

TRANSAMERICA INCOME SHARES INC  
Form N-Q  
March 01, 2007  
As filed with the SEC on March 1, 2007.

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549**

**FORM N-Q**

**QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF  
REGISTERED MANAGEMENT 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)

Dennis P. Gallagher, 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, 2006 - December 31, 2006

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.

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**Item 1. Schedule of Investments.**

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# Transamerica Income Shares, Inc.

## SCHEDULE OF INVESTMENTS

At December 31, 2006

(all amounts except share amounts in thousands)

(unaudited)

|   | Principal | Value    |
|---|-----------|----------|
| <b>MORTGAGE-BACKED SECURITIES (1.2%)</b>                |           |          |
| Crown Castle Towers LLC, Series 2006-1A, Class C -144A  |           |          |
| 5.47%, due 11/15/2036                                   | \$ 1,700  | \$ 1,698 |
| <b>Total Mortgage-Backed Securities (cost: \$1,700)</b> |           | 1,698    |
| <b>CORPORATE DEBT SECURITIES (96.0%)</b>                |           |          |
| <u>Aerospace (3.0%)</u>                                 |           |          |
| Boeing Co. (The)  |           |          |
| 8.75%, due 08/15/2021                                   | 2,000     | 2,628    |
| Embraer Overseas, Ltd., Guaranteed Note-144A            |           |          |
| 6.38%, due 01/24/2017                                   | 1,525     | 1,525    |
| <u>Agriculture (1.1%)</u>                               |           |          |
| Michael Foods, Inc.                                     |           |          |
| 8.00%, due 11/15/2013                                   | 1,500     | 1,556    |
| <u>Air Transportation (0.9%)</u>                        |           |          |
| FedEx Corp.   |           |          |
| 9.65%, due 06/15/2012                                   | 1,000     | 1,191    |
| <u>Amusement &amp; Recreation Services (1.4%)</u>       |           |          |
| Harrah's Operating Co., Inc                             |           |          |
| 5.50%, due 07/01/2010                                   | 1,000     | 980      |
| Speedway Motorsports, Inc.                              |           |          |
| 6.75%, due 06/01/2013                                   | 1,000     | 1,000    |
| <u>Automotive (0.3%)</u>                                |           |          |
| General Motors Corp                                     |           |          |
| 7.13%, due 07/15/2013                                   | 500       | 471      |
| <u>Automotive Service Stations (0.7%)</u>               |           |          |
| Petro Stopping Centers, LP / Petro Financial Corp       |           |          |
| 9.00%, due 02/15/2012                                   | 1,000     | 1,035    |
| <u>Beverages (1.7%)</u>                                 |           |          |
| Anheuser-Busch Cos., Inc.                               |           |          |
| 5.75%, due 04/01/2036                                   | 875       | 839      |
| Cia Brasileira de Bebidas                               |           |          |
| 8.75%, due 09/15/2013                                   | 660       | 769      |
| FBG Finance Ltd.-144A                                   |           |          |
| 5.88%, due 06/15/2035                                   | 800       | 725      |
| <u>Business Credit Institutions (2.5%)</u>              |           |          |
| Pemex Finance, Ltd.                                     |           |          |
| 9.03%, due 02/15/2011                                   | 3,315     | 3,531    |
| <u>Business Services (1.7%)</u>                         |           |          |
| Cardtronics, Inc., Senior Subordinated Note             |           |          |
| 9.25%, due 08/15/2013                                   | 800       | 842      |
| Hertz Corp.-144A  |           |          |
| 10.50%, due 01/01/2016                                  | 1,125     | 1,237    |

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|   |       |         |
|---|-------|---------|
| iPayment, Inc., Senior Subordinated Note<br>9.75%, due 05/15/2014       | 350   | 360     |
| <u>Chemicals &amp; Allied Products (3.2%)</u>                           |       |         |
| ICI Wilmington, Inc.<br>4.38%, due 12/01/2008                           | 3,400 | 3,336   |
| Ineos Group Holdings PLC-144A<br>8.50%, due 02/15/2016                  |       | 500 477 |
| Mosaic Global Holdings, Inc., Senior Note-144A<br>7.63%, due 12/01/2016 | 400   | 414     |
| Reichhold Industries, Inc., Senior Note-144A<br>9.00%, due 08/15/2014   | 300   | 294     |
| <u>Commercial Banks (9.6%)</u>  |       |         |
| ACE Cash Express, Inc., Senior Note-144A<br>10.25%, due 10/01/2014      | 250   | 253     |
| Barclays Bank PLC<br>6.28%, due 12/15/2034(a) (b)                       | 1,500 | 1,476   |
| HBOS PLC-144A<br>5.92%, due 10/01/2015(a) (b)                           | 1,400 | 1,373   |
| HSBC Capital Funding LP-144A<br>10.18%, due 06/30/2030(a) (b)           | 1,500 | 2,216   |
| HSBK Europe BV-144A<br>7.75%, due 05/13/2013                            | 500   | 527     |
| Shinsei Finance Cayman, Ltd.-144A<br>6.42%, due 07/20/2016(a) (b)       | 1,000 | 999     |
| Wachovia Capital Trust III<br>5.80%, due 03/15/2011(a) (b)              | 1,396 | 1,408   |
| Wells Fargo & Co.<br>4.20%, due 01/15/2010                              | 2,000 | 1,948   |
| Wells Fargo Capital X<br>5.95%, due 12/15/2036                          | 1,270 | 1,245   |
| ZFS Finance USA Trust I-144A<br>6.45%, due 12/15/2065(b)                | 2,000 | 2,040   |
| <u>Communication (8.5%)</u>   |       |         |
| Comcast Corp.<br>7.05%, due 03/15/2033                                  | 2,050 | 2,192   |
| Echostar DBS Corp., Senior Note<br>7.13%, due 02/01/2016                | 1,250 | 1,250   |
| Intelsat Subsidiary Holding Co., Ltd.<br>8.25%, due 01/15/2013          | 800   | 812     |
| Kabel Deutschland GmbH<br>10.63%, due 07/01/2014                        | 1,000 | 1,109   |
| News America Holdings<br>9.25%, due 02/01/2013                          | 2,985 | 3,503   |
| Viacom, Inc., Senior Note<br>6.25%, due 04/30/2016                      | 3,100 | 3,079   |
| <u>Department Stores (1.0%)</u>   |       |         |
| Neiman-Marcus Group, Inc.<br>9.00%, due 10/15/2015                      | 1,275 | 1,391   |
| <u>Electric Services (4.6%)</u>   |       |         |
| AES Gener SA<br>7.50%, due 03/25/2014                                   | 1,500 | 1,589   |
| Dominion Resources, Inc.<br>5.69%, due 05/15/2008                       | 1,900 | 1,903   |
| PSEG Funding Trust<br>5.38%, due 11/16/2007                             | 3,000 | 2,994   |
| <u>Electronic Components &amp; Accessories (0.8%)</u>                   |       |         |
| NXP BV, Senior Note-144A<br>7.88%, due 10/15/2014                       | 275   | 284     |
| Sensata Technologies BV, Senior Note-144A<br>8.25%, due 05/01/2014      | 850   | 816     |
| <u>Food &amp; Kindred Products (1.2%)</u>                               |       |         |
|   | 1,140 | 1,128   |

ConAgra Foods, Inc,-144A  
5.82%, due 06/15/2017

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|  |       |       |
|--|-------|-------|
| ConAgra Foods, Inc.<br>9.75%, due 03/01/2021                                       | 235   | 305   |
| Nutro Products, Inc.-144A<br>10.75%, due 04/15/2014                                | 290   | 317   |
| <u>Food Stores (0.9%)</u>  |       |       |
| Stater Brothers Holdings, Inc<br>8.13%, due 06/15/2012                             | 1,200 | 1,218 |
| <u>Gas Production &amp; Distribution (3.9%)</u>                                    |       |       |
| El Paso Corp.<br>7.63%, due 09/01/2008   | 1,000 | 1,030 |
| Kinder Morgan Energy Partners, LP<br>7.75%, due 03/15/2032                         | 1,500 | 1,708 |
| Markwest Energy Part/Finance-144A<br>8.50%, due 07/15/2016                         | 700   | 728   |
| Northwest Pipeline<br>9.00%, due 08/01/2022  | 175   | 180   |
| Southern Union Co., Senior Note<br>6.15%, due 08/16/2008                           | 1,800 | 1,807 |
| <u>Holding &amp; Other Investment Offices (5.8%)</u>                               |       |       |
| Ameriprise Financial, Inc.<br>7.52%, due 06/01/2066(b)                             | 2,000 | 2,196 |
| Healthcare Realty Trust, Inc. REIT, Senior Note<br>8.13%, due 05/01/2011           | 1,350 | 1,464 |
| Hospitality Properties Trust REIT<br>6.30%, due 06/15/2016                         | 1,968 | 2,014 |
| Hutchison Whampoa International, Ltd.-144A<br>7.45%, due 11/24/2033                | 1,500 | 1,730 |
| Rouse Co., LP/TRC Co-Issuer, Inc. REIT, Senior Note-144 A<br>6.75%, due 05/01/2013 | 800   | 803   |
| <u>Hotels &amp; Other Lodging Places (4.6%)</u>                                    |       |       |
| Host Marriott, LP REIT<br>7.13%, due 11/01/2013                                    | 1,500 | 1,534 |
| Las Vegas Sands Corp<br>6.38%, due 02/15/2015                                      | 800   | 775   |
| Park Place Entertainment Corp.<br>7.00%, due 04/15/2013                            | 1,500 | 1,534 |
| Starwood Hotels & Resorts Worldwide, Inc.<br>7.88%, due 05/01/2012                 | 1,500 | 1,584 |
| Station Casinos, Inc., Subordinated Note<br>6.63%, due 03/15/2018                  | 500   | 429   |
| Wyndham Worldwide Corp.-144A<br>6.00%, due 12/01/2016                              | 675   | 663   |
| <u>Industrial Machinery &amp; Equipment (1.1%)</u>                                 |       |       |
| Cummins Engine Co., Inc.<br>5.65%, due 03/01/2098                                  | 2,000 | 1,513 |
| <u>Instruments &amp; Related Products (0.3%)</u>                                   |       |       |
| Fisher Scientific International, Inc.<br>6.13%, due 07/01/2015                     | 350   | 346   |
| <u>Insurance (3.7%)</u>  |       |       |
| Metlife, Inc.<br>6.40%, due 12/15/2036*  | 2,230 | 2,240 |
| Oil Insurance, Ltd.-144A<br>7.56%, due 06/30/2011(a) (b)                           | 1,500 | 1,552 |
| Reinsurance Group of America<br>6.75%, due 12/15/2065(b)                           | 1,400 | 1,399 |
| <u>Lumber &amp; Other Building Materials (0.2%)</u>                                |       |       |
|  | 300   | 277   |

Masonite Corp., Senior Subordinated Note-144A  
11.00%, due 04/06/2015

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|   |       |       |
|---|-------|-------|
| <b><u>Management Services (0.2%)</u></b>  |       |       |
| FTI Consulting, Inc., Senior Note-144A<br>7.75%, due 10/01/2016                   | 300   | 311   |
| <b><u>Metal Mining (2.3%)</u></b>   |       |       |
| Barrick Gold Finance, Inc.<br>7.50%, due 05/01/2007                               | 2,000 | 2,014 |
| Vale Overseas, Ltd., Guaranteed Note<br>6.25%, due 01/23/2017                     | 1,175 | 1,180 |
| <b><u>Mortgage Bankers &amp; Brokers (4.1%)</u></b>                               |       |       |
| Galaxy Entertainment Finance Co., Ltd., Senior Note-144A<br>9.88%, due 12/15/2012 | 500   | 536   |
| Glencore Funding LLC-144A<br>6.00%, due 04/15/2014                                | 1,500 | 1,462 |
| ILFC E-Capital Trust II-144A<br>6.25%, due 12/21/2065(b)                          | 2,000 | 2,032 |
| Innophos Investments Holdings, Inc.<br>13.38%, due 02/15/2015*                    | 180   | 188   |
| MUFG Capital Finance 1, Ltd.<br>6.35%, due 07/25/2016(a) (b)                      | 750   | 761   |
| Stripes acquisition LLC/Susser Finance Corp.-144A A<br>10.63%, due 12/15/2013     | 704   | 764   |
| <b><u>Motion Pictures (2.9%)</u></b>  |       |       |
| Time Warner, Inc.<br>9.13%, due 01/15/2013  | 3,500 | 4,077 |
| <b><u>Oil &amp; Gas Extraction (4.0%)</u></b>                                     |       |       |
| Chesapeake Energy Corp.<br>6.88%, due 01/15/2016                                  | 1,500 | 1,513 |
| Gazprom International SA-144A<br>7.20%, due 02/01/2020                            | 600   | 634   |
| Occidental Petroleum Corp.<br>10.13%, due 09/15/2009                              | 500   | 559   |
| OPTI Canada, Inc., Senior Note-144A<br>8.25%, due 12/15/2014                      | 1,000 | 1,027 |
| PetroHawk Energy Corp., Senior Note<br>9.13%, due 07/15/2013                      | 1,000 | 1,050 |
| Sabine Pass LNG, LP, Senior Secured Note-144A<br>7.50%, due 11/30/2016            | 850   | 847   |
| <b><u>Paper &amp; Allied Products (1.6%)</u></b>                                  |       |       |
| Celulosa Arauco y Constitucion SA<br>8.63%, due 08/15/2010                        | 2,000 | 2,196 |
| <b><u>Paperboard Containers &amp; Boxes (0.5%)</u></b>                            |       |       |
| Graham Packaging Co., Inc.<br>9.88%, due 10/15/2014                               | 650   | 657   |
| <b><u>Personal Credit Institutions (2.8%)</u></b>                                 |       |       |
| Aiful Corp.-144A<br>6.00%, due 12/12/2011   | 792   | 784   |
| Erac USA Finance Company-144A<br>6.80%, due 02/15/2008                            | 2,100 | 2,121 |
| General Motors Acceptance Corp.<br>5.13%, due 05/09/2008                          | 600   | 594   |
| GMAC LLC, Senior Note<br>6.00%, due 12/15/2011                                    | 435   | 433   |
| <b><u>Petroleum Refining (0.5%)</u></b>   |       |       |
| Enterprise Products Operating, LP<br>8.38%, due 08/01/2066(b)                     | 700   | 758   |
| <b><u>Primary Metal Industries (0.8%)</u></b>                                     |       |       |





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|  |       |                |
|--|-------|----------------|
| Metals USA Holdings Corp., Senior Note-144A<br>11.37%, due 01/15/2012*         | 290   | 278            |
| PNA Group, Inc., Senior Note-144A<br>10.75%, due 09/01/2016                    | 375   | 388            |
| Texas Industries, Inc.<br>7.25%, due 07/15/2013                                | 500   | 508            |
| <u>Printing &amp; Publishing (0.4%)</u>  |       |                |
| RH Donnelley Corp., Senior Note<br>8.88%, due 01/15/2016                       | 500   | 525            |
| <u>Radio &amp; Television Broadcasting (2.4%)</u>                              |       |                |
| Chancellor Media Corp.<br>8.00%, due 11/01/2008                                | 1,415 | 1,471          |
| Univision Communications, Inc.<br>7.85%, due 07/15/2011                        | 1,950 | 1,965          |
| <u>Real Estate (1.1%)</u>  |       |                |
| Colonial Realty, LP<br>7.00%, due 07/14/2007                                   | 1,500 | 1,512          |
| <u>Restaurants (0.7%)</u>  |       |                |
| Carrols Corp.<br>9.00%, due 01/15/2013   | 500   | 511            |
| Sbarro, Inc., Senior Note<br>11.00%, due 09/15/2009                            | 500   | 508            |
| <u>Retail Trade (0.3%)</u>   |       |                |
| Michaels Stores, Inc., Senior Subordinated Note-144A<br>11.38%, due 11/01/2016 | 375   | 391            |
| <u>Rubber &amp; Misc. Plastic Products (0.2%)</u>                              |       |                |
| Titan International, Inc., Senior Note-144A<br>8.00%, due 01/15/2012           | 300   | 302            |
| <u>Savings Institutions (0.7%)</u>   |       |                |
| Sovereign Capital Trust VI, Guaranteed Note<br>7.91%, due 06/13/2036           | 875   | 984            |
| <u>Security &amp; Commodity Brokers (3.6%)</u>                                 |       |                |
| E*Trade Financial Corp.<br>8.00%, due 06/15/2011                               | 1,500 | 1,568          |
| JP Morgan Chase Capital XVIII<br>6.95%, due 08/17/2036                         | 2,000 | 2,163          |
| Residential Capital Corp.<br>6.38%, due 06/30/2010                             | 585   | 592            |
| Western Union Co. (The)-144A<br>5.93%, due 10/01/2016                          | 685   | 678            |
| <u>Stone, Clay &amp; Glass Products (1.0%)</u>                                 |       |                |
| Lafarge SA<br>7.13%, due 07/15/2036  | 1,300 | 1,412          |
| <u>Telecommunications (0.9%)</u>   |       |                |
| Verizon Global Funding Corp.<br>7.75%, due 12/01/2030                          | 1,100 | 1,290          |
| <u>Water Transportation (1.6%)</u>   |       |                |
| Royal Caribbean Cruises, Ltd.<br>8.75%, due 02/02/2011                         | 2,000 | 2,186          |
| <u>Wholesale Trade Nondurable Goods (0.7%)</u>                                 |       |                |
| Supervalu, Inc., Senior Note<br>7.50%, due 11/15/2014                          | 1,000 | 1,043          |
| <b>Total Corporate Debt Securities (cost: \$132,192)</b>                       |       | <b>134,864</b> |

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|  | Shares | Value |
|--|--------|-------|
| <b>PREFERRED STOCKS (1.3%)</b>                       |        |       |
| <u>Holding &amp; Other Investment Offices (0.6%)</u> |        |       |
| Tanger Factory Outlet Centers REIT                   | 33,334 | 863   |
| <u>Telecommunications (0.7%)</u>                     |        |       |
| Centaur Funding Corp.-144A                           | 852    | 994   |
| <b>Total Preferred Stocks (cost: \$1,671)</b>        |        | 1,857 |

|   | Principal | Value      |
|---|-----------|------------|
| <b>SECURITY LENDING COLLATERAL (4.6%)</b>   |           |            |
| <b>Debt (4.6%)</b>  |           |            |
| <u>Repurchase Agreements (4.6%)</u>   |           |            |
| Merrill Lynch & Co. 5.30%, dated 12/29/2006 to be repurchased at \$3,189 on 01/02/2007              | 3,188     | 3,188      |
| Morgan Stanley Dean Witter & Co. 5.36%, dated 12/29/2006 to be repurchased at \$3,202 on 01/02/2007 | 3,200     | 3,200      |
| <b>Total Security Lending Collateral (cost: \$6,388)</b>  |           | 6,388      |
| <b>Total Investment Securities (cost: \$141,951)#</b>   |           | \$ 144,807 |

**NOTES TO SCHEDULE OF INVESTMENTS:**

At December 31, 2006, all or a portion of this security is on loan. The value at December 31, 2006, of all securities on loan is \$6,246.

- (a) The security has a perpetual maturity. The date shown is the next call date.
- (b) Coupon rate is fixed for a predetermined period of time and then converts to a floating rate until maturity/call date. Rate is listed as of December 31, 2006.
- \* Floating or variable rate note. Rate is listed as of December 31, 2006.

Cash collateral for the Repurchase Agreements, valued at \$6,664, that serve as collateral for securities lending, is invested in corporate bonds with interest rates and maturity dates ranging from 0.00% - 8.38% and 1/26/2007 - 12/01/2096, respectively.

- # Aggregate cost for federal income tax purposes is \$142,985. Aggregate gross unrealized appreciation for all securities in which there is an excess of value over tax cost and aggregate gross unrealized depreciation for all securities in which there is an excess of tax cost over value were \$2,525 and \$703, respectively. Net unrealized appreciation for tax purposes is \$1,822.

**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, 2006, these securities aggregated \$35,625 or 25.4% of the net assets of the Fund.

**REIT** Real Estate Investment Trust

**Item 2: Controls and Procedures.**

(a) The registrant's principal executive officer and principal financial officer evaluated the registrant's disclosure controls and procedures within 90 days of this filing and have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940) are 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) The registrant's principal executive officer and principal financial officer are aware of no change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

**Item 3: Exhibits.**

Separate certifications by the registrant's principal executive officer and principal financial officer required by Rule 30a-2(a) under the Investment Company Act of 1940, are attached.

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**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/ John K. Carter  
John K. Carter  
Chief Executive Officer  
Date: March 1, 2007

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/ John K. Carter  
John K. Carter  
Chief Executive Officer  
Date: March 1, 2007

By: /s/ Glenn E. Brightman  
Glenn E. Brightman  
Principal Financial Officer  
Date: March 1, 2007

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