTMENTS IN U.S. GOVERNMENT SECURITIES

Pursuant to section 7.1(b) of the Indenture, short-term investments in Treasury Notes and Treasury Bills issued by the United States government were deposited with the Trustee. The securities have an aggregate value that is sufficient to pay principal and interest to the Series C Noteholders on the remaining distribution dates of February 16, 1999, May 17, 1999 and at maturity on August 16, 1999. The carrying value of segregated investments in U.S. government securities approximates fair value.

DEBT ISSUANCE COSTS PAID TO AFFILIATES

Costs incurred in the issuance of Notes, including underwriting discounts, offering and organization costs and financial advisory fees, were capitalized and amortized using the interest method over the life of the Notes. Concurrent with the sale of its remaining security alarm monitoring contracts in December 1998, SAMCO expensed its remaining debt issuance costs.

MONITORING REVENUE RECOGNITION

The Company derived its revenues almost exclusively from the receipt of customer payments for alarm monitoring services. The Company recognized revenue as the monitoring services were provided (accrual basis). The allowance for uncollectible monitoring revenue represents receivables greater than 90 days past due. SAMCO sold all of its security alarm monitoring contracts in 1998 and will therefore have no monitoring revenues in 1999.

MONITORING FEES
Servicer is entitled to payment of 25% of aggregate monthly revenue ("AMR") for the performance of monitoring services under the Contracts (the "Servicer Basic Monitor Fee"), the effect of which is that Servicer will receive the Servicer Basic Monitoring Fee before the Noteholders receive their quarterly payments. Servicer is also entitled to an additional 10% of AMR for the performance of such services (the "Servicer Subordinated Monitoring Fee") which is subordinate to the payment of (i) the Servicer Basic Monitoring Fee, (ii) principal and interest on the Notes, (iii) taxes on operating income and (iv) administrative expenses. SAMCO sold all of its security alarm monitoring contracts in 1998 and will therefore have no monitoring fees in 1999.

VALUATION ADJUSTMENT OF SECURITY ALARM MONITORING CONTRACTS From inception through December 31, 1996, the Company's investment in Contracts was amortized over the estimated lives of the Contracts of approximately 12 years, as adjusted for attrited (terminated) Contracts. Upon attrition of Contracts, the remaining book value of the Contract is written off. On December 31, 1996, the Company, under Statement of Financial Accounting Standard No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of" (SFAS No. 121), reclassified its Investment in Security Alarm Monitoring Contracts as held for sale. In accordance with SFAS 121, the Company has reported such Contracts at the lower of carrying amount or fair value less cost to sell and has discontinued amortization of the Contracts effective December 31, 1996. The Company applies SFAS 121 on a contract-by-contract basis. SAMCO sold all of its security alarm monitoring contracts in 1998.

INCOME TAXES No provision for federal income taxes is recorded in the financial statements because the Company is not subject to federal income taxes. The tax effect of its activities accrues to the Members.

NOTE 3 - SALE OF THE SECURITY BUSINESS BY WESTINGHOUSE IN 1996

CONSENT AGREEMENT
On December 30, 1996, Westinghouse sold its security alarm business to WestSec. In connection with the sale, Westinghouse assigned all of its rights, title and interest under the Operational Services Agreement (the "OSA") to WestSec, and WestSec assumed all of Westinghouse's liabilities and obligations under the OSA. In conjunction with Westinghouse's sale and assignment and WestSec's assumption, the Company, Westinghouse, WestSec and Westar Capital, Inc. an affiliate of WestSec ("Westar"), entered into a Consent, Assignment, Assumption, and Modification Agreement ("the Consent Agreement").

Pursuant to the Consent Agreement, Westar has guaranteed all obligations and liabilities of WestSec under the OSA and various related agreements (collectively the "OSA Agreements"), Westinghouse has agreed to remain liable under certain specified obligations in the OSA Agreements, and Westar has agreed to furnish to the Company an irrevocable letter of credit to secure certain obligations of Westar, WestSec and Westinghouse under the OSA Agreements.

CONTRACT PURCHASE
In connection with the Consent Agreement, WestSec committed to purchase, and the Company committed to sell, the Contracts securing each Series of Notes at fixed dates in the future for a determinable price; such price is supported by a letter of credit from WestSec and, subject to certain conditions, guarantees by Westinghouse. The Company expected to realize a gain on each of these future sales. As a result of entering into the Consent Agreement, the Company has under Statement of Financial Accounting Standard No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of" (SFAS No. 121), reclassified its Investment in Security Alarm Monitoring Contracts as held for sale. In accordance with SFAS 121, the Company reported such Contracts at the lower of carrying amount or fair value

less cost to sell and discontinued amortization of the Contracts effective

December 31, 1996.

LETTER OF CREDIT
The Consent Agreement required WestSec to furnish to SAMCO a clean, irrevocable and unconditional letter of credit issued by and drawn upon a "AA" rated bank, in form and substance reasonably satisfactory to SAMCO and Westinghouse, in favor of SAMCO in the amount of $85 million (the "LC"). The LC secured obligations of Westar, WestSec and Westinghouse under the OSA Agreements and the Consent Agreement.

On May 22, 1997, SAMCO received the LC in the aggregate amount of $85,000,000 from The Chase Manhattan Bank. The LC was provided to SAMCO in accordance with the provisions of the Consent Agreement. The LC secured certain obligations owed to SAMCO under the Consent Agreement and the OSA Agreements. In addition, SAMCO and WestSec entered into a letter agreement dated May 21, 1997 memorializing certain collateral agreements and understandings related to the LC.

The LC was terminated pursuant to the Settlement Agreement. See "Note 5 -Security Alarm Monitoring Contracts and Notes Payable."

NOTE 4 - ISSUANCE OF NOTES AND ACQUISITION OF CONTRACTS

SERIES A, SERIES B, AND SERIES C NOTES During the year ended December 31, 1992, SAMCO issued three traunches of its Secured Five Year Notes: Series A, Floating Rate (the "Series A Notes") in the amount of $25,000,000. At issuance, the Series A Notes were collateralized by 33,029 Contracts.

During the year ended December 31, 1993, SAMCO issued its Secured Five Year Notes: Series B, Floating Rate (the "Series B Notes") in the amount of $9,417,821. At issuance, the Series B Notes were collateralized by 10,768 Contracts.

During the years ended December 31, 1994 and December 31, 1993, SAMCO issued three traunches of its Secured Five Year Notes: Series C, Fixed Rate (the "Series C Notes") in the amount of $45,000,000. At issuance, the Series C Notes were collateralized by 52,840 Contracts.

Interest is payable quarterly on each February 15, May 15, August 15 and November 15 prior to maturity and on the maturity date. Scheduled principal payments are calculated to retire 5% of the original principal amount of the Series A Notes, Series B Notes, and Series C Notes each year. Principal is payable quarterly on February 15, May 15, August 15 and November 15. In addition, after payment of all subordinated amounts and the establishment of necessary reserves, if any, excess cash, if any, is required to be distributed to Noteholders quarterly as additional principal. The first principal payments on the Series A, Series B, and Series C Notes were made on February 15, 1993, August 15, 1993, and August 15, 1994, respectively.

The Series A and Series B Notes bear interest on the outstanding principal at a per annum floating rate of 2.50 percentage points above the minimum denomination five-year certificate of deposit average rate, as reported by Bank Rate Monitor in its last report of the immediately preceding calendar quarter, but in no event less than 9% per annum or more than 11% per annum. Accordingly, at December 31, 1997, the rate on the Series A and Series B Notes was 9%.

The Series C Notes bear interest on the outstanding principal at a per annum rate of 9%.

ATTRITION GUARANTEES- SERIES A, SERIES B, AND SERIES C NOTES
Westinghouse, as seller of Contracts to the Company, had the obligation to provide guarantees that capped the Company's exposure to attrition. Such guarantees generally capped attrition at 0% for a period of time after acquisition followed by a period of time during which attrition is capped annually at certain percentages. During the period when a 0% attrition guarantee was in effect, Westinghouse generally had the option to replace attrited accounts either with cash (in an amount equal to the original purchase price paid to Westinghouse for the attrited account) or with replacement Contracts. Among other things, a replacement Contract must be current in all payments due from the customer and must have a RMR not less

than the attrited account being replaced. A 0% attrition guarantee provides that SAMCO may lose no more than three months of revenue for each attrited Contract. Pursuant to the Consent Agreement, all Contracts originally purchased by the Company were to be covered by attrition guarantees provided by the Servicer.

Attrition guarantees for Contracts owned by the Company were as follows:

SERIES A - During 1993, 1994, 1995, and 1996, approximately one-half of the Series A Contracts had guarantees capping attrition while the balance were no longer under guarantee. The guaranteed Contracts had attrition caps of 7%, 7%, 8%, 8% in 1993, 1994, 1995, and 1996, respectively. Pursuant to the Consent Agreement, all Series A Contracts were guaranteed for 1997 and for the period January 1, 1998 to February 15, 1998, with attrition caps of 9% and 1.125%, respectively.

SERIES B - For the Series B Contracts, Servicer guaranteed (i) that during the seven-month period ending October 31, 1993, attrited accounts would not exceed 0%; and (ii) during each of the four 12 month periods commencing on November 1, 1993 and ending on October 31, 1997, attrited accounts will not exceed 9.25%. Westinghouse had the option during the period when its 0% attrition guarantee was in effect to replace attrited accounts either with cash (in an amount equal to the original purchase price paid to Westinghouse for the attrited account) or with replacement Contracts. When the 9.25% attrition guarantee is in effect, Servicer must replace attrited accounts with Contracts.

SERIES C - For the Series C Contracts acquired on June 30, 1993, Servicer guaranteed (i) that during the 12 month period ending June 30, 1994, attrited accounts would not exceed 0%; and (ii) during each of the four 12 month periods, commencing on July 1, 1994 and ending on June

30, 1998, attrited accounts will not exceed 10%; and (iii) during one final three month period commencing on July 1, 1998 and ending on October 31, 1998, attrited accounts will not exceed 2.5%.

For the Series C Contracts acquired on November 30, 1993 and February 28, 1994, the respective 0%, 12 month guarantee periods expired on November 30, 1994 and February 28, 1995; the respective 10%, 12 month guarantee periods were from December 1, 1994 to November 30, 1998 and from March 1, 1995 to February 28, 1999.

For the Series C Contracts, Westinghouse had the option during the period when its 0% attrition guarantee was in effect to replace attrited accounts either with cash (in an amount equal to the original purchase price paid to Westinghouse for the attrited account) or with replacement Contracts; provided, however, that Westinghouse could not have replaced more than half of the Contracts which became attrited accounts in any calendar month with cash. Pursuant to the Consent Agreement, WestSec replaced all Series C accounts above an attrition cap of 10% with Contracts. When the 10% attrition guarantee is in effect, the Servicer was to replace attrited accounts with Contracts.

During 1997 and 1998, gross attrition for each series exceeded the respective attrition guarantee caps. Attrited accounts in excess of the caps were replaced by the Servicers in accordance with the applicable attrition guarantees.

INVESTMENT CONTRACTS - 5,035 of the Contracts acquired on June 30, 1993, November 30, 1993 and February 28, 1994 were not utilized as collateral for the Company's Series C Notes. The attrition guarantees for these Contracts were identical to those of the Series C Contracts described above.

NOTE 5 - SECURITY ALARM MONITORING CONTRACTS AND NOTES PAYABLE

DISPOSITION OF ASSETS AND MATURITY OF SERIES A NOTES
In February 1998, SAMCO sold to WestSec for $15,107,145, the Contracts and related assets which constituted the collateral securing SAMCO's Series A Notes. The transaction was consummated pursuant to the OSA and the Consent Agreement. A portion of the proceeds of the sale were used to pay all outstanding principal and accrued interest on the Series A Notes on February 17, 1998, the maturity date of such Notes. SAMCO recognized a gain of approximately $8.0 million on the

sale of the Series A Contracts.

Concurrent with the sale, SAMCO and WestSec instructed The Chase Manhattan Bank to reduce the letter of credit to $54,338,000 in accordance with its terms.

DISPOSITION OF ASSETS AND MATURITY OF SERIES B NOTES

In August 1998, SAMCO sold to WestSec the Contracts and related assets which constituted the collateral securing SAMCO's Series B Notes. The transaction was consummated pursuant to the OSA and the Consent Agreement. The purchase price of the Series B Contracts was in dispute.

The Consent Agreement obligated WestSec to pay the greater of fair market value, as determined by an independent appraisal firm, or 30 times the recurring monthly revenue ("RMR") of the Contracts purchased. In the absence of a third-party appraisal specific to the Series B Contracts on the closing date, WestSec paid SAMCO $4,722,490 which represented the floor price of 30 times RMR.

SAMCO subsequently drew on a Letter of Credit from Chase Manhattan Bank in the amount of $2,343,658 which represents (i) the difference between the value of the Series B Contracts using a multiple of 41 times RMR pursuant to a valuation of the Series A Contracts in February 1998 by KPMG Peat Marwick LLP and (ii) the value of so called "person reassignment accounts" (see Note 4) at 41 times RMR. A portion of the proceeds of the sale were used to pay all outstanding principal and accrued interest on the Series B Notes on August 17, 1998, the maturity date of such Notes. SAMCO recognized a gain of approximately $3.8 million on the sale of the Series B Contracts.

DISPOSITION OF ASSETS AND DEFEASANCE OF SERIES C NOTES

On December 17, 1998, SAMCO sold to Protection One Alarm Monitoring, Inc., as successor by merger to WestSec, its remaining security alarm monitoring contracts and related assets, including those which constituted the collateral securing SAMCO's Series C Notes. The purchase price for the contracts and related assets was $29.5 million. SAMCO recognized a gain of approximately $4.8 million on the sale of its remaining Contracts.

The transaction was consummated pursuant to a Settlement Agreement dated December 17, 1998 between SAMCO and WestSec (the "Settlement Agreement") which resolved the litigation between the parties described hereafter in "Note 7-Legal Proceedings."

A portion of the proceeds of the sale were used to purchase United States Government obligations which were deposited with United States Trust Company of New York (the "Trustee") pursuant to section 7.1(b) of the Indenture between SAMCO and the Trustee dated July 15, 1992 (the "Indenture"). The securities have an aggregate value that is sufficient to pay principal and interest to the Series C Noteholders on the remaining distribution dates of February 16, 1999, May 17, 1999 and at maturity on August 16, 1999. Under section 7.1(b) of the Indenture, upon the aforesaid deposit and satisfaction of certain other conditions, SAMCO is entitled to be relieved of its obligations under the Series C Notes, the Indenture and the Security Agreement between SAMCO and the Trustee dated July 15, 1992 (the "Security Agreement"). The Security Agreement describes the collateal securing the Notes and the Trustee's security interest therein. SAMCO is contractually obligated to obtain a release of the lien of the Security Agreement not later than March 24, 1999. (See Note 8 - Subsequent Events).

CARRYING AMOUNT OF SECURITY ALARM MONITORING CONTRACTS HELD FOR SALE

The carrying amount of SECURITY ALARM MONITORING CONTRACTS HELD FOR SALE in the Statement of Financial Position at December 31, 1997 included Contracts collateralizing Series A, B and C Notes as follows:

<TABLE>
<CAPTION>

	1997
<S>	<C>

Series A	$ 7,821,211
Series B	3,373,794
Series C	21,121,879
Total (*)	$32,316,884

</TABLE>

(*) Excludes 5,035 Contracts acquired from the June 30, 1993, November 30, 1993, and February 28, 1994 acquisitions which are NOT collateral for any series of Notes and therefore are not subject to the Indenture. The carrying amount of these contracts at December 31, 1997 is $1,862,782.

Prior to the reclassification of the Contracts as held for sale effective December 31, 1996, the Contracts were being amortized over an estimated life of 12 years, as adjusted for attrited Contracts. Amortization expense for the period January 1, 1996 to December 30, 1996 for Series A, B and C Contracts was $2,286,671, $877,422 and $6,208,558, respectively.

INTEREST PAYABLE and NOTES PAYABLE in the Statement of Financial Position at December 31, 1998 and December 31, 1997 include amounts relating to Series A, B and C Notes as follows:

<TABLE>
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AT DECEMBER 31, 1998

<S>	Series C <C>
Interest payable	$ 238,735
Notes payable - current	$20,600,090
Notes payable - non-current	-0-
Total	$20,600,090

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<TABLE>
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AT DECEMBER 31, 1997

<S>	Series A <C>	Series B <C>	Series C <C>	Total <C>
Interest payable	$ 135,538	$ 52,389	$ 284,487	$ 472,414
Notes payable - current	$11,695,361	$4,520,521	$ 2,250,000	$18,465,882
Notes payable - non-current	--	--	22,297,924	22,297,924
Total	$11,695,361	$4,520,521	$24,547,924	$40,763,806

</TABLE>

NOTE 6 - RELATED PARTIES

DUE TO AFFILIATES in the Statement of Financial Position at December 31, 1998 and December 31, 1997, includes (i) the asset management fee payable to SFD Holding of $78,867 and $115,567, respectively (ii) the equity return fee payable to SFD Holding of $31,886 and $54,346, respectively, and professional fees paid by SFD Holding on SAMCO's behalf of $-0- and $90,639, respectively.

UNDERWRITING DISCOUNTS
NYLIFE Securities Inc. (a wholly owned subsidiary of NYLIFE Inc.), the sales agent, received Underwriting Discounts equal to 4% of the gross proceeds of the Notes.

FINANCIAL ADVISORY FEE
SFD Holding received a Financial Advisory Fee equal to 2% of gross proceeds of the Notes for its assistance in structuring the issuance of Notes and the acquisition of Contracts.

OFFERING AND ORGANIZATION REIMBURSEMENT
SFD Holding received an Offering and Organizational Expense allowance of 2% of the gross proceeds of the Notes. Any Offering and Organizational Expenses which, when aggregated with Underwriting Discounts and the Financial Advisory Fee, exceeded 8% of the gross proceeds of the Notes, were paid by SFD Holding.

EQUITY RETURN FEE
For providing equity (through an affiliate) to Westinghouse Security Systems, L.P., a partnership formed in 1991 to acquire Contracts, SFD Holding is entitled to receive annually (but paid quarterly), an amount equal to .75% of the first 12 full months of AMR. This payment is subordinate to the payment of (i) the Servicer Basic Monitoring Fee, (ii) principal and interest on the Notes, (iii) taxes on operating income and (iv) administrative expenses.

ASSET MANAGEMENT FEE
SFD Holding is entitled to receive an annual asset management fee equal to 1% of the product of (A) the purchase price multiple of the Contracts then securing the Notes, and (B) the average monthly monitoring revenues for the Contracts then securing the Notes, with the product multiplied by (C) the aggregate number of Contracts then securing the Notes. Such fee is subordinate to the payment of (i) the Servicer Basic Monitoring Fee, (ii) principal and interest on the Notes, (iii) the Servicer Subordinated Monitoring Fee, (iv) taxes on operating income, (v) administrative expenses and (vi) the equity return fee.

NOTE 7 - LEGAL PROCEEDINGS

On March 2, 1998, WestSec filed a state court action against SAMCO in Dallas County, Texas seeking a determination that it does not have to purchase from SAMCO what WestSec calls "person reassignment accounts," and that it is entitled to costs and reasonable attorneys fees. These accounts, WestSec argues, are "accounts that are with a customer who (1) had an account owned by SAMCO which was terminated due to the relocation of the customer and (2) entered

into a new security alarm contract with WEC or WestSec at the customer's new location within 120 days after terminating his or her account at the prior location." WestSec contends that such accounts are not included within the collateral securing SAMCO's Notes.

As discussed previously in Note 5, the dispute was resolved pursuant to the Settlement Agreement.

NOTE 8 - SUBSEQUENT EVENTS

DISTRIBUTION TO SERIES C NOTEHOLDERS
On February 16, 1999, SAMCO distributed $2,102,568 to the Series C Noteholders which included (i) interest at an annualized rate of 9.00%, (ii) the required quarterly principal repayment of 1.25%, and (iii) additional principal repayment of 0.024%. Subsequent to this distribution, the outstanding principal amount of the Series C Notes is $18,964,835.

DISTRIBUTION TO MEMBERS
On March 10, 1999, SAMCO distributed $12,249,510 and $2,450,490 to SFD Holding and NDC, respectively.

DEFEASANCE OF SERIES C NOTES
On March 19, 1999, SAMCO obtained a release of the lien of the Security

Agreement as required by Section 7.1(b) of the Indenture and was therefore relieved of its obligations under the Series C Notes, the Indenture and the Security Agreement.

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