

TRANSAMERICA INCOME SHARES INC
Form N-Q
March 01, 2006
As filed with the SEC on March 1, 2006.

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED MANAGEMENT INVESTMENT COMPANY

Investment Company Act file number:

811-02273

TRANSAMERICA INCOME SHARES, INC.

(Exact Name of Registrant as Specified in Charter)

570 Carillon Parkway, St. Petersburg, Florida

(Address of Principal Executive Offices)

33716

(Zip Code)

John K. Carter, Esq.

P.O. Box 9012, Clearwater, Florida 33758-9771

(Name and Address of Agent for Service)

Registrant's Telephone Number, including Area Code:

(727) 299-1800

Date of fiscal year end:

March 31

Date of reporting period:

October 1, 2005

December 31, 2005

Form N-Q is to be used by management investment companies, other than small business investment companies registered on Form N-5 (§§ 239.24 and 274.5 of this chapter), to file reports with the Commission, not later than 60 days after the close of the first and third fiscal quarters, pursuant to Rule 30b1-5 under the Investment Company Act of 1940 (17 CFR 270.30b1-5). The Commission may use the information provided on Form N-Q in its regulatory, disclosure review, inspection, and policymaking roles.

A registrant is required to disclose the information specified by Form N-Q, and the Commission will make this information public. A registrant is not required to respond to the collection of information contained in Form N-Q unless the Form displays a currently valid Office of Management and Budget (OMB) control number. Please direct comments concerning the accuracy of the information collection burden estimate and any suggestions for reducing the burden to the Secretary, Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549-0609. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. § 3507.

Item 1. Schedule of Investments.

The unaudited Schedule of Investments of Registrant as of December 31, 2005 are attached.

Transamerica Income Shares, Inc.

SCHEDULE OF INVESTMENTS

At December 31, 2005

(all amounts except share amounts in thousands)

(unaudited)

| | Principal | Value |
|--|-----------|----------|
| U.S. GOVERNMENT OBLIGATIONS (9.5%) | | |
| U.S. Treasury Bond | | |
| 5.38%, due 02/15/2031 | \$ 1,873 | \$ 2,104 |
| U.S. Treasury Note | | |
| 6.50%, due 10/15/2006 | 1,000 | 1,015 |
| 4.13%, due 08/15/2010 | 2,630 | 2,604 |
| 4.50%, due 11/15/2010 | 2,500 | 2,513 |
| 4.00%, due 02/15/2015 | 3,000 | 2,909 |
| 4.13%, due 05/15/2015 | 900 | 880 |
| U.S. Treasury STRIPS | | |
| Zero Coupon, due 05/15/2030 | 7,500 | 2,476 |
| Total U.S. Government Obligations | | |
| (cost: \$14,493) | | 14,501 |
| ASSET-BACKED SECURITIES (1.6%) | | |
| MBNA Credit Card Master Note Trust, Series 2003-A6 CI A6 | | |
| 2.75%, due 10/15/2010 | 2,600 | 2,482 |
| Total Asset-Backed Securities | | |
| (cost: \$2,493) | | 2,482 |
| CORPORATE DEBT SECURITIES (76.3%) | | |
| <u>Aerospace (1.8%)</u> | | |
| Boeing Co. (The) | | |
| 8.75%, due 08/15/2021 | 2,000 | 2,723 |
| <u>Agriculture (1.7%)</u> | | |
| Dole Food Co., Inc. | | |
| 8.63%, due 05/01/2009 | 1,000 | 1,025 |
| Michael Foods, Inc. | | |
| 8.00%, due 11/15/2013 | 1,500 | 1,537 |
| <u>Amusement & Recreation Services (1.3%)</u> | | |
| Speedway Motorsports, Inc. | | |
| 6.75%, due 06/01/2013 | 2,000 | 2,025 |
| <u>Automotive (2.7%)</u> | | |
| DaimlerChrysler NA Holding Corp. | | |
| 8.50%, due 01/18/2031 | 2,675 | 3,237 |
| General Motors Acceptance Corp. | | |
| 6.75%, due 12/01/2014 | 1,000 | 900 |
| <u>Beverages (2.3%)</u> | | |
| Cia Brasileira de Bebidas | | |
| 8.75%, due 09/15/2013 | 3,000 | 3,506 |
| <u>Business Credit Institutions (3.5%)</u> | | |
| Pemex Finance, Ltd. | | |
| 9.03%, due 02/15/2011 | 4,900 | 5,352 |

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| | | |
|---|----------|----------|
| <u>Business Services (1.3%)</u> | | |
| Hertz Corp.-144A | | |
| 8.88%, due 01/01/2014 | \$ 2,000 | \$ 2,037 |
| <u>Chemicals & Allied Products (5.4%)</u> | | |
| Cytec Industries, Inc. | | |
| 6.00%, due 10/01/2015 | 2,500 | 2,381 |
| ICI Wilmington, Inc. | | |
| 4.38%, due 12/01/2008 | 3,400 | 3,313 |
| Lubrizol Corp. | | |
| 5.50%, due 10/01/2014 | 2,500 | 2,507 |
| <u>Commercial Banks (3.1%)</u> | | |
| Barclays Bank PLC | | |
| 6.28%, due 12/15/2034 (a) | 1,500 | 1,510 |
| HSBC Capital Funding LP - 144A | | |
| 10.18%, due 12/31/2049 (b) | 1,500 | 2,292 |
| Popular North America, Inc. | | |
| 5.20%, due 12/12/2007 | 1,000 | 999 |
| <u>Communication (5.4%)</u> | | |
| Comcast Corp. | | |
| 4.95%, due 06/15/2016 | 2,000 | 1,887 |
| COX Communications, Inc. | | |
| 6.75%, due 03/15/2011 | 1,444 | 1,510 |
| News America Holdings | | |
| 9.25%, due 02/01/2013 | 3,985 | 4,840 |
| <u>Department Stores (1.0%)</u> | | |
| Neiman-Marcus Group, Inc.-144A | | |
| 9.00%, due 10/15/2015 | 1,500 | 1,534 |
| <u>Electric Services (9.6%)</u> | | |
| AES Gener SA | | |
| 7.50%, due 03/25/2014 | 3,000 | 3,046 |
| Dominion Resources, Inc. | | |
| 3.66%, due 11/15/2006 | 3,350 | 3,311 |
| DPL, Inc. | | |
| 8.25%, due 03/01/2007 | 1,059 | 1,091 |
| FPL Group Capital, Inc. | | |
| 4.09%, due 02/16/2007 | 2,000 | 1,980 |
| PSEG Funding Trust | | |
| 5.38%, due 11/16/2007 | 4,250 | 4,256 |
| TXU Electric Delivery Co. | | |
| 5.00%, due 09/01/2007 | 1,000 | 998 |
| <u>Food & Kindred Products (1.9%)</u> | | |
| ConAgra Foods, Inc. | | |
| 9.75%, due 03/01/2021 | 1,375 | 1,780 |
| Tyson Foods, Inc. | | |
| 8.25%, due 10/01/2011 | 1,000 | 1,129 |
| <u>Food Stores (2.7%)</u> | | |
| Albertson's, Inc. | | |
| 7.25%, due 05/01/2013 | 750 | 738 |

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| | | |
|--|----------|----------|
| Safeway, Inc. | | |
| 6.50%, due 03/01/2011 | \$ 1,860 | \$ 1,926 |
| Stater Brothers Holdings, Inc. | | |
| 8.13%, due 06/15/2012 | 1,500 | 1,485 |
| <u>Gas Production & Distribution (1.1%)</u> | | |
| El Paso Corp.- 144A | | |
| 7.63%, due 09/01/2008 | 1,000 | 1,015 |
| Northwest Pipeline | | |
| 9.00%, due 08/01/2022 | 631 | 651 |
| <u>Holding & Other Investment Offices (3.3%)</u> | | |
| EOP Operating, LP | | |
| 8.38%, due 03/15/2006 | 1,500 | 1,510 |
| Hutchison Whampoa International, Ltd.-144A | | |
| 7.45%, due 11/24/2033 | 1,500 | 1,733 |
| Raytheon Co. | | |
| 3.50%, due 05/15/2006 | 3,700 | 1,862 |
| <u>Hotels & Other Lodging Places (3.1%)</u> | | |
| Host Marriott, LP | | |
| 7.13%, due 11/01/2013 | 2,000 | 2,080 |
| Intrawest Corp. | | |
| 7.50%, due 10/15/2013 | 1,000 | 1,012 |
| Park Place Entertainment Corp. | | |
| 7.00%, due 04/15/2013 | 1,500 | 1,605 |
| <u>Industrial Machinery & Equipment (1.8%)</u> | | |
| Caterpillar, Inc. | | |
| 5.30%, due 09/15/2035 | 1,382 | 1,358 |
| Cummins Engine Co., Inc. | | |
| 5.65%, due 03/01/2098 | 2,000 | 1,457 |
| <u>Metal Mining (1.4%)</u> | | |
| Barrick Gold Finance, Inc. | | |
| 7.50%, due 05/01/2007 | 2,000 | 2,058 |
| <u>Mortgage Bankers & Brokers (2.3%)</u> | | |
| Countrywide Home Loans, Inc. | | |
| 5.50%, due 08/01/2006 | 2,500 | 2,510 |
| Stripes Acquisition LLC/Susser Finance Corp.-144A | | |
| 10.63%, due 12/15/2013 | 1,000 | 1,015 |
| <u>Motion Pictures (3.5%)</u> | | |
| Time Warner, Inc. | | |
| 9.13%, due 01/15/2013 | 4,500 | 5,326 |
| <u>Oil & Gas Extraction (3.5%)</u> | | |
| Chesapeake Energy Corp. | | |
| 6.88%, due 01/15/2016 | 2,500 | 2,562 |
| Comstock Resources, Inc. | | |
| 6.88%, due 03/01/2012 | 750 | 734 |
| Nexen, Inc. | | |
| 5.88%, due 03/10/2035 | 1,460 | 1,436 |
| Occidental Petroleum Corp. | | |
| 10.13%, due 09/15/2009 | 500 | 588 |

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| | | |
|---|----------|---------|
| <u>Paper & Allied Products (0.6%)</u> | | |
| Georgia-Pacific Corp. | | |
| 7.70%, due 06/15/2015 | \$ 1,000 | \$ 965 |
| <u>Petroleum Refining (1.8%)</u> | | |
| Enterprise Products Operating, LP, Series B | | |
| 5.60%, due 10/15/2014 | 1,000 | 999 |
| Valero Energy Corp. | | |
| 7.50%, due 04/15/2032 | 1,500 | 1,823 |
| <u>Printing & Publishing (1.4%)</u> | | |
| Media General, Inc. | | |
| 6.95%, due 09/01/2006 | 2,150 | 2,167 |
| <u>Radio & Television Broadcasting (0.9%)</u> | | |
| Chancellor Media Corp. | | |
| 8.00%, due 11/01/2008 | 1,250 | 1,329 |
| <u>Railroads (0.7%)</u> | | |
| Burlington Northern Santa Fe | | |
| 9.25%, due 10/01/2006 | 1,000 | 1,031 |
| <u>Security & Commodity Brokers (1.0%)</u> | | |
| E*Trade Financial Corp. | | |
| 8.00%, due 06/15/2011 | 1,500 | 1,560 |
| <u>Telecommunications (1.6%)</u> | | |
| Sprint Capital Corp. | | |
| 7.13%, due 01/30/2006 | 2,500 | 2,504 |
| <u>Transportation & Public Utilities (2.3%)</u> | | |
| Magellan Midstream Partners, LP | | |
| 6.45%, due 06/01/2014 | 3,300 | 3,509 |
| <u>Water Transportation (1.5%)</u> | | |
| Royal Caribbean Cruises, Ltd. | | |
| 8.75%, due 02/02/2011 | 2,000 | 2,260 |
| <u>Wholesale Trade Nondurable Goods (0.8%)</u> | | |
| Domino s, Inc. | | |
| 8.25%, due 07/01/2011 | 1,094 | 1,143 |
| Total Corporate Debt Securities | | |
| (cost: \$115,401) | | 116,657 |

| | Shares | Value |
|--|--------|--------|
| PREFERRED STOCKS (3.7%) | | |
| <u>Holding & Other Investment Offices (0.5%)</u> | | |
| Tanger Factory Outlet Centers REIT | 33,334 | \$ 834 |
| <u>Telecommunications (3.2%)</u> | | |
| Centaur Funding Corp.-144A | 3,750 | 4,849 |
| Total Preferred Stocks (cost: \$4,620) | | 5,683 |

| | Principal | Value |
|---|-----------|------------|
| SECURITY LENDING COLLATERAL (8.9%) | | |
| Debt (8.9%) | | |
| Repurchase Agreements (8.9%) | | |
| Credit Suisse First Boston Corp. 4.29%, dated 12/30/2005 to be repurchased at \$3,211 on 01/03/2006 | \$ 3,209 | \$ 3,209 |
| Goldman Sachs Group, Inc. (The) 4.29%, dated 12/30/2005 to be repurchased at \$5,016 on 01/03/2006 | 5,014 | 5,014 |
| Lehman Brothers, Inc. 4.29%, dated 12/30/2005 to be repurchased at \$2,433 on 01/03/2006 | 2,432 | 2,432 |
| Morgan Stanley Dean Witter & Co. 4.36%, dated 12/30/2005 to be repurchased at \$3,001 on 01/03/2006 | 3,000 | 3,000 |
| Total Security Lending Collateral (cost: \$13,655) | | 13,655 |
| Total Investment Securities (cost: \$150,662) | | \$ 152,978 |

NOTES TO SCHEDULE OF INVESTMENTS:

At December 31, 2005, all or a portion of this security is on loan. The value at December 31, 2005, of all securities on loan is \$13,355.

- (a) Barclays Bank PLC has a fixed coupon rate of 6.28% until 12/15/2034, thereafter the coupon rate will reset quarterly at the 3-month US\$LIBOR + 155BP, if not called.
- (b) HSBC Capital Funding LP -144A has a fixed coupon rate 10.18% until 06/30/2030, thereafter the coupon rate will reset quarterly at the 3-month US\$LIBOR + 498BP, if not called.

Non-income producing.

Cash collateral for the Repurchase Agreements, valued at \$13,928, that serve as collateral for securities lending are invested in corporate bonds with interest rates and maturity dates ranging from 0.00% - 8.75% and 06/01/2006 - 08/01/2037, respectively.

DEFINITIONS:

| | |
|--------|---|
| 144A | 144A Securities are registered pursuant to Rule 144A of the Securities Act of 1933. These securities are deemed to be liquid for purposes of compliance limitations on holdings of illiquid securities and may be resold as transactions exempt from registration, normally to qualified institutional buyers. At December 31, 2005, these securities aggregated \$14,475 or 9.5% of the total investments of the Fund. |
| LIBOR | London Interbank Offer Rate |
| REIT | Real Estate Investment Trust |
| STRIPS | Separate Trading of Registered Interest and Principal of Securities |

Item 2. Controls and Procedures.

(a) Based on their evaluation of Registrant's disclosure controls and procedures (as defined in rule 30a-3(c) under the Investment Company Act of 1940, as of December 31, 2005, Registrant's principal executive officer and principal financial officer found Registrant's disclosure controls and procedures to be appropriately designed to ensure that information required to be disclosed by Registrant in the reports that it files on Form N-Q (a) is accumulated and communicated to Registrant's management, including its principal executive officer and principal financial officer, to allow timely decisions regarding required disclosure, and (b) is recorded, processed, summarized and reported, within the time periods specified in the rules and forms adopted by the U.S. Securities and Exchange Commission.

(b) There have been no significant changes in Registrant's internal controls over financial reporting that occurred during the Registrant's last fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting.

Item 3. Exhibits.

A certification for Registrant's principal executive officer and principal financial officer, as required by Rule 30a-2(a) under the 1940 Act, is attached.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Transamerica Income Shares, Inc.

(Registrant)

By: /s/ Brian C. Scott
Brian C. Scott
Chief Executive Officer
Date: March 1, 2006

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

By: /s/ Brian C. Scott
Brian C. Scott
Chief Executive Officer

Date: March 1, 2006

By: /s/ Glenn E. Brightman
Glenn E. Brightman
Principal Financial Officer

Date: March 1, 2006
