

# SECURITIES AND EXCHANGE COMMISSION

## FORM 10-K

Annual report pursuant to section 13 and 15(d)

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### FILER

#### **IDS CERTIFICATE CO /MN/**

CIK: **52428** | IRS No.: **416009975** | State of Incorpor.: **DE** | Fiscal Year End: **1231**  
Type: **10-K** | Act: **34** | File No.: **811-00002** | Film No.: **99574510**

Business Address  
*IDS TOWER 10*  
*MINNEAPOLIS MN 55440*  
*6123723131*

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 30(a) OF THE INVESTMENT COMPANY ACT  
OF 1940 AND SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 1998

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to

\_\_\_\_\_.

Commission file number 2-23772.

IDS Certificate Company

-----  
(Exact name of registrant as specified in its charter)

Delaware

41-6009975

-----  
(State or other jurisdiction of (I.R.S. Employer Identification No.)  
incorporation or organization)

IDS Tower 10, Minneapolis, Minnesota

55440

-----  
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code (612) 671-3131

Securities registered pursuant to Section 12(b) of the Act:

Title of each class: None Name of each exchange on which registered: None

Securities registered pursuant to Section 12(g) of the Act:

Title of class: 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  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.

Aggregate market value of the voting stock held by non-affiliates of the  
registrant. None

Indicate the number of shares outstanding of each of the registrant's classes of  
common stock, as of the latest practicable date.

150,000 Common shares  
CERTAIN DOCUMENTS INCORPORATED BY REFERENCE.  
None

The registrant meets the conditions set forth in General Instructions I(1)(a)  
and (b) of Form 10-K and is therefore filing this form with the reduced  
disclosure format.

The Exhibit Index is located on sequential pages 18-20.

Item 1. Business

IDS Certificate Company (IDSC) is incorporated under the laws of

Delaware. Its principal executive offices are located in the IDS Tower, Minneapolis, Minnesota, and its telephone number is (612) 671-3131. American Express Financial Corporation (formerly known as IDS Financial Corporation), a Delaware corporation, IDS Tower 10, Minneapolis, Minnesota 55440-0010, owns 100% of the outstanding voting securities of IDSC. As of January 1, 1995 IDS Financial Corporation changed its name to American Express Financial Corporation. American Express Financial Corporation is a wholly owned subsidiary of American Express Company (American Express), a New York Corporation, with headquarters at American Express Tower, World Financial Center, New York, New York.

IDSC is a face-amount certificate investment company, registered under the Investment Company Act of 1940 (1940 Act). IDSC is in the business of issuing face-amount certificates. Face-amount certificates issued by IDSC entitle the certificate owner to receive, at maturity, a stated amount of money and interest or credits declared from time to time by IDSC, in its discretion.

IDSC is continuously engaged in new product development. IDSC currently offers nine certificates to the public: "IDS Cash Reserve Certificate," "IDS Flexible Savings Certificate" (formerly "IDS Variable Term Certificate"), "IDS Installment Certificate," "IDS Preferred Investors Certificate," "IDS Stock Market Certificate" (marketed in some channels as "American Express Stock Market Certificate"), "IDS Market Strategy Certificate," "American Express Investors Certificate" (including a form of American Express Investors Certificate offered to select investors who, among other things, invest at least \$50 million in the certificate), and "American Express Special Deposits." The American Express Special Deposits is only marketed in England and Hong Kong and is not registered for sale in the United States. All certificates are currently sold without a sales charge. The IDS Installment Certificate, the IDS Flexible Savings Certificate, the IDS Stock Market Certificate (including the American Express Stock Market Certificate), the IDS Preferred Investors Certificate, the IDS Market Strategy Certificate, the American Express Investors Certificate and the American Express Special Deposits currently bear surrender charges for premature surrenders. All of the above described certificates, except the American Express Special Deposits, are distributed pursuant to a Distribution Agreement with American Express Financial Advisors Inc. (formerly known as IDS Financial Services Inc.), an affiliate of IDSC. With respect to the American Express Investors Certificate and the American Express Stock Market Certificate, American Express Financial Advisors Inc., in turn, has Selling Agent Agreements with American Express Bank International (AEBI), a subsidiary of American Express, and Coutts & Co. (USA) International (Coutts), a subsidiary of National Westminster Bank PLC, for selling the certificates. With respect to the American Express Special Deposits, IDSC has a Marketing Agreement with American Express Bank Ltd. (AEB), a subsidiary of American Express, for marketing the certificate. IDSC has a Distribution Agreement with American Express Service Corporation (AESC) under which AESC can distribute the IDS Stock Market Certificate and potentially other certificates through a direct marketing channel of distribution known as American Express Financial Direct. As of December 31, 1998, no certificates have been distributed through AESC. With respect to IDS Stock Market Certificate, American Express Financial Advisors Inc. has a Selling Agent Agreement effective March 1999 with Securities America Inc., an affiliate of IDSC. There is no assurance that IDS certificates will be distributed by AESC or sold by Securities America Inc.

AEBI and Coutts are Edge Act corporations organized under the provisions of Section 25(a) of the Federal Reserve Act. American Express Financial Advisors Inc. has entered into a consulting agreement with AEBI under which AEBI provides consulting services related to any selling agent agreements between American Express Financial Advisors Inc. and other Edge Act corporations.

IDSC also offers one certificate in connection with certain employee benefit plans available to eligible American Express Financial Corporation employees, financial advisors, retirees, and eligible employees of the IDS Mutual Fund Group, and to IRAs of persons retired as employees or financial advisors with American Express Financial Corporation. This certificate is called the Series D-1 Investment Certificate.

Except for the American Express Investors Certificate and the American Express Special Deposits, all of the certificates are available as qualified investments for Individual Retirement Accounts (IRAs), or 401(k) plans and other qualified retirement plans.

The specified maturities of the certificates range from ten to twenty years. Within that maturity period, most certificates have terms ranging from three to thirty-six months. Interest rates change and certificate owners can surrender their certificates without penalty at term end.

The IDS Cash Reserve Certificate is a single pay certificate that permits additional investments and on which IDSC guarantees interest in advance for a three-month term.

The IDS Flexible Savings Certificate is a single payment certificate

that permits a limited amount of additional payments and on which IDSC guarantees interest in advance for a term of 6, 12, 18, 24, 30, or 36 months, and potentially other terms, at the buyer's option.

The IDS Installment Certificate is an installment payment certificate that declares interest in advance for a three-month period and offers bonuses in the second through ninth years for regular investments.

The IDS Stock Market Certificate is a single payment certificate that offers the certificate owner the opportunity to have all or part of his/her interest tied to 52-week stock market performance, as measured by a broad stock market index, with return of principal guaranteed by IDSC. The owner can also choose to earn a fixed rate of interest. This certificate is sold to clients of American Express Financial Advisors Inc., and is available through Securities America Inc. under a Selling Agent Agreement effective March 1999 with American Express Financial Advisors Inc., and may be available from time to time through American Express Service Corporation under its Distribution Agreement with IDSC. This certificate is marketed as the American Express Stock Market Certificate by AEBI and Coutts, under Selling Agent Agreements with American Express Financial Advisors Inc., to AEBI's clients and certain of Coutts' clients, respectively, who are neither citizens nor residents of the United States.

The IDS Market Strategy Certificate is a single payment certificate that pays interest at a fixed rate or that offers the owner the opportunity to have all or part of his/her interest tied to 52-week stock market performance as measured by a broad stock market index, for a series of 52-week terms starting every month or at intervals the owner selects.

The American Express Investors Certificate is a single payment certificate that generally permits additional payments within 15 days of term renewal. Interest rates are guaranteed in advance by IDSC for a term of 1, 2, 3, 6, 12, 24, or 36 months, at the buyer's option. This certificate is currently sold by AEBI and Coutts, under Selling Agent Agreements with American Express Financial Advisors Inc., only to AEBI's clients and certain of Coutts' clients, respectively, who are neither citizens nor residents of the United States.

The IDS Preferred Investors Certificate is a single payment certificate that combines a fixed rate of return with IDSC's guarantee of principal for investments of \$250,000 to \$5,000,000.

The American Express Special Deposits is a single payment certificate that generally permits additional payments within 15 days of term renewal. Interest rates are guaranteed in advance by IDSC for a term of 1, 2, 3, 6, 12, 24, or 36 months (by the date of term renewal in the case of 1-month terms), at the buyer's option. This certificate is currently marketed by AEB through its London and Hong Kong offices, under a Marketing Agreement with IDSC, only to AEB's clients who are neither citizens nor residents of the United States. This certificate is not registered for sale in the United States.

To IDSC's knowledge, IDSC is by far the largest issuer of face-amount certificates in the United States. However, such certificates compete with many other investments offered by banks, savings and loan associations, mutual funds, broker-dealers and others, which may be viewed by potential clients as offering a comparable or superior combination of safety and return on investment. In particular, some of IDSC's products are designed to be competitive with the types of investment offered by banks and thrifts. Since IDSC's face-amount certificates are securities, their offer and sale are subject to regulation under federal and state securities laws. IDSC's certificates are backed by its qualified assets on deposit and are not insured by any governmental agency or other entity.

For all the certificates, except for the American Express Investors Certificate, IDS Preferred Investors Certificate, and the American Express Special Deposits, IDSC's current policy is to re-evaluate the certificate rates weekly to respond to marketplace changes. For the American Express Investors Certificate, IDS Preferred Investors Certificate, and the American Express Special Deposits, IDSC's current policy is to re-evaluate the rates on a daily basis. For each product, IDSC refers to an independent index to set the rates for new sales. Except for American Express Special Deposits, IDSC must set the rates for an initial purchase of the certificate within a specified range of the rate from such index. For renewals, IDSC uses such rates as an indication of the competitors' rates, but is not required to set rates within a specified range.

For the IDS Flexible Savings Certificate, IDS Cash Reserve Certificate and the IDS Series D-1 Investment Certificate, the published rates of the BANK RATE MONITOR Top 25 Market Average tm for various length bank certificates of deposit are used as the guide in setting rates. For the IDS Installment Certificate, the average interest rate for money market deposit accounts, as published by the BANK RATE MONITOR Top 25 Market Average (the BRM Average), is used as a guide in setting rates. For the American Express Investors Certificate, IDS Preferred Investors Certificate, and American Express Special

Deposits, the published average rates for comparable length dollar deposits available on an interbank basis, referred to as the London Interbank Offered Rates (LIBOR), are used as a guide in setting rates.

To compete with popular short-term investment vehicles such as certificates of deposit, money market certificates and money market mutual funds that offer comparable yields, liquidity and safety of principal, IDSC offers the IDS Cash Reserve Certificate and the IDS Flexible Savings Certificate. The yields and features on these products are designed to be competitive with such short-term products. The American Express Investors Certificate, IDS Preferred Investors Certificate and American Express Special Deposits also compete with short-term products but use LIBOR rates. The IDS Installment Certificate is intended to help clients save systematically and may compete with passbook savings and NOW accounts. The IDS Stock Market Certificate, American Express Stock Market Certificate and IDS Market Strategy Certificate are designed to offer interest tied to a major stock market index and principal guaranteed by IDSC. Certain banks offer certificates of deposit that have features similar to the Stock Market Certificate and Market Strategy Certificate.

IDSC's gross income is derived principally from interest and dividends generated by its investments. IDSC's net income is determined by deducting from such gross income its provision for certificate reserves, and other expenses, including taxes, the fee paid to American Express Financial Corporation for advisory and other services, the distribution fees paid to American Express Financial Advisors Inc., and marketing fees paid to AEB.

Various forward-looking statements have been made in this 10-K Annual Report, in particular with regard to Year 2000 issues. Forward-looking statements may also be made by IDSC in other documents. In addition, from time to time, IDSC through its management may make oral forward-looking statements. Forward-looking statements are subject to uncertainties that could cause actual results to differ materially from such statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date on which they are made. IDSC undertakes no obligation to update publicly or revised any forward-looking statements.

The following table shows IDSC's certificate payments received and certificate surrenders for the three years ended December 31, 1998:

<u>&lt;TABLE&gt;</u> <u>&lt;CAPTION&gt;</u> <u>&lt;S&gt;</u>	<u>&lt;C&gt;</u> 1998 ----	<u>&lt;C&gt;</u> 1997 ----	<u>&lt;C&gt;</u> 1996 ----
	(\$ in Millions)		
Single Payment Certificates			
Non-Qualified			
Payments through:			
American Express Financial Advisors Inc.	\$ 685.3	\$ 860.2	\$ 614.2
AEBI, AEB, and Coutts	303.0	483.5	304.9
Surrenders through:			
American Express Financial Advisors Inc.	922.9	733.3	1,062.9
AEBI, AEB, and Coutts	370.6	287.5	297.4
Qualified			
Payments through:			
American Express Financial Advisors Inc.	122.4	135.	99.9
Surrenders through:			
American Express Financial Advisors Inc.	164.7	141.0	165.4
Installment Payment Certificates			
Through American Express Financial Advisors Inc.			
Non-Qualified			
Payments	80.4	99.5	108.3
Surrenders	118.5	103.2	98.0
Qualified			
Payments	1.0	1.4	1.7
Surrenders	2.5	2.6	2.6

</TABLE>  
In 1998, approximately 27% of single payment certificate payments were through AEBI, AEB, and Coutts, and approximately 11% of single payment certificate payments and 1% of installment certificate payments were of tax-qualified certificates for use in IRAs, 401(k) plans and other qualified retirement plans.

The certificates offered by American Express Financial Advisors Inc. are sold pursuant to a distribution agreement which is terminable on 60 days' notice and is subject to annual approval by IDSC's Board of Directors, including

a majority of the directors who are not "interested persons" of American Express Financial Advisors Inc. or IDSC as that term is defined in the 1940 Act. The agreement provides for the payment of distribution fees to American Express Financial Advisors Inc. for services provided thereunder. American Express Financial Advisors Inc. is a wholly owned subsidiary of American Express Financial Corporation. For the sale of the American Express Investors Certificate and the American Express Stock Market Certificate, American Express Financial Advisors Inc., in turn, has Selling Agent Agreements with AEBI and Coutts. For the sale of IDS Stock Market Certificate, American Express Financial Advisors Inc. has a Selling Agent Agreement with Securities America Inc. effective March 1999. For the distribution of the IDS Stock Market Certificate through American Express Financial Direct, IDSC has a distribution agreement with American Express Service Corporation. For marketing American Express Special Deposits, IDSC has a Marketing Agreement with AEB. These agreements are terminable upon 60 days' notice and subject to annual review by directors who are not "interested persons" of American Express Financial Advisors Inc. or IDSC except that such annual review is not required for selling agent agreements.

IDSC receives advice, statistical data and recommendations with respect to the acquisition and disposition of securities for its portfolio from American Express Financial Corporation, under an investment management agreement which is subject to annual review by IDSC's Board of Directors, including a majority of the directors who are not "interested persons" of American Express Financial Corporation or IDSC.

IDSC is required to maintain cash and "qualified investments" meeting the standards of Section 28(b) of the 1940 Act, as modified by an order of the Securities and Exchange Commission (the SEC). The amortized cost of said investments must be at least equal to IDSC's net liabilities on all outstanding face-amount certificates plus \$250,000. So long as IDSC wishes to rely on the SEC order, as a condition to the order IDSC has agreed to maintain an amount of unappropriated retained earnings and capital equal to at least 5% of net certificate reserves. For these purposes, net certificate reserves means certificate reserves less outstanding certificate loans. In determining compliance with this condition, qualified investments are valued in accordance with the provisions of Minnesota Statutes where such provisions are applicable. IDSC's qualified assets consist of cash and cash equivalents, first mortgage loans on real estate, U.S. government and government agency securities, municipal bonds, corporate bonds, preferred stocks and other securities meeting specified standards. IDSC is subject to annual examination and supervision by the State of Minnesota, Department of Commerce (Banking Division).

Distribution fees on sales of certain certificates are deferred and amortized over the estimated lives of the related certificates, which is approximately 10 years. Upon surrender, unamortized deferred distribution fees and any related surrender charges are recognized in income. Thus, these certificates must remain in effect for a period of time to permit IDSC to recover such costs.

Item 2. Properties

None.

Item 3. Legal Proceedings

Registrant has no material pending legal proceedings other than ordinary routine litigation incidental to its business.

Item 4. Submission of Matters to a Vote of Security Holders

Item omitted pursuant to General Instructions I(2)(c) of Form 10-K.

PART II

Item 5. Market for the Registrant's Common Stock and Related Stockholder Matters

There is no market for the Registrant's common stock since it is a wholly owned subsidiary of American Express Financial Corporation and, indirectly, of American Express. Frequency and amount of cash dividends declared during the past two years are as follows:

Dividend Payable Date	
For the year ended December 31, 1998:	
April 8, 1998	\$ 4,500,000
November 17, 1998	25,000,000
	-----
	\$29,500,000
Dividend Payable Date	

Restriction on the Registrant's present or future ability to pay dividends:

Certain series of installment certificates outstanding provide that cash dividends may be paid by IDSC only in calendar years for which additional credits of at least 1/2 of 1% on such series of certificates have been authorized by IDSC. This restriction has been removed for 1999 and 2000 by IDSC's declaration of additional credits in excess of this requirement.

Appropriated retained earnings resulting from the predeclaration of additional credits to IDSC's certificate owners are not available for the payment of dividends by IDSC. In addition, IDSC will discontinue issuance of certificates subject to the predeclaration of additional credits and will make no further predeclaration as to outstanding certificates if at any time the capital and unappropriated retained earnings of IDSC should be less than 5% of net certificate reserves (certificate reserves less certificate loans). At December 31, 1998, the capital and unappropriated retained earnings amounted to 6.20% of net certificate reserves.

#### Item 6. Selected Financial Data

Summary of selected financial information

<TABLE>

<CAPTION>

The following selected financial information has been derived from the audited financial statements and should be read in conjunction with those statements and the related notes to financial statements. Also see "Management's discussion and analysis of financial condition and results of operations" for additional comments.

<S> Year Ended Dec. 31,	<C> 1998	<C> 1997	<C> 1996	<C> 1995	<C> 1994
-----					
(\$ thousands)					
Statement of Operations Data					
Investment income	\$273,135	\$258,232	\$251,481	\$256,913	\$207,975
Investment expenses	76,811	70,137	62,851	62,817	58,690
-----					
Net investment income before provision for certificate reserves and income tax benefit	196,324	188,095	188,630	194,096	149,285
Net provision for certificate reserves	167,108	165,136	171,968	176,407	107,288
-----					
Net investment income before income tax benefit	29,216	22,959	16,662	17,689	41,997
Income tax benefit	265	3,682	6,537	9,097	2,663
-----					
Net investment income	29,481	26,641	23,199	26,786	44,660
-----					
Net realized gain (loss) on investments:					
Securities of unaffiliated issuers	5,143	980	(444)	452	(7,514)
Other - unaffiliated	-	-	101	(120)	1,638
-----					
Net realized gain (loss) on investments before income taxes	5,143	980	(343)	332	(5,876)
Income tax (expense) benefit	(1,800)	(343)	120	(117)	2,047
-----					
Net realized gain (loss) on investments	3,343	637	(223)	215	(3,829)
Net income - wholly owned subsidiary	1,646	328	1,251	373	241
-----					
Net income	\$34,470	\$27,606	\$24,227	\$27,374	\$41,072
-----					
Cash Dividends Declared	\$29,500	\$-	\$65,000	\$-	\$40,200
-----					
Balance Sheet Data					
Total assets	\$3,834,244	\$4,053,648	\$3,563,234	\$3,912,131	\$3,040,857
Certificate loans	32,343	37,098	43,509	51,147	58,203
Certificate reserves	3,404,883	3,724,978	3,283,191	3,628,574	2,887,405
Stockholder's equity	222,033	239,510	194,550	250,307	141,852
-----					

IDS Certificate Company (IDSC) is 100% owned by American Express Financial

Item 7.

Management's discussion and analysis of financial condition and results of operations

Results of operations:

IDS Certificate Company's (IDSC) earnings are derived primarily from the after-tax yield on invested assets less investment expenses and interest credited on certificate reserve liabilities. Changes in earnings' trends occur largely due to changes in the rates of return on investments and the rates of interest credited to certificate owner accounts and also, the mix of fully taxable and tax-advantaged investments in the IDSC portfolio.

During the year 1998, total assets and certificate reserves decreased due primarily to certificate maturities and surrenders exceeding certificate sales. The excess of certificate maturities and surrenders over certificate sales resulted primarily from lower accrual rates declared by IDSC during the year. The decrease in total assets in 1998 reflects also, a decrease in net unrealized appreciation on investment securities classified as available for sale of \$35 million and cash dividends paid to Parent of \$30 million.

During the year 1997, total assets and certificate reserves increased due to certificate sales exceeding certificate maturities and surrenders. The excess of certificate sales over maturities and surrenders resulted primarily from a special introductory offer of the seven- and 13-month term IDS Flexible Savings Certificate. The increase in total assets in 1997 reflects also, an increase of \$27 million in net unrealized appreciation on investment securities classified as available for sale.

1998 Compared to 1997:

Gross investment income increased 5.8% due primarily to a higher average balance of invested assets partially offset by slightly lower yields.

Investment expenses increased 9.5% in 1998. The increase resulted primarily from higher amortization of premiums paid for index options of \$6.4 million, higher interest expense on reverse repurchase and interest rate swap agreements of \$5.2 million, and \$3.9 million of fees paid under a transfer agent agreement with American Express Client Service Corporation effective Jan. 1, 1998. Prior to Jan. 1, 1998, transfer agent services were provided by AEFEC under the investment advisory and services fee agreement. These higher expenses were partially offset by lower investment advisory and services fees of \$8.1 million and lower distribution fees of \$.7 million.

Net provision for certificate reserves increased 1.2% due primarily to the net of a higher average balance of certificate reserves and lower accrual rates during 1998.

The decrease in income tax benefit resulted primarily from a lesser portion of net investment income before income tax benefit being attributable to tax-advantaged income.

1997 Compared to 1996:

Gross investment income increased 2.7% due primarily to a higher average balance of invested assets.

Investment expenses increased 12% in 1997. The increase resulted primarily from higher amortization of premiums paid for index options of \$4.4 million, higher distribution fees of \$1.8 million and \$3.2 million of interest expense on reverse repurchase and interest rate swap agreements entered into in 1997. These higher expenses were partially offset by \$2.3 million lower amortization of premiums paid for interest rate caps, corridors and floors due primarily to the expiration of the cap and corridor agreements in 1996 and early 1997.

Net provision for certificate reserves decreased 4.0% due primarily to the net of lower accrual rates and a higher average balance of certificate reserves during 1997.

The decrease in income tax benefit resulted primarily from a lesser portion of net investment income before income tax benefit being attributable to tax-advantaged income.

Liquidity and cash flow:

IDSC's principal sources of cash are payments from sales of face-amount certificates and cash flows from investments. In turn, IDSC's principal uses of



cash are payments to certificate owners for matured and surrendered certificates, purchase of investments and payments of dividends to its Parent.

Certificate sales remained strong in 1998 reflecting clients' ongoing desire for safety of principal. Sales of certificates totaled \$1.1 billion in 1998 compared to \$1.5 billion in 1997 and \$1.0 billion in 1996. The higher certificate sales in 1997 over 1996 resulted primarily from a special introductory promotion of the seven- and 13-month term IDS Flexible Savings Certificate which produced sales of \$238 million. Certificate sales in 1997 benefited also, from higher sales of the IDS Preferred Investors Certificate of \$113 million and sales of the American Express Special Deposits Certificate of \$85 million. The IDS Preferred Investors Certificate was first offered for sale early in the last quarter of 1996. The American Express Special Deposits Certificate was first offered for sale to private banking clients of American Express Bank Ltd. in Hong Kong late in the third quarter of 1997.

The special promotion of the seven- and 13-month term IDS Flexible Savings Certificate was offered from Sept. 10, 1997 to Nov. 25, 1997, and applied only to sales of new certificate accounts during the promotion period. Certificates sold during the promotion period received a special interest rate, determined on a weekly basis, of one percentage point above the Bank Rate Monitor Top 25 Market Average<sup>TM</sup> of comparable length certificates of deposit.

Certificate maturities and surrenders totaled \$1.7 billion during 1998 compared to \$1.3 billion in 1997 and \$1.7 billion in 1996. The higher certificate maturities and surrenders in 1998 resulted primarily from \$242 million of surrenders of the seven- and 13-month IDS Flexible Savings Certificate. The higher certificate maturities and surrenders in 1996 resulted primarily from \$461 million of surrenders of the 11-month IDS Flexible Savings Certificate. These surrenders resulted primarily from lower accrual rates declared by IDSC at term renewal, reflecting interest rates available in the marketplace.

IDSC, as an issuer of face-amount certificates, is affected whenever there is a significant change in interest rates. In view of the uncertainty in the investment markets and due to the short-term repricing nature of certificate reserve liabilities, IDSC continues to invest in securities that provide for more immediate, periodic interest/principal payments, resulting in improved liquidity. To accomplish this, IDSC continues to invest much of its cash flow in intermediate-term bonds and mortgage-backed securities.

IDSC's investment program is designed to maintain an investment portfolio that will produce the highest possible after-tax yield within acceptable risk standards with additional emphasis on liquidity. The program considers investment securities as investments acquired to meet anticipated certificate owner obligations.

Under Statement of Financial Accounting Standards (SFAS) No. 115, "Accounting for Certain Investments in Debt and Equity Securities", debt securities that IDSC has both the positive intent and ability to hold to maturity are carried at amortized cost. Debt securities IDSC does not have the positive intent to hold to maturity, as well as all marketable equity securities, are classified as available for sale and carried at fair value. The available-for-sale classification does not mean that IDSC expects to sell these securities, but that under SFAS No. 115 positive intent criteria, these securities are available to meet possible liquidity needs should there be significant changes in market interest rates or certificate owner demand. See notes 1 and 3 to the financial statements for additional information relating to SFAS No. 115.

At Dec. 31, 1998, securities classified as held to maturity and carried at amortized cost were \$.6 billion. Securities classified as available for sale and carried at fair value were \$2.7 billion. These securities, which comprise 88% of IDSC's total invested assets, are well diversified. Of these securities, 97% have fixed maturities of which 90% are of investment grade. Other than U.S. Government Agency mortgage-backed securities, no one issuer represents more than 1% of total securities. See note 3 to financial statements for additional information on ratings and diversification.

During the year ended Dec. 31, 1998, IDSC accepted a tender offer of a held-to-maturity security with an amortized cost and fair value of \$6.2 million. During the same period in 1998, securities classified as available for sale were sold with an amortized cost and fair value of \$343 million and \$346 million, respectively. The securities were sold in general management of the investment portfolio.

There were no transfers of available-for-sale or held-to-maturity securities during the years ended Dec. 31, 1998 and 1997.

#### Market risk and derivative financial instruments:

The sensitivity analysis of two different tests of market risk discussed below estimate the effects of hypothetical sudden and sustained changes in the applicable market conditions on the ensuing year's earnings based on year-end positions. The market changes, assumed to occur as of year-end, are a 100 basis

point increase in market interest rates and a 10% decline in a major stock market index. Computation of the prospective effects of hypothetical interest rate and major stock market index changes are based on numerous assumptions, including relative levels of market interest rates and the major stock market index level, as well as the levels of assets and liabilities. The hypothetical changes and assumptions will be different than what actually occurs in the future. Furthermore, the computations do not anticipate actions that may be taken by management if the hypothetical market changes actually occurred over time. As a result, actual earnings affects in the future will differ from those quantified below.

IDSC primarily invests in intermediate-term and long-term fixed income securities to provide its certificate owners with a competitive rate of return on their certificates while managing risk. These investment securities provide IDSC with a historically dependable and targeted margin between the interest rate earned on investments and the interest rate credited to certificate owners' accounts. IDSC does not invest in securities to generate trading profits for its own account.

IDSC's Investment Committee, which comprises senior business managers, meets regularly to review models projecting different interest rate scenarios and their impact on IDSC's profitability. The committee's objective is to structure IDSC's portfolio of investment securities based upon the type and behavior of the certificates in the certificate reserve liabilities, to achieve targeted levels of profitability and meet certificate contractual obligations.

Rates credited to certificate owners' accounts are generally reset at shorter intervals than the maturity of underlying investments. Therefore, IDSC's margins may be negatively impacted by increases in the general level of interest rates. Part of the committee's strategies include the purchase of derivatives, such as interest rate caps, corridors, floors and swaps, for hedging purposes. On two series of certificates, interest is credited to the certificate owners' accounts based upon the relative change in a major stock market index between the beginning and end of the certificates' terms. As a means of hedging its obligations under the provisions of these certificates, the committee purchases and writes call options on the major stock market index. See note 9 to the financial statements for additional information regarding derivative financial instruments.

The negative impact on IDSC's pretax earnings of the 100 basis point increase in interest rates, which assumes repricings and customer behavior based on the application of proprietary models to the book of business at Dec. 31, 1998 and 1997, would be approximately \$7.5 million and \$5.9 million for 1998 and 1997, respectively. The 10% decrease in a major stock market index level would have a minimal impact on IDSC's pretax earnings as of Dec. 31, 1998 and 1997, because the income effect is a decrease in option income and a corresponding decrease in interest credited to the IDS and American Express Stock Market Certificate owners' accounts.

#### Year 2000 Issue:

IDSC is a wholly owned subsidiary of American Express Financial Corporation (AEFC), which is a wholly owned subsidiary of American Express Company (American Express). All of the major systems used by IDSC are maintained by AEFC and are utilized by multiple subsidiaries and affiliates of AEFC. American Express is coordinating Year 2000 (Y2K) efforts on behalf of all of its businesses and subsidiaries. Representatives of AEFC are participating in these efforts. The Y2K issue is the result of computer programs having been written using two digits rather than four to define a year. Some programs may recognize a date using "00" as the year 1900 rather than 2000. This misinterpretation could result in the failure of major systems or miscalculations, which could have a material impact on American Express and its businesses and subsidiaries through business interruption or shutdown, financial loss, reputation damage and legal liability to third parties. American Express and AEFC began addressing the Y2K issue in 1995 and have established a plan for resolution, which involves the remediation, decommissioning and replacement of relevant systems, including mainframe, mid-range and desktop computers, application software, operating systems, systems software, data back-up archival and retrieval services, telephone and other communications systems, and hardware peripherals and facilities dependent on embedded technology. As part of their plan, American Express has generally followed and utilized the specific policies and guidelines established by the

Federal Financial Institutions Examination Council, as well as other U.S. and international regulatory agencies. Additionally, American Express continues to participate in Y2K related industry consortia sponsored by various partners and suppliers. Progress is reviewed regularly with IDSC's senior management and American Express' senior management and Board of Directors.

American Express' and AEFC's Y2K compliance effort related to information technology (IT) systems is divided into two initiatives. The first, which is the

much larger initiative, is known internally as "Millenniax," and relates to mainframe and other technological systems maintained by the American Express Technologies organization. The second, known as "Business T," relates to the technological assets that are owned, managed or maintained by American Express' individual business units, including AEFC. Business T also encompasses the remediation of non-IT systems. These initiatives involve a substantial number of employees and external consultants. This multiple sourcing approach is intended to mitigate the risk of becoming dependent on any one vendor or resource. While the vast majority of American Express' and AEFC's systems that require modification are being remediated, in some cases they have chosen to migrate to new applications that are already Y2K compliant.

American Express's and AEFC's plans for remediation with respect to Millenniax and Business T include the following program phases: (i) employee awareness and mobilization, (ii) inventory collection and assessment, (iii) impact analysis, (iv) remediation/decommission, (v) testing and (vi) implementation. As part of the first three phases, American Express and AEFC have identified their mission-critical systems for purposes of prioritization. American Express' and AEFC's goals are to complete testing of critical systems by early 1999, and to continue compliance efforts, including but not limited to, the testing of systems on an integrated basis and independent validation of such testing, through 1999.\*\* American Express and AEFC are currently on schedule to meet these goals. With respect to systems maintained by American Express and AEFC, the first three phases referred to above have been substantially completed for both Millenniax and Business T. In addition, remediation of critical systems is substantially complete. As of Dec. 31, 1998, for Millenniax for American Express, the remediation/decommission, testing and implementation phases for critical and non-critical systems in total are 82%, 75% and 60% complete, respectively. For Millenniax for AEFC, such phases are 99%, 97% and 97% complete, respectively. For Business T for American Express, such phases are 85%, 70% and 69% complete, respectively. For Business T for AEFC, such phases are 74%, 62% and 62% complete, respectively.

American Express' most commonly used methodology for remediation is the sliding window. Once an application/system has been remediated, American Express applies specific types of tests, such as stress, regression, unit, future date and baseline to ensure that the remediation process has achieved Y2K compliance while maintaining the fundamental data processing integrity of the particular system. To assist with remediation and testing, American Express is using various standardized tools obtained from a variety of vendors.

American Express's cumulative costs since inception of the Y2K initiatives were \$383 million through Dec. 31, 1998 and are estimated to be in the range of \$135-\$160 million for the remainder through 2000.\*\* AEFC's cumulative costs since inception of the Y2K initiative were \$56 million through Dec. 31, 1998 and are estimated to be in the range of \$13-\$19 million for the remainder through 2000.\*\* These include both remediation costs and costs related to replacements that were or will be required as a result of Y2K. These costs, which are expensed as incurred, relate to both Millenniax and Business T, and have not had, nor are they expected to have, a material adverse impact on American Express', AEFC's or IDSC's results of operations or financial condition.\*\* Costs related to Millenniax, which represent most of the total Y2K costs of American

Express, are managed by and included in the American Express corporate level financial results; costs related to Business T are included in American Express' individual business segment's financial results, including AEFC's. American Express and AEFC have not deferred other critical technology projects or investment spending as a result of Y2K. However, because American Express and AEFC must continually prioritize the allocation of finite financial and human resources, certain non-critical spending initiatives have been deferred.

American Express' and AEFC's major businesses are heavily dependent upon internal computer systems, and all have significant interaction with systems of third parties, both domestically and internationally. American Express and AEFC are working with key external parties, including merchants, clients, counterparties, vendors, exchanges, utilities, suppliers, agents and regulatory agencies to mitigate the potential risks to American Express and AEFC of Y2K. The failure of external parties to resolve their own Y2K issues in a timely manner could result in a material financial risk to American Express or AEFC. As part of their overall compliance program, American Express and AEFC are actively communicating with third parties through face-to-face meetings and correspondence, on an ongoing basis, to ascertain their state of readiness. Although numerous third parties have indicated to American Express and AEFC in writing that they are addressing their Y2K issues on a timely basis, the readiness of third parties overall varies across the spectrum. Because American Express' and AEFC's Y2K compliance is dependent on key third parties being compliant on a timely basis, there can be no assurances that American Express' and AEFC's efforts alone will resolve all Y2K issues.

At this point, American Express and AEFC are in the process of performing an assessment of reasonably likely Y2K systems failures and related consequences. American Express is also preparing specific Y2K contingency plans for all key

American Express business units, including AEFC, to mitigate the potential impact of such failures. This effort is a full-scale initiative that includes both internal and external experts under the guidance of an American Express-wide steering committee. The contingency plans, which will be based in part on an assessment of the magnitude and probability of potential risks, will primarily focus on proactive steps to prevent Y2K failures from occurring, or if they should occur, to detect them quickly, minimize their impact and expedite their repair. The Y2K contingency plans will supplement disaster recovery and business continuity plans already in place, and are expected to include measures such as selecting alternative suppliers and channels of distribution, and developing American Express' and AEFC's own technology infrastructure in lieu of those provided by third parties. Development of the Y2K contingency plans is expected to be substantially complete by the end of the first quarter of 1999, and will continue to be refined throughout 1999 as additional information related to American Express' and AEFC's exposures is gathered.\*\*

\*\* Statements in this Y2K discussion marked with two asterisks are forward-looking statements which are subject to risks and uncertainties. Important factors that could cause results to differ materially from these forward-looking statements include, among other things, the ability of American Express or AEFC to successfully identify systems containing two-digit codes, the nature and amount of programming required to fix the affected systems, the costs of labor and consultants related to such efforts, the continued availability of such resources, and the ability of third parties that interface with American Express and AEFC to successfully address their Y2K issues.

Ratios:

The ratio of stockholder's equity, excluding accumulated other comprehensive income net of tax, to total assets less certificate loans and net unrealized holding gains on investment securities at Dec. 31, 1998 and 1997 was 5.6% and 5.2%, respectively. IDSC's current regulatory requirement is a ratio of 5.0%.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

See Item 7.

Item 8. Financial Statements and Supplementary Data

1. Financial Statements and Schedules Required under Regulation S-X

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Index to Financial Statements and Schedules

Financial Statements:

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Statements of Comprehensive Income, year ended Dec. 31, 1998, 1997 and 1996	30
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Schedules:

- I - Investments in Securities of Unaffiliated Issuers, Dec. 31, 1998
- II - Investments in and Advances to Affiliates and Income Thereon, Dec. 31, 1998, 1997, and 1996
- III - Mortgage Loans on Real Estate and Interest earned on Mortgages, year ended Dec. 31, 1998
- V - Qualified Assets on Deposit, Dec. 31, 1998
- VI - Certificate Reserves, year ended Dec. 31, 1998
- VII - Valuation and Qualifying Accounts, year ended Dec. 31, 1998, 1997 and 1996

Schedules I, III and VI for the year ended Dec. 31, 1997, and Schedule VI for the year ended Dec. 31, 1996, are included in Registrant's Annual Reports on Form 10-K for the fiscal years ended Dec. 31, 1997 and Dec. 31, 1996, respectively, Commission file 2-23772, and are incorporated herein by reference.

All other Schedules required by Article 6 of the Regulation S-X are not required under the related instructions or are inapplicable and therefore have been omitted.

2. Supplementary Data

None

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure

None

PART III

Items omitted pursuant to General Instructions I(2)(c) of Form 10-K.

PART IV

Item 14. Exhibits, Financial Statement Schedules, and Reports on Form 8-K

(a) List the following documents filed as a part of the report:

1. All financial statements. See Item 8.
2. Financial statement schedules. See Item 8.
3. Exhibits.

<TABLE>  
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- | <S>    | <C>   |
|--------|---|
| (3)a.  | Certificate of Incorporation, dated December 31, 1977, filed electronically as Exhibit 3(a) to Post-Effective Amendment No. 10 to Registration Statement No. 2-89507, is incorporated herein by reference.  |
| (3)b.  | Certificate of Amendment, dated April 2, 1984, filed electronically as Exhibit 3(b) to Post-Effective Amendment No. 10 to Registration Statement No. 2-89507, is incorporated herein by reference.  |
| (3)c.  | Certificate of Amendment, dated September 12, 1995, filed electronically as Exhibit 3(c) to Post-Effective Amendment No. 44 to Registration Statement No. 2-55252, is incorporated herein by reference.   |
| (3)d.  | By-Laws, dated December 31, 1977, filed electronically as Exhibit 3(c) to Post-Effective Amendment No. 10 to Registration Statement No. 2-89507, is incorporated herein by reference.   |
| (10)a. | The Distribution Agreement dated November 18, 1988, between Registrant and IDS Financial Services Inc., filed electronically as Exhibit 1(a) to Registration Statement No. 33-26844 is incorporated herein by reference.  |
| (10)b. | The Distribution Agreement dated March 29, 1996, between Registrant and American Express Service Corporation, filed electronically as Exhibit 1(b) to Post-Effective Amendment No. 38 to Registration Statement No. 2-55252 for the D-1 Investment Certificate, is incorporated herein by reference.  |
| (10)c. | Selling Agent Agreement dated June 1, 1990, between American Express Bank International and IDS Financial Services Inc., for the IDS Investors and IDS Stock Market Certificates, filed electronically as Exhibit 1(c) to the Post-Effective Amendment No. 5 to Registration Statement No. 33-26844 for the IDS Investors Certificate, is incorporated herein by reference. |
| (10)d. | Marketing Agreement dated October 10, 1991, between Registrant and American Express Bank Ltd., filed electronically as Exhibit 1(d) to the Post-Effective Amendment No. 31 to Registration Statement No. 2-55252 for the Series D-1 Investment Certificate, is incorporated herein by reference.  |
| (10)e. | Letter amendment dated January 9, 1997, to the Marketing Agreement dated October 10, 1991, between Registrant and American Express Bank Ltd. filed electronically as exhibit 10(j) to Post-Effective Amendment No. 40 to Registration Statement No. 2-55252 is incorporated herein by reference.  |
| (10)f. | Amendment to the Selling Agent Agreement dated December 12, 1994, between IDS Financial Services Inc. and American Express Bank International, filed electronically as Exhibit 16(d) to Post-Effective Amendment No. 13 to Registration Statement No. 2-95577, is incorporated herein by reference.   |
| (10)g. | Selling Agent Agreement dated December 31, 1994, between IDS Financial Services Inc. and Coutts & Co. (USA) International, filed electronically as Exhibit 16(e) to Post-Effective Amendment No. 13 to Registration Statement No. 2-95577, is incorporated herein by reference.   |
| (10)h. | Consulting Agreement dated December 12, 1994, between IDS Financial Services Inc. and American Express Bank International, filed electronically as Exhibit 16(f) to Post-Effective Amendment No. 13 to Registration Statement No. 2-95577 incorporated herein by reference.   |
| (10)i. | Second amendment to Selling Agent Agreement between American Express Financial Advisors Inc. and American Express Bank International dated as of May 2, 1995, filed electronically as Exhibit (1) to Registrant's June 30, 1995, Quarterly Report on Form 10-Q, is incorporated herein by reference.  |
| (10)j. | The Investment Advisory and Services Agreement between Registrant and IDS/American Express Inc. dated January 12, 1984, filed electronically as Exhibit 10(a) to Registration Statement No. 2-89507 is incorporated herein by reference.  |
| (10)k. | Form of Letter amendment dated April 7, 1997 to the Selling Agent Agreement dated June 1, 1990 between American Express Financial Advisors Inc. and American Express Bank International, filed electronically herewith as Exhibit 10(j) to Post-Effective Amendment No. 14 to Registration Statement 33-26044, is incorporated herein by reference.                         |



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Bruce A. Kohn

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IDS Certificate Company

Responsibility for Preparation of Financial Statements

The management of IDS Certificate Company (IDSC) is responsible for the preparation and fair presentation of its financial statements. The financial statements have been prepared in conformity with generally accepted accounting principles appropriate in the circumstances, and include amounts based on the best judgment of management. IDSC's management is also responsible for the accuracy and consistency of other financial information included in this Form 10-K.

In recognition of its responsibility for the integrity and objectivity of data in the financial statements, IDSC maintains a system of internal control over financial reporting. The system is designed to provide reasonable, but not absolute, assurance with respect to the reliability of IDSC's financial statements. The concept of reasonable assurance is based on the notion that the cost of the internal control system should not exceed the benefits derived.

The internal control system is founded on an ethical climate and includes an organizational structure with clearly defined lines of responsibility, policies and procedures, and the careful selection and training of employees. Internal auditors monitor and assess the effectiveness of the internal control system and report their findings to management throughout the year. IDSC's independent auditors are engaged to express an opinion on the year-end financial statements and, with the coordinated support of the internal auditors, review the financial records and related data and test the internal control system over financial reporting.

#### REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Security Holders  
IDS Certificate Company:

We have audited the accompanying balance sheets of IDS Certificate Company, a wholly owned subsidiary of American Express Financial Corporation, as of December 31, 1998 and 1997, and the related statements of operations, comprehensive income, stockholder's equity, and cash flows for each of the three years in the period ended December 31, 1998. Our audits also included the financial statement schedules listed in the index at Item 8. These financial statements and schedules are the responsibility of the management of IDS Certificate Company. Our responsibility is to express an opinion on these financial statements and schedules based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and schedules are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and schedules. Our procedures included confirmation of investments owned as of December 31, 1998 and 1997, by correspondence with custodians and brokers. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of IDS Certificate 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. Also, in our opinion, the related financial statement schedules, when considered in relation to the basic

financial statements taken as a whole, present fairly in all material respects the information set forth therein.

ERNST & YOUNG LLP  
 Minneapolis, Minnesota  
 February 4, 1999

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Balance Sheets, Dec. 31,		
-----		
Assets		
Qualified Assets (note 2)	1998	1997
-----		
	(\$ thousands)	
Investments in unaffiliated issuers (notes 3, 4 and 10):		
Held-to-maturity securities	\$592,815	\$758,143
Available-for-sale securities	2,710,545	2,911,524
First mortgage loans on real estate	334,280	212,433
Certificate loans - secured by certificate reserves	32,343	37,098
Investments in and advances to affiliates	418	6,772
-----		
Total investments	3,670,401	3,925,970
-----		
Receivables:		
Dividends and interest	46,579	48,817
Investment securities sold	3,085	1,635
-----		
Total receivables	49,664	50,452
-----		
Other (notes 9 and 10)	96,213	56,127
-----		
Total qualified assets	3,816,278	4,032,549
-----		
Other Assets		
-----		
Deferred federal income taxes (note 8)	1,095	-
Due from affiliate	1,082	-
Deferred distribution fees and other	15,789	21,099
-----		
Total other assets	17,966	21,099
-----		
Total assets	\$3,834,244	\$4,053,648
-----		
See notes to financial statements.		

Balance Sheets, Dec. 31, (continued)

Liabilities and Stockholder's Equity		
	1998	1997
-----		
	(\$ thousands)	
Certificate Reserves (notes 5 and 10):		
Installment certificates:		
Reserves to mature	\$309,110	\$343,219
Additional credits and accrued interest	15,062	19,554
Advance payments and accrued interest	894	968
Other	55	56
Fully paid certificates:		
Reserves to mature	2,909,891	3,186,191
Additional credits and accrued interest	169,514	174,699
Due to unlocated certificate holders	357	291



Total certificate reserves	3,404,883	3,724,978
-----		
Accounts Payable and Accrued Liabilities:		
Due to Parent (note 7A)	771	1,639
Due to Parent for federal income taxes	7,381	495
Due to affiliates (note 7B, 7C, 7D and 7E)	426	331
Reverse repurchase agreements	141,000	22,000
Payable for investment securities purchased	2,211	19,601
Accounts payable, accrued expenses and other (notes 9 and 10)	55,539	29,919
-----		
Total accounts payable and accrued liabilities	207,328	73,985
-----		
Deferred federal income taxes (note 8)	-	15,175
-----		
Total liabilities	3,612,211	3,814,138
-----		
Commitments (note 4)		
-----		
Stockholder's Equity (notes 5B, 5C, and 6)		
-----		
Common stock, \$10 par - authorized and issued 150,000 shares	1,500	1,500
Additional paid-in capital	143,844	143,844
Retained earnings:		
Appropriated for predeclared additional credits/interest	3,710	6,375
Appropriated for additional interest on advance payments	10	50
Unappropriated	63,623	55,948
Accumulated other comprehensive income - net of tax (note 1)	9,346	31,793
-----		
Total stockholder's equity	222,033	239,510
-----		
Total liabilities and stockholder's equity	\$3,834,244	\$4,053,648

See notes to financial statements.  
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Statements of Operations			
-----			
Year ended Dec. 31,	1998	1997	1996
-----			
(\$ thousands)			
Investment Income			
Interest income from investments:			
Bonds and notes:			
Unaffiliated issuers	\$209,408	\$191,190	\$184,653
Mortgage loans on real estate:			
Unaffiliated	18,173	18,053	19,583
Affiliated	-	-	36
Certificate loans	1,896	2,200	2,533
Dividends	40,856	44,543	44,100
Other	2,802	2,246	576
-----			
Total investment income	273,135	258,232	251,481
-----			
Investment Expenses			
Parent and affiliated company fees (note 7):			
Distribution	33,783	34,507	32,732
Investment advisory and services	9,084	17,233	16,989
Transfer agent	3,932	-	-
Depositary	250	238	228
Options (note 9)	21,012	14,597	10,156
Interest rate caps, corridors and floors (note 9)	-	35	2,351
Reverse repurchase agreements	3,689	1,217	-
Interest rate swap agreements (note 9)	4,676	1,956	-
Other	385	354	395
-----			

Total investment expenses	76,811	70,137	62,851
---------------------------	--------	--------	--------

Net investment income before provision for certificate reserves and income tax benefit	\$196,324	\$188,095	\$188,630
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See notes to financial statements.

Statements of Operations (continued)

Year ended Dec. 31,	1998	1997	1996
---------------------	------	------	------

(\$ thousands)

Provision for Certificate Reserves (notes 5 and 9) According to the terms of the certificates:			
Provision for certificate reserves	\$9,623	\$9,796	\$10,445
Interest on additional credits	1,032	1,244	1,487
Interest on advance payments	44	50	61
Additional credits/interest authorized by IDSC:			
On fully paid certificates	146,434	141,515	146,474
On installment certificates	11,001	13,560	14,574
Total provision for certificate reserves before reserve recoveries	168,134	166,165	173,041
Reserve recoveries from terminations prior to maturity	(1,026)	(1,029)	(1,073)
Net provision for certificate reserves	167,108	165,136	171,968
Net investment income before income tax benefit	29,216	22,959	16,662
Income tax benefit (note 8)	265	3,682	6,537
Net investment income	29,481	26,641	23,199
Net realized gain (loss) on investments			
Securities of unaffiliated issuers	5,143	980	(444)
Other-unaffiliated	-	-	101
Net realized gain (loss) on investments before income taxes	5,143	980	(343)
Income tax (expense) benefit (note 8):			
Current	(1,800)	(304)	772
Deferred	-	(39)	(652)
Total income tax (expense) benefit	(1,800)	(343)	120
Net realized gain (loss) on investments	3,343	637	(223)
Net income - wholly owned subsidiary	1,646	328	1,251
Net income	\$34,470	\$27,606	\$24,227

See notes to financial statements.

Statements of Comprehensive Income

Year ended Dec. 31,	1998	1997	1996
---------------------	------	------	------

(\$ thousands)

Net income	\$34,470	\$27,606	\$24,227
Other comprehensive (loss) income (note 1)			
Unrealized (losses) gains on available-for-sale securities:			
Unrealized holding (losses) gains arising during year	(32,020)	26,639	(25,853)

Income tax benefit (expense)	11,207	(9,324)	9,048
Net unrealized holding (losses) gains arising during period	(20,813)	17,315	(16,805)
Reclassification adjustment for (gains) losses included in net income	(2,514)	59	2,802
Income tax expense (benefit)	880	(20)	(981)
Net reclassification adjustment for (gains) losses included in net income	(1,634)	39	1,821
Net other comprehensive (loss) income	(22,447)	17,354	(14,984)
Total comprehensive income	\$12,023	\$44,960	\$9,243

See notes to financial statements.

#### Statements of Stockholder's Equity

Year ended Dec. 31,	1998	1997	1996
	(\$ thousands)		
<b>Common Stock</b>			
Balance at beginning and end of year	\$1,500	\$1,500	\$1,500
<b>Additional Paid-in Capital</b>			
Balance at beginning of year	\$143,844	\$143,844	\$168,844
Cash dividends declared	-	-	(25,000)
Balance at end of year	\$143,844	\$143,844	\$143,844
<b>Retained Earnings</b>			
Appropriated for predeclared additional credits/interest (note 5B)			
Balance at beginning of year	\$6,375	\$11,989	\$18,878
Transferred to unappropriated retained earnings	(2,665)	(5,614)	(6,889)
Balance at end of year	\$3,710	\$6,375	\$11,989
Appropriated for additional interest on advance payments (note 5C)			
Balance at beginning of year	\$50	\$50	\$50
Transferred to unappropriated retained earnings	(40)	-	-
Balance at end of year	\$10	\$50	\$50
<b>Unappropriated (note 6)</b>			
Balance at beginning of year	\$55,948	\$22,728	\$31,612
Net income	34,470	27,606	24,227
Transferred from appropriated retained earnings	2,705	5,614	6,889
Cash dividends declared	(29,500)	-	(40,000)
Balance at end of year	\$63,623	\$55,948	\$22,728
<b>Accumulated other comprehensive income - net of tax (note 1)</b>			
Balance at beginning of year	\$31,793	\$14,439	\$29,423
Net other comprehensive (loss) income	(22,447)	17,354	(14,984)
Balance at end of year	\$9,346	\$31,793	\$14,439
Total stockholder's equity	\$222,033	\$239,510	\$194,550

See notes to financial statements.

Statements of Cash Flows

Year ended Dec. 31,	1998	1997	1996
	(\$ thousands)		
Cash Flows from Operating Activities			
Net income	\$34,470	\$27,606	\$24,227
Adjustments to reconcile net income to net cash provided by operating activities:			
Net income of wholly owned subsidiary	(1,646)	(328)	(1,251)
Net provision for certificate reserves	167,108	165,136	171,968
Interest income added to certificate loans	(1,180)	(1,414)	(1,631)
Amortization of premiums/discounts-net	22,620	15,484	14,039
Provision for deferred federal income taxes	(3,088)	(2,266)	(1,124)
Net realized (gain) loss on investments before income taxes	(5,143)	(980)	343
Decrease (increase) in dividends and interest receivable	2,238	(4,804)	5,619
Decrease in deferred distribution fees	5,310	4,434	2,761
Increase in other assets	(1,082)	-	-
Increase (decrease) in other liabilities	16,814	443	(679)

Net cash provided by operating activities 236,421 203,311 214,272

Cash Flows from Investing Activities			
Maturity and redemption of investments:			
Held-to-maturity securities	161,649	76,678	163,066
Available-for-sale securities	468,218	408,019	537,565
Other investments	76,894	79,929	52,189
Sale of investments:			
Held-to-maturity securities	6,245	33,910	24,984
Available-for-sale securities	344,901	160,207	356,194
Other investments	-	-	385
Certificate loan payments	4,006	4,814	6,003
Purchase of investments:			
Held-to-maturity securities	(1,034)	(4,565)	(49,984)
Available-for-sale securities	(663,347)	(1,283,620)	(617,138)
Other investments	(189,905)	(62,831)	(28,617)
Certificate loan fundings	(3,703)	(5,021)	(5,288)

Net cash provided by (used in) investing activities \$203,924 (\$592,480) \$439,359

See notes to financial statements.

Statements of Cash Flows (continued)

Year ended Dec. 31,	1998	1997	1996
	(\$ thousands)		
Cash Flows from Financing Activities			
Payments from certificate owners	\$1,192,026	\$1,580,013	\$1,129,023
Proceeds from reverse repurchase agreements	919,500	433,000	-
Dividend from wholly owned subsidiary	8,000	-	-
Certificate maturities and cash surrenders	(1,729,871)	(1,324,175)	(1,663,196)
Payments under reverse repurchase agreements	(800,500)	(411,000)	-
Dividends paid	(29,500)	-	(65,000)
Net cash (used in) provided by financing activities	(440,345)	277,838	(599,173)
Net (decrease) increase in cash and cash equivalents	-	(111,331)	54,458
Cash and cash equivalents beginning of year	-	111,331	56,873
Cash and cash equivalents end of year	\$-	\$-	\$111,331

Supplemental Disclosures Including Non-cash Transactions			
Cash received (paid) for income taxes	\$1,217	(\$104)	\$7,195
Certificate maturities and surrenders through loan reductions	5,632	8,032	8,554

See notes to financial statements.

Notes to Financial Statements (\$ in thousands unless indicated otherwise)

1. Nature of business and summary of significant accounting policies

Nature of business

IDS Certificate Company (IDSC) is a wholly owned subsidiary of American Express Financial Corporation (Parent), which is a wholly owned subsidiary of American Express Company. IDSC is registered as an investment company under the Investment Company Act of 1940 ("the 1940 Act") and is in the business of issuing face-amount investment certificates. The certificates issued by IDSC are not insured by any government agency. IDSC's certificates are sold primarily by American Express Financial Advisors Inc.'s (an affiliate) field force operating in 50 states, the District of Columbia and Puerto Rico. IDSC's Parent acts as investment advisor for IDSC.

IDSC currently offers nine types of certificates with specified maturities ranging from ten to twenty years. Within their specified maturity, most certificates have interest rate terms of one- to 36-months. In addition, two types of certificates have interest tied, in whole or in part, to any upward movement in a broad-based stock market index. Except for two types of certificates, all of the certificates are available as qualified investments for Individual Retirement Accounts or 401(k) plans and other qualified retirement plans.

IDSC's gross income is derived primarily from interest and dividends generated by its investments. IDSC's net income is determined by deducting from such gross income its provision for certificate reserves, and other expenses, including taxes, the fee paid to Parent for investment advisory and other services, and the distribution fees paid to American Express Financial Advisors, Inc.

Described below are certain accounting policies that are important to an understanding of the accompanying financial statements.

Basis of financial statement presentation

The accompanying financial statements are presented in accordance with generally accepted accounting principles. IDSC uses the equity method of accounting for its wholly owned unconsolidated subsidiary, which is the method prescribed by the Securities and Exchange Commission (SEC) for non-investment company subsidiaries of issuers of face-amount certificates. Certain amounts from prior years have been reclassified to conform to the current year presentation.

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 disclosure of contingent assets and liabilities and the reported amounts of income and expenses during the year then ended. Actual results could differ from those estimates.

Fair values of financial instruments

The fair values of financial instruments disclosed in the notes to financial statements are estimates based upon current market conditions and perceived risks, and require varying degrees of management judgment.

Notes to Financial Statements (\$ in thousands unless indicated otherwise)

Preferred stock dividend income

IDSC recognizes dividend income from cumulative redeemable preferred stocks with fixed maturity amounts on an accrual basis similar to that used for recognizing interest income on debt securities. Dividend income from perpetual preferred stock is recognized on an ex-dividend basis.

Comprehensive Income

Effective Jan. 1, 1998, IDSC adopted Statement of Financial Accounting Standards (SFAS) No. 130, "Reporting Comprehensive Income." SFAS No. 130 requires the reporting and display of comprehensive income and its components. Comprehensive income is defined as the aggregate change in stockholder's equity excluding changes in ownership interests. For IDSC, comprehensive income consists of net income and unrealized gains or losses on available-for-sale securities net of taxes. Prior year amounts have been reclassified to conform to the requirements of the new Statement.

Securities

Cash equivalents are carried at amortized cost, which approximates fair value. IDSC has defined cash and cash equivalents as cash in banks and highly liquid investments with a maturity of three months or less at acquisition and are not interest rate sensitive.

Debt securities that IDSC has both the positive intent and ability to hold to maturity are carried at amortized cost. Debt securities IDSC does not have the positive intent to hold to maturity, as well as all marketable equity securities, are classified as available for sale and carried at fair value. Unrealized holding gains and losses on securities classified as available for sale are carried, net of deferred income taxes, as accumulated other comprehensive income in stockholder's equity.

The basis for determining cost in computing realized gains and losses on securities is specific identification. When there is a decline in value that is other than temporary, the securities are carried at estimated realizable value with the amount of adjustment included in income.

#### First mortgage loans on real estate

Mortgage loans are carried at amortized cost, less reserves for losses, which is the basis for determining any realized gains or losses. The estimated fair value of the mortgage loans is determined by a discounted cash flow analysis using mortgage interest rates currently offered for mortgages of similar maturities.

Impairment is measured as the excess of the loan's recorded investment over its present value of expected principal and interest payments discounted at the loan's effective interest rate, or the fair value of collateral. The amount of the impairment is recorded in a reserve for mortgage loan losses.

#### Notes to Financial Statements (\$ in thousands unless indicated otherwise)

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The reserve for mortgage loan losses is maintained at a level that management believes is adequate to absorb estimated losses in the portfolio. The level of the reserve account is determined based on several factors, including historical experience, expected future principal and interest payments, estimated collateral values, and current and anticipated economic and political conditions. Management regularly evaluates the adequacy of the reserve for mortgage loan losses.

IDSC generally stops accruing interest on mortgage loans for which interest payments are delinquent more than three months. Based on Management's judgment as to the ultimate collectibility of principal, interest payments received are either recognized as income or applied to the recorded investment in the loan.

#### Certificates

Investment certificates may be purchased either with a lump-sum payment or by installment payments. Certificate owners are entitled to receive at maturity a definite sum of money. Payments from certificate owners are credited to investment certificate reserves. Investment certificate reserves accumulate at specified percentage rates as declared by IDSC. Reserves also are maintained for advance payments made by certificate owners, accrued interest thereon, and for additional credits in excess of minimum guaranteed rates and accrued interest thereon. On certificates allowing for the deduction of a surrender charge, the cash surrender values may be less than accumulated investment certificate reserves prior to maturity dates. Cash surrender values on certificates allowing for no surrender charge are equal to certificate reserves. The payment distribution, reserve accumulation rates, cash surrender values, reserve values and other matters are governed by the 1940 Act.

#### Deferred distribution fee expense

On certain series of certificates, distribution fees are deferred and amortized over the estimated lives of the related certificates, which is approximately 10 years. Upon surrender prior to maturity, unamortized deferred distribution fees are recognized in expense and any related surrender charges are recognized as a reduction in provision for certificate reserves.

#### Notes to Financial Statements (\$ in thousands unless indicated otherwise)

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#### Federal income taxes

IDSC's taxable income or loss is included in the consolidated federal income tax return of American Express Company. IDSC provides for income taxes on a separate return basis, except that, under an agreement between Parent and American Express Company, tax benefits are recognized for losses to the extent they can be used in the consolidated return. It is the policy of Parent and its

subsidiaries that Parent will reimburse a subsidiary for any tax benefits recorded.

Accounting developments

In March 1998, the AICPA issued SOP 98-1, "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use." This SOP, which is effective Jan. 1, 1999, requires the capitalization of certain costs incurred to develop or obtain software for internal use. Software utilized by IDSC is owned by Parent and will be capitalized on Parent's financial statements. As a result, the new rule will not have a material impact on IDSC's results of operations or financial condition.

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities," which is effective Jan. 1, 2000. This Statement establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. It requires that an entity recognize all derivatives as either assets or liabilities in the balance sheet and measure those instruments at fair value. The accounting for changes in the fair value of a derivative depends on the intended use of the derivative and the resulting designation. Earlier application of all of the provisions of this Statement is encouraged, but it is permitted only as of the beginning of any fiscal quarter that begins after issuance of the Statement. This Statement cannot be applied retroactively. The ultimate financial impact of the new rule will be measured based on the derivatives in place at adoption and cannot be estimated at this time.

Notes to Financial Statements (\$ in thousands unless indicated otherwise)

2. Deposit of assets and maintenance of qualified assets

A) Under the provisions of its certificates and the 1940 Act, IDSC was required to have qualified assets (as that term is defined in Section 28(b) of the 1940 Act) in the amount of \$3,353,920 and \$3,694,204 at Dec. 31, 1998 and 1997, respectively. IDSC had qualified assets of \$3,799,689 at Dec. 31, 1998 and \$3,964,036 at Dec. 31, 1997, excluding net unrealized appreciation on available-for-sale securities of \$14,378 and \$48,912 at Dec. 31, 1998 and 1997, respectively and payable for securities purchased of \$2,211 and \$19,601 at Dec. 31, 1998 and 1997, respectively.

Qualified assets are valued in accordance with such provisions of Minnesota Statutes as are applicable to investments of life insurance companies. Qualified assets for which no provision for valuation is made in such statutes are valued in accordance with rules, regulations or orders prescribed by the SEC. These values are the same as financial statement carrying values, except for debt securities classified as available for sale and all marketable equity securities, which are carried at fair value in the financial statements but are valued at amortized cost for qualified asset and deposit maintenance purposes.

B) Pursuant to provisions of the certificates, the 1940 Act, the central depository agreement and to requirements of various states, qualified assets of IDSC were deposited as follows:

<TABLE>  
<CAPTION>

	Dec. 31, 1998		
	Deposits	Required deposits	Excess
<S>	<C>	<C>	<C>
Deposits to meet certificate liability requirements:			
States	\$364	\$327	\$37
Central Depository	3,543,964	3,317,295	226,669
<b>Total</b>	<b>\$3,544,328</b>	<b>\$3,317,622</b>	<b>\$226,706</b>

	Dec. 31, 1997		
	Deposits	Required deposits	Excess
Deposits to meet certificate liability requirements:			
States	\$363	\$328	\$35

Central Depository	3,826,505	3,650,121	176,384
Total	\$3,826,868	\$3,650,449	\$176,419

</TABLE>

Notes to Financial Statements (\$ in thousands unless indicated otherwise)

The assets on deposit at Dec. 31, 1998 and 1997 consisted of securities having a deposit value of \$3,153,038 and \$3,580,866, respectively; mortgage loans of \$334,280 and \$212,433, respectively; and other assets of \$57,010 and \$33,569, respectively.

American Express Trust Company is the central depository for IDSC. See note 7C.

### 3. Investments in securities

A) Fair values of investments in securities represent market prices or estimated fair values when quoted prices are not available. Estimated fair values are determined by IDSC using established procedures, involving review of market indexes, price levels of current offerings and comparable issues, price estimates and market data from independent brokers and financial files. The procedures are reviewed annually. IDSC's vice president, investments, reports to the board of directors on an annual basis regarding such pricing sources and procedures to provide assurance that fair value is being achieved.

The following is a summary of securities held to maturity and securities available for sale at Dec. 31, 1998 and 1997.

<TABLE>

<CAPTION>

	Dec. 31, 1998			
	Amortized cost	Fair value	Gross unrealized gains	Gross unrealized losses
<S>	<C>	<C>	<C>	
Held to maturity				
U.S. Government and agencies obligations	\$363	\$373	\$10	\$-
Mortgage-backed securities	22,366	22,986	620	-
Corporate debt securities	168,191	172,941	4,750	-
Stated maturity preferred stock	401,895	428,689	26,802	8
Total	\$592,815	\$624,989	\$32,182	\$8
Available for sale				
Mortgage-backed securities	\$831,677	\$846,864	\$15,787	\$600
State and municipal obligations	32,075	33,437	1,362	-
Corporate debt securities	1,674,932	1,667,264	29,197	36,865
Stated maturity preferred stock	63,257	65,822	2,637	72
Perpetual preferred stock	94,226	97,158	2,947	15
Total	\$2,696,167	\$2,710,545	\$51,930	\$37,552

</TABLE>

<TABLE>

<CAPTION>

Notes to Financial Statements (\$ in thousands unless indicated otherwise)

	Dec. 31, 1997			
	Amortized cost	Fair value	Gross unrealized gains	Gross unrealized losses
<S>	<C>	<C>	<C>	<C>
Held to maturity				
U.S. Government and agencies obligations	\$363	\$369	\$6	\$-
Mortgage-backed securities	29,340	29,969	629	-
Corporate debt securities	242,050	248,455	6,493	88
Stated maturity preferred stock	486,390	505,522	19,332	200



Total	\$758,143	\$784,315	\$26,460	\$288
Available for sale				
Mortgage-backed securities	\$1,251,283	\$1,274,417	\$23,336	\$202
State and municipal obligations	41,116	42,526	1,410	-
Corporate debt securities	1,417,668	1,438,640	22,636	1,664
Stated maturity preferred stock	63,214	64,444	1,284	54
Perpetual preferred stock	88,726	91,497	2,771	-
Common stock	605	-	-	605
Total	\$2,862,612	\$2,911,524	\$51,437	\$2,525

</TABLE>

The amortized cost and fair value of securities held to maturity and available for sale, by contractual maturity, at Dec. 31, 1998, are shown below. Cash flows will differ from contractual maturities because issuers may have the right to call or prepay obligations.

	Amortized cost	Fair value
<S>	<C>	<C>
Held to maturity		
Due within 1 year	\$99,718	\$100,336
Due after 1 year through 5 years	274,565	288,415
Due after 5 years through 10 years	179,098	194,280
Due after 10 years	17,068	18,972
Mortgage-backed securities	570,449	602,003
	22,366	22,986
Total	\$592,815	\$624,989
Available for sale		
Due within 1 year	\$76,383	\$76,569
Due after 1 year through 5 years	825,032	841,426
Due after 5 years through 10 years	506,693	508,301
Due after 10 years	362,156	340,227
Mortgage-backed securities	1,770,264	1,766,523
Perpetual preferred stock	831,677	846,864
	94,226	97,158
Total	\$2,696,167	\$2,710,545

</TABLE>

Notes to Financial Statements (\$ in thousands unless indicated otherwise)

During the years ended Dec. 31, 1998 and 1997, there were no securities classified as trading securities.

The proceeds from sales of available-for-sale securities and the gross realized gains and gross realized losses on those sales during the years ended Dec. 31, 1998, 1997 and 1996, were as follows:

	1998	1997	1996
<S>	<C>	<C>	<C>
Proceeds	\$346,353	\$161,188	\$313,976
Gross realized gains	4,487	1,292	456
Gross realized losses	1,461	1,637	5,836

Sales of held-to-maturity securities resulting from acceptance of a tender offer during the year ended Dec. 31, 1998 and significant credit deterioration during the years ended Dec. 31, 1997 and 1996, were as follows:

1998	1997	1996
------	------	------

Amortized cost	\$6,182	\$32,969	\$22,297
Gross realized gains	63	1,621	3,200
Gross realized losses	-	680	513

</TABLE>

During the years ended Dec. 31, 1998 and 1997, no securities were reclassified from held to maturity to available for sale.

B) Investments in securities with fixed maturities comprised 85% and 89% of IDSC's total invested assets at Dec. 31, 1998 and 1997, respectively. Securities are rated by Moody's and Standard & Poors (S&P), or by Parent's internal analysts, using criteria similar to Moody's and S&P, when a public rating does not exist. A summary of investments in securities with fixed maturities by rating of investment is as follows:

Rating	1998	1997
Aaa/AAA	37%	44%
Aa/AA	1	1
Aa/A	1	1
A/A	13	14
A/BBB	5	6
Baa/BBB	33	25
Below investment grade	10	9
	100%	100%

Of the securities rated Aaa/AAA, 84% and 83% at Dec. 31, 1998 and 1997, respectively, are U.S. Government Agency mortgage-backed securities that are not rated by a public rating

Notes to Financial Statements (\$ in thousands unless indicated otherwise)

agency. Approximately 11% and 9% at Dec. 31, 1998 and 1997, respectively, of securities with fixed maturities, other than U.S. Government Agency mortgage-backed securities, are rated by Parent's internal analysts. At Dec. 31, 1998 and 1997 no one issuer, other than U.S. Government Agency mortgage-backed securities, is greater than 1% of IDSC's total investment in securities with fixed maturities.

C) IDSC reserves freedom of action with respect to its acquisition of restricted securities that offer advantageous and desirable investment opportunities. In a private negotiation, IDSC may purchase for its portfolio all or part of an issue of restricted securities. Since IDSC would intend to purchase such securities for investment and not for distribution, it would not be "acting as a distributor" if such securities are resold by IDSC at a later date.

The fair values of restricted securities are determined by the board of directors using the procedures and factors described in note 3A.

In the event IDSC were to be deemed to be a distributor of the restricted securities, it is possible that IDSC would be required to bear the costs of registering those securities under the Securities Act of 1933, although in most cases such costs would be incurred by the issuer of the restricted securities.

#### 4. Investments in first mortgage loans on real estate

At Dec. 31, 1998 and 1997, IDSC's recorded investment in impaired mortgage loans was \$296 and \$363, respectively, and the reserve for loss on those amounts was \$261 in both years. During 1998, 1997 and 1996, the average recorded investment in impaired mortgage loans was \$331, \$743 and \$925, respectively.

IDSC recognized \$31, \$37 and \$88 of interest income related to impaired mortgage loans for the years ended Dec. 31, 1998, 1997 and 1996, respectively.

During the years ended Dec. 31, 1998, 1997 and 1996, there were no changes in the reserve for loss on mortgage loans of \$611.

Notes to Financial Statements (\$ in thousands unless indicated otherwise)

At Dec. 31, 1998 and 1997, approximately 9% and 5%, respectively, of IDSC's invested assets were first mortgage loans on real estate. A summary of first mortgage loans by region and type of real estate is as follows:

Region	1998	1997
West North Central	21%	21%
South Atlantic	18	23
East North Central	17	18
Mountain	14	13
West South Central	12	6
Pacific	7	3
New England	6	5
Middle Atlantic	5	11

Total 100% 100%

Property Type	1998	1997
Retail/shopping centers	28%	31%
Office buildings	25	20
Apartments	19	23
Industrial buildings	12	17
Other	16	9

Total 100% 100%

The carrying amounts and fair values of first mortgage loans on real estate are as follows at Dec. 31. The fair values are estimated using discounted cash flow analysis, using market interest rates currently being offered for loans with similar maturities.

<TABLE>  
<CAPTION>

	Dec. 31, 1998		Dec. 31, 1997	
	Carrying amount	Fair value	Carrying amount	Fair value
<S>	<C>	<C>	<C>	<C>
First mortgage loans on real estate	\$334,891	\$343,406	\$213,044	\$216,951
Reserve for losses	(611)	-	(611)	-
Net first mortgage loans on real estate	\$334,280	\$343,406	\$212,433	\$216,951

</TABLE>

At Dec. 31, 1998 and 1997, commitments for fundings of first mortgage loans, at market interest rates, aggregated \$60,828 and \$9,375, respectively. IDSC employs policies and procedures to ensure the creditworthiness of the borrowers and that funds will be available on the funding date. IDSC's loan fundings are restricted to 80% or less of the market value of the real estate at the time of the loan funding. Management believes there is no fair value for these commitments.

Notes to Financial Statements (\$ in thousands unless indicated otherwise)

#### 5. Certificate reserves

Reserves maintained on outstanding certificates have been computed in accordance with the provisions of the certificates and Section 28 of the 1940 Act. The average rates of accumulation on certificate reserves at Dec. 31, 1998 and 1997 were:

<TABLE>  
<CAPTION>

	1998		
	Reserve balance	Average gross accumulation rate	Average additional credit rate
<S>	<C>	<C>	<C>
Installment certificates			
Reserves to mature:			
With guaranteed rates	\$21,018	3.50%	.50%
Without guaranteed rates (A)	288,092	-	2.92

Additional credits and accrued interest	15,061	3.16	-
Advance payments and accrued interest (C)	894	3.18	.82
Other	55	-	-
Fully paid certificates			
Reserves to mature:			
With guaranteed rates	146,437	3.20	1.47
Without guaranteed rates (A) and (D)	2,763,454	-	4.29
Additional credits and accrued interest	169,515	3.18	-
Due to unlocated certificate holders	357	-	-
-----			
Total	\$3,404,883		

	1997		
	Reserve balance	Average gross accumulation rate	Average additional credit rate
-----			
Installment certificates			
Reserves to mature:			
With guaranteed rates	\$24,316	3.50%	1.35%
Without guaranteed rates (A)	318,903	-	2.96
Additional credits and accrued interest	19,554	3.17	-
Advance payments and accrued interest (C)	968	3.17	1.68
Other	56	-	-
Fully paid certificates			
Reserves to mature:			
With guaranteed rates	165,258	3.21	1.83
Without guaranteed rates (A) and (D)	3,020,933	-	5.03
Additional credits and accrued interest	174,699	3.21	-
Due to unlocated certificate holders	291	-	-
-----			
Total	\$3,724,978		

</TABLE>

Notes to Financial Statements (\$ in thousands unless indicated otherwise)

A) There is no minimum rate of accrual on these reserves. Interest is declared periodically, quarterly or annually, in accordance with the terms of the separate series of certificates.

B) On certain series of single payment certificates, additional interest is predeclared for periods greater than one year. At Dec. 31, 1998, \$3,710 of retained earnings had been appropriated for the predeclared additional interest, which represents the difference between certificate reserves on these series, calculated on a statutory basis, and the reserves maintained per books.

C) Certain series of installment certificates guarantee accrual of interest on advance payments at an average of 3.18%. IDSC has increased the rate of accrual to 4.00% through April 30, 2000. An appropriation of retained earnings amounting to \$10 has been made, which represents the estimated additional accrual that will result from the increase granted by IDSC.

D) IDS Stock Market Certificate, American Express Stock Market Certificate and IDS Market Strategy Certificate enable the certificate owner to participate in any relative rise in a major stock market index without risking loss of principal. Generally the certificates have a term of 12 months and may continue for up to 20 successive terms. The reserve balance on these certificates at Dec. 31, 1998 and 1997 was \$622,409 and \$416,485, respectively.

E) The carrying amounts and fair values of certificate reserves consisted of the following at Dec. 31, 1998 and 1997. Fair values of certificate reserves with interest rate terms of one year or less approximated the carrying values less any applicable surrender charges.

The fair values for other certificate reserves are determined by a discounted cash flow analysis using interest rates currently offered for certificates with similar remaining terms, less any applicable surrender charges.

<TABLE>

<CAPTION>

1998		1997	
Carrying amount	Fair value	Carrying amount	Fair value
-----			

<S>	<C>	<C>	<C>	<C>
Reserves with terms of one year or less	\$3,070,001	\$3,068,463	\$3,186,971	\$3,185,396
Other	334,882	350,509	538,007	551,988
Total certificate reserves	3,404,883	3,418,972	3,724,978	3,737,384
Unapplied certificate transactions	853	853	868	868
Certificate loans and accrued interest	(32,703)	(32,703)	(37,495)	(37,495)
Total	\$3,373,033	\$3,387,122	\$3,688,351	\$3,700,757

</TABLE>

Notes to Financial Statements (\$ in thousands unless indicated otherwise)

6. Dividend restriction

Certain series of installment certificates outstanding provide that cash dividends may be paid by IDSC only in calendar years for which additional credits of at least one-half of 1% on such series of certificates have been authorized by IDSC. This restriction has been removed for 1999 and 2000 by IDSC's declaration of additional credits in excess of this requirement.

7. Fees paid to Parent and affiliated companies (\$ not in thousands)

A) The basis of computing fees paid or payable to Parent for investment advisory, joint facilities, technology support and treasury services is:

The investment advisory and services agreement with Parent provides for a graduated scale of fees equal on an annual basis to 0.750% on the first \$250 million of total book value of assets of IDSC, 0.650% on the next \$250 million, 0.550% on the next \$250 million, 0.500% on the next \$250 million and 0.107% on the amount in excess of \$1 billion. Effective Jan. 1, 1998, the fee on the amount in excess of \$1 billion was changed from 0.450% to 0.107%. The fee is payable monthly in an amount equal to one-twelfth of each of the percentages set forth above. Excluded from assets for purposes of this computation are first mortgage loans, real estate and any other asset on which IDSC pays an outside service fee.

B) The basis of computing fees paid or payable to American Express Financial Advisors, Inc. (an affiliate) for distribution services is:

Fees payable to American Express Financial Advisors, Inc. on sales of IDSC's certificates are based upon terms of agreements giving American Express Financial Advisors, Inc. the exclusive right to distribute the certificates covered under the agreements. The agreements provide for payment of fees over a period of time.

From time to time, IDSC may sponsor or participate in sales promotions involving one or more of the certificates and their respective terms. These promotions may offer a special interest rate to attract new clients or retain existing clients. To cover the cost of these promotions, distribution fees paid to American Express Financial Advisors may be lowered. For the promotion of the seven- and 13-month term IDS Flexible Savings Certificate which occurred Sept. 10, 1997 to Nov. 25, 1997, the distribution fee for sales of these certificates was lowered to 0.067%.

The aggregate fees payable under the agreements per \$1,000 face amount of installment certificates and a summary of the periods over which the fees are payable are:

<TABLE>

<CAPTION>

<S>	Aggregate fees payable			Number of certificate years over which
	Total	First year	Subsequent years	subsequent years' fees are payable
<C>	<C>	<C>	<C>	<C>
On sales effective April 30, 1997	\$25.00	\$ 2.50	\$22.50	9
On sales prior to April 30, 1997(a)	30.00	6.00	24.00	4

Notes to Financial Statements (\$ in thousands unless indicated otherwise)

(a) At the end of the sixth through the 10th year, an additional fee of 0.5% is payable on the daily average balance of the certificate reserve maintained during the sixth through the 10th year, respectively.

Effective April 30, 1997, fees on the IDS Cash Reserve and IDS Flexible Savings Certificates are paid at a rate of 0.20% of the purchase price at the time of issuance and 0.20% of the reserves maintained for these certificates at the beginning of the second and subsequent quarters from issue date. For certificates sold prior to April 30, 1997, fees were paid at a rate of 0.25% of the purchase price at the time of issuance and 0.25% of the reserves maintained for these certificates at the beginning of the second and subsequent quarters from issue date.

Fees on the IDS Future Value Certificate were paid at the rate of 5% of the purchase price at time of issuance. Effective May 1, 1997, the IDS Future Value Certificate is no longer being offered for sale.

Fees on the American Express Investors Certificate are paid at an annualized rate of 1% of the reserves maintained for the certificates. Fees are paid at the end of each term on certificates with a one-, two- or three-month term. Fees are paid each quarter from date of issuance on certificates with a six-, 12-, 24- or 36-month term.

Fees on the IDS Preferred Investors Certificate are paid at an annualized rate of 0.66% of the reserves maintained for the certificates. Fees are paid at the end of each term on certificates with a one-, two- or three-month term. Fees are paid each quarter from date of issuance on certificates with a six-, 12-, 24- or 36-month term.

Effective April 30, 1997, fees on the IDS and American Express Stock Market Certificates, and IDS Market Strategy Certificate are paid at the rate of 0.70% of the purchase price on the first day of the certificate's term and 0.70% of the reserves maintained for these certificates at the beginning of each subsequent term. For certificates sold prior to April 30, 1997, fees were paid at a rate of 1.25% of the purchase price on the first day of the certificate's term and 1.25% of the reserves maintained for these certificates at the beginning of each subsequent term.

C) The basis of computing depository fees paid or payable to American Express Trust Company (an affiliate) is:

Maintenance charge per account	5 cents per \$1,000 of assets on deposit
Transaction charge	\$20 per transaction
Security loan activity:	
Depository Trust Company	
receive/deliver	\$20 per transaction
Physical receive/deliver	\$25 per transaction
Exchange collateral	\$15 per transaction

A transaction consists of the receipt or withdrawal of securities and commercial paper and/or a change in the security position. The charges are payable quarterly except for maintenance, which is an annual fee.

Notes to Financial Statements (\$ in thousands unless indicated otherwise)

D) The basis for computing fees paid or payable to American Express Bank Ltd. (an affiliate) for the distribution of the American Express Special Deposits Certificate on an annualized basis is:

1.25% of the reserves maintained for the certificates on an amount from \$100,000 to \$249,000, 0.80% on an amount from \$250,000 to \$499,000, 0.65% on an amount from \$500,000 to \$999,000 and 0.50% on an amount \$1,000,000 or more. Fees are paid at the end of each term on certificates with a one-, two- or three-month term. Fees are paid at the end of each quarter from date of issuance on certificates with a six-, 12-, 24- or 36-month term.

E) The basis of computing transfer agent fees paid or payable to American Express Client Service Corporation (AECSC) (an affiliate) is:

Under a Transfer Agency Agreement effective Jan. 1, 1998, AECSC maintains certificate owner accounts and records. IDSC pays AECSC a monthly fee of

one-twelfth of \$10.353 per certificate owner account for this service. Prior to Jan. 1, 1998, AEFC provided this service to IDSC under the investment advisory and services agreement.

#### 8. Income taxes

Income tax (expense) benefit as shown in the statement of operations for the three years ended Dec. 31, consists of:

	1998	1997	1996
<S>	<C>	<C>	<C>
Federal			
Current	(\$5,668)	\$1,138	\$5,560
Deferred	4,183	2,266	1,124
State	(1,485)	3,404	6,684
	(50)	(65)	(27)
Total income tax (expense) benefit	(\$1,535)	\$3,339	\$6,657

Income tax (expense) benefit differs from that computed by using the U.S. Statutory rate of 35%. The principal causes of the difference in each year are shown below:

	1998	1997	1996
Federal tax expense at U.S. statutory rate	(\$12,026)	(\$8,378)	(\$5,711)
Tax-exempt interest	394	724	1,517
Dividend exclusion	10,121	11,044	10,865
Other, net	26	14	13
Federal tax (expense) benefit	(\$1,485)	\$3,404	\$6,684

Deferred income taxes result from the net tax effects of temporary differences. Temporary differences are differences between the tax bases of assets and liabilities and their reported amounts in the financial statements that will result in differences between income for tax purposes and income for financial statement

#### Notes to Financial Statements (\$ in thousands unless indicated otherwise)

purposes in future years. Principal components of IDSC's deferred tax assets and liabilities as of Dec. 31, are as follows.

Deferred tax assets	1998	1997
Certificate reserves	\$19,423	\$13,488
Investment reserves	502	502
Other, net	18	19
Total deferred tax assets	\$19,943	\$14,009
Deferred tax liabilities	1998	1997
Deferred distribution fees	\$5,523	\$7,382
Investment unrealized gains	5,032	17,119
Purchased/written call options	7,417	3,557
Dividends receivable	553	654
Investments	280	429
Return of capital dividends	43	43
Total deferred tax liabilities	18,848	29,184
Net deferred tax assets (liabilities)	\$1,095	(\$15,175)

#### 9. Derivative financial instruments

IDSC enters into transactions involving derivative financial instruments as an

end user (nontrading). IDSC uses these instruments to manage its exposure to interest rate risk and equity price risk, including hedging specific transactions. IDSC manages risks associated with these instruments as described below.

Market risk is the possibility that the value of the derivative financial instrument will change due to fluctuations in a factor from which the instrument derives its value, primarily an interest rate or a major market index. IDSC is not impacted by market risk related to derivatives held because derivatives are largely used to manage risk and, therefore, the cash flows and income effects of the derivatives are inverse to the effects of the underlying hedged transactions.

Credit risk is the possibility that the counterparty will not fulfill the terms of the contract. IDSC monitors credit risk related to derivative financial instruments through established approval procedures, including setting concentration limits by counterparty, reviewing credit ratings and requiring collateral where appropriate. At Dec. 31, 1998, IDSC's counterparties to the interest rate floors and swaps are rated AA by nationally recognized rating agencies. The counterparties to the purchased call options are seven major broker/dealers.

Notes to Financial Statements (\$ in thousands unless indicated otherwise)

The notional or contract amount of a derivative financial instrument is generally used to calculate the cash flows that are received or paid over the life of the agreement. Notional amounts do not represent market or credit risk and are not recorded on the balance sheet.

Credit risk related to derivative financial instruments is measured by the replacement cost of those contracts at the balance sheet date. The replacement cost represents the fair value of the instrument, and is determined by market values, dealer quotes or pricing models.

IDSC's holdings of derivative financial instruments were as follows at Dec. 31, 1998 and 1997.

<TABLE>  
<CAPTION>

	1998			
	Notional or contract amount	Carrying value	Fair value	Total credit risk
<S>	<C>	<C>	<C>	<C>
<b>Assets</b>				
Interest rate floors	\$500,000	\$37	\$348	\$348
Purchased call options	448	96,176	92,357	92,357
<b>Total</b>	<b>\$500,448</b>	<b>\$96,213</b>	<b>\$92,705</b>	<b>\$92,705</b>
<b>Liabilities</b>				
Interest rate swaps	\$500,000	\$-	\$1,488	\$-
Written call options	448	38,071	54,181	-
<b>Total</b>	<b>\$500,448</b>	<b>\$38,071</b>	<b>\$55,669</b>	<b>\$-</b>
	1997			
	Notional or contract amount	Carrying value	Fair value	Total credit risk
<b>Assets</b>				
Interest rate floors	\$500,000	\$205	\$251	\$251
Purchased call options	389	55,922	54,609	54,609
<b>Total</b>	<b>\$500,389</b>	<b>\$56,127</b>	<b>\$54,860</b>	<b>\$54,860</b>
<b>Liabilities</b>				
Interest rate swaps	\$1,000,000	\$-	\$2,138	\$-
Written call options	376	24,739	32,990	-
<b>Total</b>	<b>\$1,000,376</b>	<b>\$24,739</b>	<b>\$35,128</b>	<b>\$-</b>



The fair values of derivative financial instruments are based on market values, dealer quotes or pricing models. The interest rate floors and swaps at Dec. 31, 1998, expire in April of 1999. The options at Dec. 31, 1998, expire throughout 1999.

</TABLE>

Notes to Financial Statements (\$ in thousands unless indicated otherwise)

Interest rate caps, corridors, floors and swaps, and options are used to manage IDSC's exposure to rising interest rates. These instruments are used primarily to protect the margin between the interest earned on investments and the interest rate credited to related investment certificate owners.

The interest rate floors are reset monthly and IDSC earns interest on the notional amount to the extent the U.S. Treasury securities at "constant maturity" for a period of one year exceed the reference rates specified in the floor agreements. These reference rates range from 4.6% to 4.7%. The cost of interest rate floors is amortized over the terms of the agreements on a straight line basis and is included in other qualified assets. The amortization, net of any interest earned, is included in investment expenses or other investment income, as appropriate.

The interest rate caps and corridors were reset quarterly and IDSC earned interest on the notional amount to the extent the London Interbank Offering Rate exceeded the reference rates specified in the cap and corridor agreements. These reference rates ranged from 4% to 9%. The cost of interest rate caps and corridors is amortized over the terms of the agreements on a straight line basis and is included in other qualified assets. The amortization, net of any interest earned, is included in investment expenses or other investment income, as appropriate.

The interest rate swaps are reset monthly. IDSC pays a fixed rate on the notional amount ranging from 5.46% to 5.66% and receives a floating rate on the notional amount tied to the U.S. Treasury securities at "constant maturity" for a period of one year. There is no cost carried on the balance sheet. Interest earned and interest expensed under the agreements is shown net in investment expenses or other investment income, as appropriate.

IDSC offers a series of certificates which pays interest based upon the relative change in a major stock market index between the beginning and end of the certificates' term. The certificate owners have the option of participating in the full amount of increase in the index during the term (subject to a specified maximum) or a lesser percentage of the increase plus a guaranteed minimum rate of interest. As a means of hedging its obligations under the provisions of these certificates, IDSC purchases and writes call options on the major market index. The options are cash settlement options, that is, there is no underlying security to deliver at the time the contract is closed out.

Each purchased (written) call option contract confers upon the holder the right (obligation) to receive (pay) an amount equal to one hundred dollars times the difference between the level of the major stock market index on the date the call option is exercised and the strike price of the option.

The option contracts are less than one year in term. The premiums paid or received on these index options are reported in other qualified assets or other liabilities, as appropriate, and are amortized into investment expense over the life of the option. The intrinsic value of these index options is also reported in other qualified assets or other liabilities, as appropriate. Changes in the intrinsic value of these options are recognized currently in provision for certificate reserves.

Notes to Financial Statements (\$ in thousands unless indicated otherwise)

Following is a summary of open option contracts at Dec. 31, 1998 and 1997.

<TABLE>  
<CAPTION>

	1998		
	Contract amount	Average strike price	Index at Dec.31,1998
<S>	<C>	<C>	<C>
Purchased call options	\$448	1,088	1,229
Written call options	448	1,206	1,229

1997

	Contract amount	Average strike price	Index at Dec.31,1997
Purchased call options	\$389	876	970
Written call options	376	969	970

&lt;/TABLE&gt;

## 10. Fair values of financial instruments

IDSC discloses fair value information for most on- and off-balance sheet financial instruments for which it is practicable to estimate that value. The fair value of the financial instruments presented may not be indicative of their future fair values. The estimated fair value of certain financial instruments such as cash and cash equivalents, receivables for dividends and interest, investment securities sold and other trade receivables, accounts payable due to Parent and affiliates, payable for investment securities purchased and other accounts payable and accrued expenses are approximated to be the carrying amounts disclosed in the balance sheets. Non-financial instruments, such as deferred distribution fees, are excluded from required disclosure. IDSC's off-balance sheet intangible assets, such as IDSC's name and future earnings of the core business are also excluded. IDSC's management believes the value of these excluded assets is significant. The fair value of IDSC, therefore, cannot be estimated by aggregating the amounts presented.

A summary of fair values of financial instruments as of Dec. 31, is as follows:

&lt;TABLE&gt;

&lt;CAPTION&gt;

	1998		1997	
	Carrying value	Fair value	Carrying value	Fair value
<S>	<C>	<C>	<C>	<C>
Financial assets				
Assets for which carrying values approximate fair values				
Investment securities (note 3)	3,303,360	3,335,534	3,669,667	3,695,839
First mortgage loans on real estate (note 4)	334,280	343,406	212,433	216,951
Derivative financial instruments (note 9)	96,213	92,705	56,127	54,860
Financial liabilities				
Liabilities for which carrying values approximate fair values				
Certificate reserves (note 5)	3,373,033	3,387,122	3,688,351	3,700,757
Derivative financial instruments (note 9)	38,071	55,669	24,739	35,128

&lt;/TABLE&gt;

## IDS CERTIFICATE COMPANY

&lt;TABLE&gt;

&lt;CAPTION&gt;

Investments in Securities of Unaffiliated Issuers  
(\$ in thousands)

Schedule I

Issuer Name and Issue Title			Bal Held at 12/31/98 Principal Amt of Bonds & Notes or # of Shares	Cost (Notes a & c)	Value at 12/31/98 (Note a)
<S>	<C>	<C>	<C>	<C>	<C>
BONDS AND NOTES					
United States Government- Direct Obligations					
US TREASURY BOND	6.875%	2000	165	165	169
US TREASURY BOND	5.625%	2000	200	198	204
Total U.S. Government - Direct Obligations			365	363	373
Other Bonds and Notes					

United States Government Agencies

FHLMC-GNMA 40 D CMO	6.500%	2011	13,169	13,126	13,185	(f)
GNMA ARM #8377	6.625%	2018	716	714	726	(f)
GNMA ARM #8251	6.625%	2017	63	63	64	(f)
GNMA ARM #8365	6.875%	2018	1,636	1,636	1,661	(f)
GNMA ARM #8274	7.000%	2017	2,096	2,095	2,122	(f)
GNMA ARM #8293	7.000%	2017	488	488	494	(f)
GNMA ARM #8283	7.000%	2017	285	284	288	(f)
GNMA ARM #8353	6.875%	2018	919	914	933	(f)
GNMA ARM #8341	6.875%	2018	119	119	121	(f)
GNMA ARM #8240	6.625%	2017	749	740	760	(f)
GNMA ARM #8440	7.000%	2018	813	813	823	(f)
GNMA ARM #8206	6.875%	2017	1,107	1,107	1,121	(f)
GNMA ARM #8428	7.000%	2018	299	299	303	(f)
GNMA ARM #8157	6.875%	2023	4,537	4,614	4,593	(f)
GNMA ARM #8638	6.875%	2025	7,528	7,589	7,627	(f)
FNMA 30 YR #27880	9.000%	2016	48	49	50	(f)
FNMA 15 YR #34543	9.250%	2001	64	64	68	(f)
FNMA 30 YR #36225	9.000%	2016	129	131	136	(f)
FNMA 30 YR #040877	9.000%	2017	44	45	46	(f)
FNMA 30 YR #51617	10.000%	2017	89	89	96	(f)
FNMA 30 YR #52185	10.000%	2017	58	58	62	(f)
FNMA 15 YR #13705	11.000%	2000	15	16	16	(f)
FNMA 15 YR #18275	11.000%	2000	4	5	5	(f)
FNMA 15 YR #18745	11.000%	2000	3	3	3	(f)
FNMA 15 YR #2469	11.000%	2000	8	8	8	(f)
FNMA 15 YR #13157	11.000%	2000	8	8	8	(f)
FNMA 15 YR #13548	11.000%	2000	22	23	24	(f)
FNMA 15 YR #18986	11.000%	2000	5	5	6	(f)
FNMA 15 YR #64520	11.000%	2001	28	28	30	(f)
FNMA 15 YR #64523	11.000%	2000	23	23	25	(f)
FNMA 15 YR #19070	11.000%	2000	3	3	3	(f)

Bal Held at  
12/31/98  
Principal Amt  
of Bonds & Notes  
or  
# of Shares

Cost  
(Notes  
a & c)

Value at  
12/31/98  
(Note a)

Issuer Name and Issue Title

FNMA 15 YR #19261	11.000%	2000	10	10	10	(f)
FNMA 15 YR #22569	11.000%	2000	6	6	7	(f)
FNMA 15 YR #22271	11.000%	2000	22	23	24	(f)
FNMA 15 YR #22674	11.000%	2000	16	16	17	(f)
FNMA 15 YR #22405	11.000%	2000	23	23	25	(f)
FNMA 15 YR #25899	11.000%	2001	6	6	6	(f)
FNMA 15 YR #58405	11.000%	2003	23	23	24	(f)
FNMA 15 YR #70299	10.750%	2001	98	99	104	(f)
FNMA 15 YR #66458	10.000%	2004	2,407	2,417	2,491	(f)
FNMA 15 YR 70694 MEG	9.500%	2005	1,144	1,152	1,213	(f)
FNMA 15 6.0 #50973	6.000%	2009	30,586	29,967	30,711	(f)
FNMA 10YR #303115	6.500%	2004	10,151	9,662	10,291	(f)
FNMA 15YR #124848	8.000%	2008	8,589	8,567	8,852	(f)
FNMA 15YR #303445	5.500%	2009	16,480	15,859	16,290	(f)
FNMA #73227 MULT-FAM	6.700%	2005	2,429	2,451	2,476	(f)
FNMA 15YR 190534	6.000%	2018	15,777	15,530	15,841	(f)
FNMA 15 YR #A250857	7.000%	2012	14,753	14,722	15,067	(f)
FNMA 15YR #250671	7.500%	2011	15,426	15,466	15,865	(f)
FNMA 15 YR #313561	8.000%	2012	15,003	15,288	15,513	(f)
FNMA 15YR #303779	6.000%	2011	29,895	29,374	29,988	(f)
FNMA 7.0 15YR 250670	7.000%	2011	4,934	4,970	5,038	(f)
FNMA 15YR #313522	7.000%	2012	29,007	29,172	29,624	(f)
FNMA 15YR #367005	7.000%	2012	10,717	10,660	10,953	(f)
FNMA 15YR #313042	7.000%	2011	11,095	11,139	11,331	(f)
FNMA 92 203 E CMO	6.250%	2005	3,779	3,756	3,777	(f)
FANNIEMAE GR TRST	6.610%	2018	10,000	9,998	9,965	(f)
FNMA 97-2C CMO	7.000%	2020	29,869	29,882	30,152	(f)
FN 98 50 CLASS PA	6.000%	2012	15,000	15,046	14,989	(f)
FNMA 98-8 A SEQ CMO	6.500%	2024	8,394	8,397	8,428	(f)
FNMA 97-74 G SEQ CMO	6.500%	2024	7,930	7,899	7,963	(f)
FNMA 96-10 C CMO SEQ	6.500%	2023	6,739	6,512	6,830	(f)
FNMA 97-17 CMO	7.000%	2022	45,323	45,072	45,557	(f)
FN 97 11 K SEQ CMO	7.125%	2023	7,803	7,830	7,855	(f)
FNMA ARM #70007	6.697%	2017	1,574	1,574	1,598	(f)
FNMA ARM #70009	6.924%	2018	2,261	2,261	2,296	(f)
FNMA ARM #70117	7.091%	2017	489	489	496	(f)
FNMA ARM #79384	7.790%	2019	738	738	758	(f)
FNMA ARM #70202	7.446%	2019	1,565	1,565	1,598	(f)
FNMA ARM #92069	7.351%	2018	2,017	2,017	2,057	(f)
FNMA ARM #93787	7.157%	2019	1,694	1,694	1,728	(f)
FNMA ARM #97822	7.363%	2020	269	269	274	(f)
FNMA ARM#88879 3X3	7.843%	2019	1,863	1,863	1,963	(f)

FNMA ARM#105989 3X3	7.829%	2020	1,441	1,441	1,520	(f)
FNMA ARM #249907	8.000%	2024	7,238	7,344	7,399	(f)
FNMA ARM#89125 SEMI	7.001%	2019	4,843	4,943	4,967	(f)
FNMA ARM #303259	7.286%	2025	4,811	4,939	4,921	(f)
FNMA ARM#190726 SEMI	7.173%	2033	9,260	9,444	9,479	(f)

Issuer Name and Issue Title			# of Shares	Bal Held at 12/31/98		
				Principal Amt of Bonds & Notes or # of Shares	Cost (Notes a & c)	
FHLMC CTF SER B-77	8.125%	2007	91	91	91	(f)
FHLMC 15 YR #200035	9.000%	2001	142	141	147	(f)
FHLMC 15 YR #200064	8.000%	2002	211	207	216	(f)
FHLMC 15 YR #212119	9.500%	2001	62	62	65	(f)
FHLMC 15 YR #218648	9.500%	2002	28	28	30	(f)
FHLMC 15 YR #200048	9.000%	2001	343	340	357	(f)
FHLMC 15YR #380025	9.500%	2003	387	386	410	(f)
FHLMC 15 YR #219679	9.500%	2003	305	303	323	(f)
FHLMC 15 YR #200022	10.500%	2000	36	36	38	(f)
FHLMC 15 YR #219757	11.000%	2003	656	679	695	(f)
FHLMC 15 YR #502175	10.500%	2004	78	79	82	(f)
FHLMC LOANS #885005	9.500%	2002	800	797	847	(f)
FHLMC 15 YR #885009	9.500%	2003	1,870	1,862	1,979	(f)
FHLMC LOANS #885008	10.000%	2003	1,375	1,380	1,458	(f)
FHLMC GOLD E00151	7.500%	2017	4,926	5,061	5,069	(f)
FHLMC 5YR BLN #G5015	7.000%	1999	54	55	55	(f)
FHLMC 15YR #G10336	7.500%	2010	4,431	4,366	4,560	(f)
FHLMC 15YR #G10344 G	7.500%	2010	9,991	9,945	10,281	(f)
FHLMC 15YR #10342	7.000%	2010	15,527	15,157	15,877	(f)
FHLMC 5YR BLN #G5025	7.500%	2000	10,133	10,151	10,259	(f)
FHLMC 15YR G10364	7.000%	2010	12,965	12,901	13,257	(f)
FHLM 15 6.5 #G10369	6.500%	2010	29,881	29,544	30,338	(f)
FHLMC 15 #G10350 GLD	6.500%	2010	17,304	17,269	17,575	(f)
FHLMC 15YR #E00383	7.000%	2010	13,355	13,335	13,656	(f)
FHLMC 15YR GOLD	6.500%	2010	14,825	14,758	15,056	(f)
FH GD 15YR #E00426	6.500%	2011	7,021	6,959	7,126	(f)
FH15YR #G10439 GOLD	6.500%	2011	3,629	3,546	3,684	(f)
FHLMC 15YR G10627	6.500%	2011	23,454	23,128	23,806	(f)
FHLMC 15YR G10665 GD	7.000%	2012	60,986	60,850	62,358	(f)
FHLMC T-009 A2 HEL	6.430%	2013	10,000	10,000	10,040	(f)
FHLMC 15YR	11.000%	2003	781	799	829	(f)
FHLMC GOLD E00484	6.500%	2012	6,235	6,099	6,332	(f)
FHLMC GOLD #E00476	6.500%	2012	14,824	14,503	15,038	(f)
FHLMC15YR E00388GOLD	7.000%	2010	8,289	8,178	8,476	(f)
FHLMC ARM #840035	7.364%	2019	765	765	776	(f)
FHLMC ARM #840045	7.644%	2019	2,911	2,911	2,955	(f)
FHLMC ARM #605050	7.555%	2018	290	290	296	(f)
FHLMC ARM #605041	7.594%	2019	226	226	231	(f)
FHLMC ARM #605048	7.201%	2018	1,022	1,022	1,039	(f)
FHLMC ARM #605079	7.470%	2018	927	927	946	(f)
FHLMC ARM #605175	7.567%	2019	2,398	2,398	2,443	(f)
FHLMC ARM #605352	7.239%	2018	1,665	1,665	1,693	(f)
FHLMC ARM #605433	7.336%	2017	1,177	1,177	1,194	(f)
FHLMC ARM #605432	6.996%	2017	407	407	414	(f)
FHLMC ARM #405185	7.415%	2018	1,232	1,232	1,247	(f)
FHLMC ARM #405249	7.463%	2018	1,471	1,471	1,497	(f)
FHLMC ARM #630074	7.250%	2018	404	404	409	(f)
FHLMC ARM #605854	7.497%	2019	1,820	1,820	1,854	(f)

Issuer Name and Issue Title			# of Shares	Bal Held at 12/31/98		
				Principal Amt of Bonds & Notes or # of Shares	Cost (Notes a & c)	
FHLMC ARM #630048	6.875%	2018	11	11	12	(f)
FHLMC ARM #405092	7.118%	2019	909	909	922	(f)
FHLMC ARM #840072	7.351%	2019	1,279	1,279	1,297	(f)
FHLMC ARM #605454	7.110%	2017	3,465	3,465	3,510	(f)
FHLMC ARM #405437	7.525%	2019	217	217	221	(f)
FHLMC ARM #405455	7.527%	2019	652	652	661	(f)
FHLMC ARM #405243	7.385%	2019	528	528	537	(f)
FHLMC ARM #606025	6.912%	2019	3,789	3,789	3,812	(f)
FHLMC ARM #606024	6.881%	2019	1,003	1,003	1,009	(f)
FHLMC ARM #405517	7.000%	2019	279	280	285	(f)
FHLMC ARM#605853	7.472%	2019	2,241	2,241	2,286	(f)
FHLMC ARM #405014	7.213%	2019	500	500	508	(f)
FHLMC ARM #401587	7.375%	2018	1,595	1,595	1,619	(f)

FHLMC ARM 840031	7.409%	2019	205	205	208	(f)
FHLMC ARM #840036	7.417%	2019	940	940	957	(f)
FHLMC ARM #405615	7.150%	2019	692	692	702	(f)
FHLMC ARM #405360	7.493%	2019	717	717	729	(f)
FHLMC ARM #606151	7.609%	2019	3,276	3,276	3,341	(f)
FHLMC ARM #635054	7.476%	2020	193	193	197	(f)
FHLMC ARM #405675	7.542%	2020	1,187	1,187	1,207	(f)
FHLMC ARM #405692	7.514%	2020	1,582	1,582	1,610	(f)
FHLMC ARM #606301	7.841%	2020	3,987	3,987	4,093	(f)
FHLMC ARM #405744	7.579%	2020	844	844	859	(f)
FHLMC ARM#865008 3X3	8.448%	2018	4,787	4,787	4,903	(f)
FHLMC ARM #845154	7.537%	2022	2,335	2,405	2,359	(f)
FHLMC ARM #845654	7.766%	2024	7,827	7,939	7,977	(f)
FHLMC ARM #350190	7.625%	2022	3,624	3,729	3,689	(f)
FHLMC ARM #845523	7.473%	2023	3,775	3,881	3,836	(f)
FHLMC ARM #845733	7.502%	2024	12,966	13,191	13,230	(f)
FHLMC ARM #845730	7.516%	2024	15,253	15,737	15,434	(f)
FHLMC ARM #845973	7.482%	2024	4,633	4,633	4,745	(f)
FHLMC ARM #845999	7.355%	2027	13,966	14,085	14,211	(f)
FHLMC ARM #846072	7.477%	2022	3,561	3,648	3,646	(f)
FHLMC ARM#846107LIB	7.946%	2025	4,339	4,436	4,420	(f)
FHLMC ARM#785363 3X1	7.864%	2025	3,137	3,178	3,165	(f)
FHLMC ARM #606903	7.157%	2022	530	535	531	(f)
FHLMC ARM#785615 3X1	6.655%	2026	8,411	8,365	8,650	(f)
FHLMC ARM#785634 3X1	6.743%	2026	8,652	8,680	8,933	(f)
FHLMC ARM#785619 3X1	6.605%	2026	3,433	3,452	3,543	(f)
FHLMC ARM#785672 3X1	6.705%	2026	4,804	4,826	4,854	(f)

Total United States Government Agencies			856,406	854,043	869,850	
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#### Municipal Bonds

##### California

CAL HSG 95-O TAX MUN	7.740%	2016	10,645	10,645	11,159	(b)	(f)
CAL HSG FIN 1996-M	7.890%	2016	8,245	8,245	8,583	(b)	(f)

Issuer Name and Issue Title	Bal Held at 12/31/98 Principal Amt of Bonds & Notes or # of Shares	Cost (Notes a & c)	Value at 12/31/98 (Note a)
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##### Illinois

CHICAGO IL SAN DIST	9.250%	2000	1,000	1,021	1,060	(b)	(f)
*CHIC IL GAS SPY SRC	7.500%	2015	4,500	4,500	4,768	(b)	(f)

##### Minnesota

WEST MN MUNI POWER	10.250%	2015	3,120	3,120	3,120	(b)	(f)
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##### New York

NEW YORK CITY NT GO	7.750%	2000	335	335	339	(b)	(f)
NEW YORK PWR AUTH	9.500%	2001	180	186	187	(b)	(f)

##### Pennsylvania

WY VALLEY PA SWR	5.125%	2007	115	115	119	(b)	(f)
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##### Texas

AUSTIN TX UTILITY	10.750%	2015	3,735	3,908	4,102	(b)	(f)
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Total Municipal Bonds			31,875	32,075	33,437	
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#### Public Utility

AES CORP SNR SUB NTS	8.375%	2007	5,000	4,979	4,987	(b)	(d)	(f)
ALLIED WASTE 144A	7.375%	2004	800	799	808	(d)	(f)	
AVON ENERGY	6.730%	2002	4,750	4,750	4,888	(b)	(d)	(f)
BAROID CORP	8.000%	2003	5,000	4,990	5,269			
BARRETT RESOURCES	7.550%	2007	3,000	3,003	3,186		(f)	
CMS ENERGY	7.375%	2000	4,700	4,697	4,789		(f)	
CSW INVESTMENTS 144A	6.950%	2001	10,000	9,993	10,302	(b)	(d)	(f)
CABLE & WIRELESS COM	6.375%	2003	6,000	5,976	6,040		(f)	
CAL ENERGY CO INC	9.500%	2006	4,000	4,027	4,440		(f)	
CROSS TIMBERS OIL CO	8.750%	2009	3,000	3,000	2,670		(f)	
CYTEC INDUSTRIES INC	6.500%	2003	10,500	10,491	10,138		(f)	
DETROIT EDISON	6.280%	2000	7,000	6,980	7,099		(f)	
EL PASO ELEC CO	7.250%	1999	2,000	2,000	2,002		(f)	
ENRON CORP	6.625%	2003	5,000	5,027	5,130		(f)	
ENRON CORP	6.450%	2001	10,000	10,000	10,255		(f)	
INTL SPECIALTY PROD	9.000%	1999	15,000	15,019	15,039		(f)	

JERSEY CENTRAL P&L	6.040%	2000	5,000	5,000	5,053	
KN ENERGY INC	6.450%	2003	8,000	7,988	8,031	(f)
KANSAS CITY P&L	7.340%	1999	10,000	10,000	10,150	
MCN INV`T CORP MTN	6.890%	2002	9,000	9,030	9,322	(f)
NEW PARK RESOURCES	8.625%	2007	2,500	2,528	2,500	(f)
NIAGARA MHWK PWR	7.375%	2003	3,000	3,097	3,139	(f)
NORAM ENERGY CORP	7.500%	2000	5,000	4,990	5,150	(f)
NORCEN ENERGY RES	6.800%	2002	10,000	9,986	10,173	(f)
NOVACOR CHEMICALS	6.500%	2000	10,000	9,986	10,074	(f)
OCCIDENTAL PETROLEUM	6.410%	2000	5,000	4,980	5,060	(f)
ORYX ENERGY	8.650%	1999	15,000	15,000	15,000	

Issuer Name and Issue Title			Bal Held at 12/31/98		Value at 12/31/98 (Note a)	
			Principal Amt of Bonds & Notes or # of Shares	Cost (Notes a & c)		
PUBLIC SERV E&G CAP	6.800%	2002	10,000	10,025	10,277	(d) (f)
PUB SERVICE ELEC GAS	6.740%	2001	12,000	12,000	12,342	(d) (f)
PACIFIC GAS TRANS	6.640%	2000	5,000	5,000	5,100	(f)
PAGING NETWORK	10.000%	2008	2,000	2,000	1,950	(f)
PRAXAIR INC	6.750%	2003	5,000	4,819	5,136	(f)
QWEST COMMUNICATION	7.250%	2008	3,000	3,000	3,075	(b) (d) (f)
SALTON SEA CL A	6.690%	2000	2,081	2,081	2,095	(f)
SMITH INT`L INC	7.240%	2001	10,000	10,000	10,281	(b) (d) (f)
TELEPORT COMM	9.875%	2006	4,000	4,073	4,555	(f)
TEXAS UTILITIES	6.370%	2000	10,000	10,000	10,211	(f)
TOSCO CORP	7.000%	2000	5,000	4,997	5,094	(f)
USX CORP	7.200%	2004	13,000	13,327	13,480	(f)
USA WASTE SERVICES	6.500%	2002	10,000	9,997	10,264	(f)
WILLIAMS CO INC	6.500%	2002	12,000	11,992	12,133	(f)
Total Public Utility			281,331	281,627	286,687	

Finance

AG CAP FND SR.NT FLT	6.494%	2004	20,000	19,982	18,550	(d) (f)
AT&T CAPITAL CORP	6.900%	2002	15,000	14,919	14,953	(f)
ADVANTA MTG 98-1 A2	6.250%	2014	5,000	5,000	5,006	(f)
AERCO LDT S-1A CL C1	6.885%	2023	13,496	13,353	12,889	(d) (f)
O`N`E` LOAN TRUST 97	7.906%	2007	25,000	25,000	25,000	(b) (d) (f)
ALLIANCE INV CBO FLT	6.713%	2006	19,000	19,000	18,620	(d) (f)
ARISTAR FINL	7.875%	1999	3,000	3,000	3,007	(f)
ATHENA CBO LIMIT FLT	5.939%	2010	10,000	9,966	9,950	(f)
BANKAMERICA CORP	9.750%	2000	10,000	10,126	10,599	
BANPONCE FIN CORP	6.580%	2003	5,000	4,987	5,217	(f)
BISTRO TRST 1997-100	6.350%	2002	7,000	6,986	7,076	(d) (f)
BISTRO TRT 98-1000	6.580%	2001	14,000	14,000	14,206	(d) (f)
CA INF BK SDG E1 A2	6.040%	2002	1,500	1,500	1,511	(f)
CAPITAL ONE BANK	7.350%	2000	5,000	4,998	5,145	(f)
CAPITAL ONE BANK	6.375%	2003	5,500	5,486	5,477	(f)
CARAVELLE INV B FLTG	7.088%	2005	17,500	17,500	17,325	(f)
CARCO AUTO 97-1	6.689%	2004	12,000	12,000	12,051	(f)
CCMSC 1997-2 CLSS A1	6.450%	2004	4,508	4,509	4,604	(f)
COMMERCIAL CREDIT	8.250%	2001	9,000	8,944	9,661	(f)
CONTI FINANCIAL CORP	8.375%	2003	5,000	4,990	3,750	(f)
CONTI MTG HEL TRTA-6	6.690%	2016	10,000	10,000	10,192	(f)
CONTI 98-1 CLASS A5	6.430%	2016	10,000	9,998	10,118	(f)
COUNTRYWIDE FUNDING	8.420%	1999	19,700	19,700	19,796	
ECH FUNDING 98-1 A-2	6.385%	2010	19,000	19,000	18,216	(d) (f)
EQCC 97-3 A6 ABS HEL	6.610%	2021	5,000	5,010	5,107	(f)
FDIC 96-1C CLASS 1A	6.750%	2026	5,030	5,028	5,028	(f)
FMAC LLC 98-D CL A-1	6.111%	2019	5,000	5,025	5,033	(d) (f)
FINOVA CAP C MTN	6.190%	2000	3,000	3,016	3,011	(f)
FBMS 93-2 CL B1 CMO	7.500%	2033	6,286	6,434	6,791	(f)
FIRST DOMINION CBO 1	6.981%	2013	19,000	19,000	16,934	(d) (f)

Issuer Name and Issue Title			Bal Held at 12/31/98		Value at 12/31/98 (Note a)	
			Principal Amt of Bonds & Notes or # of Shares	Cost (Notes a & c)		
FULB 97-C1 A-1 MBS	7.150%	2004	9,399	9,548	9,768	(f)
FULB 97-C2 CLASS A1	6.479%	2004	8,918	8,954	9,066	(f)
FIRST USA DEP NT	6.375%	2000	5,000	4,994	5,129	(f)
FIRSTPLUS 98-A-A NIM	8.500%	2023	6,310	6,281	5,839	(f)

GATX CAPITAL CORP	6.500%	2000	5,000	5,000	5,082	(f)
GATX CAP CORP MTN	6.360%	2002	5,000	4,946	4,974	(f)
GMAC 96-C1 COMM MBS	6.790%	2003	4,331	4,344	4,469	(f)
GMAC 97-C2 A CMBS	6.451%	2004	4,769	4,788	4,908	(f)
GS-96PROTECT LIFE A1	7.020%	2027	6,302	6,407	6,673	(f)
GMAC	7.750%	1999	20,000	19,998	20,013	(f)
GREAT WESTERN FINL	6.375%	2000	3,000	2,996	3,036	(f)
GREENTREE EQP 96-B	7.700%	2018	7,424	7,530	7,544	(f)
GREENPOINT BANK	6.700%	2002	9,250	9,283	9,387	(f)
HELLER FINANCIAL	6.500%	2000	8,000	8,001	8,098	(f)
HELLER FINANCIAL	6.440%	2002	5,000	4,983	5,108	(f)
HOMESIDE LENDING	6.875%	2002	10,000	9,998	10,421	(f)
HOUSEHOLD FIN MTN	7.100%	2002	10,000	9,995	10,426	(f)
INDOSUEZ CAP B-2 CLO	6.727%	2010	16,500	16,500	16,005	(d) (f)
INTL LEASE FINANCE	7.950%	1999	12,000	12,000	12,017	(f)
IROQUOIS TRUST 97-1A	7.000%	2006	10,000	10,004	10,092	(d) (f)
IROQUOIS TRUST 97-2A	6.752%	2007	15,000	14,988	15,143	(d) (f)
KEYCORP SENIOR	7.430%	2000	4,000	3,998	4,118	(f)
LBCMT 98-C1 A-1 CMBS	6.330%	2004	3,778	3,795	3,861	(f)
LBCMT 98-C4 A1A CMBS	5.870%	2035	4,978	5,003	5,012	(f)
LONG ISL SAV BK	7.000%	2002	5,000	4,992	5,186	(f)
MBNA AMER BANK NA	7.540%	2001	10,000	9,996	10,522	(f)
MBNA CORP	6.500%	2000	5,000	4,999	5,069	(f)
ML CBO14 98-E&P-1 FL	7.119%	2010	11,000	11,000	9,782	(d) (f)
MARGARETTEN FIN'L	6.750%	2000	15,250	15,310	15,561	(f)
MERCHANDISE MART LLC	6.747%	1999	15,000	15,000	15,000	(b) (d) (f)
ML CLO 98 PILG-3	7.000%	2010	7,500	7,448	6,962	(f)
ML CBO 98 AIG-2 B-1	7.100%	2010	6,500	6,475	6,050	(f)
ML CBO 98 SER 1 B1	6.945%	2009	10,500	10,477	9,618	(f)
MONEYSTORE 97-A	7.210%	2021	4,000	4,000	4,101	(f)
JPMS 96-C2 CL A	6.470%	2027	3,452	3,470	3,518	(f)
JPM 98-C6 A1 CMBS	6.373%	2030	3,685	3,701	3,750	(f)
MS CAP 1996-WFI MBS	7.220%	2028	10,000	10,118	10,587	(f)
MS CAP 1 1997-XL A-1	6.590%	2030	14,507	14,567	15,027	(f)
MS CAPI 97-ALIC A1 A	6.300%	2000	7,241	7,241	7,320	(f)
MS CAP 98-WF1 CMBS	6.250%	2007	2,417	2,427	2,471	(f)
MCF 96-MC2 CLS A1	6.758%	2004	9,202	9,260	9,508	(f)
NORWEST FINANCIAL	7.250%	2000	4,500	4,498	4,612	(f)
ORIX CR ALL 144A MTN	6.640%	2002	16,000	16,000	16,124	(d) (f)
PAMCOIII CLO 98-1 B2	6.570%	2010	19,000	19,000	18,620	(d) (f)
PENSKE TRUCK LEASING	7.750%	1999	3,000	3,009	3,027	(f)
BANK POPULAR N.A.	6.625%	2002	12,000	11,991	12,583	(f)
PROVIDENT BANK	6.125%	2000	5,000	4,995	5,072	(f)
PROVIDIAN 97-4-A CRD	6.250%	2007	10,500	10,486	10,814	(f)

Issuer Name and Issue Title			Bal Held at 12/31/98 Principal Amt of Bonds & Notes or # of Shares	Cost (Notes a & c)	Value at 12/31/98 (Note a)	
PHMS 1993-39 A8 SUPP	6.500%	2008	10,056	9,711	10,098	(f)
RFMSI 1998-S23 CL A1	6.000%	2028	14,834	14,939	14,788	(f)
SASCO 98-C3 CLASS B	5.792%	2001	4,995	4,961	5,013	(d) (f)
SL CMBS 97-C1 CLS A	6.875%	2004	15,203	15,318	15,691	(d) (f)
SBMS VII 91-1 B1	9.700%	2006	422	422	421	(f)
SANWA BUS CREDIT MTN	7.250%	2001	10,000	9,995	10,416	(b) (d) (f)
SAXON 98-1 AF3 HEL	6.450%	2024	2,000	1,999	2,018	(f)
SAXON 95-1 BA2 ARM	7.668%	2025	1,490	1,511	1,512	(f)
SOMERS CBO FLT	5.975%	2012	11,000	10,928	10,945	(f)
SASCO96-CL1 AIC	5.944%	2028	2,673	2,673	2,670	(f)
TCW GEM II 144A FLT	6.781%	2012	25,000	23,802	7,500	(b) (d) (f)
TRANS OCEAN CRP 144A	6.670%	2007	10,141	10,095	10,442	(d) (f)
UCFC 95 CA2 ASSET BK	6.575%	2011	1,618	1,619	1,620	(f)
UCFC 97-B CL A-4 ABS	6.940%	2023	7,000	6,994	7,160	(f)
UNIFRAX INVESTMENT	10.500%	2003	5,000	5,030	5,200	(f)
VAN KAMPEN CLOII LMT	6.940%	2008	5,000	5,000	4,531	(d) (f)
VANDERBILT 98-A A2	6.140%	2006	3,000	3,000	3,018	(f)
WAYLAND FUND	7.790%	2004	5,000	5,000	5,000	(b) (d) (f)
WELLSFORD RESID PROP	7.250%	2000	5,000	4,989	5,144	(f)
ICI INVESTMENTS EMTN	6.750%	2002	10,000	10,068	10,126	(f)
Total Finance			875,165	874,297	858,306	
Industrial						
AAF MCQUAY	8.875%	2003	10,000	10,113	9,738	(f)
AGCO CORP	8.500%	2006	5,000	4,969	4,800	(f)
AK STEEL CORP	9.125%	2006	3,000	3,058	3,135	(f)
ADVANCED LIGHTING	8.000%	2008	2,000	2,016	1,910	(b) (d) (f)

AMER AIRLINES LESSEE	6.400%	2008	2,538	2,538	2,538	(b)	(d)	(f)
AMER AIRLINES LESSEE	6.400%	2008	2,338	2,338	2,338	(b)	(d)	(f)
AMER AIRLINES LESSEE	6.400%	2008	2,445	2,445	2,445	(b)	(d)	(f)
AMER AIRLINES LESSEE	6.400%	2008	2,650	2,650	2,650	(b)	(d)	(f)
AMER AIRLINES LESSEE	6.400%	2008	821	821	821	(b)	(d)	(f)
AMER AIRLINES LESSEE	6.400%	2008	820	820	820	(b)	(d)	(f)
AMERICAN STANDARD	10.875%	1999	1,000	1,010	1,024			(f)
AMERISERVE FOOD SER	10.125%	2007	4,000	4,109	3,640			(f)
ANTENNA TV SA	9.000%	2007	5,000	4,911	4,400			(f)
APPLIED MATERIALS	6.650%	2000	5,000	5,000	5,073			(f)
ARGO-TECH CORP	8.625%	2007	2,000	2,000	1,905			(f)
ARMCO STEEL 144A	8.875%	2008	2,000	1,984	2,020			(f)
AVIATION SALES	8.125%	2008	2,000	1,995	1,985			(f)
BECKMAN INSTRUMENTS	7.100%	2003	5,000	5,000	5,179			(f)
A.H. BELO	6.875%	2002	17,885	18,266	18,671			(f)
BLACK & DECKER	7.500%	2003	10,000	10,299	10,652			(f)
BOYD GAMING CORP	9.250%	2003	5,000	4,985	5,162			(f)
BROWN GROUP	8.600%	1999	5,000	5,000	5,012			(f)
BURLINGTON NORTHERN	6.375%	2005	5,000	4,998	5,255			(f)

Issuer Name and Issue Title			Principal Amt of Bonds & Notes or # of Shares	Bal Held at 12/31/98		Value at 12/31/98 (Note a)		
				Cost (Notes a & c)	Value at 12/31/98 (Note a)			
CSX CORP	7.050%	2002	10,000	9,995	10,390			(f)
REYNOLDS METALS CAN	6.625%	2002	15,600	15,696	16,085			(f)
CAPSTAR HOTEL	8.750%	2007	3,000	2,996	2,936			(f)
CHIQUITA BRANDS INTL	10.250%	2006	3,000	2,985	3,131			(f)
CHRYSLER FINANCE	7.590%	2000	5,000	5,000	5,135			(f)
CINCINNATI MILACRON	7.875%	2000	5,000	5,038	5,110			(f)
CINEMARK USA INC	8.500%	2008	2,000	1,996	1,990			(f)
COLTEC INDUSTRIES	7.500%	2008	2,000	1,997	2,117			(f)
COMCAST CABLE	8.125%	2004	10,000	9,993	11,093			(f)
CONTAINER CORP AMER	9.750%	2003	4,000	3,982	4,045			(f)
CONT'L CABLEVISION	8.300%	2006	4,000	3,990	4,502		(d)	(f)
COX COMMUNICATIONS	6.375%	2000	25,000	24,959	25,357			(f)
CROWN CORK & SEAL	6.750%	2003	14,950	15,004	15,036			(f)
DAYTON HUDSON	6.400%	2003	10,000	9,980	10,330			(f)
DAYTON HUDSON CO	6.800%	2001	5,000	5,000	5,173			(f)
DOMAN INDUSTRIES LTD	9.250%	2007	3,000	3,014	2,220			(f)
DOMINO`S 144A	10.375%	2009	2,000	2,015	1,990		(d)	(f)
BERGEN BRUNSWIG(DUR)	7.000%	2006	20,000	20,032	20,325			(f)
ERAC USA 144A	6.950%	2004	9,000	9,112	9,217		(d)	(f)
ENTERPRIS RENT-A-CAR	8.750%	1999	5,000	4,999	5,147		(d)	(f)
EXTENDICARE HLTH SER	9.350%	2007	1,000	1,000	920			(f)
EYE CARE CENTERS	8.958%	2008	2,000	2,000	1,885		(d)	(f)
FEDDERS N. AMERICA	9.375%	2007	3,000	3,016	3,023			(f)
FEDERAL-MOGUL	8.800%	2007	4,000	3,989	4,270			(f)
FORD MOTOR CREDIT	6.375%	2000	10,000	10,050	10,173			(f)
FORD MOTOR CR MTN	7.060%	2001	5,000	4,990	5,190			(f)
FURON COMPANY	8.125%	2008	2,000	2,000	1,980			(f)
GATC	6.320%	2000	10,000	9,993	10,159			(f)
GE CAPITAL CORP	8.125%	1999	12,000	12,000	12,025			(f)
GENESIS HEALTHCARE	9.250%	2006	5,000	5,000	4,844			(f)
GIANT INDUSTRIES	9.000%	2007	5,000	5,000	4,900			(f)
GRAHAM PACKAGING FLT	9.375%	2008	1,500	1,500	1,470			(f)
HAYES WHEELS INT'L	9.125%	2007	3,000	3,006	3,120			(f)
HAYES WHEELS INT`L	9.125%	2007	1,000	1,000	1,040			(f)
HERITAGE MEDIA	8.750%	2006	4,500	4,567	4,849			(f)
HOWMET INC*	10.000%	2003	3,000	3,156	3,296			(f)
ITT CORP	6.250%	2000	5,000	4,930	4,954			(f)
ISPMEX 144A LIQUID	10.125%	2003	4,605	4,605	4,104		(d)	(f)
INTEGON CORP	9.500%	2001	2,000	1,987	2,207			(f)
INT`L SHIPHOLDING	7.750%	2007	2,000	1,990	1,868			(f)
INTERPOOL INC	6.625%	2003	12,500	12,486	12,421			(f)
K-III COMM PUT/96	8.500%	2006	5,000	4,983	5,150			(f)
KAUFMAN & BROAD HOME	7.750%	2004	3,000	2,979	2,955			(f)
KROGER CO	8.150%	2006	4,000	4,004	4,471			(f)
LTV CORPORATION	8.200%	2007	5,000	4,972	4,731			(f)
LAMAR ADVERTISING	8.625%	2007	5,000	5,007	5,181			(f)
LGETT&PLATT MTN SERD	7.185%	2002	10,000	9,964	10,476		(d)	(f)
LIFE STYLE FURN	10.875%	2006	3,000	3,025	3,300			(f)

Bal Held at  
12/31/98  
Principal Amt  
of Bonds & Notes  
or  
Cost  
(Notes  
Value at  
12/31/98



Issuer Name and Issue Title			# of Shares	a & c)	(Note a)	
MJD COMMUNICATIONS	9.159%	2008	3,000	3,000	2,910	(f)
MARK IV	7.500%	2007	3,000	2,986	2,898	(f)
MAXXIM MEDICAL	10.500%	2006	4,000	4,029	4,310	(f)
MEDIAONE GROUP INC	6.850%	2002	15,500	15,495	15,982	(f)
FRED MEYERS INC	7.150%	2003	5,000	4,992	5,216	(f)
MULTICARE CO	9.000%	2007	4,000	4,013	3,800	(f)
MURRIN-MURRIN 144A	8.813%	2005	1,600	1,600	1,408	(d) (f)
MURRIN-MURRIN 144A	8.813%	2005	2,400	2,400	2,112	(d) (f)
NEWS AMER HLDGS	7.500%	2000	10,000	9,986	10,279	(f)
NORFOLK SOUTHERN	6.950%	2002	15,000	15,162	15,655	(f)
NORTEK INC	9.125%	2007	2,500	2,522	2,575	(f)
OFFSHORE LOGISTICS	7.875%	2008	2,000	2,005	1,910	(f)
OUTDOOR SYSTEMS INC	9.375%	2006	5,000	5,000	5,419	(f)
PARACELUS HEALTH	10.000%	2006	5,000	5,051	4,600	(f)
PARAMOUNT COMMUN	5.875%	2000	5,350	5,290	5,371	(f)
PARK-OHIO INDUSTRIES	9.250%	2007	1,000	1,004	1,022	(f)
PENNEY J.C. & CO	7.250%	2002	10,000	9,997	10,490	(f)
PHARMERICA INC	8.375%	2008	2,000	2,017	1,800	(f)
PILLOWTEX CORP	9.000%	2007	4,000	4,057	4,160	(f)
PRINTPACK INC	9.875%	2004	2,500	2,500	2,562	(f)
QUAKER OATS	6.940%	2003	1,500	1,503	1,578	(f)
QUAKER OATS	6.470%	2000	10,000	10,015	10,159	(f)
REPAP WISCONSIN	9.250%	2002	15,000	15,425	15,656	(f)
RITE AID CORP	6.700%	2001	5,000	4,999	5,151	(f)
ROLLINS TRUCK	6.875%	2001	5,000	4,999	5,124	(f)
RYDER SYSTEM	7.910%	2000	5,000	5,013	5,117	(f)
RYERSON TULL	8.500%	2001	5,000	5,000	5,212	(f)
S C INTERNATIONAL	9.250%	2007	5,000	5,023	5,025	(f)
SCOTSMAN GROUP INC	8.625%	2007	3,500	3,491	3,587	(f)
SEA CONTAINERS LTD	7.875%	2008	2,000	2,000	1,925	(f)
SHOP VAC CORP	10.625%	2003	2,000	2,000	2,183	(f)
SHOWBOAT INC	9.250%	2008	4,000	3,803	4,160	(f)
SMITHFIELD FOODS INC	7.625%	2008	2,000	1,993	1,932	(f)
STENA AB	10.500%	2005	3,000	3,000	3,053	(f)
SUNAMERICA	9.000%	1999	20,000	20,000	20,016	(f)
SUPERVALU INC	7.250%	1999	8,000	7,991	8,072	(f)
SUPERVALU INC	6.500%	2000	5,000	4,998	5,110	(f)
TEEKAY SHIPPING CORP	8.320%	2008	3,000	3,028	2,989	(f)
TELEWEST PLC	9.625%	2006	2,000	2,000	2,075	(f)
TENET HEALTHCARE CO	8.625%	2003	7,000	6,984	7,332	(f)
TITAN WHEEL INT'L IN	8.750%	2007	4,100	4,082	4,018	(f)
TRICO MARINE SERVICE	8.500%	2005	3,000	2,986	2,580	(f)
TYSON FOODS	6.410%	2000	10,000	10,004	10,214	(f)
US INDUSTRIES 144A	7.125%	2003	6,000	5,982	5,912	(d) (f)
UNION TANK CAR	6.500%	2008	6,207	6,198	6,363	(f)
UNITED AIR 1991A-1	9.200%	2008	4,281	4,043	5,068	(f)
US HOME CORP	7.750%	2005	1,500	1,497	1,432	(f)
UNITED STATIONERS	8.375%	2008	1,000	1,000	1,004	(f)

Issuer Name and Issue Title	Bal Held at 12/31/98			Cost (Notes a & c)	Value at 12/31/98 (Note a)	
	Principal Amt of Bonds & Notes or # of Shares					
VIACOM INC	6.750%	2003	5,000	4,997	5,161	
WALBRO CORP	10.125%	2007	3,000	3,037	2,940	(f)
WHITMAN CORP	6.250%	2000	5,000	4,976	5,074	(f)
AMER AIRLINES LESSE	6.400%	2008	1,248	1,248	1,248	(b) (d) (f)
AMER AIRLINES LESSE	6.400%	2008	1,248	1,248	1,248	(b) (d) (f)
AMER AIRLINES LESSE	6.400%	2008	1,248	1,248	1,248	(b) (d) (f)
AMER AIRLINES LESSE	6.400%	2008	853	853	853	(b) (d) (f)
AMER AIRLINES LESSE	6.400%	2008	855	855	855	(b) (d) (f)
AMER AIRLINES LESSE	6.400%	2008	924	924	924	(b) (d) (f)
AMER AIRLINES LESSE	6.400%	2008	923	923	923	(b) (d) (f)
AMER AIRLINES LESSE	6.400%	2008	925	925	925	(b) (d) (f)
WORLD COLOR PRESS	8.375%	2008	3,000	3,000	3,015	(b) (d) (f)
WYMAM GORDON CO	8.000%	2007	1,000	994	1,013	(f)
ASTRON CBO LTD FLT	6.392%	2010	17,500	17,500	15,794	(d) (f)
Total Industrial			685,814	687,198	695,211	
Total Other Bonds and Notes			2,730,591	2,729,241	2,743,492	
TOTAL BONDS AND NOTES			2,730,956	2,729,604	2,743,865	

PREFERRED STOCK

Public Utility

ALLTEL 7.75 \$100 PAR	7.750%	2005	18	1,845	1,851	(d)
AMERICAN WTRWRKS \$25	8.500%	2000	800	20,000	21,032	(b) (d)
AMERITECH NZ A \$100	7.040%	2001	40	4,112	4,170	(d) (f)
APPALACHIAN PWR \$100	6.850%	2004	30	3,003	3,315	
APPALACHIAN PWR \$100	5.900%	2008	10	997	1,151	(f)
APPALACHIAN PWR \$100	5.920%	2008	11	1,090	1,268	
ATLANTIC CITY EL 100	7.800%	2006	90	8,990	10,024	
BELL ATLANTIC NZ144A	7.080%	2001	25	2,612	2,689	(d) (f)
BELL ATL NZ\$100 144A	5.800%	2004	100	10,000	11,025	(d)
BOSTON EDISON \$100	8.000%	2001	90	9,000	9,872	
CENTRAL ILL LT \$100	5.850%	2008	65	6,508	7,280	
COMMONWEALTH EDISON	8.850%	2003	49	4,919	4,924	(b) (d)
COMMWLTH ED \$100 PVT	8.200%	2002	42	4,133	4,246	(d)
CON EDISON \$100 SR J	6.125%	2002	150	15,029	15,947	
DUKE ENERGY \$100 V	6.400%	2002	30	3,000	3,262	
DUKE ENRGY \$100 SR U	6.300%	2001	30	3,000	3,201	
DUKE ENRGY \$100 SR T	6.200%	2000	30	3,000	3,139	
DUKE ENRGY 1992D \$25	6.200%	2001	200	5,003	5,212	
DUKE ENRGY 1992C \$25	6.100%	2000	250	6,256	6,375	
DUKE ENRGY 1992B \$25	5.950%	1999	15	375	383	(f)
EASTERN EDISON \$100	6.625%	2008	210	20,925	22,273	
ENTERGY ARKANSAS \$25	9.920%	2002	26	661	682	

Issuer Name and Issue Title			Bal Held at 12/31/98 Principal Amt of Bonds & Notes or # of Shares	Cost (Notes a & c)	Value at 12/31/98 (Note a)	
ENTERGY LA \$100	7.000%	1999	80	8,000	8,135	
GREEN MTN PWR CL-D/3	8.625%	2000	28	2,800	2,827	(b) (d)
HAWAII ELEC \$100	8.500%	2005	50	5,107	5,178	(b) (d)
MAUI ELEC \$100	8.500%	2005	50	5,087	5,178	(b) (d)
INDIANA MICH POWER	6.300%	2009	52	5,222	5,770	
IND MICH POWER \$100	6.250%	2009	20	2,005	2,198	(f)
INDIANA MICHIGAN PWR	5.900%	2009	33	3,126	3,516	
JERSEY CENTRAL P&L	8.650%	2005	110	11,250	11,827	
KEYSPAN ENERGY PFD	7.950%	2000	274	6,866	7,319	
LOUISVILLE G&E PFD	5.875%	2008	12	1,197	1,286	(f)
MAINE YANKEE \$100	7.480%	2001	23	2,286	2,315	
MIDAMERICAN ENERGY	7.800%	2006	73	7,559	8,338	
MN P & L 144A \$100	7.125%	2002	50	4,983	5,126	(b) (d)
MN P&L 144A 6.70	6.700%	2002	100	10,000	10,387	(b) (d)
NO IND PUB SERV \$100	8.850%	2003	26	2,630	2,644	(b) (d)
NO IND PUB SERV \$100	6.500%	2002	115	11,857	12,214	(f)
NORTHWEST NAT GA 100	6.950%	2002	170	17,088	18,902	
OHIO POWER CO \$100	5.900%	2009	36	3,536	3,960	
OHI PWR CO \$100	6.020%	2008	10	991	1,109	
OHIO PWR CO \$100	6.350%	2008	5	506	565	
OTTER TAIL PWR \$100	6.300%	2007	180	18,000	19,766	
PECO ENERGY	6.120%	2003	160	16,003	16,501	
PACIFIC GAS & ELEC	6.300%	2009	120	2,963	3,275	(f)
PACIFIC GAS & ELEC	6.570%	2007	718	18,036	19,372	
PACIFICORP \$100 PAR	7.700%	2001	150	15,000	16,341	
POTOMAC ELEC PWR \$50	6.800%	2007	161	7,955	8,824	
PRAXAIR INC	7.480%	2000	70	7,037	7,319	
PUBLIC SER ELEC & GA	5.970%	2008	6	612	540	(f)
ROCHESTER G&E \$100	6.600%	2009	53	5,184	5,726	
ROCHESTER G & E \$100	7.650%	1999	20	2,000	2,041	
SAN DIEGO G&E \$25	1.762%	2008	59	1,580	1,796	(f)
SO CA EDISON \$100	6.050%	2008	45	4,501	4,829	(f)
SO CA EDISON \$100	6.450%	2002	202	20,344	21,679	
SO INDIANA G&E 100	6.500%	2002	75	7,500	7,805	(b) (d)
TEXAS UTILITIES	6.375%	2008	54	5,426	5,737	
TEXAS UTIL \$100 PAR	6.980%	2008	50	5,000	5,460	
UBS PRIVATE SER H	5.040%	2002	15	15,000	15,300	(b) (d) (f)
VIRGINIA ELEC & PWR	5.580%	2000	18	1,758	1,790	(f)
VIRGINIA ELEC & PWR	6.350%	2000	201	20,144	21,013	
WASHINGTON WTR POWER	6.950%	2007	57	5,764	6,724	
Total Public Utility			6,112	433,361	461,207	

Finance

ABN AMRO NA FRAP	5.94%		15	15,000	15,525	(d) (f)
------------------	-------	--	----	--------	--------	---------

CHASE MANHAT FRAP	4.96%		110	5,500	5,569	(f)
COMERICA FRAP	6.84%		150	7,796	7,837	(f)

Issuer Name and Issue Title			Bal Held at 12/31/98 Principal Amt of Bonds & Notes or # of Shares	Cost (Notes a & c)	Value at 12/31/98 (Note a)	
EURO AMER BANK FRAP	5.84%		10	10,000	10,462	(f)
FLEET FIN 6.59% FRAP	6.59%		130	6,662	6,939	(f)
MORGAN STANLEY GROUP	5.91%		100	5,000	5,138	(f)
PNC BK FRAP SERF	6.05%		440	22,160	22,495	(f)
WELLS FRGO FRAP SERH	6.59%		432	22,108	23,193	(f)
Total Finance			1,387	94,226	97,158	
Industrial						
NORTHBROOK HLDG 1000	6.600%	2001	10	10,000	10,362	(b) (d) (f)
WHIRLPOOL FIN \$100 B	6.550%	2008	180	18,103	19,102	(d)
WHIRLPL FINL PFD144A	6.090%	2002	37	3,688	3,839	(b) (d) (f)
Total Industrial			227	31,791	33,303	
TOTAL PREFERRED STOCK			7,726	559,378	591,669	
TOTAL Investments in Securities of Unaffiliated Issuers				3,288,982	3,335,534	
TOTAL Reserve for Possible Losses on Corporate Issues				0	0	
				3,288,982	3,335,534	

NOTES:

- a) See Notes 1 and 3 to the financial statements regarding determination of cost and fair values.
- b) In the absence of market quotations, securities are valued by IDS Certificate Company at fair value.
- c) Aggregate cost of investment in securities of unaffiliated issuers for federal income tax purposes was \$3,288,060.
- d) Securities acquired in private negotiation which may require registration under federal securities law if they were to be publicly sold. Also see Note 3B to financial statements.
- e) Non-income producing securities.
- f) Securities classified as available for sale and carried at fair value on the balance sheet. Also see Notes 1 and 3A to financial statements.

</TABLE>

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IDS CERTIFICATE COMPANY

SCHEDULE II

Investments in and Advances to Affiliates and Income Thereon

December 31, 1998, 1997 and 1996  
(\$ in thousands)

Name of Issuer and Title of Issue	Balance December 31, 1998			
	Principal Amount or No. of Shares	Cost (a) & (c)	Carrying Value (b)	Interest Dividends Credited to Income (d)
<S>	<C>	<C>	<C>	<C>
Wholly Owned Subsidiary (b): Real Estate Investment Company:				

Investors Syndicate Development Corporation:				
Capital Stock.....	100	\$2,998	\$418	\$0
=====				
Other Controlled Company:				
Real Estate Development Company:				
Mankato Ventures, First Mortgage Loan.....	\$0	0	0	0
=====				
Other Affiliates (as defined in Sec. 2(a)(3) of the				
Investment Company Act of 1940).....	\$0	0	0	0
=====				
Total affiliates.....		\$2,998	\$418	\$0
=====				

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IDS CERTIFICATE COMPANY

SCHEDULE II

Investments in and Advances to Affiliates and Income Thereon

December 31, 1998, 1997 and 1996  
(\$ in thousands)

Name of Issuer and Title of Issue	Balance December 31, 1997			Interest Dividends Credited to Income (d)
	Principal Amount or No. of Shares	Cost (a) & (c)	Carrying Value (b)	
<S>	<C>	<C>	<C>	<C>
Wholly Owned Subsidiary (b):				
Real Estate Investment Company:				
Investors Syndicate Development Corporation:				
Capital Stock.....	100	\$2,998	\$6,772	\$0
=====				
Other Controlled Company:				
Real Estate Development Company:				
Mankato Ventures, First Mortgage Loan.....	\$0	0	0	0
=====				
Other Affiliates (as defined in Sec. 2(a)(3) of the				
Investment Company Act of 1940).....	\$0	0	0	0
=====				
Total affiliates.....		\$2,998	\$6,772	\$0
=====				

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IDS CERTIFICATE COMPANY

SCHEDULE II

Investments in and Advances to Affiliates and Income Thereon

December 31, 1998, 1997 and 1996  
(\$ in thousands)

Name of Issuer and Title of Issue	Balance December 31, 1996			Interest Dividends Credited to Income (d)
	Principal Amount or No. of Shares	Cost (a) & (c)	Carrying Value (b)	
<S>	<C>	<C>	<C>	<C>
Wholly Owned Subsidiary (b):				

Real Estate Investment Company:				
Investors Syndicate Development Corporation:				
Capital Stock.....	100	\$2,998	\$6,444	\$0
=====				
Other Controlled Company:				
Real Estate Development Company:				
Mankato Ventures, First Mortgage Loan.....	\$0	0	0	36
=====				
Other Affiliates (as defined in Sec. 2(a)(3) of the				
Investment Company Act of 1940).....				
	\$0	0	0	0
=====				
Total affiliates.....		\$2,998	\$6,444	\$36
=====				

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IDS CERTIFICATE COMPANY

SCHEDULE II

Investments in and Advances to Affiliates and Income Thereon

December 31, 1998, 1997 and 1996  
(\$ in thousands)

NOTES:

(a) The aggregate cost for federal income tax purposes at December 31, 1998, 1997 and 1996 was \$438, \$6,776 and \$5,159 respectively, subject to possible adjustment in certain circumstances under consolidated income tax return regulations.

(b) Investments in stocks of wholly owned subsidiaries are carried at cost adjusted for equity in undistributed net income since organization or acquisition of the subsidiaries.

(c) Changes in investment in affiliate during the three years ended December 31, 1998 are summarized below:

<S>	<C>	<C>	<C>	<C>	<C>
Name of Issuer and Title of Issue	Cost at Dec. 31, 1995	Additions 1996	(Deductions) 1997	1998	Cost at Dec. 31, 1998
-----	-----	-----	-----	-----	-----
Mankato Ventures, First Mortgage Loan	\$462	(462)	0	0	\$0

(d) There were no dividends or interest earned which were not credited to income.

</TABLE>

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IDS CERTIFICATE COMPANY

SCHEDULE III

Mortgage Loans on Real Estate and Interest Earned on Mortgages

Year Ended December 31, 1998  
(\$ in thousands)

Part 1 - Mortgage loans on real estate at end of period

Amount of principal unpaid at end of period

Description (a)	Number of loans (b)	Prior of liens (c)	Carrying amount of mortgages (g), (h) and (i)	Total	Subject	Amount
					to delinquent interest (d)	of mortgages being foreclosed
-----	-----	-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>	<C>	<C>

First mortgages:

Insured by Federal Housing Administration -  
liens on:

Residential - under \$100	0	\$0	\$0	\$0	\$0
Apartment and business - under \$100	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Partially guaranteed under Serviceman's  
Readjustment Act of 1944, as amended -  
liens on:

Residential - under \$100	0	0	0	0	0
Apartment and business - under \$100	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Other - liens on:

Residential	0	0	0	0	0
-------------	---	---	---	---	---

Apartment and business:

Under \$100	1	83	83	0	0
\$100 to \$150	1	139	139	0	0
\$150 to \$200	2	383	383	0	0
\$200 to \$250	1	240	240	0	0
\$250 to \$300	1	35	296	0	0
\$300 to \$350	1	341	341	0	0
\$350 to \$400	0	0	0	0	0
\$400 to \$450	0	0	0	0	0
\$450 to \$500	0	0	0	0	0
Over \$500:					

Loan No.	Mortgagor	Property Location					
20-00001	NSP, LTD	Bloomington, MN	1	529	529	0	0
20-00002	CCH-Space Center	Houston, TX	1	1,916	1,916	0	0
21-47106	1225 No. County Road 18 LTD	Plymouth, MN	1	1,573	1,573	0	0
21-47110	Lloyd Engelsma	Brooklyn Park, MN	1	1,998	1,998	0	0

</TABLE>

<TABLE>

<CAPTION>

Part 1 - Mortgage loans on real estate at end of period

Amount of principal  
unpaid at end of period

Description (a)	Number of loans	Prior liens (b)	Carrying amount of mortgages (c), (g), (h) and (i)	Total	Subject to delinquent interest (d)	Amount of mortgages being foreclosed
<S>	<C>	<C>	<C>	<C>	<C>	<C>
21-47128 Century Income Properties Fund	1		1,659	1,659	0	0
21-47139 Treasure's Island Inc.	1		1,446	1,446	0	0
21-47140 Harbour Run LTD	1		4,056	4,056	0	0
21-47141 John E. Smith	1		3,092	3,092	0	0
21-47142 34th Street Properties Partnership	1		9,842	9,842	0	0
21-47147 Columbus Real Estate Co.	1		7,426	7,426	0	0
21-47150 Bircaim Apartment Company LP	1		2,368	2,368	0	0
21-47152 Richard D. Fownes Trustee	1		3,198	3,198	0	0
21-47154 Kenneth Grandberg Trustee	1		3,044	3,044	0	0
21-47157 John A. Belanich	1		3,514	3,514	0	0
21-47160 James Esshaki DBA	1		5,831	5,831	0	0
21-47164 K & M Hamilton Development Co.	1		5,605	5,605	0	0
21-47165 Bowling Freen Partnership	1		2,570	2,570	0	0
21-47167 Wilder Corp of Delaware	1		5,239	5,239	0	0
21-47168 Wilder Corp of Delaware	1		2,892	2,892	0	0
21-47172 Dial Reit Inc.	1		2,858	2,858	0	0
21-47173 Cinram Associates	1		3,935	3,935	0	0
21-47181 Westlake #1 Limited Partnership	1		2,152	2,152	0	0
21-47184 Monab Commerce Center Association	1		2,094	2,094	0	0
21-47186 Mack Edison Company	1		6,264	6,264	0	0
21-47187 Industrial Development Association	1		2,962	2,962	0	0
21-47190 Dial Reit Inc.	1		3,928	3,928	0	0
21-47191 SSC Associates Ltd Ptnshp	1		5,915	5,915	0	0
21-47195 Tipotex Inc.	1		1,750	1,750	0	0

21-47196	Wilder Corporation	Pharr, TX	1	3,794	3,794	0	0
21-47197	Wilder Corporation	Alamo, TX	1	897	897	0	0
21-47198	Investors Real Estate Trust	Grand Forks, ND	1	3,898	3,898	0	0
21-47199	Warren and Kelso Company	Cheltenham Twsp, PA	1	2,749	2,749	0	0
21-47204	Fort Walton	Mary Esther, FL	1	2,968	2,968	0	0
21-47205	Kavanagh	Tucson, AZ	1	3,692	3,692	0	0
21-47206	Hicker	Albuquerque, NM	1	5,490	5,490	0	0
21-47207	Newport VII	Albuquerque, NM	1	2,455	2,455	0	0
21-47208	Newport VI	Albuquerque, NM	1	963	963	0	0
21-47209	Fountain Lake	Brandeton, FL	1	4,688	4,688	0	0
21-47210	Orion	West Haven, CT	1	4,337	4,337	0	0
21-47211	Plaza 7000	Greenwood Village, CO	1	2,437	2,437	0	0
21-47212	Howard Lake-Maple Plain	Howard Lake, MN	1	1,353	1,353	0	0
21-47213	Crec-Plymouth	Plymouth, MN	1	967	967	0	0
21-47214	West Health Inc.	Plymouth, MN	1	10,636	10,636	0	0
21-47215	Invespro	Urbandale, IA	1	3,436	3,436	0	0
21-47216	Invespro	Urbandale, IA	1	2,705	2,705	0	0
21-47217	Airport	Tempe, AZ	1	7,032	7,032	0	0
21-47218	D&R Northpoin	Sterling, VA	1	1,943	1,943	0	0
21-47219	NewPort IX	Albuquerque, NM	1	2,648	2,648	0	0

Part 1 - Mortgage loans on real estate at end of period

Amount of principal  
unpaid at end of period

Description (a)	Number of loans	Prior liens (b)	Carrying amount of mortgages (c), (g), (h) and (i)	Total	Subject to delinquent interest (d)	Amount of mortgages being foreclosed		
21-47221	300 First LLC		Minneapolis, MN	1	2,873	2,873	0	0
21-47222	Transwestern		Houston, TX	1	2,078	2,078	0	0
21-47223	Westwood Plaza		Houston, TX	1	3,801	3,801	0	0
21-47224	Custer Office		Plano, TX	1	1,962	1,962	0	0
21-47225	Valley Mining		Eagan, MN	1	2,905	2,905	0	0
21-47226	Jake's LP		Austin, TX	1	2,772	2,772	0	0
21-47227	PW Holdings		Falls Township, PA	1	4,654	4,654	0	0
21-47228	Lafayette Square		Bridgeport, CT	1	4,464	4,464	0	0
21-47230	Wilcrest Gree		Houston, TX	1	2,179	2,179	0	0
21-47231	Midtown Mall		Hastings, MN	1	2,090	2,090	0	0
21-47232	DHIR Group LLC		Milwaukee, WI	1	4,969	4,969	0	0
21-47233	Capital Plaza		Jefferson City, MO	1	2,187	2,187	0	0
21-47234	Southwest Medical		Littleton, CO	1	3,284	3,284	0	0
21-47235	2507 & 2473 Assc		Southport, CT	1	2,547	2,547	0	0
21-47237	Abmar Valley		Roanoke, VA	1	1,876	1,876	0	0
21-47238	Cicero Place		Cicero, IN	1	3,458	3,458	0	0
21-47240	Crystal Plaza		Baltimore, MD	1	3,995	3,995	0	0
21-47241	Pal, Inc		Sioux Falls, SD	1	1,288	1,288	0	0
21-47242	Northpoint AT		San Antonio, TX	1	1,730	1,730	0	0
21-47243	Pam-Joy Realty		Chesapeake, VA	1	3,060	3,060	0	0
21-47245	Tide Mill		Southport, CT	1	2,497	2,497	0	0
21-47246	JLC, IX PF LTD		Dallas, TX	1	1,036	1,036	0	0
21-47247	Airport Land		Tempe, AZ	1	4,961	4,961	0	0
21-47248	HMJ		Moorehead, MN	1	6,088	6,088	0	0
21-47249	MIDEB		Ventura, CA	1	5,389	5,389	0	0
21-47250	Thomas Ribis		Alexandria, VA	1	2,789	2,789	0	0
21-47251	Arcadia Villa		Phoenix, AZ	1	2,850	2,850	0	0
21-47252	Broken Arrow		Broken Arrow, OK	1	3,400	3,400	0	0
21-47253	Palo Verde Plaxa		Phoenix, AZ	1	1,700	1,700	0	0
21-47254	Village S.		Tulsa, OK	1	3,550	3,550	0	0
21-47255	Gaughan		Forest Lake/Stillwater,	1	6,239	6,239	0	0
21-47256	Fremont Apts		Rapid City, SD	1	1,242	1,242	0	0
21-47257	Corpus Assets		Corpus Christi, TX	1	7,241	7,241	0	0
21-47259	Alza Plaza		Santa Clarita, CA	1	1,960	1,960	0	0
21-47260	Eisenhower 3		Ann Arbor, MI	1	3,094	3,094	0	0
21-47261	KKMP Properties		Bloomington, MN	1	1,195	1,195	0	0
21-47262	312 Third Street		Fargo, ND	1	5,885	5,885	0	0
21-47263	G.O.L.D		Columbus, OH	1	2,229	2,229	0	0
21-47264	Esnet Properties		Orem, UT	1	1,997	1,997	0	0
21-47265	Eaglecreek A		Lakewood, CO	1	2,300	2,300	0	0
21-47266	Independence		Clarkston, MI	1	4,475	4,475	0	0
21-47267	Blairhill LLC		Charlotte, NC	1	1,497	1,497	0	0
21-47268	Lemans Limited		Seebring, FL	1	5,700	5,700	0	0
21-47269	Hampton Inn		Spokane, WA	1	4,800	4,800	0	0
21-47270	Brookhollow-2		Houston, TX	1	2,850	2,850	0	0
21-47271	Wilsonville		Wilsonville, OR	1	2,000	2,000	0	0
21-47273	Sears Bldg		Rapid City, SD	1	1,000	1,000	0	0
21-47274	Edison		Towson, MD	1	1,200	1,200	0	0
21-47275	Colorado & SA		Colorado Springs, CO	1	1,065	1,065	0	0
21-47277	Alvernon Place		Tucson, AZ	1	2,290	2,290	0	0

21-47278	Financial PAC	Kennewick, WA	1	6,800	6,800	0	0
21-47279	Daniel G	Chetek, WI	1	2,100	2,100	0	0
21-47282	Cary Bldg LP	Springfield, VA	1	2,250	2,250	0	0
0-3027654	DFB Associates	Costa Mesa, CA	1	824	824	0	0
			109	334,630	334,891	0	0
Total Other			109	334,630	334,891	0	0
Unallocated Reserve for Losses				350			
Total First Mortgage Loans on Real Estate			109	\$334,280	\$334,891	\$0	\$0

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Part 2 - Interest earned on mortgages

Description (a)	Interest due and accrued at end of period (e)	Average gross rate of interest on mortgages held at end of period (f)
First mortgages:		
Insured by Federal Housing Administration - liens on:		
Residential - under \$100		0.000%
Apartment and business - under \$100		0.000%
Total		0.000%
Partially guaranteed under Serviceman's Readjustment Act of 1944, as amended - liens on:		
Residential - under \$100		0.000%
Apartment and business - under \$100		0.000%
Total		0.000%
Other - liens on:		
Residential		0.000%
Apartment and business:		
Under \$100		9.375%
\$100 to \$150		9.750%
\$150 to \$200		10.566%
\$200 to \$250		8.875%
\$250 to \$300		9.500%
\$300 to \$350		8.500%
\$350 to \$400		0.000%
\$400 to \$450		0.000%
\$450 to \$500		0.000%
Over \$500:		
Loan No.	Mortgagor	Property Location
20-00001	NSP, LTD	Bloomington, MN
20-00002	CCH-Space Center	Houston, TX
21-47106	1225 No. County Road 18 LTD	Plymouth, MN
21-47110	Lloyd Engelsma	Brooklyn Park, MN

Part 2 - Interest earned on mortgages



Description (a)	Interest due and accrued at end of period (e)	Average gross rate of interest on mortgages held at end of period (f)	
21-47128	Century Income Properties Fund	Brookfield, WI	8.250%
21-47139	Treasure's Island Inc.	Eagan, MN	7.480%
21-47140	Harbour Run LTD	Mentor-On-The-Lake, OH	6.910%
21-47141	John E. Smith	Lafayette, IN	10.000%
21-47142	34th Street Properties Partnership	Gainsville, FL	7.050%
21-47147	Columbus Real Estate Co.	Hilliard, OH	7.500%
21-47150	Bircain Apartment Company LP	Gladstone, MO	7.250%
21-47152	Richard D. Fownes Trustee	Boston, MA	8.000%
21-47154	Kenneth Grandberg Trustee	Randolph, MA	8.250%
21-47157	John A. Belanich	Tampa, FL	7.650%
21-47160	James Esshaki DBA	Taylor, MI	8.500%
21-47164	K & M Hamilton Development Co.	Halmilton, OH	8.125%
21-47165	Bowling Freen Partnership	Sussex, WI	7.200%
21-47167	Wilder Corp of Delaware	Ruskin, FL	7.500%
21-47168	Wilder Corp of Delaware	Riverview, FL	7.500%
21-47172	Dial Reit Inc.	Fremont, NE	7.090%
21-47173	Cinram Associates	Fairfield, NJ	7.260%
21-47181	Westlake #1 Limited Partnership	Charlotte, NC	7.212%
21-47184	McNab Commerce Center Association	Pompano Beach, FL	8.250%
21-47186	Mack Edison Company	Edison, NJ	6.850%
21-47187	Industrial Development Association	Mebane, NC	7.220%
21-47190	Dial Reit Inc.	Davenport, IA	7.875%
21-47191	SSC Associates Ltd Ptnshp	St. Clair Shores, MI	7.125%
21-47195	Tipotex Inc.	Pharr, TX	7.400%
21-47196	Wilder Corporation	Pharr, TX	7.400%
21-47197	Wilder Corporation	Alamo, TX	7.400%
21-47198	Investors Real Estate Trust	Grand Forks, ND	8.188%
21-47199	Warren and Kelso Company	Cheltenham Twsp, PA	8.125%
21-47204	Fort Walton	Mary Esther, FL	8.125%
21-47205	Kavanagh	Tucson, AZ	8.000%
21-47206	Hicker	Albuquerque, NM	8.250%
21-47207	Newport VII	Albuquerque, NM	8.125%
21-47208	Newport VI	Albuquerque, NM	8.125%
21-47209	Fountain Lake	Brandeton, FL	8.375%
21-47210	Orion	West Haven, CT	7.875%
21-47211	Plaza 7000	Greenwood Village, CO	7.625%
21-47212	Howard Lake-Maple Plain	Howard Lake, MN	7.750%
21-47213	Crec-Plymouth	Plymouth, MN	7.750%
21-47214	West Health Inc.	Plymouth, MN	7.450%
21-47215	Invespro	Urbandale, IA	8.375%
21-47216	Invespro	Urbandale, IA	8.375%
21-47217	Airport	Tempe, AZ	8.375%
21-47218	D&R Northpoin	Sterling, VA	8.500%
21-47219	NewPort IX	Albuquerque, NM	7.850%

Part 2 - Interest earned on mortgages

Description (a)	Interest due and accrued at end of period (e)	Average gross rate of interest on mortgages held at end of period (f)	
21-47221	300 First LLC	Minneapolis, MN	7.440%
21-47222	Transwestern	Houston, TX	7.370%
21-47223	Westwood Plaza	Houston, TX	7.500%
21-47224	Custer Office	Plano, TX	7.320%
21-47225	Valley Mining	Eagan, MN	7.210%
21-47226	Jake's LP	Austin, TX	6.950%
21-47227	PW Holdings	Falls Township, PA	6.650%
21-47228	Lafayette Square	Bridgeport, CT	7.140%
21-47230	Wilcrest Gree	Houston, TX	7.080%
21-47231	Midtown Mall	Hastings, MN	7.140%
21-47232	DHIR Group LLC	Milwaukee, WI	7.400%
21-47233	Capital Plaza	Jefferson City, MO	7.150%
21-47234	Southwest Medical	Littleton, CO	7.180%
21-47235	2507 & 2473 Assc	Southport, CT	7.020%
21-47237	Abmar Valley	Roanoke, VA	7.100%
21-47238	Cicero Place	Cicero, IN	7.000%
21-47240	Crystal Plaza	Baltimore, MD	7.020%
21-47241	Pal, Inc	Sioux Falls, SD	7.050%

21-47242	Northpoint AT	San Antonio, TX	6.970%
21-47243	Pam-Joy Realty	Chesapeake, VA	6.960%
21-47245	Tide Mill	Southport, CT	6.980%
21-47246	JLC, IX PF LTD	Dallas, TX	7.010%
21-47247	Airport Land	Tempe, AZ	6.890%
21-47248	HMJ	Moorehead, MN	6.960%
21-47249	MIDEB	Ventura, CA	6.750%
21-47250	Thomas Ribis	Alexandria, VA	6.900%
21-47251	Arcadia Villa	Phoenix, AZ	6.800%
21-47252	Broken Arrow	Broken Arrow, OK	6.800%
21-47253	Palo Verde Plaxa	Phoenix, AZ	6.800%
21-47254	Village S.	Tulsa, OK	6.800%
21-47255	Gaughan	Forest Lake/Stillwater, MN	6.830%
21-47256	Fremont Apts	Rapid City, SD	6.750%
21-47257	Corpus Assets	Corpus Christi, TX	6.900%
21-47259	Alza Plaza	Santa Clarita, CA	6.950%
21-47260	Eisenhower 3	Ann Arbor, MI	6.980%
21-47261	KKMP Properties	Bloomington, MN	7.060%
21-47262	312 Third Street	Fargo, ND	6.900%
21-47263	G.O.L.D	Columbus, OH	6.950%
21-47264	Esnet Properties	Orem, UT	6.810%
21-47265	Eaglecreek A	Lakewood, CO	6.770%
21-47266	Independence	Clarkston, MI	6.890%
21-47267	Blairhill LLC	Charlotte, NC	6.910%
21-47268	Lemans Limited	Seebring, FL	6.850%
21-47269	Hampton Inn	Spokane, WA	7.150%
21-47270	Brookhollow-2	Houston, TX	6.800%
21-47271	Wilsonville	Wilsonville, OR	6.850%
21-47273	Sears Bldg	Rapid City, SD	6.850%
21-47274	Edison	Towson, MD	6.850%
21-47275	Colorado & SA	Colorado Springs, CO	6.550%
21-47277	Alvernon Place	Tucson, AZ	7.000%
21-47278	Financial PAC	Kennewick, WA	6.750%
21-47279	Daniel G	Chetek, WI	7.250%
21-47282	Cary Bldg LP	Springfield, VA	6.850%
0-3027654	DFB Associates	Costa Mesa, CA	9.500%
			-----
			7.394%
			-----
	Total Other		7.394%
			-----
	Unallocated Reserve for Losses		
			-----
	Total First Mortgage Loans on Real Estate		7.394%
			=====

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Part 3 - Location of mortgaged properties

(\$ in thousands)

		Amount of principal unpaid at end of period			
		Carrying amount of mortgages (c), (g), (h) and (i)		Subject to delinquent interest (d)	Amount of mortgages being foreclosed
State in which mortgaged property is located	Number of loans	Prior liens (b)	Total		
<S>	<C>	<C>	<C>	<C>	<C>
Arizona	6	22,524	22,524	0	0
California	4	8,316	8,316	0	0
Colorado	4	9,086	9,086	0	0
Connecticut	4	13,845	13,845	0	0
Florida	8	36,936	36,936	0	0
Indiana	2	6,550	6,550	0	0
Iowa	3	10,068	10,068	0	0
Massachusetts	2	6,241	6,241	0	0
Maryland	2	5,195	5,195	0	0
Michigan	4	19,316	19,316	0	0
Minnesota	14	40,092	40,092	0	0
Missouri	2	4,555	4,555	0	0
Nebraska	1	2,858	2,858	0	0
New Jersey	2	10,199	10,199	0	0
New Mexico	4	11,556	11,556	0	0
North Carolina	3	6,611	6,611	0	0

North Dakota	2	9,783	9,783	0	0
Ohio	4	19,317	19,317	0	0
Oklahoma	4	7,373	7,373	0	0
Oregon	1	2,000	2,000	0	0
Pennsylvania	2	7,403	7,403	0	0
South Dakota	4	3,871	3,871	0	0
Texas	15	34,122	34,383	0	0
Utah	1	1,997	1,997	0	0
Virginia	5	11,918	11,918	0	0
Washington	2	11,600	11,600	0	0
Wisconsin	4	11,298	11,298	0	0
	-----	-----	-----	-----	-----
	109	334,630	334,891	0	0
	-----	-----	-----	-----	-----
Unallocated Reserve for Losses		350			
		-----			
Total	109	\$334,280	\$334,891	\$0	\$0
	=====	=====	=====	=====	=====

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NOTES:

(a) The classification "residential" includes single dwellings only. Residential multiple dwellings are included in "apartment and business".

(b) Real estate taxes and easements, which in the opinion of the Company are not undue burden on the properties, have been excluded from the determination of "prior liens".

(c) In this schedule III, carrying amount of mortgage loans represents unpaid principal balances plus unamortized premiums less unamortized discounts and reserve for loss.

(d) Interest in arrears for less than three months has been disregarded in computing the total amount of principal subject to delinquent interest. The amounts of mortgage loans being foreclosed are also included in amounts subject to delinquent interest.

(e) Information as to interest due and accrued for the various classes within the types of mortgage loans is not readily available and the obtaining thereof would involve unreasonable effort and expense.

The Company does not accrue interest on loans which are over three months delinquent.

(f) Information as to interest income by type and class of loan has been omitted because it is not readily available and the obtaining thereof would involve unreasonable effort and expense. In lieu thereof, the average gross interest rates (exclusive of amortization of discounts and premiums) on mortgage loans held at December 31, 1998 are shown by type and class of loan.

The average gross interest rates on mortgage loans held at December 31, 1998, 1997 and 1996 are summarized as follows:

	1998	1997	1996
	-----	-----	-----
First mortgages:			
Insured by Federal Housing Administration	0.000%	0.000%	0.000%
Partially guaranteed under Servicemen's Readjustment Act of 1944, as amended	0.000	0.000	0.000
Other	7.394	8.212	8.450
	-----	-----	-----
Combined average	7.394%	8.212%	8.450%
	=====	=====	=====

(g) Following is a reconciliation of the carrying amount of mortgage loans for the years ended December 31, 1998, 1997 and 1996.

	1998	1997	1996
	-----	-----	-----
Balance at beginning of period	\$212,433	\$218,697	\$233,394
Additions during period:			
New loans acquired:			
Nonaffiliated companies (j)	163,398	45,200	18,301

Amortization of discount/ premium	0	0	0
Total additions	163,398	45,200	18,301
	375,831	263,897	251,695
Deductions during period:			
Collections of principal	41,551	51,464	32,998
Balance at end of period	\$334,280	\$212,433	\$218,697

(h) The aggregate cost of mortgage loans for federal income tax purposes at December 31, 1998 was \$334,891.

(i) At December 31, 1998, a reserve for loss of \$611 is recorded which represents \$261 on impaired mortgage loans and \$350 of unallocated reserves.

(j) New loans acquired during 1996 include \$2,000 of proceeds received from sale of real estate in lieu of cash.

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IDS CERTIFICATE COMPANY

SCHEDULE V

Qualified Assets on Deposit

December 31, 1998  
(\$ thousands)

Name of Depository	Investment Securities		Mortgage Loans (c)	Other (d)	Total
	Bonds and Notes (a)	Stocks (b)			
<S>	<C>	<C>	<C>	<C>	<C>
Illinois - Secretary of State of Illinois	\$50	\$0	\$0	\$0	\$50
New Jersey - Commissioner of Banking and Insurance of New Jersey	50	0	0	0	50
Pennsylvania - Treasurer of the State of Pennsylvania	149	0	0	0	149
Texas - Treasurer of the State of Texas	115	0	0	0	115
Total deposits with states or their depositaries to meet requirements of statutes and agreements	364	0	0	0	364
Central depositary - American Express Trust Company	2,593,297	559,377	334,280	57,010	3,543,964
Total	\$2,593,661	\$559,377	\$334,280	\$57,010	\$3,544,328

Notes:

- (a) Represents amortized cost of bonds and notes.
- (b) Represents average cost of individual issues of stocks.
- (c) Represents unpaid principal balance of mortgage loans less unamortized discounts and reserve for losses.
- (d) Represents amortized cost of purchased call options and interest rate floors of \$56,973 and \$37, respectively.

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IDS CERTIFICATE COMPANY  
Certificate Reserves

SCHEDULE VI

Part 1 - Summary of Changes

Year ended December 31, 1998  
(\$ in thousands)

Description	Yield to maturity on an annual payment basis	Balance at beginning of period		
		Number of accounts with security holders	Amount of maturity value	Amount of reserves
<S>	<C>	<C>	<C>	<C>
<b>Installment certificates:</b>				
Reserves to mature:				
Series 15, includes extended maturities	2.40 Inst/2.50 Ext.	0	0	0
" 20, " " "	2.52 Inst/2.50 Ext.	11	134	124
" 15A, " " "	2.66 Inst/3.04 Ext.	5	48	38
" 22A, " " "	3.09	1,020	21,961	16,045
" I-76, " " "	3.35	695	16,407	8,110
" Reserve Plus Flexible Payment	(note a)	286	2,605	1,366
" IC-Q-Installment	(note a)	104	1,132	492
" IC-Q-Ins	(note a)	8,748	106,483	47,907
" IC-Q-Ins Emp	(note a)	39	511	207
" IC-I	(note a)	55,233	983,323	258,004
" IC-I-Emp	(note a)	360	6,142	1,713
" Inst	(note a)	3,134	66,052	1,807
" Inst-Emp	(note a)	17	255	6
" RP-Q-Installment	(note a)	199	2,729	1,726
" RP-Q-Flexible Payment	(note a)	18	236	94
" RP-Q-Ins	(note a)	244	5,083	1,765
" RP-Q-Ins Emp	(note a)	3	84	14
" RP-I	(note a)	412	12,663	3,431
" RP-I-Emp	(note a)	3	1,182	9
" Inst-R	(note a)	18	4,788	42
" Inst-R-Emp	(note a)	0	0	0
<b>Total</b>		<b>70,549</b>	<b>1,231,818</b>	<b>342,900</b>
Payments made in advance of certificate year requirements and accrued interest thereon:				
Series 15, includes extended maturities	2	Not	Not	0
" 20, " " "	2	Readily	Applicable	7
" 15A, " " "	3	Available		10
" 22A, " " "	3			608
" I-76, " " "	3.5			343
<b>Total</b>				<b>968</b>

Additions

Installment certificates:

Reserves to mature:

		Charged to profit and loss or income	Reserve payments by certificate holders	Charged to other accounts (per part 2)
Series 15, includes extended maturities	2.40 Inst/2.50 Ext.	0	0	0
" 20, " " "	2.52 Inst/2.50 Ext.	3	1	9
" 15A, " " "	2.66 Inst/3.04 Ext.	1	0	1

" 22A, " " "	3.09	444	209	648
" I-76, " " "	3.35	255	261	26
" Reserve Plus Flexible Payment	(note a)	0	204	37
" IC-Q-Installment	(note a)	0	69	13
" IC-Q-Ins	(note a)	0	4,405	933
" IC-Q-Ins Emp	(note a)	0	24	6
" IC-I	(note a)	0	73,942	7,631
" IC-I-Emp	(note a)	0	469	61
" Inst	(note a)	0	6,209	118
" Inst-Emp	(note a)	0	31	1
" RP-Q-Installment	(note a)	0	26	49
" RP-Q-Flexible Payment	(note a)	0	1	3
" RP-Q-Ins	(note a)	0	65	33
" RP-Q-Ins Emp	(note a)	0	1	1
" RP-I	(note a)	0	825	102
" RP-I-Emp	(note a)	0	0	0
" Inst-R	(note a)	0	40	0
" Inst-R-Emp	(note a)	0	1	0

Total		703	86,783	9,672
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Payments made in advance of certificate year requirements and accrued interest thereon:

Series 15, includes extended maturities	2	0	0	0
" 20, " " "	2	0	2	0
" 15A, " " "	3	1	(7)	0
" 22A, " " "	3	27	146	17
" I-76, " " "	3.5	16	36	1

Total		44	177	18
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Deductions

Maturities	Cash surrenders prior to maturity	Credited to other accounts (per part 2)
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Installment certificates:

Reserves to mature:

Series 15, includes extended maturities	2.40 Inst/2.50 Ext.	0	0	0
" 20, " " "	2.52 Inst/2.50 Ext.	5	30	47
" 15A, " " "	2.66 Inst/3.04 Ext.	9	5	0
" 22A, " " "	3.09	439	732	2,192
" I-76, " " "	3.35	0	1,408	290
" Reserve Plus Flexible Payment	(note a)	101	379	0
" IC-Q-Installment	(note a)	5	161	0
" IC-Q-Ins	(note a)	7,224	22,205	48
" IC-Q-Ins Emp	(note a)	16	88	0
" IC-I	(note a)	0	91,236	0
" IC-I-Emp	(note a)	0	713	0
" Inst	(note a)	0	945	0
" Inst-Emp	(note a)	0	7	0
" RP-Q-Installment	(note a)	25	345	9
" RP-Q-Flexible Payment	(note a)	0	8	0
" RP-Q-Ins	(note a)	409	618	12
" RP-Q-Ins Emp	(note a)	0	1	0
" RP-I	(note a)	0	1,512	0
" RP-I-Emp	(note a)	0	9	0
" Inst-R	(note a)	0	30	0
" Inst-R-Emp	(note a)	0	0	0

Total		8,233	120,432	2,598
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Payments made in advance of certificate year requirements and accrued interest thereon:

Series 15, includes extended maturities	2	0	0	0
" 20, " " "	2	0	3	2
" 15A, " " "	3	0	0	1
" 22A, " " "	3	10	21	213

" I-76, " " "	3.5	0	44	19
Total		10	68	235

Balance at close of period

Number of accounts with security holders	Amount of maturity value	Amount of reserves
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Installment certificates:

Reserves to mature:

Series 15, includes extended maturities	2.40 Inst/2.50 Ext.	0	0	0
" 20, " " "	2.52 Inst/2.50 Ext.	5	59	55
" 15A, " " "	2.66 Inst/3.04 Ext.	3	28	26
" 22A, " " "	3.09	841	18,616	13,983
" I-76, " " "	3.35	568	13,074	6,954
" Reserve Plus Flexible Payment	(note a)	236	2,167	1,127
" IC-Q-Installment	(note a)	88	1,000	408
" IC-Q-Ins	(note a)	4,498	53,344	23,768
" IC-Q-Ins Emp	(note a)	24	245	133
" IC-I	(note a)	44,058	765,696	248,341
" IC-I-Emp	(note a)	266	3,763	1,530
" Inst	(note a)	6,090	66,052	7,189
" Inst-Emp	(note a)	27	255	31
" RP-Q-Installment	(note a)	157	2,185	1,422
" RP-Q-Flexible Payment	(note a)	16	205	90
" RP-Q-Ins	(note a)	118	2,659	824
" RP-Q-Ins Emp	(note a)	2	24	15
" RP-I	(note a)	299	9,199	2,846
" RP-I-Emp	(note a)	0	0	0
" Inst-R	(note a)	43	4,788	52
" Inst-R-Emp	(note a)	3	28	1
Total		57,342	943,387	308,795

Payments made in advance of certificate year requirements and accrued interest thereon:

Series 15, includes extended maturities	2	Not	Not	0
" 20, " " "	2	Readily	Applicable	4
" 15A, " " "	3	Available		3
" 22A, " " "	3			554
" I-76, " " "	3.5			333
Total				894

Balance at beginning of period

Number of accounts with security holders	Amount of maturity value	Amount of reserves
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Additional credits and accrued interest thereon:

Series 15, includes extended maturities	2.5	Not	Not	0
" 20, " " "	2.5	Readily	Applicable	27
" 15A, " " "	3	Available		5
" 22A, " " "	3			3,600
" I-76, " " "	3.5			1,873
" Reserve Plus Flexible Payment	(note a)			0
" IC-Q-Installment	(note a)			0
" IC-Q-Ins	(note a)			0
" IC-Q-Ins Emp	(note a)			0

" IC-I	(note a)	312
" IC-I-Emp	(note a)	3
" Inst	(note a)	2
" Inst-Emp	(note a)	0
" RP-Q-Installment	(note a)	0
" RP-Q-Flexible Payment	(note a)	0
" RP-Q-Ins	(note a)	0
" RP-Q-Ins Emp	(note a)	0
" RP-I	(note a)	4
" RP-I-Emp	(note a)	0

Total 5,826

Reserve for accrued extra contribution 3rd year		13,889
Reserve for accrued extra contribution 6th year		10
Accrued interest on reserves in default I-76	3.5	2
Reserve for additional credits to be allowed Installment Certificates-Special Additional Credits I-76		0
Accrued for additional credits to be allowed at next anniversary		148
Reserve for death and disability refund options		0
Reserve for reconversion of paid-up certificates		54
Total installment certificates		363,797

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Additions

		Charged to profit and loss or income	Reserve payments by certificate holders	Charged to other accounts (per part 2)
-----				
Additional credits and accrued interest thereon:				
Series 15, includes extended maturities	2.5	0	Not	0
" 20, " " "	2.5	1	Applicable	3
" 15A, " " "	3	0		0
" 22A, " " "	3	96		296
" I-76, " " "	3.5	59		80
" Reserve Plus Flexible Payment	(note a)	37		0
" IC-Q-Installment	(note a)	13		0
" IC-Q-Ins	(note a)	934		0
" IC-Q-Ins Emp	(note a)	5		0
" IC-I	(note a)	7,624		0
" IC-I-Emp	(note a)	61		0
" Inst	(note a)	125		0
" Inst-Emp	(note a)	1		0
" RP-Q-Installment	(note a)	49		0
" RP-Q-Flexible Payment	(note a)	3		0
" RP-Q-Ins	(note a)	33		0
" RP-Q-Ins Emp	(note a)	1		0
" RP-I	(note a)	102		0
" RP-I-Emp	(note a)	0		0
Total		9,144		379

Reserve for accrued extra contribution 3rd year		1,743	(5,574)	0
Reserve for accrued extra contribution 6th year		9	(19)	0
Accrued interest on reserves in default I-76	3.5	7	0	0
Reserve for additional credits to be allowed Installment Certificates-Special Additional Credits I-76		0	0	0
Accrued for additional credits to be allowed at next anniversary		262	0	0
Reserve for death and disability refund options		0	0	0
Reserve for reconversion of paid-up certificates		0	0	0



				Deductions		
				Maturities	Cash surrenders prior to maturity	Credited to other accounts (per part 2)
Additional credits and accrued interest thereon:						
Series 15, includes extended maturities	2.5			0	0	0
" 20, " " "	2.5			2	7	10
" 15A, " " "	3			2	0	0
" 22A, " " "	3			93	166	483
" I-76, " " "	3.5			0	329	73
" Reserve Plus Flexible Payment	(note a)			0	0	37
" IC-Q-Installment	(note a)			0	0	13
" IC-Q-Ins	(note a)			0	0	934
" IC-Q-Ins Emp	(note a)			0	0	5
" IC-I	(note a)			0	0	7,635
" IC-I-Emp	(note a)			0	0	62
" Inst	(note a)			0	0	119
" Inst-Emp	(note a)			0	0	1
" RP-Q-Installment	(note a)			0	0	49
" RP-Q-Flexible Payment	(note a)			0	0	3
" RP-Q-Ins	(note a)			0	0	33
" RP-Q-Ins Emp	(note a)			0	0	1
" RP-I	(note a)			0	0	102
" RP-I-Emp	(note a)			0	0	0
Total				97	502	9,560
Reserve for accrued extra contribution 3rd year				0	0	0
Reserve for accrued extra contribution 6th year				0	0	0
Accrued interest on reserves in default I-76	3.5			0	1	6
Reserve for additional credits to be allowed Installment Certificates-Special Additional Credits I-76				0	0	0
Accrued for additional credits to be allowed at next anniversary				0	0	281
Reserve for death and disability refund options				0	0	0
Reserve for reconversion of paid-up certificates				0	1	0
Total installment certificates				8,340	121,004	12,680

## Balance at close of period

				Number of accounts with security holders	Amount of maturity value	Amount of reserves
Additional credits and accrued interest thereon:						
Series 15, includes extended maturities	2.5			Not Readily Available	Not Applicable	0
" 20, " " "	2.5					12
" 15A, " " "	3					3
" 22A, " " "	3					3,250
" I-76, " " "	3.5					1,610
" Reserve Plus Flexible Payment	(note a)					0
" IC-Q-Installment	(note a)					0
" IC-Q-Ins	(note a)					0
" IC-Q-Ins Emp	(note a)					0
" IC-I	(note a)					301
" IC-I-Emp	(note a)					2

" Inst	(note a)	8
" Inst-Emp	(note a)	0
" RP-Q-Installment	(note a)	0
" RP-Q-Flexible Payment	(note a)	0
" RP-Q-Ins	(note a)	0
" RP-Q-Ins Emp	(note a)	0
" RP-I	(note a)	4
" RP-I-Emp	(note a)	0

Total 5,190

Reserve for accrued extra contribution 3rd year		10,058
Reserve for accrued extra contribution 6th year		0
Accrued interest on reserves in default I-76	3.5	2
Reserve for additional credits to be allowed Installment Certificates-Special Additional Credits I-76		0
Accrued for additional credits to be allowed at next anniversary		129
Reserve for death and disability refund options		0
Reserve for reconversion of paid-up certificates		53

Total installment certificates 325,121

Balance at beginning of period

		Number of accounts with security holders	Amount of maturity value	Amount of reserves
Fully paid certificates:				
Single-Payment certificates:				
SP 74	3.5	1	8	8
SP 75	3.5	0	0	0
SP 76	3.5	0	0	0
SP 77	3.5	64	485	483
SP 78	3.5	391	2,838	2,771
SP 79	3.5	448	3,340	3,157
SP 80	3.5	424	3,430	3,125
SP 81A	3.5	344	2,056	1,806
SP 82A	3.5	300	2,793	2,375
SP 82B	3.5	542	4,890	4,111
SP 83A	3.5	93	678	562
SP 83B	3.5	222	2,101	1,712
IC-2-84	3.5	840	8,234	6,490
IC-2-85	3.5	440	4,580	4,682
IC-2-86	3.5	243	2,699	2,480
IC-2-87	3.5	292	3,853	3,300
IC-2-88	3.5	598	8,681	6,735
Reserve Plus Single Payment	(note a)	979	4,640	7,570
Cash Reserve Single Payment	(note b)	39	218	178
IC-Flexible Savings (formally Variable Term)	(note d)	99,887	683,370	746,512
IC-Flexible Savings Emp (formally Variable Term)	(note d)	1,409	13,702	16,219
IC-Preferred Investors	(note d)	63	70,037	71,008
IC-Investors	(note d)	568	691,996	741,439
IC-Special Deposits	(note d)	138	189,063	195,319
IC-1-84	(note c)	57	405	426
Cash Reserve Variable Payment	(note b)	535	2,687	3,473
Cash Reserve Variable Payment-3mo.	(note e)	48,811	213,126	224,176
IC-Future Value	(note f)	17,346	191,851	191,851
IC-Future Value Emp	(note f)	328	3,658	3,658
IC-Stock Market	(note g)	92,416	312,493	346,548
IC-Market Strategy	(note g)	0	0	0
IC-AEBI Stock Market	(note g)	16	2,401	2,716
Total		267,834	2,430,313	2,594,890

Additions

Fully paid certificates:  
Single-Payment certificates:

		Charged to profit and loss or income	Reserve payments by certificate holders	Charged to other accounts (per part 2)
SP 74	3.5	0	0	0
SP 75	3.5	0	0	0
SP 76	3.5	0	0	0
SP 77	3.5	2	0	0
SP 78	3.5	62	0	0
SP 79	3.5	102	0	0
SP 80	3.5	102	0	0
SP 81A	3.5	59	0	0
SP 82A	3.5	78	0	0
SP 82B	3.5	128	0	0
SP 83A	3.5	19	0	0
SP 83B	3.5	56	0	0
IC-2-84	3.5	204	0	0
IC-2-85	3.5	0	0	214
IC-2-86	3.5	0	0	114
IC-2-87	3.5	0	0	148
IC-2-88	3.5	0	0	303
Reserve Plus Single Payment	(note a)	0	1	281
Cash Reserve Single Payment	(note b)	0	1	7
IC-Flexible Savings (formally Variable Term)	(note d)	0	86,531	32,199
IC-Flexible Savings Emp (formally Variable Term)	(note d)	0	2,482	819
IC-Preferred Investors	(note d)	0	163,550	4,445
IC-Investors	(note d)	0	206,028	38,873
IC-Special Deposits	(note d)	0	91,975	9,606
IC-1-84	(note c)	0	0	15
Cash Reserve Variable Payment	(note b)	0	388	123
Cash Reserve Variable Payment-3mo.	(note e)	0	192,333	8,132
IC-Future Value	(note f)	0	0	1
IC-Future Value Emp	(note f)	0	0	0
IC-Stock Market	(note g)	0	167,931	30,686
IC-Market Strategy	(note g)	0	72,061	654
IC-AEBI Stock Market	(note g)	0	4,977	227
Total		812	988,258	126,847

Deductions

Fully paid certificates:  
Single-Payment certificates:

		Maturities	Cash surrenders prior to maturity	Credited to other accounts (per part 2)
SP 74	3.5	0	0	8
SP 75	3.5	0	0	0
SP 76	3.5	0	0	0
SP 77	3.5	381	21	83
SP 78	3.5	1,772	319	349
SP 79	3.5	0	427	56
SP 80	3.5	0	401	0
SP 81A	3.5	0	257	0
SP 82A	3.5	0	283	0
SP 82B	3.5	0	724	0
SP 83A	3.5	0	71	0
SP 83B	3.5	0	222	0
IC-2-84	3.5	0	1,151	8
IC-2-85	3.5	0	830	0
IC-2-86	3.5	0	513	8
IC-2-87	3.5	0	597	0
IC-2-88	3.5	0	1,099	0
Reserve Plus Single Payment	(note a)	0	1,109	60
Cash Reserve Single Payment	(note b)	0	11	0
IC-Flexible Savings (formally Variable Term)	(note d)	0	362,709	0
IC-Flexible Savings Emp (formally Variable Term)	(note d)	0	2,984	0

IC-Preferred Investors	(note d)	0	161,632	0
IC-Investors	(note d)	0	236,219	0
IC-Special Deposits	(note d)	0	129,253	0
IC-1-84	(note c)	0	112	0
Cash Reserve Variable Payment	(note b)	0	911	0
Cash Reserve Variable Payment-3mo.	(note e)	0	238,745	0
IC-Future Value	(note f)	54,334	17,197	0
IC-Future Value Emp	(note f)	1,021	208	0
IC-Stock Market	(note g)	0	104,850	0
IC-Market Strategy	(note g)	0	2,343	0
IC-AEBI Stock Market	(note g)	0	1,180	0

Total		57,508	1,266,378	572
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Balance at close of period

Number of accounts with security holders	Amount of maturity value	Amount of reserves
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Fully paid certificates:

Single-Payment certificates:

SP 74	3.5	0	0	0
SP 75	3.5	0	0	0
SP 76	3.5	0	0	0
SP 77	3.5	0	0	0
SP 78	3.5	61	723	393
SP 79	3.5	388	2,838	2,776
SP 80	3.5	356	2,999	2,826
SP 81A	3.5	297	1,770	1,608
SP 82A	3.5	259	2,466	2,170
SP 82B	3.5	452	4,041	3,515
SP 83A	3.5	83	595	510
SP 83B	3.5	189	1,833	1,546
IC-2-84	3.5	686	6,783	5,535
IC-2-85	3.5	360	3,877	4,066
IC-2-86	3.5	188	2,152	2,073
IC-2-87	3.5	239	3,190	2,851
IC-2-88	3.5	486	7,301	5,939
Reserve Plus Single Payment	(note a)	820	308,978	6,683
Cash Reserve Single Payment	(note b)	32	176	175
IC-Flexible Savings (formally Variable Term)	(note d)	76,191	438,276	502,533
IC-Flexible Savings Emp (formally Variable Term)	(note d)	1,247	13,712	16,536
IC-Preferred Investors	(note d)	67	76,339	77,371
IC-Investors	(note d)	549	687,325	750,121
IC-Special Deposits	(note d)	115	157,232	167,647
IC-1-84	(note c)	51	354	329
Cash Reserve Variable Payment	(note b)	443	2,330	3,073
Cash Reserve Variable Payment-3mo.	(note e)	44,122	175,219	185,896
IC-Future Value	(note f)	11,209	120,321	120,321
IC-Future Value Emp	(note f)	219	2,429	2,429
IC-Stock Market	(note g)	110,202	391,171	440,315
IC-Market Strategy	(note g)	5,134	69,753	70,372
IC-AEBI Stock Market	(note g)	33	6,428	6,740

Total		254,478	2,490,611	2,386,349
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Balance at beginning of period

Number of accounts with security holders	Amount of maturity value	Amount of reserves
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Additional credits and accrued interest thereon:

SP 74	3.5	Not	Not	10
SP 75	3.5	Applicable	Applicable	0
SP 76	3.5			0

SP 77	3.5	529
SP 78	3.5	2,787
SP 79	3.5	2,959
SP 80	3.5	2,665
SP 81A	3.5	1,257
SP 82A	3.5	1,602
SP 82B	3.5	2,675
SP 83A	3.5	289
SP 83B	3.5	823
IC-2-84	3.5	3,171
IC-2-85	3.5	84
IC-2-86	3.5	41
IC-2-87	3.5	58
IC-2-88	3.5	120
Reserve Plus Single Payment	(note a)	0
Cash Reserve Single Payment	(note b)	0
IC-Flexible Savings (formally Variable Term)	(note d)	1,575
IC-Flexible Savings Emp (formally Variable Term)	(note d)	144
IC-Preferred Investors	(note d)	39
IC-Investors	(note d)	1,733
IC-Special Deposits	(note d)	414
IC-1-84	(note c)	9
Cash Reserve Variable Payment	(note b)	0
Cash Reserve Variable Payment-3mo.	(note e)	370
IC-Future Value	(note f)	55,702
IC-Future Value Emp	(note f)	1,132
IC-Stock Market	(note g)	1,486
IC-Market Strategy	(note g)	0
IC-AEBI Stock Market	(note g)	43
		-----
Total		81,717
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Additions  
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		Charged to profit and loss or income	Reserve payments by certificate holders	Charged to other accounts (per part 2)
		-----	-----	-----
Additional credits and accrued interest thereon:				
SP 74	3.5	0	0	0
SP 75	3.5	0	0	0
SP 76	3.5	0	0	0
SP 77	3.5	2	0	14
SP 78	3.5	62	0	74
SP 79	3.5	97	0	85
SP 80	3.5	88	0	80
SP 81A	3.5	42	0	39
SP 82A	3.5	53	0	53
SP 82B	3.5	86	0	87
SP 83A	3.5	10	0	11
SP 83B	3.5	27	0	32
IC-2-84	3.5	101	0	128
IC-2-85	3.5	154	0	0
IC-2-86	3.5	80	0	0
IC-2-87	3.5	107	0	0
IC-2-88	3.5	221	0	0
Reserve Plus Single Payment	(note a)	283	0	0
Cash Reserve Single Payment	(note b)	7	0	0
IC-Flexible Savings (formally Variable Term)	(note d)	35,433	0	0
IC-Flexible Savings Emp (formally Variable Term)	(note d)	4,642	0	0
IC-Preferred Investors	(note d)	949	0	0
IC-Investors	(note d)	42,092	0	0
IC-Special Deposits	(note d)	10,270	0	0
IC-1-84	(note c)	17	0	2
Cash Reserve Variable Payment	(note b)	131	0	0
Cash Reserve Variable Payment-3mo.	(note e)	8,181	0	0
IC-Future Value	(note f)	15,595	0	0
IC-Future Value Emp	(note f)	351	0	0
IC-Stock Market	(note g)	2,529	(1)	0
IC-Market Strategy	(note g)	746	0	0
IC-AEBI Stock Market	(note g)	82	0	0
		-----	-----	-----
Total		122,438	(1)	605
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		Deductions		
		Maturities	Cash surrenders prior to maturity	Credited to other accounts (per part 2)
Additional credits and accrued interest thereon:				
SP 74	3.5	0	0	10
SP 75	3.5	0	0	0
SP 76	3.5	0	0	0
SP 77	3.5	429	25	91
SP 78	3.5	1,846	315	358
SP 79	3.5	0	423	57
SP 80	3.5	0	333	0
SP 81A	3.5	0	176	0
SP 82A	3.5	0	203	0
SP 82B	3.5	0	501	0
SP 83A	3.5	0	35	0
SP 83B	3.5	0	116	0
IC-2-84	3.5	0	572	4
IC-2-85	3.5	0	13	153
IC-2-86	3.5	0	6	82
IC-2-87	3.5	0	7	107
IC-2-88	3.5	0	12	223
Reserve Plus Single Payment	(note a)	0	0	283
Cash Reserve Single Payment	(note b)	0	0	7
IC-Flexible Savings (formally Variable Term)	(note d)	0	3,802	32,214
IC-Flexible Savings Emp (formally Variable Term)	(note d)	0	171	4,451
IC-Preferred Investors	(note d)	0	132	819
IC-Investors	(note d)	0	3,272	38,873
IC-Special Deposits	(note d)	0	726	9,606
IC-1-84	(note c)	0	4	17
Cash Reserve Variable Payment	(note b)	0	7	124
Cash Reserve Variable Payment-3mo.	(note e)	0	122	8,139
IC-Future Value	(note f)	21,505	5,539	1
IC-Future Value Emp	(note f)	420	73	0
IC-Stock Market	(note g)	0	130	2,416
IC-Market Strategy	(note g)	0	0	655
IC-AEBI Stock Market	(note g)	0	2	79
Total		24,200	16,717	98,769

Balance at close of period				
		Number of accounts with security holders	Amount of maturity value	Amount of reserves
Additional credits and accrued interest thereon:				
SP 74	3.5	Not Applicable	Not Applicable	0
SP 75	3.5	Not Applicable	Not Applicable	0
SP 76	3.5			0
SP 77	3.5			0
SP 78	3.5			404
SP 79	3.5			2,661
SP 80	3.5			2,500
SP 81A	3.5			1,162
SP 82A	3.5			1,505
SP 82B	3.5			2,347
SP 83A	3.5			275
SP 83B	3.5			766
IC-2-84	3.5			2,824
IC-2-85	3.5			72
IC-2-86	3.5			33
IC-2-87	3.5			51
IC-2-88	3.5			106
Reserve Plus Single Payment	(note a)			0
Cash Reserve Single Payment	(note b)			0
IC-Flexible Savings (formally Variable Term)	(note d)			992

IC-Flexible Savings Emp (formally Variable Term)	(note d)	164
IC-Preferred Investors	(note d)	37
IC-Investors	(note d)	1,680
IC-Special Deposits	(note d)	352
IC-1-84	(note c)	7
Cash Reserve Variable Payment	(note b)	0
Cash Reserve Variable Payment-3mo.	(note e)	290
IC-Future Value	(note f)	44,252
IC-Future Value Emp	(note f)	990
IC-Stock Market	(note g)	1,468
IC-Market Strategy	(note g)	91
IC-AEBI Stock Market	(note g)	44
		-----
Total		65,073
		-----

</TABLE>

<TABLE>  
<CAPTION>

	Balance at beginning of period		
	Number of accounts with security holders	Amount of maturity value	Amount of reserves
	-----	-----	-----
<S>	<C>	<C>	<C>
Accrued for additional credits to be allowed at next anniversaries:			
SP 74	Not	Not	0
SP 75	Applicable	Applicable	0
SP 76			0
SP 77			12
SP 78			37
SP 79			43
SP 80			39
SP 81A			23
SP 82A			18
SP 82B			54
SP 83A			7
SP 83B			16
IC-2-84			65
IC-2-85			33
IC-2-86			16
IC-2-87			23
IC-2-88			43
IC-Stock Market			18,318
IC-Market Strategy			0
IC-AEBI Stock Market			64
			-----
Total			18,811
			-----

	Additions		
	Charged to profit and loss or income	Reserve payments by certificate holders	Charged to other accounts (per part 2)
	-----	-----	-----
Accrued for additional credits to be allowed at next anniversaries:			
SP 74	0	0	0
SP 75	0	0	0
SP 76	0	0	0
SP 77	2	0	0
SP 78	46	0	0
SP 79	76	0	0
SP 80	72	0	0
SP 81A	34	0	0

SP 82A	49	0	0
SP 82B	79	0	0
SP 83A	10	0	0
SP 83B	30	0	0
IC-2-84	113	0	0
IC-2-85	54	0	0
IC-2-86	29	0	0
IC-2-87	36	0	0
IC-2-88	72	0	0
IC-Stock Market	44,383	0	0
IC-Market Strategy	2,179	0	0
IC-AEBI Stock Market	328	0	0
	-----	-----	-----
Total	47,592	0	0
	-----	-----	-----

-----  
Deductions  
-----

	Maturities	Cash surrenders prior to maturity	Credited to other accounts (per part 2)
	-----	-----	-----
Accrued for additional credits to be allowed at next anniversaries:			
SP 74	0	0	0
SP 75	0	0	0
SP 76	0	0	0
SP 77	0	0	14
SP 78	0	0	74
SP 79	0	0	85
SP 80	0	0	80
SP 81A	0	0	39
SP 82A	0	0	53
SP 82B	0	1	87
SP 83A	0	0	11
SP 83B	0	0	32
IC-2-84	0	0	128
IC-2-85	0	0	61
IC-2-86	0	0	33
IC-2-87	0	0	41
IC-2-88	0	0	80
IC-Stock Market	0	663	28,280
IC-Market Strategy	0	0	0
IC-AEBI Stock Market	0	0	148
	-----	-----	-----
Total	0	664	29,246
	-----	-----	-----

-----  
Balance at close of period  
-----

	Number of accounts with security holders	Amount of maturity value	Amount of reserves
	-----	-----	-----
Accrued for additional credits to be allowed at next anniversaries:			
SP 74	Not	Not	0
SP 75	Applicable	Applicable	0
SP 76			0
SP 77			0
SP 78			9
SP 79			34
SP 80			31
SP 81A			18
SP 82A			14
SP 82B			45
SP 83A			6
SP 83B			14
IC-2-84			50



IC-2-85	26
IC-2-86	12
IC-2-87	18
IC-2-88	35
IC-Stock Market	33,758
IC-Market Strategy	2,179
IC-AEBI Stock Market	244
	-----
Total	36,493
	-----

</TABLE>

<TABLE>  
<CAPTION>

					Balance at beginning of period				
					-----				
					Number of accounts with security holders	Amount of maturity value	Amount of reserves		
					-----	-----	-----		
<S>	<C>	<C>	<C>	<C>					
R Series Single-Payment certificates:									
R-76	3.5	9	92	78					
R-77	3.5	42	506	425					
R-78	3.5	74	721	551					
R-79	3.5	100	1,068	797					
R-80	3.5	119	1,211	849					
R-81	3.5	50	572	351					
R-82A	3.5	228	1,778	980					
RP-Q	(note a)	590	1,042	2,404					
R-II	3.5	169	1,696	713					
RP-2-84	3.5	515	6,321	2,526					
RP-2-85	3.5	152	650	658					
RP-2-86	3.5	49	344	324					
RP-2-87	3.5	110	624	527					
RP-2-88	3.5	140	789	609					
Cash Reserve RP	(note b)	8	18	34					
IC-Flexible Savings RP	(note d)	14,722	134,813	151,753					
RP-Preferred Investors	(note d)	4	3,046	3,132					
Cash Reserve RP-3 mo.	(note e)	3,127	28,298	29,587					
IC-Flexible Savings RP Emp	(note d)	393	4,455	5,390					
RP-Future Value	(note f)	10,988	168,857	168,857					
RP-Future Value Emp	(note f)	258	5,035	5,035					
RP-Stock Market	(note g)	10,285	59,553	67,221					
RP-Market Strategy	(note g)	0	0	0					
D-1	(note a)	211	28,044	34,272					
		-----	-----	-----					
Total		42,343	449,533	477,073					
		-----	-----	-----					

-----  
Additions

					Charged to profit and loss or income	Reserve payments by certificate holders	Charged to other accounts (per part 2)		
					-----	-----	-----		
R Series Single-Payment certificates:									
R-76	3.5	0	0	4					
R-77	3.5	0	0	21					
R-78	3.5	0	0	24					
R-79	3.5	0	0	38					
R-80	3.5	0	0	39					
R-81	3.5	0	0	17					
R-82A	3.5	0	0	48					
RP-Q	(note a)	0	0	87					
R-II	3.5	0	0	34					

RP-2-84	3.5	0	0	120
RP-2-85	3.5	0	0	32
RP-2-86	3.5	0	0	13
RP-2-87	3.5	0	0	25
RP-2-88	3.5	0	0	30
Cash Reserve RP	(note b)	0	0	1
IC-Flexible Savings RP	(note d)	0	23,393	6,706
RP-Preferred Investors	(note d)	0	2,153	143
Cash Reserve RP-3 mo.	(note e)	0	41,298	1,062
IC-Flexible Savings RP Emp	(note d)	0	769	290
RP-Future Value	(note f)	0	(17)	0
RP-Future Value Emp	(note f)	0	17	0
RP-Stock Market	(note g)	1	38,041	5,983
RP-Market Strategy	(note g)	0	15,941	141
D-1	(note a)	0	806	1,582
		-----	-----	-----
Total		1	122,401	16,440
		-----	-----	-----

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Deductions  
-----

		Maturities	Cash surrenders prior to maturity	Credited to other accounts (per part 2)
		-----	-----	-----
R Series Single-Payment certificates:				
R-76	3.5	0	18	0
R-77	3.5	0	149	0
R-78	3.5	0	156	0
R-79	3.5	0	63	0
R-80	3.5	0	206	10
R-81	3.5	0	58	0
R-82A	3.5	0	167	0
RP-Q	(note a)	0	541	0
R-II	3.5	0	149	0
RP-2-84	3.5	0	662	0
RP-2-85	3.5	0	153	0
RP-2-86	3.5	0	183	0
RP-2-87	3.5	0	126	0
RP-2-88	3.5	0	131	0
Cash Reserve RP	(note b)	0	0	0
IC-Flexible Savings RP	(note d)	0	60,068	0
RP-Preferred Investors	(note d)	0	3,095	0
Cash Reserve RP-3 mo.	(note e)	0	48,880	0
IC-Flexible Savings RP Emp	(note d)	0	1,143	0
RP-Future Value	(note f)	37,243	12,780	0
RP-Future Value Emp	(note f)	1,276	100	0
RP-Stock Market	(note g)	0	21,884	0
RP-Market Strategy	(note g)	0	463	0
D-1	(note a)	0	7,504	0
		-----	-----	-----
Total		38,519	158,679	10
		-----	-----	-----

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Balance at close of period  
-----

		Number of accounts with security holders	Amount of maturity value	Amount of reserves
		-----	-----	-----
R Series Single-Payment certificates:				
R-76	3.5	8	72	64
R-77	3.5	30	338	297
R-78	3.5	56	523	419
R-79	3.5	87	984	772
R-80	3.5	87	916	672
R-81	3.5	44	481	310
R-82A	3.5	192	1,491	861
RP-Q	(note a)	477	814	1,950

R-II	3.5	136	1,350	598
RP-2-84	3.5	410	4,741	1,984
RP-2-85	3.5	122	509	537
RP-2-86	3.5	33	159	154
RP-2-87	3.5	86	482	426
RP-2-88	3.5	105	627	508
Cash Reserve RP	(note b)	8	18	35
IC-Flexible Savings RP	(note d)	12,026	105,502	121,784
RP-Preferred Investors	(note d)	5	2,255	2,333
Cash Reserve RP-3 mo.	(note e)	2,492	21,903	23,067
IC-Flexible Savings RP Emp	(note d)	334	4,342	5,306
RP-Future Value	(note f)	7,645	118,817	118,817
RP-Future Value Emp	(note f)	193	3,676	3,676
RP-Stock Market	(note g)	11,994	79,218	89,362
RP-Market Strategy	(note g)	601	15,487	15,619
D-1	(note a)	199	23,613	29,156
		-----	-----	-----
Total		37,370	388,318	418,707
		-----	-----	-----

Balance at beginning of period

Number of accounts with security holders	Amount of maturity value	Amount of reserves
-----	-----	-----

Additional Interest on R-Series Single

Payment Reserves:

R-76	3.5	Not	Not	3
R-77	3.5	Applicable	Applicable	7
R-78	3.5			16
R-79	3.5			20
R-80	3.5			25
R-81	3.5			9
R-82A	3.5			42
RP-Q	(note a)			0
R-II	3.5			23
RP-2-84	3.5			73
RP-2-85	3.5			20
RP-2-86	3.5			9
RP-2-87	3.5			15
RP-2-88	3.5			17
Cash Reserve RP	(note b)			0
IC-Flexible Savings RP	(note d)			329
RP-Preferred Investors	(note d)			5
Cash Reserve RP-3 mo.	(note e)			47
IC-Flexible Savings RP Emp	(note d)			11
IC-Future Value	(note f)			55,838
IC-Future Value Emp	(note f)			1,769
RP-Stock Market	(note g)			309
RP-Market Strategy	(note g)			0
D-1	(note a)			0
				-----
Total				58,587
				-----

Accrued for additional credits to be allowed  
at next anniversaries:

RP-Stock Market				3,597
RP-Market Strategy				0
				-----
Total single payment				3,234,675
				-----

Paid-up certificates:

Series 15 and 20	3.25	14	123	108
" 15A and 22A	3.5	662	8,525	7,638
" I-76	3.5	648	3,194	2,094
		-----	-----	-----
Total		1,324	11,842	9,840
		-----	-----	-----

		----- Additions -----		
		Charged to profit and loss or income	Reserve payments by certificate holders	Charged to other accounts (per part 2)
		-----	-----	-----
Additional Interest on R-Series Single				
Payment Reserves:				
R-76	3.5	4	0	0
R-77	3.5	20	0	0
R-78	3.5	23	0	0
R-79	3.5	38	0	0
R-80	3.5	37	0	0
R-81	3.5	17	0	0
R-82A	3.5	46	0	0
RP-Q	(note a)	87	0	0
R-II	3.5	32	0	0
RP-2-84	3.5	109	0	0
RP-2-85	3.5	29	0	0
RP-2-86	3.5	12	0	0
RP-2-87	3.5	24	0	0
RP-2-88	3.5	27	0	0
Cash Reserve RP	(note b)	1	0	0
IC-Flexible Savings RP	(note d)	7,390	0	0
RP-Preferred Investors	(note d)	141	0	0
Cash Reserve RP-3 mo.	(note e)	1,061	0	0
IC-Flexible Savings RP Emp	(note d)	322	0	0
IC-Future Value	(note f)	14,621	0	0
IC-Future Value Emp	(note f)	516	0	0
RP-Stock Market	(note g)	488	0	0
RP-Market Strategy	(note g)	159	0	0
D-1	(note a)	1,701	0	0
Total		26,905	0	0

Accrued for additional credits to be allowed  
at next anniversaries:

RP-Stock Market	8,936	0	0	
RP-Market Strategy	446	0	0	
Total single payment		207,130	1,110,658	143,892

Paid-up certificates:

Series 15 and 20	3.25	3	0	0
" 15A and 22A	3.5	217	0	1,176
" I-76	3.5	72	0	369
Total		292	0	1,545

-----  
Deductions  
-----

		Maturities	Cash surrenders prior to maturity	Credited to other accounts (per part 2)
		-----	-----	-----
Additional Interest on R-Series Single				
Payment Reserves:				
R-76	3.5	0	1	4
R-77	3.5	0	1	21
R-78	3.5	0	3	24
R-79	3.5	0	1	38
R-80	3.5	0	2	39
R-81	3.5	0	1	18
R-82A	3.5	0	4	48
RP-Q	(note a)	0	0	87
R-II	3.5	0	2	34
RP-2-84	3.5	0	7	120

RP-2-85	3.5	0	1	32
RP-2-86	3.5	0	4	13
RP-2-87	3.5	0	1	25
RP-2-88	3.5	0	2	29
Cash Reserve RP	(note b)	0	0	1
IC-Flexible Savings RP	(note d)	0	764	6,706
RP-Preferred Investors	(note d)	0	1	143
Cash Reserve RP-3 mo.	(note e)	0	12	1,062
IC-Flexible Savings RP Emp	(note d)	0	34	289
IC-Future Value	(note f)	19,220	4,795	0
IC-Future Value Emp	(note f)	534	36	0
RP-Stock Market	(note g)	0	41	482
RP-Market Strategy	(note g)	0	0	140
D-1	(note a)	0	119	1,582

Total		19,754	5,832	10,937
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Accrued for additional credits to be allowed at next anniversaries:

RP-Stock Market		0	99	5,502
RP-Market Strategy		0	0	0

Total single payment		139,981	1,448,369	145,036
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Paid-up certificates:

Series 15 and 20	3.25	6	2	5
" 15A and 22A	3.5	1,531	680	1,356
" I-76	3.5	0	387	9

Total		1,537	1,069	1,370
-------	--	-------	-------	-------

Balance at close of period

Number of accounts with security holders	Amount of maturity value	Amount of reserves
--	--------------------------	--------------------

Additional Interest on R-Series Single

Payment Reserves:

R-76	3.5	Not Applicable	Not Applicable	2
R-77	3.5			5
R-78	3.5			12
R-79	3.5			19
R-80	3.5			21
R-81	3.5			7
R-82A	3.5			36
RP-Q	(note a)			0
R-II	3.5			19
RP-2-84	3.5			55
RP-2-85	3.5			16
RP-2-86	3.5			4
RP-2-87	3.5			13
RP-2-88	3.5			13
Cash Reserve RP	(note b)			0
IC-Flexible Savings RP	(note d)			249
RP-Preferred Investors	(note d)			2
Cash Reserve RP-3 mo.	(note e)			34
IC-Flexible Savings RP Emp	(note d)			10
IC-Future Value	(note f)			46,444
IC-Future Value Emp	(note f)			1,715
RP-Stock Market	(note g)			274
RP-Market Strategy	(note g)			19
D-1	(note a)			0

Total				48,969
-------	--	--	--	--------

Accrued for additional credits to be allowed at next anniversaries:

RP-Stock Market				6,932
RP-Market Strategy				446

Total single payment				2,962,969
Paid-up certificates:				
Series 15 and 20	3.25	10	110	98
" 15A and 22A	3.5	358	6,307	5,464
" I-76	3.5	613	3,131	2,139
Total		981	9,548	7,701
Balance at beginning of period				
		Number of accounts with security holders	Amount of maturity value	Amount of reserves
Additional credits and accrued interest thereon:				
Series 15 and 20	2.5	Not Applicable	Not Applicable	3
" 15A and 22A	3			273
" I-76	3.5			165
Total				441
Accrued for additional credits to be allowed at next anniversaries				42
Total paid-up		1,324	11,842	10,323
Optional settlement certificates:				
Series 1, IST&G	3	13		6
Other series and conversions from Single Payment certificates	2.5-3-3-3.5	8,329		101,339
Series R-76 thru R-82A	3	46		173
Series R-II & RP-2-84 thru 88	3.5	29		464
Reserve Plus Single-Payment	(note a)	146		1,429
Reserve Plus Flex-Pay & IC-Q-Inst	(note a)	18		105
Series R-Installment	(note a)	59		301
Series R-Single-Payment	(note a)	27		72
Add'l credits and accrued int. thereon	2.5-3	Not Applicable	Not Applicable	11,139
Add'l credits and accrued int. thereon-IST&G	2.5-3			0
Accrued for additional credits to be allowed at next anniversaries				860
Accrued for additional credits to be allowed at next anniversaries-R-76 thru R-82A & R-II				4
Accrued for additional credits to be allowed at next anniversaries-IST&G				0
Total optional settlement		8,667		115,892
Due to unlocated certificate holders			Not Applicable	291
Total certificate reserves				3,724,978
Additions				
		Charged to profit and loss or income	Reserve payments by certificate holders	Charged to other accounts (per part 2)

Additional credits and accrued interest thereon:				
Series 15 and 20	2.5	0	0	1
" 15A and 22A	3	6	0	46
" I-76	3.5	6	0	19
		-----	-----	-----
Total		12	0	66
		-----	-----	-----
Accrued for additional credits to be allowed at next anniversaries		58	0	0
		-----	-----	-----
Total paid-up		362	0	1,611
		-----	-----	-----
Optional settlement certificates:				
Series 1, IST&G	3	0	0	0
Other series and conversions from Single Payment certificates	2.5-3-3-3.5	2,938	0	3,807
Series R-76 thru R-82A	3	5	0	13
Series R-II & RP-2-84 thru 88	3.5	15	0	5
Reserve Plus Single-Payment	(note a)	52	0	60
Reserve Plus Flex-Pay & IC-Q-Inst	(note a)	2	0	49
Series R-Installment	(note a)	9	0	21
Series R-Single-Payment	(note a)	2	0	0
Add'l credits and accrued int. thereon	2.5-3	296	0	1,715
Add'l credits and accrued int. thereon-IST&G	2.5-3	0	0	0
Accrued for additional credits to be allowed at next anniversaries		1,678	0	0
Accrued for additional credits to be allowed at next anniversaries-R-76 thru R-82A & R-II		8	1	0
Accrued for additional credits to be allowed at next anniversaries-IST&G		0	0	0
		-----	-----	-----
Total optional settlement		5,005	1	5,670
		-----	-----	-----
Due to unlocated certificate holders			Not Applicable	164
		-----	-----	-----
Total certificate reserves		224,409	1,192,026	161,406
		=====	=====	=====
Provision for certificate reserves and additional credits, per Statement of Operations		168,134		
Provision for reconversion applied against reserve recoveries from terminations prior to maturity in Statement of Operations		0		
Income (loss) from purchased and written call options included in provision for certificate reserves in Statement of Operations		56,275		
		-----		
		224,409		
		=====		
			Deductions	
			-----	
			Cash surrenders prior to maturity	Credited to other accounts (per part 2)
			-----	-----
Additional credits and accrued interest thereon:				
Series 15 and 20	2.5	1	0	0
" 15A and 22A	3	102	19	53
" I-76	3.5	0	18	0
		-----	-----	-----
Total		103	37	53
		-----	-----	-----
Accrued for additional credits to be allowed at next anniversaries		0	0	66
		-----	-----	-----

		1,640	1,106	1,489
-----				
Total paid-up				
Optional settlement certificates:				
Series 1, IST&G	3	1	0	0
Other series and conversions from Single Payment certificates	2.5-3-3-3.5	6,067	7,438	0
Series R-76 thru R-82A	3	42	18	0
Series R-II & RP-2-84 thru 88	3.5	76	20	0
Reserve Plus Single-Payment	(note a)	58	264	0
Reserve Plus Flex-Pay & IC-Q-Inst	(note a)	20	39	0
Series R-Installment	(note a)	47	28	0
Series R-Single-Payment	(note a)	18	18	0
Add'l credits and accrued int. thereon	2.5-3	993	939	360
Add'l credits and accrued int. thereon-IST&G	2.5-3	0	0	0
Accrued for additional credits to be allowed at next anniversaries		16	0	1,721
Accrued for additional credits to be allowed at next anniversaries-R-76 thru R-82A & R-II		1	1	8
Accrued for additional credits to be allowed at next anniversaries-IST&G		0	0	0
		-----	-----	-----
Total optional settlement		7,339	8,765	2,089
		-----	-----	-----
Due to unlocated certificate holders		Not Applicable	10	88
		-----	-----	-----
Total certificate reserves		157,300	1,579,254	161,382
		=====	=====	=====
Balance at close of period				
-----				
		Number of accounts with security holders	Amount of maturity value	Amount of reserves
		-----	-----	-----
Additional credits and accrued interest thereon:				
Series 15 and 20	2.5	Not Applicable	Not Applicable	3
" 15A and 22A	3			151
" I-76	3.5			172
				-----
Total				326
				-----
Accrued for additional credits to be allowed at next anniversaries				34
				-----
Total paid-up		981	9,548	8,061
		-----	-----	-----
Optional settlement certificates:				
Series 1, IST&G	3	12		5
Other series and conversions from Single Payment certificates	2.5-3-3-3.5	7,454		94,579
Series R-76 thru R-82A	3	32		131
Series R-II & RP-2-84 thru 88	3.5	19		388
Reserve Plus Single-Payment	(note a)	124		1,219
Reserve Plus Flex-Pay & IC-Q-Inst	(note a)	22		97
Series R-Installment	(note a)	47		256
Series R-Single-Payment	(note a)	31		38
Add'l credits and accrued int. thereon	2.5-3	Not Applicable	Not Applicable	10,858
Add'l credits and accrued int. thereon-IST&G	2.5-3			0
Accrued for additional credits to be allowed at next anniversaries				801
Accrued for additional credits to be allowed at next anniversaries-R-76 thru R-82A & R-II				3
Accrued for additional credits to be allowed at next anniversaries-IST&G				0
		-----	-----	-----
Total optional settlement		7,741		108,375



Due to unlocated certificate holders	Not Applicable	357
Total certificate reserves		3,404,883

</TABLE>

Notes:

- (a) On these series of certificates, there is no minimum rate of accrual of interest. Interest is declared for a quarter or quarters by IDSC and credited to the reserves maintained at the end of each calendar quarter.
- (b) On these series of certificates, there is no minimum rate of accrual of interest. Interest is declared for a quarter or quarters by IDSC and credited to the reserves maintained or paid in cash at the end of each calendar month.
- (c) On these series of certificates, there is no minimum rate of accrual of interest. Interest is declared by IDSC for the first four certificate quarters, then annually thereafter, and credited to the reserves maintained at the end of each certificate year.
- (d) On this series of certificates, there is no minimum rate of accrual of interest. Interest is declared for the term selected and credited to the reserves maintained or paid in cash at the end of each certificate month.
- (e) On this series of certificates, there is no minimum rate of accrual of interest. Interest is declared by IDSC for a three-month term and credited to the reserves maintained or paid in cash at the end of each certificate month.
- (f) On this series of certificates, there is no minimum rate of accrual of interest. Interest is declared by IDSC for a four, five, six, seven, eight, nine or ten year maturity and credited to the reserves maintained at maturity.
- (g) On this series of certificates, the certificate holder may elect to receive minimum interest only or minimum interest plus participation interest. Minimum interest is declared by IDSC for a twelve-month term and is credited to the the reserves maintained at the end of each certificate term. Participation interest is determined at the end of each certificate term by multiplying the market participation rate in effect at the beginning of the certificate term for each certificate times any total percentage appreciation in a broad stock market indicator subject to specified maximums. Participation interest is credited to the reserves maintained at the end of each certificate term.

<TABLE>  
<CAPTION>

Part 2 - Description of Additions to Reserves Charged to Other Accounts and Deductions from Reserves Credited to Other Accounts

Year ended December 31, 1998  
(\$ in thousands)

Additions to reserves charged to other accounts			
Reconversions of paid-up certificate charged to paid-up reserves and reserve for reconversions	Charged to advance payments reserve	Transfers of maturities to extended maturities-charged to reserves to mature, additional credits/ interest and advance payments	Total

<S>	<C>	<C>	<C>	<C>
Reserves to mature installment certificates:				
Series 15, including extended maturities	0	0	0	0
Series 20, including extended maturities	0	1	8	9
Series 15A, including extended maturities	0	1	0	1
Series 22A, including extended maturities	165	159	324	648
Series I-76	7	19	0	26
Series Reserve Plus Flexible Payment	0	0	37	37
Series IC-Q-Installment	0	0	13	13
Series IC-Q-Ins	0	0	933	933
Series IC-Q-Ins Emp	0	0	6	6
Series IC-I	0	0	7,631	7,631
Series IC-I-Emp	0	0	61	61
Series Inst	0	0	118	118
Series Inst-Emp	0	0	1	1
Series RP-Q-Installment	0	0	49	49
Series RP-Q-Flexible Payment	0	0	3	3
Series RP-Q-Ins	0	0	33	33
Series RP-Q-Ins Emp	0	0	1	1
Series RP-I	0	0	102	102
Series RP-I Emp	0	0	0	0
	-----	-----	-----	-----
Total	172	180	9,320	9,672
	=====	=====	=====	=====

</TABLE>

<TABLE>  
<CAPTION>

Part 2 - Description of Additions to Reserves Charged to Other Accounts and Deductions from Reserves Credited to Other Accounts

Year ended December 31, 1998  
(\$ in thousands)

Deductions from reserves credited to other accounts

	Conversions to optional settlement certificates-credited to optional settlement reserves and surrender income	Conversions to optional settlement certificates-credited to optional settlement reserves and surrender income	Maturities transferred to extended maturities-credited to reserves to mature-extended maturities	Total
<S>	<C>	<C>	<C>	
0	0	0	0	
0	39	8	47	
0	0	0	0	
974	894	324	2,192	
290	0	0	290	
0	0	0	0	
0	0	0	0	
0	48	0	48	
0	0	0	0	
0	0	0	0	
0	0	0	0	
0	0	0	0	
0	9	0	9	
0	0	0	0	

0	12	0	12
0	0	0	0
0	0	0	0
0	0	0	0
-----			
1,264	1,002	332	2,598
=====			

<TABLE>  
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Part 2 - Description of Additions to Reserves Charged to Other Accounts and Deductions from Reserves Credited to Other Accounts

Year ended December 31, 1998  
(\$ in thousands)

Additions to reserves charged to other accounts				
Payments made in advance of current certificate year requirements and accrued interest thereon:	Reconversions of paid-up certificates-charged to paid-up reserves	Additions to advance payments-charged to default interest on late payments	Additions to reserves to mature-extended maturities charged to reserves to mature from maturity	Total
<S>	<C>	<C>	<C>	<C>
Series 15, including extended maturities	0	0	0	0
Series 20, including extended maturities	0	0	0	0
Series 15A, including extended maturities	0	0	0	0
Series 22A, including extended maturities	5	0	12	17
Series I-76	0	1	0	1
Series Reserve Plus Flexible Payment	0	0	0	0
Series IC-Q Installment	0	0	0	0
Series IC-Q Ins	0	0	0	0
Series IC-Q Ins Emp	0	0	0	0
Series IC-I	0	0	0	0
Series IC-I Emp	0	0	0	0
Series RP-Q Installment	0	0	0	0
Series RP-Q Flexible Payment	0	0	0	0
Series RP-Q Ins	0	0	0	0
Series RP-Q Ins Emp	0	0	0	0
Series RP-I	0	0	0	0
Series RP-I Emp	0	0	0	0
-----				
Total	5	1	12	18
=====				

<TABLE>  
<CAPTION>

Part 2 - Description of Additions to Reserves Charged to Other Accounts and Deductions from Reserves Credited to Other Accounts

Year ended December 31, 1998  
(\$ in thousands)

Deductions from reserves credited to other accounts			
Applied to certificates-	Conversions to optional settlement	Maturities transferred to extended maturities-	Conversions



Paid-up certificates:	
Other additions represent:	
Conversions from installment certificates (charged to installment reserves less surrender charges)	\$ 1,545
Transfers from accrual for additional credits to be allowed at next anniversaries	66
	-----
	\$ 1,611
	=====
Other deductions represent:	
Transfers credited to installment reserves on reconversions to installment certificates	\$ 209
Transfers for accrual for additional credits and accrued interest thereon	66
Transfers to settlement options	1,214
	-----
	\$ 1,489

Certificate Reserves  
(\$ in thousands)

Part 2 - Descriptions of Additions to Reserves Charged to Other Accounts and Deductions from Reserves Credited to Other Accounts

Default interest on installment certificates:	
Other additions represent:	
Reconversions of paid-up certificates charged to paid-up reserves	\$ 0
	=====
Other deductions represent:	
Conversions to paid-up certificates - credited to paid-up reserves	\$ 5
Transfers to advance payments as late payments are credited to certificates	1
	-----
	\$ 6
	=====

Optional settlement certificates:	
Other additions represent:	
Transfers from installment certificate reserves (less surrender charges), single-payment and Series D certificate reserves upon election of optional settlement privileges	\$ 2,743
Transfers from paid-up certificate reserves	1,214
Transfers from accruals for additional credits to be allowed at next anniversaries	1,713
	-----
	\$ 5,670
	=====
Other deductions represent:	
Transfers to reserve for additional credits and accrued interest thereon	\$ 1,721
Transfers to optional settlement reserves	368
	-----
	\$ 2,089
	=====

Single-Payment certificates:	
Other additions represent:	
Transfers from accruals for additional credits to be allowed at next anniversaries	\$ 605
Transfers from accruals on a quarterly basis on:	
Reserve Plus Single-Payment	281
Cash Reserve Single-Payment	7
Flexible Savings	32,199
Flexible Savings-Emp	819
Preferred Investors	4,445
Investors	38,873
Special Deposits	9,606
Cash Reserve	123
Cash Reserve-3mo	8,132
Future Value	1
Stock Market	30,686
Market Strategy	654
AEBI Stock Market	227
R82-B	87
Cash Reserve-RP	1
Cash Reserve-RP-3mo	1,062
Flexible Saving-RP	6,706
Flexible Savings-RP-Emp	290
Preferred Investors-RP	143
Stock Market-RP	5,983
Market Strategy-RP	141

Transfers from accruals at anniversaries maintained in a separate

reserve account.

2,821  
-----  
\$ 143,892  
=====

Certificate Reserves  
(\$ in thousands)

Part 2 - Descriptions of Additions to Reserves Charged to Other  
Accounts and Deductions from Reserves Credited to Other Accounts

Single-Payment certificates continued:

Other deductions represent:

Transfers to optional settlement reserves:

Single-Payment	\$ 1,882
R Single-Payment	10

Transfers to reserves for additional credits and accrued interest thereon	2,821
---	-------

Transfers to a separate reserve account from the accrual account	605
--	-----

Transfers to reserves on a quarterly basis:

Reserve Plus Single-Payment	281
-----------------------------	-----

Cash Reserve Single-Payment	7
-----------------------------	---

Flexible Savings	32,199
------------------	--------

Flexible Savings-Emp	819
----------------------	-----

Preferred Investors	4,451
---------------------	-------

Investors	38,873
-----------	--------

Special Deposits	9,606
------------------	-------

Cash Reserve	124
--------------	-----

Cash Reserve-3mo	8,133
------------------	-------

Stock Market	30,686
--------------	--------

AEBI Stock Market	227
-------------------	-----

R82-B	87
-------	----

Cash Reserve-RP	1
-----------------	---

Cash Reserve-RP-3mo	1,062
---------------------	-------

Flexible Saving-RP	6,706
--------------------	-------

Flexible Savings-RP-Emp	289
-------------------------	-----

Preferred Investors-RP	143
------------------------	-----

Stock Market-RP	5,984
-----------------	-------

Transfers to Federal tax withholding	40
--------------------------------------	----

-----  
\$ 145,036  
=====

Due to unlocated certificate holders:

Other additions represent:

Amounts equivalent to payments due certificate holders who could not be located	\$ 164
---	--------

Other deductions represent:

Payments to certificate holders credited to cash	\$ 88
--	-------

</TABLE>

<TABLE>  
<CAPTION>

Part 3 - Information Regarding Installment Certificates  
Classified by Age Groupings  
(\$ in thousands)

Year ended December 31, 1998

Certificate Series	Months Paid	Number of Accounts with Certificate Holders						Amount of Maturity Value Reserves		Deductions from Reserves	
		December 31,		December 31,		December 31,		Cash Surrenders Prior to Maturity	Other		
		1997	1998	1997	1998	1997	1998	1997	1998	1997	1998
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	
20, including extended maturities	169-180	0	0	0	0	0	0	0	0	0	
	181-192	0	0	0	0	0	0	0	0	0	
	193-204	0	0	0	0	0	0	0	0	0	
	205-216	0	0	0	0	0	0	0	0	0	

217-228		0	0	0	0	0	0	0
229-240	(a)	1	0	8	0	7	0	8
241-252		0	1	0	13	0	8	0
253-264		0	0	0	0	0	0	0
265-276		0	0	0	0	0	0	0
277-288		0	0	0	0	0	0	0
289-300		0	0	0	0	0	0	0
301-312		1	0	14	0	11	0	11
313-324		0	0	0	0	0	0	0
325-336		1	0	14	0	12	0	0
337-348		4	2	46	25	42	26	0
349-360	(a)	4	2	52	21	52	20	28
Total		11	5	134	59	24	54	47
15A, including extended maturities		97-108	0	0	0	0	0	0
		109-120	0	0	17	0	10	0
		121-132	1	0	0	0	10	0
		133-144	0	1	0	0	0	0
		145-156	0	0	0	0	0	0
		157-168	0	0	0	0	0	0
	(a)	169-180	0	0	0	0	0	0
		181-192	0	0	0	0	0	0
		193-204	0	0	0	0	0	0
		205-216	1	0	7	0	6	0
		217-228	1	1	10	11	9	6
		229-240	1	1	5	17	5	10
		241-252	1	0	9	0	8	0
Total		5	3	48	28	38	26	5

</TABLE>

<TABLE>  
<CAPTION>

Part 3 - Information Regarding Installment Certificates  
Classified by Age Groupings  
(\$ in thousands)

Year ended December 31, 1998

Certificate Series	Months Paid	Deductions from Reserves								
		Number of Accounts with Certificate Holders December 31,		Amount of Maturity Value December 31,		Amount of Reserves December 31,		Cash Surrenders Prior to Maturity Other		
		1997	1998	1997	1998	1997	1998			
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	
22A, including extended maturities	61-72	1	0	19	0	3	0	0	0	
	73-84	0	1	0	19	0	4	0	0	
	85-96	1	0	13	0	3	0	0	6	
	97-108	1	1	19	13	6	4	0	0	
	109-120	1	0	15	0	5	0	0	0	
	121-132	3	1	75	15	29	6	0	0	
	133-144	1	3	19	75	8	31	0	0	
	145-156	4	1	94	19	45	8	0	0	
	157-168	0	4	0	94	0	50	0	0	
	169-180	1	0	19	0	11	0	0	0	
	181-192	2	1	131	19	84	11	0	0	
	193-204	8	3	270	103	182	71	0	97	
	205-216	10	5	266	148	195	109	0	27	
	217-228	13	11	266	304	212	240	0	0	
	229-240	19	13	345	263	295	223	28	49	
	241-252	17	14	542	253	498	232	14	20	
	253-264	(a)	91	16	1,954	594	1,680	581	148	836
	265-276		114	21	3,347	685	1,999	415	96	176
	277-288		118	104	2,916	3,008	1,852	1,907	71	95
	289-300		118	101	2,869	2,533	1,946	1,706	95	41
	301-312		107	115	2,296	2,807	1,640	2,015	23	153
	313-324		103	96	1,916	2,049	1,444	1,546	35	51
	325-336		82	95	1,569	1,773	1,248	1,412	21	21
	337-348		80	76	1,130	1,494	950	1,253	44	27
	349-360		68	69	1,062	1,000	940	884	40	84
	361-372		30	62	468	932	436	868	66	30
	373-384		27	28	341	416	334	408	32	253

Total	1,020	841	21,961	18,616	16,045	13,984	713	1,966
-------	-------	-----	--------	--------	--------	--------	-----	-------

</TABLE>

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<CAPTION>

Part 3 - Information Regarding Installment Certificates  
Classified by Age Groupings  
(\$ in thousands)

Year ended December 31, 1998

Certificate Series	Months Paid	Number of Accounts with Certificate Holders December 31,		Amount of Maturity Value December 31,		Amount of Reserves December 31,		Deductions from Reserves	
								Cash Surrenders Prior to Maturity	Other
		1997	1998	1997	1998	1997	1998		
I-76	<C>	<C>	<C>	<C>	<C>	<C>	<C>		
	61-72	1	1	62	62	6	7	0	0
	73-84	0	0	0	0	0	0	0	0
	85-96	0	0	0	0	0	0	0	0
	97-108	0	0	0	0	0	0	0	0
	109-120	0	1	0	12	0	3	0	0
	121-132	1	0	46	0	11	0	11	0
	133-144	2	1	68	37	17	10	0	0
	145-156	3	1	52	31	15	9	0	0
	157-168	2	3	55	52	18	17	10	0
	169-180	3	1	86	25	30	9	0	20
	181-192	31	2	793	43	313	16	0	19
	193-204	89	23	2,359	624	991	267	81	32
	205-216	107	72	2,706	1,790	1,225	812	319	46
	217-228	110	88	2,519	2,233	1,227	1,092	83	46
	229-240	148	97	3,069	2,153	1,610	1,129	258	0
	241-252	127	117	2,962	2,328	1,676	1,308	406	73
	253-264	71	101	1,630	2,334	971	1,414	213	18
	265-276	0	60	0	1,350	0	861	27	0
Total		695	568	16,407	13,074	8,110	6,954	1,408	254
Reserve Plus Flexible Payment	145-156	0	0	0	0	0	0	0	0
	157-168	50	0	510	0	209	0	0	0
	169-180	138	41	1,169	429	694	187	57	0
	181-192	98	110	926	932	463	544	183	0
	193-204	0	85	0	806	0	396	137	0
Total		286	236	2,605	2,167	1,366	1,127	377	0
IC-Q-Installment	121-132	0	0	0	0	0	0	0	0
	133-144	15	0	150	0	93	0	0	0
	145-156	49	12	588	120	185	67	30	0
	157-168	40	42	394	534	214	177	52	0
	169-180	0	34	0	346	0	164	79	0
Total		104	88	1,132	1,000	492	408	161	0

</TABLE>

<TABLE>  
<CAPTION>

Part 3 - Information Regarding Installment Certificates  
Classified by Age Groupings7  
(\$ in thousands)

Year ended December 31, 1998

Deductions from Reserves



Certificate Series	Months Paid	Number of Accounts with Certificate Holders December 31,		Amount of Maturity Value December 31,		Amount of Reserves December 31,		Cash Surrenders Prior to Maturity	Other
		1997	1998	1997	1998	1997	1998		
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
IC-Q-Ins	37-48	0	0	0	0	0	0	0	0
	49-60	1	0	12	0	6	0	0	0
	61-72	1,450	1	18,833	12	8,872	7	0	0
	73-84	2,495	751	31,597	9,366	13,737	4,132	5,748	0
	85-96	1,620	1,487	19,313	17,909	8,652	7,794	7,536	0
	97-108	1,499	1,104	16,776	12,973	7,701	5,870	3,799	0
	109-120	1,618	1,003	19,301	11,317	8,717	5,189	2,894	0
	121-132	48	98	472	1,240	149	588	1,980	48
	133-144	17	40	179	408	73	130	42	0
	145-156	0	14	0	119	0	58	17	0
Total		8,748	4,498	106,483	53,344	47,907	23,768	22,016	48
IC-Q-Ins Emp	49-60	0	0	0	0	0	0	0	0
	61-72	9	0	96	0	61	0	0	0
	73-84	10	4	126	30	64	19	47	0
	85-96	7	7	63	78	45	48	23	0
	97-108	5	6	45	57	11	44	6	0
	109-120	8	5	181	45	26	14	2	0
	121-132	0	2	0	35	0	7	7	0
Total		39	24	511	245	207	132	85	0
IC-I	1-12	4,757	5	89,119	99	7,336	9	0	0
	13-24	10,813	3,898	193,840	71,494	28,085	11,472	1,583	0
	25-36	13,109	9,013	233,170	159,367	54,541	35,951	4,663	0
	37-48	11,764	10,741	213,507	185,076	64,318	57,299	10,541	0
	49-60	9,583	9,633	165,479	172,242	63,685	63,221	11,135	0
	61-72	5,207	7,823	88,208	131,773	40,039	59,111	11,199	0
	73-84	0	2,945	0	45,645	0	21,278	20,646	0
Total		55,233	44,058	983,323	765,696	258,004	248,341	59,767	0
IC-I-Emp	1-12	39	0	456	0	50	0	0	0
	13-24	69	26	1,869	295	221	60	17	0
	25-36	94	55	1,422	997	324	248	33	0
	37-48	71	64	953	709	394	278	114	0
	49-60	53	58	892	802	419	397	57	0
	61-72	34	44	550	675	305	359	72	0
	73-84	0	19	0	285	0	188	167	0
Total		360	266	6,142	3,763	1,713	1,530	460	0

</TABLE>  
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Part 3 - Information Regarding Installment Certificates  
Classified by Age Groupings  
(\$ in thousands)

Year ended December 31, 1998

Certificate Series	Months Paid	Number of Accounts with Certificate Holders December 31,		Amount of Maturity Value December 31,		Amount of Reserves December 31,		Cash Surrenders Prior to Maturity	Other
		1997	1998	1997	1998	1997	1998		
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Inst	1-12	3,134	3,774	66,052	66,052	1,807	3,012	174	0

	13-24	0	2,316	0	0	0	4,177	458	0
		3,134	6,090	66,052	66,052	1,807	7,189	632	0
Inst-Emp	1-12	17	20	255	255	6	21	3	0
	13-24	0	7	0	0	0	10	3	0
		17	27	255	255	6	31	6	0
R Flexible Payment	133-144	0	0	0	0	0	0	0	0
	145-156	43	0	662	0	377	0	0	0
	157-168	21	39	337	593	155	365	14	0
	169-180	70	15	960	253	571	105	39	0
	181-192	65	51	770	735	623	435	120	9
	193-204	0	52	0	604	0	517	88	0
Total		199	157	2,729	2,185	1,726	1,422	261	9
RP-Q-Installment	121-132	0	0	0	0	0	0	0	0
	133-144	10	0	133	0	53	0	0	0
	145-156	8	9	103	126	41	52	3	0
	157-168	0	7	0	79	0	38	4	0
Total		18	16	236	205	94	90	7	0
RP-Q-Ins	49-60	0	0	0	0	0	0	0	0
	61-72	19	0	255	0	148	0	0	0
	73-84	42	13	905	131	327	95	62	0
	85-96	52	29	1,808	613	283	184	145	0
	97-108	49	39	997	1,068	411	250	51	0
	109-120	78	35	1,084	829	580	290	111	0
	121-132	3	0	24	0	13	0	115	12
	133-144	1	2	10	18	3	5	0	0
Total		244	118	5,083	2,659	1,765	824	484	12
RP-Q-Ins Emp	49-60	0	0	0	0	0	0	0	0
	61-72	2	0	78	0	0	0	0	0
	73-84	1	1	6	18	10	0	0	0
	85-96	0	1	0	6	4	10	1	0
	97-108	0	0	0	0	0	5	0	0
Total		3	2	84	24	14	15	1	0

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Part 3 - Information Regarding Installment Certificates  
Classified by Age Groupings  
(\$ in thousands)

Year ended December 31, 1998

Certificate Series	Months Paid	Deductions from Reserves							
		Number of Accounts with Certificate Holders December 31,		Amount of Maturity Value December 31,		Amount of Reserves December 31,		Cash Surrenders Prior to Maturity	Other
		1997	1998	1997	1998	1997	1998		
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
RP-I	1-12	39	0	1,738	0	120	0	0	0
	13-24	54	32	1,763	1,652	289	218	11	0
	25-36	90	46	2,452	1,479	605	387	16	0
	37-48	83	63	2,710	1,806	782	546	206	0
	49-60	84	58	2,574	1,574	1,076	441	452	0
	61-72	62	60	1,426	1,709	559	923	287	0
	73-84	0	40	0	979	0	331	281	0

Total		412	299	12,663	9,199	3,431	2,846	1,253	0
RP-I-Emp	1-12	0	0	0	0	0	0	0	0
	13-24	1	0	600	0	1	0	0	0
	25-36	1	0	6	0	2	0	1	0
	37-48	0	0	0	0	0	0	0	0
	49-60	1	0	576	0	6	0	6	0
Total		3	0	1,182	0	9	0	7	0
Inst-R	1-12	18	34	4,788	4,021	42	42	27	0
	13-24	0	9	0	767	0	11	1	0
Total		18	43	4,788	4,788	42	53	28	0
Inst-R-E	1-12	0	3	0	28	0	1	0	0
Total All Series		70,549	57,342	1,231,818	943,387	342,900	308,795	87,701	2,336

(a) Includes accounts on which all payments necessary to mature have been made, but additional time must elapse before the certificate maturity year is completed. Also includes accounts for which maturity election has been made, but no further payments have been received.

</TABLE>

Part 4 - Amounts Periodically Credited to Certificate Holders' Accounts to Accumulate the Maturity Amount of Installment Certificates.

Information as to (1) amounts periodically credited to each class of security holders' accounts from installment payments and (2) such other amounts periodically credited to accumulate the maturity amount of the certificate (on a \$1,000 face-amount certificate basis for the term of the certificate), is filed in Part 4 of Schedule IX as part of Post-effective Amendment No. 9 to Registration Statement No. 2-17681, Post-effective Amendment No. 1 to Registration Statement No. 2-23772 and Post-effective Amendment No. 1 to Registration Statement No. 2-258081 and is incorporated herein by reference.

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IDS CERTIFICATE COMPANY

SCHEDULE VII

Valuation and Qualifying Accounts

Years ended December 31, 1998, 1997 and 1996  
(\$ thousands)

Year ended December 31, 1998

Reserves deducted from assets to which they apply	Balance at beginning of period	Additions		Deductions from reserves	Balance at end of period
		Charged to costs and expenses	Other		
<S>	<C>	<C>	<C>	<C>	<C>
Allowance for losses:					
Securities	\$605	\$0	\$0	\$605 (a)	\$0
Conventional first mortgage loans	611	0	0	0	611

Year ended December 31, 1997

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Reserves deducted from assets to which they apply	Balance at beginning of period	Additions		Deductions from reserves	Balance at end of period
		Charged to costs and expenses	Other		
<S>	<C>	<C>	<C>	<C>	<C>
Allowance for losses:					
Securities	\$715	\$0	\$0	\$110 (a)	\$605
Conventional first mortgage loans	611	0	0	0	611

Year ended December 31, 1996

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Reserves deducted from assets to which they apply	Balance at beginning of period	Additions		Deductions from reserves	Balance at end of period
		Charged to costs and expenses	Other		
<S>	<C>	<C>	<C>	<C>	<C>
Allowance for losses:					
Securities	\$110	\$605	\$0	\$0	\$715
Conventional first mortgage loans	611	0	0	0	611
Other assets	2,468	0	0	2,468 (b)	0

- a) Applicable to reversal on securities sold.  
b) Applicable to reversal on other assets sold.

</TABLE>