

# SECURITIES AND EXCHANGE COMMISSION

## FORM N-30D

Initial annual and semi-annual reports mailed to investment company shareholders pursuant to Rule 30e-1 (other than those required to be submitted as part of Form NCSR)

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### FILER

#### **IDS TAX EXEMPT BOND FUND INC**

CIK: **202159** | IRS No.: **411284051** | State of Incorporation: **MN** | Fiscal Year End: **1231**  
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MINNEAPOLIS MN 55440  
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The goal of AXP Tax-Exempt Bond Fund is to provide shareholders with as much current income exempt from federal income taxes as possible with only modest risk to the shareholder's investments.

Distributed by American Express Financial Advisors Inc.

AMERICAN EXPRESS Financial Advisors

#### Double-barreled Benefit

Most of the public facilities that we take for granted -- schools, water and sewer systems, highways, government buildings -- are, in effect, largely funded by loans from citizens. These loans take the form of state and local government bonds (called "municipals"), which are bought by investors, including Tax-Exempt Bond Fund. The government gets the funding it needs, while the bond-buyers, including Fund shareholders, get ongoing interest income. But there's another, bigger benefit with municipals: Investors pay no federal taxes on the income they generate and potentially no state taxes.

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(picture of) Arne H. Carlson  
Arne H. Carlson  
Chairman of the board

From the Chairman

American Express(R) Funds held shareholder meetings in June 1999. Shareholders approved all of the proposals advanced by management. Among the proposals were:

- o The election of Board members and the selection of KPMG LLP as independent auditors.
- o Change in the Fund name from "IDS" to "AXP."
- o A new shareholder service and distribution plan.
- o Changes with respect to fundamental investment policies.

No other business was presented at the meeting, which was concluded by a report to shareholders from the Investment Department of American Express Financial Corporation.

Thanks to all of you for your effort in reviewing the proxy material and voting your proxies.

Arne H. Carlson

(picture of) Terry L. Seierstad  
Terry L. Seierstad  
Portfolio manager

From the Portfolio Manager

Rising interest rates hampered the performance of AXP Tax-Exempt Bond Fund during the first half of the fiscal year -- December 1998 through May 1999. While the rate rise had little effect on the Fund's dividend, it did reduce its net asset value, ultimately resulting in a total return of 0.25% for Class A shares.

The bond market was coming off a strong rally when the period began. Assured by remarkably low inflation figures, long-term interest rates had embarked on a downward path late last spring. That trend was reinforced during the summer and fall when financial crises in several developing countries prompted central banks, including the Federal Reserve in the U.S., to cut short-term interest rates. Along the way, bond prices (which move in the opposite direction of interest rates) rose accordingly.

But by December, the investment mood had switched from worrying about the possibility of worldwide recession to fretting about whether economic growth in the U.S. was actually too strong and would soon spark a fire under inflation. The result was increased selling pressure in the bond market, which in turn drove long-term interest rates up and prices down through the end of the period.

#### RAISING RESERVES

While municipal bonds were less affected than other sectors of the market, especially U.S. Treasury bonds, they did experience some price erosion. To counter the trend, I raised the level of cash reserves in the Fund's portfolio, which provided a bit of a cushion for the net asset value. Late in the period, I put most of that cash to work by buying bonds, whose yields had risen to attractive levels. Those purchases centered on AAA-rated and BBB-rated issues.

Probably the biggest benefit the market for municipal bonds enjoyed during the period was a decrease in the supply of new issues, which reached a near-record level in 1998 and, consequently, helped hold back bond prices. Still, that wasn't enough to undo the negative effect of the interest-rate rise.

Looking toward the rest of the fiscal year, I think interest rates could go either direction, but I doubt that we'll see a substantial move up or down. Given that outlook, I plan to keep the portfolio's duration (a function of the average maturity of the holdings that determines the Fund's sensitivity to interest-rate swings) in the neutral range. Meanwhile, I will continue to focus on keeping the income level as high as possible within the bounds of investment prudence.

Terry L. Seierstad

#### Fund Facts

Class A -- 6-month performance  
(All figures per share)

Net asset value (NAV)	
May 31, 1999	\$4.08
Nov. 30, 1998	\$4.18
Decrease	\$0.10
Distributions -- Dec. 1, 1998 - May 31, 1999	
From income	\$0.11
From capital gains	\$ --
Total distribution	\$0.11
Total return*	+0.25%**

Class B -- 6-month performance  
(All figures per share)

Net asset value (NAV)	
May 31, 1999	\$4.08
Nov. 30, 1998	\$4.18
Decrease	\$0.10
Distributions -- Dec. 1, 1998 - May 31, 1999	
From income	\$0.09
From capital gains	\$ --
Total distribution	\$0.09
Total return*	-0.16%**

Class Y -- 6-month performance  
(All figures per share)

Net asset value (NAV)	
May 31, 1999	\$4.08
Nov. 30, 1998	\$4.18
Decrease	\$0.10
Distributions -- Dec. 1, 1998 - May 31, 1999	
From income	\$0.11
From capital gains	\$ --
Total distribution	\$0.11
Total return*	+0.25%**

\*The prospectus discusses the effect of sales charges, if any, on the various classes.

\*\*The total return is a hypothetical investment in the Fund with all distributions reinvested.

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The 10 Largest Holdings

	Percent (of net assets)	Value (as of May 31, 1999)
San Antonio Texas Water Refunding Revenue Bonds <S> 6.40% 2007	<C> 2.71%	<C> \$27,046,999
Delaware County Pennsylvania Industrial Development Authority Pollution Control Refunding Revenue Bonds Philadelphia Electric Series 1991A 7.38% 2021	2.50	24,976,175
Chicago Illinois Public Building Commission Building Revenue Bonds Chicago Board of Education Series 1990A Escrowed to Maturity 6.50% 2018	2.39	23,878,349
New York State Urban Development Capital Correctional Facilities Revenue Bonds 4th Series 1993 5.38% 2023	2.38	23,797,852
Georgia Municipal Electric Authority Special Obligation Bonds Project 1 4th Crossover Series 1997X 6.50% 2020	2.29	22,847,498
Eastern North Carolina Municipal Power Agency Power System Refunding Revenue Bonds Series 1989A		

6.50% 2024	2.01	20,054,400
New York State Dormitory Authority State Courts Facilities Lease Revenue Bonds Series 1993A		
5.25% 2021	1.96	19,616,400
King County Washington Unlimited Tax General Obligation Bonds Issaquah School District 411 Series 1992		
6.38% 2008	1.89	18,865,261
Massachusetts Turnpike Authority Metro Highway System Senior Lien Revenue Bonds Toll Road Series 1997A		
5.00% 2037	1.88	18,747,800
Phoenix Arizona Industrial Development Authority Single Family Mortgage Revenue Capital Appreciation Bonds Zero Coupon Escrowed to Maturity		
6.69% 2014	1.81	18,022,680

For further detail about these holdings, please refer to the section entitled "Investments in Securities."

(icon of) pie chart

The 10 holdings listed here  
make up 21.82% of net assets

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#### Financial Statements

#### Statement of assets and liabilities AXP Tax-Exempt Bond Fund

May 31, 1999 (Unaudited)

Assets		
Investments in securities, at value (Note 1)		
<S>		<C>
(identified cost \$885,559,648)		\$ 992,794,665
Accrued interest receivable		14,939,832
Receivable for investment securities sold		318,577
		-----
Total assets		1,008,053,074
		-----
Liabilities		
Dividends payable to shareholders		136,058
Disbursement in excess of cash on demand deposit		9,961
Payable for investment securities purchased		9,313,111
Accrued investment management services fee		12,292
Accrued distribution fee		850
Accrued service fee		12,427
Accrued transfer agency fee		1,404
Accrued administrative services fee		1,093
Other accrued expenses		208,319
		-----
Total liabilities		9,695,515
		-----
Net assets applicable to outstanding capital stock		\$ 998,357,559
		=====
Represented by		
Capital stock-- \$.01 par value (Note 1)		\$ 2,444,769

Additional paid-in capital			917,094,543
Undistributed net investment income			1,066,436
Accumulated net realized gain (loss) (Note 5)			(29,483,206)
Unrealized appreciation (depreciation) on investments			107,235,017
			-----
Total-- representing net assets applicable to outstanding capital stock			\$ 998,357,559
			=====
Net assets applicable to outstanding shares:	Class A		\$ 956,858,511
	Class B		\$ 41,288,612
	Class Y		\$ 210,436
Net asset value per share of outstanding capital stock:	Class A shares	234,316,294	\$ 4.08
	Class B shares	10,109,061	\$ 4.08
	Class Y shares	51,561	\$ 4.08

See accompanying notes to financial statements.

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Statement of operations  
AXP Tax-Exempt Bond Fund

Six months ended May 31, 1999 (Unaudited)

Investment income			
Income:			
<S>			<C>
Interest			\$29,804,359
			-----
Expenses (Note 2):			
Investment management services fee			2,240,562
Distribution fee-- Class B			143,617
Transfer agency fee			210,446
Incremental transfer agency fee			
Class A			23,718
Class B			2,341
Service fee			
Class A			834,961
Class B			33,474
Class Y			37
Administrative services fees and expenses			208,666
Compensation of board members			5,793
Custodian fees			27,818
Printing and postage			69,225
Registration fees			17,617
Audit fees			17,500
Other			198
			---
Total expenses			3,835,973
Earnings credits on cash balances (Note 2)			(23,685)
			-----
Total net expenses			3,812,288
			-----
Investment income (loss) -- net			25,992,071
			-----
Realized and unrealized gain (loss) -- net			
Net realized gain (loss) on:			
Security transactions (Note 3)			2,229,509
Financial futures contracts			149,201
			-----
Net realized gain (loss) on investments			2,378,710
Net change in unrealized appreciation (depreciation) on investments			(26,729,900)

Net gain (loss) on investments	(24,351,190)
Net increase (decrease) in net assets resulting from operations	\$ 1,640,881

See accompanying notes to financial statements.

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Statements of changes in net assets  
AXP Tax-Exempt Bond Fund

	May 31, 1999 Six months ended (Unaudited)	Nov. 30, 1998 Year ended
Operations and distributions		
<S>	<C>	<C>
Investment income (loss) -- net	\$ 25,992,071	\$ 50,641,914
Net realized gain (loss) on security transactions	2,378,710	4,029,875
Net change in unrealized appreciation (depreciation) on investments	(26,729,900)	14,379,392
Net increase (decrease) in net assets resulting from operations	1,640,881	69,051,181
Distributions to shareholders from:		
Net investment income		
Class A	(24,154,961)	(49,578,026)
Class B	(822,858)	(1,248,165)
Class Y	(1,920)	(547)
Net realized gain		
Class A	(47,187)	--
Class B	(1,759)	--
Total distributions	(25,028,685)	(50,826,738)
Capital share transactions (Note 4)		
Proceeds from sales		
Class A shares (Note 2)	40,323,973	66,212,026
Class B shares	10,500,523	13,408,510
Class Y shares	199,999	--
Reinvestment of distributions at net asset value		
Class A shares	16,979,434	33,468,237
Class B shares	707,134	1,034,720
Class Y shares	1,899	547
Payments for redemptions		
Class A shares	(61,845,314)	(131,187,960)
Class B shares (Note 2)	(3,880,923)	(4,607,635)
-	-	-
Increase (decrease) in net assets from capital share transactions	2,986,725	(21,671,555)
Total increase (decrease) in net assets	(20,401,079)	(3,447,112)
Net assets at beginning of period	1,018,758,638	1,022,205,750
Net assets at end of period	\$ 998,357,559	\$1,018,758,638
Undistributed net investment income	\$ 1,066,436	\$ 54,104

See accompanying notes to financial statements.

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AXP Tax-Exempt Bond Fund  
(Unaudited as to May 31, 1999)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

AXP Tax-Exempt Bond Fund (a series of AXP Tax-Exempt Series, Inc.) is registered under the Investment Company Act of 1940 (as amended) as a diversified, open-end management investment company. AXP Tax-Exempt Series, Inc. has 10 billion authorized shares of capital stock that can be allocated among the separate series as designated by the board. The Fund invests primarily in investment-grade bonds and other debt securities whose interest is exempt from federal income tax.

The Fund offers Class A, Class B and Class Y shares.

- o Class A shares are sold with a front-end sales charge.
- o Class B shares may be subject to a contingent deferred sales charge and automatically convert to Class A shares during the ninth calendar year of ownership.
- o Class Y shares have no sales charge and are offered only to qualifying institutional investors.

All classes of shares have identical voting, dividend and liquidation rights. The distribution fee, transfer agency fee and service fee (class specific expenses) differs among classes. Income, expenses (other than class specific expenses) and realized and unrealized gains or losses on investments are allocated to each class of shares based upon its relative net assets.

The Fund's significant accounting policies are summarized below:

Use of estimates

Preparing financial statements that conform to generally accepted accounting principles requires management to make estimates (e.g., on assets and liabilities) that could differ from actual results.

Valuation of securities

All securities are valued at the close of each business day. Securities traded on national securities exchanges or included in national market systems are valued at the last quoted sales price. Debt securities are generally traded in the over-the-counter market and are valued at a price that reflects fair value as quoted by dealers in these securities or by an independent pricing service. Securities for which market quotations are not readily available are valued at fair value according to methods selected in good faith by the board. Short-term securities maturing in more than 60 days from the valuation date are valued at the market price or approximate market value based on current interest rates; those maturing in 60 days or less are valued at amortized cost.

Option transactions

To produce incremental earnings, protect gains and facilitate buying and selling of securities for investments, the Fund may buy and sell put and call options and write covered call options on portfolio securities as well as write cash-secured put options. The risk in writing a call option is that the Fund gives up the opportunity for profit if the market price of the security increases. The risk in writing a put option is that the Fund may incur a loss if the market price of the security decreases and the option is exercised. The risk in buying an option is that the Fund pays a premium whether or not the option is exercised. The Fund also has the additional risk of being unable to enter into a closing transaction if a liquid secondary market does not exist. The Fund may write over-the-counter options where completing the obligation depends upon the credit standing of the other party.

Option contracts are valued daily at the closing prices on their primary exchanges and unrealized appreciation or depreciation is recorded. The Fund will

realize a gain or loss when the option transaction expires or closes. When options on debt securities or futures are exercised, the Fund will realize a gain or loss. When other options are exercised, the proceeds on sales for a written call option, the purchase cost for a written put option or the cost of a security for a purchased put or call option is adjusted by the amount of premium received or paid.

#### Futures transactions

To gain exposure to or protect itself from market changes, the Fund may buy and sell financial futures contracts. Risks of entering into futures contracts and related options include the possibility of an illiquid market and that a change in the value of the contract or option may not correlate with changes in the value of the underlying securities.

Upon entering into a futures contract, the Fund is required to deposit either cash or securities in an amount (initial margin) equal to a certain percentage of the contract value. Subsequent payments (variation margin) are made or received by the Fund each day. The variation margin payments are equal to the daily changes in the contract value and are recorded as unrealized gains and losses. The Fund recognizes a realized gain or loss when the contract is closed or expires.

#### Federal taxes

The Fund's policy is to comply with all sections of the Internal Revenue Code that apply to regulated investment companies and to distribute all of its taxable income to shareholders. No provision for income or excise taxes is thus required.

Net investment income (loss) and net realized gains (losses) may differ for financial statement and tax purposes primarily because of deferred losses on certain futures contracts and losses deferred due to "wash sale" transactions. The character of distributions made during the year from net investment income or net realized gains may differ from their ultimate characterization for federal income tax purposes. Also, due to the timing of dividend distributions, the fiscal year in which amounts are distributed may differ from the year that the income or realized gains (losses) were recorded by the Fund.

#### Dividends to shareholders

Dividends from net investment income, declared daily and payable monthly, are reinvested in additional shares of the Fund at net asset value or payable in cash. Capital gains, when available, are distributed along with the last income dividend of the calendar year.

#### Other

Security transactions are accounted for on the date securities are purchased or sold. Interest income, including level-yield amortization of premium and discount, is accrued daily.

## 2. EXPENSES AND SALES CHARGES

The Fund has agreements with American Express Financial Corporation (AEFC) to manage its portfolio and provide administrative services. Under an Investment Management Services Agreement, AEFC determines which securities will be purchased, held or sold. The management fee is a percentage of the Fund's average daily net assets in reducing percentages from 0.45% to 0.35% annually.

Under an Administrative Services Agreement, the Fund pays AEFC a fee for administration and accounting services at a percentage of the Fund's average daily net assets in reducing percentages from 0.04% to 0.02% annually. Additional administrative service expenses paid by the Fund are office expenses, consultants' fees and compensation of officers and employees. Under this agreement, the Fund also pays taxes, audit and certain legal fees, registration fees for shares, compensation of board members, corporate filing fees and any other expenses properly payable by the Fund and approved by the board.

Under a separate Transfer Agency Agreement, American Express Client Service

Corporation (AECSC) maintains shareholder accounts and records. The Fund pays AECSC an annual fee per shareholder account for this service as follows:

- o Class A \$19.50
- o Class B \$20.50
- o Class Y \$17.50

Under terms of a prior agreement that ended Jan. 31, 1999, the Fund paid a transfer agency fee at an annual rate per shareholder account of \$15.50 for Class A and \$16.50 for Class B. Under terms of a prior agreement that ended March 31, 1999, the Fund paid a transfer agency fee at an annual rate per shareholder account of \$15.50 for Class Y.

The Fund has agreements with American Express Financial Advisors Inc. for distribution and shareholder services. Under a Plan and Agreement of Distribution, the Fund pays a distribution fee at an annual rate of 0.75% of the Fund's average daily net assets attributable to Class B shares. Effective July 1, 1999, the Fund will pay a distribution fee at an annual rate up to 0.25% of the Fund's average daily net assets attributable to Class A shares and up to 1.00% of the Fund's average daily net assets attributable to Class B shares.

Under a Shareholder Service Agreement, the Fund pays a fee for service provided to shareholders by financial advisors and other servicing agents. The fee is calculated at a rate of 0.175% of the Fund's average daily net assets attributable to Class A and Class B shares and 0.10% of the Fund's average daily net assets attributable to Class Y shares. Effective July 1, 1999, the Fund will convert the Shareholder Service Agreement with respect to Class A and Class B shares into the Plan and Agreement of Distribution discussed above.

Sales charges received by American Express Financial Advisors Inc. for distributing Fund shares were \$716,089 for Class A and \$36,122 for Class B for the six months ended May 31, 1999.

During the six months ended May 31, 1999, the Fund's custodian and transfer agency fees were reduced by \$23,685 as a result of earnings credits from overnight cash balances.

### 3. SECURITIES TRANSACTIONS

Cost of purchases and proceeds from sales of securities (other than short-term obligations) aggregated \$173,862,810 and \$183,338,158, respectively, for the six months ended May 31, 1999. Realized gains and losses are determined on an identified cost basis.

### 4. CAPITAL SHARE TRANSACTIONS

Transactions in shares of capital stock for the periods indicated are as follows:

	Six months ended May 31, 1999		
	Class A	Class B	Class Y
Sold	9,707,048	2,527,109	48,438
Issued for reinvested distributions	4,100,842	170,810	463
Redeemed	(14,906,326)	(936,224)	--
	-----	-----	
Net increase (decrease)	(1,098,436)	1,761,695	48,901

	Year ended Nov. 30, 1998		
	Class A	Class B	Class Y
Sold	15,936,719	3,225,410	--
Issued for reinvested distributions	8,065,228	249,252	130
Redeemed	(31,574,929)	(1,109,858)	--
	-----	-----	
Net increase (decrease)	(7,572,982)	2,364,804	130

## 5. CAPITAL LOSS CARRYOVER

For federal income tax purposes, the Fund has a capital loss carryover of \$8,131,600 as of Nov. 30, 1998 that will expire in 2002 if not offset by subsequent capital gains. It is unlikely the board will authorize a distribution of any realized capital gains until the available capital loss carryover has been offset or expires.

## 6. BANK BORROWINGS

The Fund has a revolving credit agreement with U.S. Bank, N.A., whereby the Fund is permitted to have bank borrowings for temporary or emergency purposes to fund shareholder redemptions. The Fund must have asset coverage for borrowings not to exceed the aggregate of 333% of advances equal to or less than five business days plus 367% of advances over five business days. The agreement, which enables the Fund to participate with other American Express funds, permits borrowings up to \$200 million, collectively. Interest is charged to each Fund based on its borrowings at a rate equal to the Federal Funds Rate plus 0.30% or the Eurodollar Rate (Reserve Adjusted) plus 0.20%. Borrowings are payable up to 90 days after such loan is executed. The Fund also pays a commitment fee equal to its pro rata share of the amount of the credit facility at a rate of 0.05% per annum. The Fund had no borrowings outstanding during the six months ended May 31, 1999.

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## 7. FINANCIAL HIGHLIGHTS

The tables below show certain important financial information for evaluating the Fund's results.

Fiscal period ended Nov. 30,

Per share income and capital changesa

	Class A				
	1999d	1998	1997	1996	1995
<S>	<C>	<C>	<C>	<C>	<C>
Net asset value, beginning of period	\$4.18	\$4.11	\$4.01	\$4.06	\$3.54
Income from investment operations:					
Net investment income (loss)	.10	.21	.21	.20	.21
Net gains (losses) (both realized and unrealized)	(.09)	.07	.10	(.05)	.52
Total from investment operations	.01	.28	.31	.15	.73
Less distributions:					
Dividends from net investment income	(.11)	(.21)	(.21)	(.20)	(.21)
Net asset value, end of period	\$4.08	\$4.18	\$4.11	\$4.01	\$4.06
Ratios/supplemental data					
Net assets, end of period (in millions)	\$957	\$984	\$998	\$1,067	\$1,162
Ratio of expenses to average daily net assetsb	.74%e	.73%	.73%	.73%	.71%
Ratio of net investment income (loss)					

to average daily net assets	5.24% <sup>e</sup>	4.96%	5.19%	5.15%	5.52%
Portfolio turnover rate (excluding short-term securities)	18%	18%	19%	62%	54%
Total return <sup>c</sup>	.25%	6.96%	7.78%	4.01%	21.06%

a For a share outstanding throughout the period. Rounded to the nearest cent.

b Effective fiscal year 1996, expense ratio is based on total expenses of the Fund before reduction of earnings credits on cash balances.

c Total return does not reflect payment of a sales charge.

d Six months ended May 31, 1999 (Unaudited).

e Adjusted to an annual basis.

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Fiscal period ended Nov. 30,  
Per share income and capital changes<sup>a</sup>

	Class B					Class Y				
	1999f	1998	1997	1996	1995b	1999f	1998	1997	1996	1995b
Net asset value, beginning <S> of period	<C> \$4.18	<C> \$4.11	<C> \$4.01	<C> \$4.06	<C> \$3.88	<C> \$4.18	<C> \$4.11	<C> \$4.01	<C> \$4.06	<C> \$3.88
Income from investment operations:										
Net investment income (loss)	.09	.18	.18	.17	.14	.11	.21	.21	.21	.16
Net gains (losses) (both realized and unrealized)	(.10)	.07	.10	(.05)	.18	(.10)	.07	.10	(.05)	.18
Total from investment operations	(.01)	.25	.28	.12	.32	.01	.28	.31	.16	.34
Less distributions:										
Dividends from net investment income	(.09)	(.18)	(.18)	(.17)	(.14)	(.11)	(.21)	(.21)	(.21)	(.16)
Net asset value, end of period	\$4.08	\$4.18	\$4.11	\$4.01	\$4.06	\$4.08	\$4.18	\$4.11	\$4.01	\$4.06
Ratios/supplemental data										
Net assets, end of period (in millions)	\$41	\$35	\$25	\$20	\$14	\$--	\$--	\$--	\$--	\$--
Ratio of expenses to average daily net assets <sup>c</sup>	1.50% <sup>d</sup>	1.48%	1.49%	1.49%	1.52% <sup>d</sup>	.68% <sup>d</sup>	.63%	.60%	.55%	.58% <sup>d</sup>
Ratio of net investment income (loss) to average daily net assets	4.49% <sup>d</sup>	4.21%	4.43%	4.40%	4.55% <sup>d</sup>	5.13% <sup>d</sup>	5.05%	5.34%	5.33%	5.52% <sup>d</sup>
Portfolio turnover rate (excluding short-term securities)	18%	18%	19%	62%	54%	18%	18%	19%	62%	54%
Total return <sup>e</sup>	(.16%)	6.18%	6.94%	3.23%	8.78%	.25%	7.06%	7.87%	4.19%	9.43%

a For a share outstanding throughout the period. Rounded to the nearest cent.  
 b Inception date was March 20, 1995.  
 c Effective fiscal year 1996, expense ratio is based on total expenses of the Fund before reduction of earnings credits on cash balances.  
 d Adjusted to an annual basis.  
 e Total return does not reflect payment of a sales charge.  
 f Six months ended May 31, 1999 (Unaudited).

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Investments in Securities

AXP Tax-Exempt Bond Fund  
 May 31, 1999 (Unaudited)

(Percentages represent value of investments compared to net assets)

Municipal bonds (96.5%)

Name of issuer and title of issue(c)	Coupon rate	Principal amount	Value (a)
Alaska (0.6%)			
North Slope Borough General Obligation Bonds Zero Coupon Series 1994B (CGIC Insured)			
<S>	<C>	<C>	<C>
06-30-04	7.05%	\$3,000,000 (b)	\$2,413,590
06-30-05	7.15	3,000,000 (b)	2,297,490
State Housing Finance Veterans Mortgage Corporation Collateralized Bonds Series 1990 (GNMA/FNMA Insured)			
12-01-30	7.50	1,140,000	1,191,699
Total			5,902,779

Arizona (4.3%)

Maricopa County Industrial Development Authority Multi-family Housing Revenue Bonds Series 1996A			
07-01-26	6.63	2,500,000	2,902,250
Phoenix Industrial Development Authority Refunding Revenue Bonds Christian Care Apartments			
01-01-16	6.25	2,000,000	2,080,680
Phoenix Industrial Development Authority Single Family Mortgage Revenue Capital Appreciation Bonds Zero Coupon Escrowed to Maturity			
12-01-14	6.69	39,000,000 (b)	18,022,680
Phoenix Junior Lien Street & Highway User Refunding Revenue Bonds Series 1992			
07-01-11	6.25	10,350,000	11,156,369
Tucson Street & Highway User Pre-refunded Revenue Bonds Series 1991B			
07-01-10	6.25	8,250,000	8,578,185
Total			42,740,164

California (8.0%)

Anaheim Public Finance Authority Capital Appreciation Improvement Revenue Bonds Zero Coupon Series 1997C (FSA Insured)			
09-01-17	5.72	9,195,000 (b)	3,563,246
Bakersfield Certificates of Participation Zero Coupon Escrowed to Maturity			
04-15-21	5.25	10,500,000 (b)	3,142,545
Foothill/Eastern Transportation Corridor Agency			

Toll Road Revenue Bonds Series 1995A			
01-01-35	5.00	12,000,000	11,190,240
Los Angeles County Pre-refunded Certificates of Participation			
05-01-15	6.71	3,600,000	3,851,388
Los Angeles International Airport Regional Airports Improvement Corporation Refunding Revenue Bonds Delta Airlines			
11-01-25	6.35	5,000,000	5,367,800
Orange County Certificates of Participation Civic Center Facility Capital Appreciation Refunding Bonds Zero Coupon (AMBAC Insured)			
12-01-18	6.97	13,795,000 (b)	4,981,512
Sacramento Cogeneration Authority Pre-refunded Revenue Bonds Procter & Gamble Series 1995			
07-01-14	6.50	5,000,000	5,695,650
San Jose Redevelopment Agency Merged Area Redevelopment Tax Allocation Bonds Series 1993 (MBIA Insured)			
08-01-24	4.75	9,000,000	8,327,430
Southern California Public Power Authority Revenue Bonds Mead Adelanto Series 1994A (AMBAC Insured)			
07-01-20	4.88	6,590,000	6,252,592
State Public Works Board California Community Colleges Lease Pre-refunded Revenue Bonds Series 1994B			
03-01-19	7.00	3,900,000	4,481,334
State Public Works Board University of California Lease Refunding Revenue Bonds Series 1993A (AMBAC Insured)			
06-01-14	5.50	7,275,000	7,791,089
06-01-23	5.00	6,000,000	5,764,980
Ukiah Unified School District Mendocino County Certificates of Participation Series 1993			
09-01-10	6.00	3,790,000	4,043,665
West Covina Redevelopment Agency Community Facilities District Special Tax Refunding Bonds Series 1996			
09-01-17	6.00	5,000,000	5,434,900
Total			79,888,371
Colorado (2.6%)			
Arapahoe County Public Highway Authority Capital Improvement Trust Fund E-470 Highway Pre-refunded Revenue Bonds			
08-31-26	7.00	5,685,000	6,687,208
Castle Rock Ranch Public Facility Improvement Revenue Bonds Series 1996			
12-01-11	6.38	5,750,000	6,337,708
Edgewater Redevelopment Authority Tax Increment Refunding Revenue Bonds Edgewater Redevelopment Series 1999			
12-01-08	5.50	4,000,000	3,904,640
State Health Facilities Authority Hospital Improvement Refunding Revenue Bonds Parkview Episcopal Medical Center Series 1995			
09-01-16	6.00	4,000,000	4,141,640
State Health Facilities Authority Retirement Facilities Revenue Bonds Liberty Heights Zero Coupon Escrowed to Maturity			
07-15-22	5.54	4,925,000 (b)	1,354,326
Trailmark Metropolitan District Limited General Obligation Bonds Series 1999A			
12-01-18	5.80	3,500,000	3,467,730
Total			25,893,252

Connecticut (0.9%)			
State General Obligation Bonds Series 1992A			
03-15-06	6.40	8,000,000	8,645,520
Delaware (0.2%)			
University of Delaware Revenue Bonds Series 1989			
11-01-14	6.00	2,000,000	2,022,540
District of Columbia (2.6%)			
District General Obligation Bonds Zero Coupon			
Series 1994B (MBIA Insured)			
06-01-13	6.63	23,945,000 (b)	11,729,458
06-01-14	6.64	26,415,000 (b)	12,206,900
District Unlimited Tax General Obligation			
Refunding Bonds Series 1998B (MBIA Insured)			
06-01-17	6.00	2,000,000	2,202,940
Total			26,139,298
Florida (3.3%)			
Duval County Housing Authority Single Family			
Mortgage Refunding Revenue Bonds Series 1991			
(FGIC Insured)			
07-01-24	7.35	3,370,000	3,548,307
Hillsborough County Industrial Development			
Authority Health Facilities Revenue Bonds			
University Community Hospital Series 1999A			
08-15-23	5.63	1,000,000	988,830
Jacksonville Excise Tax Refunding Revenue Bonds			
Series 1992 (AMBAC Insured)			
10-01-08	6.50	5,000,000	5,477,950
Lee County Industrial Development Authority Health			
Care Facilities Refunding Revenue Bonds Alliance			
Retirement Community Series 1999C			
11-15-29	5.50	4,000,000	3,873,640
St. John's River Waste Management District Land			
Acquisition Pre-refunded Revenue Bonds			
Series 1989 (AMBAC Insured)			
07-01-09	6.00	7,000,000	7,016,870
State Board of Education Administration Capital			
Outlay Public Education Pre-refunded Bonds			
Series 1991C			
06-01-08	6.50	5,025,000	5,446,145
06-01-09	6.50	6,200,000	6,719,622
Total			33,071,364
Georgia (3.4%)			
Atlanta Water & Wastewater Refunding Revenue			
Bonds Series 1999A (FGIC Insured)			
11-01-38	5.00	10,000,000	9,411,400
Municipal Electric Authority Special Obligation			
Bonds Project 1 4th Crossover Series 1997X			
(Secondary MBIA Insured)			
01-01-20	6.50	19,550,000	22,847,498
Richmond County Development Authority Revenue			
Bonds Zero Coupon Escrowed to Maturity			
12-01-21	5.74	7,880,000 (b)	2,161,642
Total			34,420,540
Hawaii (0.6%)			
Honolulu City & County Pre-refunded General			
Obligation Bonds Series 1992A			
03-01-06	6.30	5,880,000	6,355,810
Idaho (0.4%)			

State Health Facilities Authority Revenue Bonds			
Bannock Regional Medical Center Series 1995			
05-01-17	6.38	1,450,000	1,541,611
05-01-25	6.13	2,250,000	2,346,413
Total			3,888,024
Illinois (9.2%)			
Alton Madison County Hospital Facilities Refunding			
Revenue Bonds St. Anthony's Health Center			
Series 1996			
09-01-10	6.00	2,975,000	3,059,758
09-01-14	6.00	1,765,000	1,824,304
Chicago Board of Education General Obligation			
Capital Appreciation School Improvement Bonds			
Zero Coupon Series 1999A (FGIC Insured)			
12-01-15	5.08	10,000,000 (b)	4,196,300
Chicago O'Hare International Airport Special Facility			
Revenue Bonds United Airlines Series 1999A			
09-01-16	5.35	2,600,000	2,553,824
Chicago Public Building Commission Building			
Revenue Bonds Chicago Board of Education			
Series 1990A Escrowed to Maturity (MBIA Insured)			
01-01-18	6.50	23,500,000	23,878,349
Cook & Will Counties Township High School			
District 206 Capital Appreciation Bonds			
Zero Coupon Series 1994C (AMBAC Insured)			
12-01-10	6.55	2,605,000 (b)	1,478,963
Cook County School District 170 Chicago Heights			
Pre-refunded Capital Appreciation Bonds			
Zero Coupon Series 1994C (AMBAC Insured)			
12-01-09	6.50	2,155,000 (b)	1,323,967
12-01-10	6.55	2,155,000 (b)	1,249,878
Cook County Unlimited Tax General Obligation			
Bonds Series 1989			
11-01-09	6.50	5,800,000	5,877,140
Metropolitan Pier & Exposition Authority			
Dedicated State Tax Capital Appreciation			
Refunding Revenue Bonds McCormick Place			
Expansion Zero Coupon Series 1993A			
(FGIC Insured)			
06-15-10	6.64	11,000,000 (b)	6,388,360
06-15-16	6.80	9,000,000 (b)	3,671,190
06-15-21	6.54	5,000,000 (b)	1,533,550
Metropolitan Pier & Exposition Authority			
Dedicated State Tax Capital Appreciation			
Refunding Revenue Bonds McCormick Place			
Expansion Zero Coupon Series 1994			
(MBIA Insured)			
06-15-20	5.70	3,070,000 (b)	996,123
State Development Finance Authority Pollution			
Control Refunding Revenue Bonds Illinois Power			
Series 1991A			
07-01-21	7.38	10,000,000	11,491,800
State Development Finance Authority Regency Park			
Retirement Housing Revenue Bonds Zero Coupon			
Series 1991B Escrowed to Maturity			
07-15-25	6.50	10,000,000 (b)	2,144,500
State Development Finance Authority Retirement			
Housing Revenue Bonds Zero Coupon			
Escrowed to Maturity			
04-15-20	7.75	13,745,000 (b)	4,016,152
State Educational Facilities Authority Pre-refunded			
Revenue Bonds Columbia College			
12-01-17	6.88	1,930,000	2,175,477
State Educational Facilities Authority Revenue Bonds			
Columbia College			

12-01-18	6.13	3,015,000	3,075,662
State Educational Facilities Authority Revenue Bonds Lewis University Series 1996			
10-01-16	6.10	2,005,000	2,063,747
State Educational Facilities Authority Unrefunded Revenue Bonds Columbia College			
12-01-17	6.88	830,000	900,384
State Health Facilities Authority Refunding Revenue Bonds Edwards Hospital Series 1993A			
02-15-19	6.00	3,055,000	3,127,434
State Health Facilities Authority Refunding Revenue Bonds Masonic Medical Center Series 1993			
10-01-19	5.50	5,000,000	4,874,200
Total			91,901,062
Indiana (1.6%)			
Seymour Economic Development Revenue Bonds Union Camp Series 1992			
07-01-12	6.25	2,870,000	3,226,196
State Transportation Finance Authority Highway Revenue Bonds Series 1990A			
06-01-15	7.25	10,000,000	12,307,200
Total			15,533,396
Iowa (0.3%)			
State Finance Authority Single Family Mortgage-backed Securities Program Bonds Series 1991A			
07-01-16	7.25	2,715,000	2,842,225
Kentucky (0.8%)			
Muhlenberg County Hospital Refunding Revenue Bonds Muhlenberg Community Hospital Series 1996			
07-01-10	6.75	3,820,000	3,965,122
Owensboro Electric Light & Power Refunding Revenue Bonds Zero Coupon Series 1991B (AMBAC Insured)			
01-01-15	6.65	9,125,000 (b)	4,104,699
Total			8,069,821
Louisiana (2.2%)			
Bastrop Industrial Development Board Pollution Control Refunding Revenue Bonds International Paper Series 1992A			
03-01-07	6.90	6,875,000	7,385,125
New Orleans Capital Appreciation General Obligation Refunding Revenue Bonds Zero Coupon (AMBAC Insured)			
09-01-12	6.63	6,250,000 (b)	3,213,875
New Orleans Home Mortgage Authority Special Obligation Refunding Bonds Series 1992 Escrowed to Maturity			
01-15-11	6.25	9,000,000	10,101,960
State Public Facilities Authority Revenue Bonds Centenary College Series 1997			
02-01-17	5.90	1,000,000	1,027,350
Total			21,728,310
Maryland (2.7%)			
State Community Development Administration Department of Housing & Community Development Single Family Program Bonds 1st Series 1991			
04-01-17	7.30	10,500,000	10,974,285
State Health & Higher Education Facilities			

Authority Revenue Bonds Anne Arundel Medical Center (AMBAC Insured)			
07-01-23	5.00	7,000,000	6,771,240
State Health & Higher Education Facilities Authority Revenue Bonds Frederick Memorial Hospital Series 1993 (FGIC Insured)			
07-01-28	5.00	10,000,000	9,614,400
Total			27,359,925

Massachusetts (4.3%)

Municipal Wholesale Electric Power Supply System Pre-refunded Revenue Bonds Series 1992B			
07-01-17	6.75	10,000,000	11,018,100
State Health & Educational Facilities Authority Pre-refunded Revenue Bonds Melrose-Wakefield Hospital Series 1992B			
07-01-16	6.38	1,430,000	1,559,658
State Health & Educational Facilities Authority Refunding Revenue Bonds Caritas Christi Obligated Group Series 1999A			
07-01-15	5.70	3,000,000	3,007,380
State Health & Educational Facilities Authority Revenue Bonds Valley Regional Health System Series 1994C (Connie Lee Insured)			
07-01-18	5.75	3,500,000	3,627,470
State Turnpike Authority Metro Highway System Senior Lien Revenue Bonds Toll Road Series 1997A (MBIA Insured)			
01-01-37	5.00	20,000,000	18,747,800
State Water Resource Authority General Revenue Bonds Series D (MBIA Insured)			
08-01-24	5.00	4,785,000	4,579,963
Total			42,540,371

Michigan (2.6%)

Battle Creek Calhoun County Downtown Development Authority Pre-refunded Bonds Series 1994			
05-01-22	7.65	3,750,000	4,368,375
Detroit Downtown Development Authority Development Area Project 1 Junior Lien Tax Increment Refunding Bonds Series 1996D			
07-01-25	6.50	6,000,000	6,852,240
Detroit Water Supply System Refunding Revenue Bonds Series 1992 (FGIC Insured)			
07-01-07	6.25	2,000,000	2,157,040
State Hospital Finance Authority Refunding Revenue Bonds Central Michigan Community Hospital			
10-01-16	6.25	2,225,000	2,367,155
State Hospital Finance Authority Refunding Revenue Bonds Greater Detroit Sinai Hospital Series 1995			
01-01-16	6.63	2,000,000	2,059,840
State Hospital Finance Authority Refunding Revenue Bonds Presbyterian Villages Obligated Group Series 1995			
01-01-15	6.40	1,000,000	1,053,210
01-01-25	6.50	1,000,000	1,056,470
State Hospital Finance Authority Refunding Revenue Bonds Presbyterian Villages Obligated Group Series 1997			
01-01-15	6.38	400,000	422,436
State Strategic Fund Limited Tax Obligation Refunding Revenue Bonds Ford Motor Series 1991A			
02-01-06	7.10	5,000,000	5,751,000
Total			26,087,766

Minnesota (2.9%)			
Minneapolis & St. Paul Housing & Redevelopment Authority Health Care System Series 1990A (MBIA Insured)			
08-15-05	7.40	4,500,000	4,795,965
Rochester Health Care Facilities Revenue Bonds Mayo Foundation Series 1992A			
11-15-19	4.95	15,000,000	14,332,649
St. Paul Housing & Redevelopment Authority Health Care Facilities Revenue Bonds Regions Hospital Series 1998			
05-15-28	5.30	4,125,000	3,886,699
State Housing Finance Agency Single Family Mortgage Revenue Bonds Series 1988E			
02-01-14	7.65	3,750,000	3,829,388
Washington County Housing & Redevelopment Authority Refunding Revenue Bonds Woodbury Multi-family Housing Series 1996			
12-01-23	6.95	2,440,000	2,508,247
Total			29,352,948
Mississippi (0.3%)			
State Hospital Refunding Revenue Bonds University of Mississippi Medical Center Educational Building Series 1998B (AMBAC Insured)			
12-01-23	5.50	3,000,000	3,115,380
Missouri (1.0%)			
St. Louis Regional Convention & Sports Complex Authority Pre-refunded Revenue Bonds Series 1991C			
08-15-21	7.90	8,500,000	9,751,307
Nevada (0.5%)			
Clark County Special Improvement District 108 Local Improvement Bonds Summerline Series 1997			
02-01-12	6.50	4,440,000	4,580,038
New Hampshire (0.1%)			
State Higher Education & Health Facilities Authority College Revenue Bonds New Hampshire College Series 1997			
01-01-27	6.38	1,000,000	1,033,610
New Jersey (1.7%)			
State Turnpike Authority Revenue Bonds Series 1991C			
01-01-05	6.50	16,000,000	16,820,320
New York (10.9%)			
Metropolitan Transportation Authority State Dedicated Tax Fund Revenue Bonds Series 1999A (FSA Insured)			
04-01-29	5.00	6,170,000	5,893,646
New York City Municipal Water Finance Authority Water & Sewer System Refunding Revenue Bonds Series 1999B (FSA Insured)			
06-15-29	5.00	5,500,000	5,245,240
New York City Pre-refunded Unlimited General Obligation Bonds Series 1992B			
10-01-17	6.75	10,525,000	11,597,813
New York City Pre-refunded Unlimited General Obligation Bonds Series 1994B-1			
08-15-16	7.00	8,850,000	10,123,692
New York City Unrefunded Unlimited General			

Obligation Bonds Series 1992B			
10-01-17	6.75	625,000	678,444
State Dormitory Authority New York City University System Consolidated 2nd Generation Resource Revenue Bonds Series 1994A			
07-01-18	5.75	5,500,000	5,856,235
State Dormitory Authority State Courts Facilities Lease Revenue Bonds Series 1993A			
05-15-21	5.25	20,000,000	19,616,400
State Dormitory Authority State Department of Health Refunding Revenue Bonds			
07-01-20	5.50	3,060,000	3,092,008
State Medical Care Facilities Finance Agency Mental Health Services Facilities Improvement Refunding Revenue Bonds Series 1993F			
02-15-14	5.38	7,510,000	7,576,689
State Mortgage Agency Homeowner Mortgage Revenue Bonds Series 1991TT			
04-01-15	7.50	15,945,000	16,849,400
State Urban Development Capital Correctional Facilities Revenue Bonds 4th Series 1993			
01-01-23	5.38	23,815,000	23,797,852
Total			110,327,419
North Carolina (4.1%)			
Eastern Municipal Power Agency Power System Refunding Revenue Bonds Series 1989A			
01-01-24	6.50	20,000,000	20,054,400
Eastern Municipal Power Agency Power System Revenue Bonds Series 1993D			
01-01-16	5.60	6,500,000	6,416,735
Eastern Municipal Power Agency Power System Revenue Bonds Series 1993G			
12-01-16	5.75	12,750,000	12,766,830
State Medical Care Community Hospital Refunding Revenue Bonds Pitt County Memorial Hospital Series 1998A (MBIA Insured)			
12-01-28	4.75	1,850,000	1,678,579
Total			40,916,544
North Dakota (0.5%)			
Ward County Health Care Facilities Refunding Revenue Bonds Trinity Obligated Group Series 1996B			
07-01-21	6.25	4,365,000	4,593,246
Ohio (1.3%)			
Akron Bath Copley Joint Township Hospital District Revenue Bonds Summa Hospital Series 1998A			
11-15-24	5.38	2,755,000	2,589,672
Carroll Water & Sewer District Unlimited Tax General Obligation Bonds			
12-01-10	6.25	950,000	995,857
Columbus Sewerage System Refunding Revenue Bonds Series 1992			
06-01-05	6.30	3,500,000	3,781,225
State Water & Air Quality Development Authority Pollution Control Refunding Revenue Bonds Cleveland Electric Illuminating Series 1995			
08-01-25	7.70	300,000	339,009
State Water & Air Quality Development Authority Pollution Control Refunding Revenue Bonds Ohio Edison Series 1993A			
05-15-29	5.95	5,000,000	5,097,500
Total			12,803,263

Oklahoma (0.4%)			
Stillwater Medical Center Authority Hospital			
Revenue Bonds Series 1997B			
05-15-12	6.35	1,000,000	1,054,700
Valley View Hospital Authority Refunding Revenue			
Bonds Series 1996			
08-15-14	6.00	2,695,000	2,781,294
Total			3,835,994

Pennsylvania (3.5%)			
Delaware County Industrial Development Authority			
Pollution Control Refunding Revenue Bonds			
Philadelphia Electric Series 1991A			
04-01-21	7.38	23,540,000	24,976,175
Delaware County Industrial Development Authority			
Pollution Control Refunding Revenue Bonds			
Series 1997A			
07-01-13	6.10	4,000,000	4,109,640
Philadelphia Hospital & Higher Education Facilities			
Authority Hospital Revenue Bonds			
Friends Hospital Series 1993			
05-01-11	6.20	2,500,000	2,574,875
Philadelphia School District General Obligation			
Bonds Series 1998 (MBIA Insured)			
04-01-27	4.75	3,965,000	3,638,403
Total			35,299,093

Rhode Island (0.2%)			
Providence Special Tax Increment Obligation Bonds			
Series 1996D			
06-01-16	6.65	1,500,000	1,623,360

South Carolina (0.9%)			
Horry County Hospital Refunding Revenue Bonds			
Conway Hospital Series 1992			
07-01-12	6.75	3,665,000	3,954,278
Piedmont Municipal Power Agency Electric			
Refunding Revenue Bonds Series 1998A			
(MBIA Insured)			
01-01-25	4.75	5,000,000	4,571,200
Total			8,525,478

Tennessee (0.2%)			
Nashville & Davidson Counties Health & Education			
Facilities Board Revenue Bonds Zero Coupon			
Escrowed to Maturity			
06-01-21	5.71	7,500,000 (b)	2,153,850

Texas (9.6%)			
Austin Utility System Capital Appreciation			
Refunding Revenue Bonds Zero Coupon			
(AMBAC Insured)			
11-15-10	6.51	5,055,000 (b)	2,892,319
Austin Utility System Capital Appreciation Refunding			
Revenue Bonds Zero Coupon Series 1992A			
(MBIA Insured)			
11-15-10	6.61	16,000,000 (b)	9,154,720
Austin Utility System Combined Utility			
Refunding Revenue Bonds Series 1992			
(AMBAC Insured)			
11-15-06	6.25	10,500,000	11,411,505
Harris County Cypress-Fairbanks Independent			
School District Unlimited Tax Schoolhouse Bonds			
Series 1990 (FGIC Insured)			
08-01-08	6.50	1,500,000	1,554,045
Harris County Health Facilities Development			

Hermann Hospital Revenue Bonds (MBIA Insured)			
10-01-24	6.38	8,820,000	9,826,274
Houston Independent School District Refunding Revenue Bonds Series 1999A (Permanent School Fund Guarantee)			
02-15-26	4.75	10,000,000	9,204,700
Houston Water & Sewer System Junior Lien Refunding Revenue Bonds Zero Coupon Series 1991C (AMBAC Insured)			
12-01-08	6.60	8,000,000 (b)	5,129,120
Municipal Power Agency Capital Appreciation Refunding Revenue Bonds Zero Coupon (AMBAC Insured)			
09-01-09	6.90	18,000,000 (b)	11,053,980
Northwest Independent School District Unlimited Tax General Obligation Capital Appreciation Refunding Revenue Bonds Zero Coupon Series 1997 (Permanent School Fund Guarantee)			
08-15-17	6.23	3,000,000 (b)	1,053,300
San Antonio Water Refunding Revenue Bonds (FGIC Insured)			
05-15-07	6.40	25,000,000	27,046,999
State Coastal Water Authority Water Conveyance System Refunding Revenue Bonds Series 1991 Escrowed to Maturity (AMBAC Insured)			
12-15-17	6.25	5,000,000	5,300,850
State Public Property Financial Corporation Lease Revenue Bonds Mental Health Mental Retardation Series 1996			
09-01-16	6.20	2,340,000	2,436,806
Total			96,064,618
Virginia (0.7%)			
Augusta County Industrial Development Authority Refunding Revenue Bonds Augusta Hospital Series 1993 (AMBAC Insured)			
09-01-21	5.13	3,600,000	3,495,024
Fairfax County Water Authority Refunding Revenue Bonds Series 1997			
04-01-21	5.00	3,750,000	3,690,975
Total			7,185,999
Washington (5.5%)			
King County Housing Authority Pooled Housing Refunding Revenue Bonds Series 1995A			
03-01-26	6.80	2,500,000	2,662,150
King County Refunding Revenue Bonds Public Hospital District 1 Valley Medical Center			
09-01-20	5.75	3,000,000	3,214,500
King County Unlimited Tax General Obligation Bonds Auburn School District 408 Series 1992A			
12-01-06	6.38	8,000,000	8,965,680
King County Unlimited Tax General Obligation Bonds Issaquah School District 411 Series 1992			
12-01-08	6.38	16,675,000	18,865,261
Spokane County School District 356 Unlimited General Obligation Bonds Series 1998B Zero Coupon (FGIC Insured)			
12-01-15	5.08	10,330,000 (b)	4,405,125
State Public Power Supply System Nuclear Power Project 1 Pre-refunded Revenue Bonds Series 1989A			
07-01-17	6.00	12,130,000	12,158,627
State Public Power Supply System Nuclear Power Project 3 Capital Appreciation Refunding Revenue Bonds Zero Coupon Series 1989B			

(MBIA Insured)			
07-01-13	6.61	10,360,000 (b)	5,053,297
Total			55,324,640
West Virginia (1.0%)			
State School Building Authority Capital Improvement Pre-refunded Revenue Bonds Series 1990B (MBIA Insured)			
07-01-20	6.00	9,730,000	10,006,916
Wisconsin (0.2%)			
State Health & Educational Facilities Authority Revenue Bonds Divine Savior Hospital			
06-01-28	5.70	2,140,000	2,086,671
Wyoming (0.3%)			
State Community Development Authority Single Family Mortgage Bonds Series 1991B (Federally Insured or Guaranteed Mortgage Loan)			
06-01-31	7.40	2,555,000	2,613,433
Total municipal bonds			
(Cost: \$855,809,648)			\$963,044,665

See accompanying notes to investments in securities.

</TABLE>

<TABLE>

<CAPTION>

Municipal notes (3.0%)			
Issuer(d,e)	Effective yield	Amount payable at maturity	Value(a)
Burke County Georgia Development Authority Pollution Control Revenue Notes (Georgia Power) 2nd Series 1994 V.R.			
<S> 07-01-24	<C> 3.40%	<C> \$3,300,000	<C> \$3,300,000
Cohasset Minnesota Revenue Notes (Minnesota Power & Light) Series 1997A V.R.D.N.			
06-01-20	3.30	1,100,000	1,100,000
Harris County Texas Health Facilities Development Hospital Revenue Notes (Methodist Hospital) V.R.			
12-01-25	3.40	1,100,000	1,100,000
Illinois Health Facilities Authority Revenue Notes (Northwestern Memorial Hospital) V.R.			
08-15-25	3.35	3,400,000	3,400,000
Lincoln County Wyoming Pollution Control Revenue Notes (Exxon) V.R.			
08-01-15	3.35	1,200,000	1,200,000
11-01-24	3.40	3,200,000	3,200,000
Long Island New York Power Authority Electric System Revenue Notes 6th Series 1998 V.R.			
05-01-33	3.20	7,700,000	7,700,000
Moffat County Colorado Pollution Control Revenue Notes (PacifiCorp) V.R.			
05-01-13	3.30	800,000	800,000
New York City General Obligation Notes Series 1995B-5 V.R.			
08-15-22	3.30	200,000	200,000
New York City Series 1994B2-B5 V.R.			
08-15-11	3.30	300,000	300,000

Putnam County Georgia Development Authority			
Pollution Control Revenue Notes (Georgia Power)			
2nd Series 1997 V.R.			
09-01-29	3.40	1,300,000	1,300,000
Regents of the University of Michigan Hospital			
Revenue Notes Series 1992A V.R.			
12-01-19	3.30	300,000	300,000
Regents of the University of Michigan Hospital			
Revenue Notes Series 1995A V.R.			
12-01-27	3.30	900,000	900,000
Roanoke Virginia Hospital Revenue Notes Carilion			
Health System Series 1995A V.R.			
07-01-19	3.40	2,200,000	2,200,000
Sublette County Wyoming Notes (Exxon)			
Series 1984 V.R.			
11-01-14	3.35	2,750,000	2,750,000
Total municipal notes			
(Cost: \$29,750,000)			\$29,750,000
Total investments in securities			
(Cost: \$885,559,648) (f)			\$992,794,665

See accompanying notes to investments in securities.  
</TABLE>

Notes to investments in securities

(a) Securities are valued by procedures described in Note 1 to the financial statements.

(b) For zero coupon bonds, the interest rate disclosed represents the annualized effective yield on the date of acquisition.

(c) The following abbreviations may be used in portfolio descriptions to identify the insurer of the issue:

ACA	--	ACA Financial Guaranty Corporation
AMBAC	--	American Municipal Bond Association Corporation
BIG	--	Bond Investors Guarantee
CGIC	--	Capital Guaranty Insurance Company
FGIC	--	Financial Guarantee Insurance Corporation
FHA	--	Federal Housing Authority
FNMA	--	Federal National Mortgage Association
FSA	--	Financial Security Assurance
GNMA	--	Government National Mortgage Association
MBIA	--	Municipal Bond Investors Assurance

(d) The following abbreviations may be used in the portfolio descriptions:

A.M.T.	--	Alternative Minimum Tax
B.A.N.	--	Bond Anticipation Note
C.P.	--	Commercial Paper
R.A.N.	--	Revenue Anticipation Note
T.A.N.	--	Tax Anticipation Note
T.R.A.N.--		Tax & Revenue Anticipation Note
V.R.	--	Variable Rate
V.R.D.B.--		Variable Rate Demand Bond
V.R.D.N.--		Variable Rate Demand Note

(e) The Fund is entitled to receive principal amount from issuer or corporate guarantor, if indicated in parentheses, after a day or a week's notice. The maturity date disclosed represents the final maturity. Interest rate varies to reflect current market conditions; rate shown is the effective rate on May 31, 1999.

(f) At May 31, 1999, the cost of securities for federal income tax purposes was approximately \$885,560,000 and the approximate aggregate gross unrealized appreciation and depreciation based on that cost was:

Unrealized appreciation	\$108,486,000
Unrealized depreciation	(1,251,000)
	-----
Net unrealized appreciation	\$107,235,000

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Class A: INTAX Class B: ITEBX Class Y: N/A

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