

SECURITIES AND EXCHANGE COMMISSION

FORM 10-K

Annual report pursuant to section 13 and 15(d)

Filing Date: **1999-03-26** | Period of Report: **1998-12-31**
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TRANSAMERICA CORP

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SIC: **6311** Life insurance

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

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

For the fiscal year ended December 31, 1998

Commission file number 1-2964

TRANSAMERICA CORPORATION
(Exact name of registrant as specified in its charter)

Delaware 94-0932740
(State or other jurisdiction of (I.R.S. Employer Identification No.)
incorporation or organization)

600 Montgomery Street 94111
San Francisco, California (Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (415) 983-4000

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

Title of each class	Name of each exchange on which registered
Common Stock--\$1 Par Value	New York Stock Exchange Pacific Stock Exchange
9-1/8% Cumulative Monthly Income Preferred Securities, Series A*	New York Stock Exchange

*Issued by Transamerica Delaware, LP, and
guaranteed by Transamerica Corporation

Securities registered pursuant to section 12(g) of the Act: None

Indicate by check mark whether the registrant (1) has filed all reports
required to be filed by Section 13 or 15(d) of the Securities Exchange Act of
1934 during the preceding 12 months (or for such shorter period that the
registrant was required to file such reports), and (2) has been subject to such
filing requirements for the past 90 days. Yes X No

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

Aggregate market value of Common Stock, \$1 par value, held by nonaffiliates
of the registrant as of the close of business on March 5, 1999: \$9,077,897,261

Number of shares of Common Stock, \$1 par value, outstanding as of the close
of business on March 5, 1999: 124,617,823

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PART I

ITEM I. BUSINESS

Transamerica Corporation is a financial services organization which engages primarily through its subsidiaries in life insurance, commercial lending, leasing and real estate services. Transamerica was incorporated in Delaware in 1928.

On February 18, 1999, Transamerica announced that it had signed a merger agreement with AEGON N.V. (AEGON) providing for AEGON's acquisition of all of Transamerica's outstanding common stock for a combination of cash and AEGON stock worth \$9.7 billion. The merger is expected to close during the summer of 1999.

Effective January 1, 1998, principally through its indirect subsidiary Transamerica Distribution Finance Corporation, Transamerica completed the acquisition of substantially all of the inventory and retail finance businesses of Whirlpool Financial Corporation for a total purchase price of \$1.3 billion in cash. A definitive agreement for the acquisition was originally announced on September 18, 1997. The assets acquired consisted of approximately \$1.1 billion of net receivables and other assets of Whirlpool's inventory financing, retail financing and international factoring businesses, as well as Whirlpool Financial National Bank, a credit card bank. Funds for the purchase of the assets were provided by short term borrowings and cash from operations.

On June 23, 1997, Transamerica sold its branch-based consumer lending operation. Gross proceeds from the sale were \$3.9 billion, or \$1.1 billion after repayment of associated debt. Net proceeds were used to purchase Transamerica Corporation common stock, reduce debt and for other general corporate purposes.

On October 14, 1996, Transamerica acquired all of the outstanding shares of Trans Ocean Ltd., a closely held container leasing company, in exchange for 3.2 million shares (\$112.7 million) of Transamerica common stock.

For information concerning Transamerica's investment portfolio see "Investment Portfolio" in Management's Discussion and Analysis of Financial Condition and Results of Operations in Item 7, and "Note B. Financial Instruments" in the financial statements included in Item 8.

BUSINESS SEGMENT INFORMATION

See "Note C. Business Segment Information" in the financial statements included in Item 8.

The business activities of Transamerica's principal subsidiaries are more fully described below.

Life Insurance

Transamerica's life insurance business is generated through lines of business which include life insurance products, asset management, annuities, reinsurance and Canada. These lines of business conduct their operations through one or more of the following entities: Transamerica Occidental Life Insurance Company, Transamerica Life Insurance and Annuity Company, Transamerica Life Insurance Company of New York, Transamerica Life Insurance Company of Canada and Transamerica Assurance Company (hereinafter collectively referred to as "Transamerica Life Companies"). The Transamerica Life Companies operate in all states of the United States, the District of Columbia, Puerto Rico, the Virgin Islands, Guam, Canada, Taiwan, Bermuda and Hong Kong.

The Transamerica Life Companies design, underwrite, sell and service life insurance, annuities, long-term care insurance, reinsurance and other financial security products. These products are sold in the U.S., Canada and Asia through general agencies, financial institutions and broker/dealers by independent

agents and financial planners. Our customers include individuals and families who buy life insurance, annuities, mutual funds and long-term care insurance; businesses that purchase retirement, annuity, mutual fund and other investment

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products; other life insurance companies that buy reinsurance; and the U.S. government, for which we process Medicare claims.

The Transamerica Life Companies have approximately 3,100 employees in Los Angeles, California, Kansas City, Missouri, Charlotte, North Carolina, Purchase, New York and Canada who service outstanding policies and new business submitted by agency offices, and approximately 200 field sales office employees serving its sales force.

The life insurance business is highly competitive. Competition arises from numerous stock and mutual life insurance companies primarily in the United States, many of which offer products similar to those offered by the Transamerica Life Companies. In the pension and annuity markets, competition also arises from banks, mutual funds and other investment managers. Both product and price competition are intense. We believe that the Transamerica Life Companies' key competitive strengths are their financial position, broad product range, market position, brand name, and diversified distribution system.

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<TABLE>

The following table sets forth certain statistical information relating to the Transamerica Life Companies' operations.

<CAPTION>

	Years Ended December 31,		
	1998	1997	1996
<S>	<C>	<C>	<C>
Life Insurance in force: (\$ in millions)			
Individual - Universal	\$ 61,663.4	\$ 60,010.9	\$ 59,446.5
Individual - Traditional (1)	161,624.3	148,117.4	132,944.1
Worksite marketing - Universal	7,322.0	7,018.2	6,955.8
Group Term Life/Other	24,831.2	22,583.4	20,816.5
	-----	-----	-----
	255,440.9	237,729.9	220,162.9
Reinsurance assumed	282,317.0	225,685.7	201,560.4
	-----	-----	-----
	\$ 537,757.9	\$ 463,415.6	\$ 421,723.3
	=====	=====	=====
New life insurance issued and paid:			
(\$ in millions) (volume)			
Individual - Universal	\$ 5,621.1	\$ 3,990.4	\$ 4,928.2
Individual - Traditional (1)	33,754.4	33,206.4	19,527.4
Worksite marketing - Universal	1,415.4	1,560.1	1,657.2
Premiums and related income:			
(\$ in millions)			
Traditional Life Premiums: (1)			
First year premiums	\$ 66.1	\$ 58.7	\$ 38.6
Renewal premiums	330.8	319.5	282.5
Other	111.0	92.6	59.8
	-----	-----	-----
	507.9	470.8	380.9
Less: reinsurance premiums ceded	(138.7)	(119.8)	(101.7)
	-----	-----	-----
Total traditional life premiums	369.2	351.0	279.2
Single premium immediate annuities (2)	44.4	61.1	66.9
Group annuities (3)	12.7	15.0	47.6
Charges on interest-sensitive policies (4)	690.5	629.4	555.2
Insurance ceded on interest-sensitive policies	(94.8)	(91.6)	(87.1)
Fee income (5)	106.1	82.7	64.4
Reinsurance (net of retroceded) (6)	601.5	619.5	596.8
Canada (7)	81.2	116.8	117.4
Corporate and other	36.2	34.1	51.6
	-----	-----	-----
Total premiums and other considerations	\$ 1,847.0	\$ 1,818.0	\$ 1,692.0
	=====	=====	=====

</TABLE>

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<CAPTION>

	Years Ended December 31,		
	1998	1997	1996
<S>	<C>	<C>	<C>
Average face amount per life insurance policy in force:			
Individual - Universal	\$ 171,513	\$ 170,602	\$ 165,656
Individual - Traditional	\$ 183,559	\$ 175,101	\$ 169,382
Worksite Marketing-Universal	\$ 35,987	\$ 36,261	\$ 37,550
Number of life insurance policies in force:			
Individual - Universal	359,526	351,760	358,855
Individual - Traditional (1)	880,502	845,895	784,877
Worksite Marketing-Universal	203,462	193,547	185,239
Ratio of underwriting expenses to premiums and other considerations (8)	20.4%	22.7%	19.2%
Lapse ratio-adjusted for decreases and expiries of term insurance and reinsurance assumed: (9)			
Transamerica Life Companies	8.1%	7.9%	8.7%
All U.S. stock life insurance companies (10)	(11)	8.3%	8.3%

<FN>

-
- (1) The increases were generated primarily by lower premiums on these policies consistent with industry trends.
 - (2) The 1998 decrease was due to a reduction in structured settlements business.
 - (3) The decreases in group annuity premiums resulted primarily from a decline in single premium pension contracts.
 - (4) The increases resulted primarily from growth in reinsurance of interest sensitive blocks of business.
 - (5) The increases were due to growth in separate accounts business.
 - (6) Certain modified coinsurance premiums are shown on a net basis.
 - (7) The 1998 decrease was primarily due to a new reinsurance contract established during the fourth quarter as well as unfavorable foreign exchange rate fluctuations.
 - (8) The ratio is the percentage of salaries and other operating expenses to premiums and related income. The higher ratio in 1997 was due to charges for a legal settlement and higher general operating expenses.
 - (9) The lapse ratio is calculated in accordance with the A.M. Best Company, Inc. formula. It is the ratio of amounts of universal and traditional life insurance terminated during the year to the aggregate of (1) universal and traditional life insurance in force at the beginning of the year plus (2) new business issued during the prior year.
 - (10) Industry median, as provided by A.M. Best Company, Inc.
 - (11) Information not yet available for 1998.

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</TABLE>

Of life insurance in force at December 31, 1998, 19.3% was on residents of California, followed by Texas (9.7%), Illinois (5.3%), Florida (4.1%) and Pennsylvania (3.2%). No other state accounted for more than 3% of life insurance in force. Canada accounted for 12.2% and all other foreign operations accounted for 1.7% of life insurance in force.

Reinsurance. Portions of the Transamerica Life Companies' life insurance risks are reinsured with other companies. The maximum amount of individual insurance retained on any one life is \$2 million at ages 16 to 65 inclusive. This maximum is reduced for health impairments, for other ages and for certain other special classes of risks. The Transamerica Life Companies also reinsure a minor part of their liability under accident and health policies.

For many years the Transamerica Life Companies have solicited life reinsurance from other companies. As of December 31, 1998, the Transamerica Life Companies were accepting business from 298 companies under automatic reinsurance agreements and from approximately 75 other companies on a case by case basis.

Reserves. In accordance with the life insurance laws and regulations under which they operate, the Transamerica Life Companies are required to carry on their books as liabilities actuarial reserves to meet the obligations on their various life insurance policies. Such life insurance reserves are calculated pursuant to mortality and annuity tables in general use in the United States and Canada and are the computed amounts which, with additions from premiums to be received, and with interest on such reserves compounded annually at certain assumed rates, will be sufficient to meet the Transamerica Life Companies' policy obligations at their maturities if deaths occur in accordance with mortality tables employed.

For a fee, Transamerica's life insurance operation issues guaranteed

investment contracts which guarantee the payment by pension plans of certain qualified benefits if the plans' other sources of liquidity are exhausted. Unlike traditional guaranteed investment contracts, these are synthetic contracts in which the plan sponsor retains the assets and credit risk while the life insurance operation assumes some limited degree of interest rate risk. To minimize the risk of loss, the life insurance operation underwrites these contracts based on the plan sponsor, at the beginning of the contract, agreeing to the investment guidelines to be followed. These guidelines include the overall portfolio credit and maturity requirements. The life insurance operation regularly monitors adherence to these requirements. At December 31, 1998 the life insurance operation had outstanding commitments to maintain liquidity for benefit payments on notional amounts of \$5.2 billion compared to \$3.3 billion at December 31, 1997. At December 31, 1998 and December 31, 1997 there were no advances outstanding to provide sponsor liquidity under these contracts.

Investments. The Transamerica Life Companies' investments at December 31, 1998 totaled \$32.6 billion which was invested as follows: 88.6% in fixed maturities; 2.6% in mortgage loans and real estate; 2.8% in common stocks; 1.4% in policy loans; 3.7% in short-term investments; 0.5% in redeemable preferred stocks; and 0.4% in other long-term investments. Fixed maturities are invested as follows: 70.9% in industrial and other non-government bonds; 15.2% in public utility bonds; 11.4% in mortgage backed securities (primarily government agencies); 1.4% in United States government bonds; 0.2% in foreign government bonds; and 0.9% in municipal bonds.

The following table sets forth pretax mean investment yields, including interest earned and dividends received, before (gross) and after (net) deducting investment expenses for the Transamerica Life Companies' various investments. The yields are computed based on the mean of beginning and end of year assets, producing results which vary somewhat from the daily average yield.

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	Years Ended December 31,		
	1998	1997	1996
Fixed maturities, at amortized cost--gross	7.99%	7.92%	8.08%
Equity securities, at market value--gross (1)	0.48	1.07	1.59
Mortgages--gross (2)	8.73	8.83	9.08
Total invested assets:			
Gross	7.66	7.65	7.86
Net	7.40	7.44	7.64

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- (1) The decreases in the yield resulted primarily from an increase in the market value of the portfolio.
 - (2) The decreases were primarily due to the funding of new loans at current market rates which were below the average of the existing loans.

Commercial Lending

The commercial lending business operates from 70 branch lending offices located in the United States (58), Canada (4) and Europe (8). The activities of the commercial lending business are discussed below.

The product offerings of the distribution finance operation of commercial lending include inventory financing, trade receivable servicing and funding, accounts receivable financing, vendor leasing, retail consumer financing, commercial collection services, credit insurance brokerage, international financing and border to border financing. After initial review of the borrower's credit worthiness, the ongoing management of credit risk includes various monitoring techniques, such as periodic physical inventory checks, monitoring of the borrower's sales and quality of collateral and reviewing customer compliance with financial covenants. In inventory financing, repurchase agreements are generally maintained with manufacturers which provide a degree of security in the event of a repossession.

The business credit operation of commercial lending provides asset-based loans and equipment financing to middle-market customers, as well as revolving and term loans to early stage technology companies. The asset-based lending activities consist of secured, primarily revolving, loans to manufacturers, retailers, and selected service businesses, as well as other financial services companies. These loans are collateralized and consist of retained credit lines typically from \$5 million to \$40 million with terms ranging from three to five years. Advances under asset-based loans are limited to specific percentages of the borrowers' eligible collateral. Credit risk is managed by monitoring the quality of the collateral, the borrowers' financial performance, and compliance with financial covenants. The equipment financing activities include collateralized loans and leases, primarily to middle-market manufacturing, transportation and other service companies, secured by equipment essential to the borrowers' businesses. Credit risk in the equipment finance business is

managed through rigorous underwriting and transaction structuring. Loans are structured to amortize at a rate that is faster than the term over which the underlying equipment is expected to depreciate. Leases are also structured with guaranteed residuals or are recorded using conservative estimates of the projected fair market value of the collateral at lease expiration. Technology financing consists of term and revolving loans to growing companies in the life sciences and specialized electronics industries to finance research and development, manufacturing and other business activities. All loans are secured and are underwritten based on the strength and viability of the customers' technology, which is evaluated with the help of industry experts and other advisors retained by the business credit unit.

The relatively short-term nature of the company's financings enables the commercial lending business to adjust its finance charges in response to competitive factors and changes in its costs. The interest rates at which the commercial lending business borrows funds generally move more quickly than the

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rates at which it lends to customers. As a result, in rising interest rate environments, margins are normally compressed until changes in the prime lending rates are effected. Conversely, in declining interest rate environments, margins are generally enhanced.

In 1997, the commercial lending operation announced that it intended to sell its insurance premium finance operation and reclassified the insurance premium finance receivables to assets held for sale. In early 1998 management decided not to proceed with such sale. Accordingly, the insurance premium finance receivables were transferred back to finance receivables on the balance sheet.

During 1998, the commercial lending operation securitized \$600 million of distribution finance floorplan finance receivables and \$200 million of business credit equipment loans and leases. In 1997 the distribution finance operation securitized \$1.5 billion of floorplan finance receivables.

On December 31, 1997, the ongoing mortgage lending operation that remained from the former consumer lending segment, which was sold on June 23, 1997, was contributed to commercial lending. Receivables, net of unearned finance charges, increased from \$107.6 million at December 31, 1997 to \$320.8 million (198%) at December 31, 1998.

During 1995, the commercial lending operation also entered into a three-year arrangement in which it securitized a \$475 million participation interest in a pool of its insurance premium finance receivables. This amount was reduced by \$100 million to \$375 million during 1997. At December 31, 1998, \$360 million of securitized insurance premium finance receivables remained outstanding.

The commercial lending industry is highly competitive and has seen increasing numbers of new market entrants. In addition to competition from other finance companies, there is competition from captive finance subsidiaries of manufacturing companies and commercial banks. The commercial lending business competes by offering a variety of financing products, superior customer service including prompt credit review, and competitive pricing.

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<TABLE>

The following table sets forth certain statistical information relating to the commercial lending operation's finance receivables for the years indicated. The table does not include the receivables of the insurance premium finance operation as of December 31, 1997. At that date those receivables were classified as assets held for sale.

<CAPTION>

	Years Ended December 31,		
	1998	1997	1996
	(Dollar amounts in millions)		
<S>	<C>	<C>	<C>
Volume of finance receivables acquired:			
Distribution finance (1)	\$ 15,720.4	\$ 12,415.8	\$ 8,315.6
Business credit (2)	6,512.1	4,855.6	5,321.6
Retail (3)	1,130.8		
Other			0.1
	-----	-----	-----
Total	\$ 23,363.3	\$ 17,271.4	\$ 13,637.3
	=====	=====	=====

Finance receivables outstanding at end of year:			
Distribution finance (4)	\$ 2,220.5	\$ 2,081.1	\$ 2,530.9
Business credit (5)	3,096.1	1,541.4	1,263.0
Retail (3)	717.0	109.2	
Other			3.2
	-----	-----	-----
	6,033.6	3,731.7	3,797.1
	-----	-----	-----
Less unearned finance charges (5)	330.3	199.3	142.0
	-----	-----	-----
Net finance receivables - owned	5,703.3	3,532.4	3,655.1
Net finance receivables securitized, sold and serviced (6)	2,988.0	1,810.7	474.3
	-----	-----	-----
Net finance receivables owned and serviced	\$ 8,691.3	\$ 5,343.1	\$ 4,129.4
	=====	=====	=====
Allowance for losses at end of year (7) (8)	\$ 141.7	\$ 98.6	\$ 82.5
Ratio to outstandings less unearned finance charges:			
Owned	1.99%	2.35%	2.22%
Owned and serviced	1.63%	1.85%	2.00%
Provision for credit losses charged to income (9)	\$ 49.8	\$ 16.2	\$ 10.2
Credit losses (net of recoveries) (9)	\$ 34.2	\$ 10.1	\$ 5.2
Ratio to average net finance receivables outstanding:			
Owned	0.77%	0.25%	0.16%
Owned and serviced	0.48%	0.22%	0.14%

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- (1) The increases were primarily due to aggressive sales and marketing in most of the product lines financed and the addition in 1997 of \$888 million in gross receivables from the acquisition of the inventory finance and international factoring businesses from Whirlpool Finance Corporation.
 - (2) The increase in 1998 was primarily due to increased sales in the asset based lending, equipment finance and lease, and technology finance divisions.
 - (3) The 1998 volume amount includes \$334.1 million of gross receivables acquired from Whirlpool Finance Corporation in January 1998. The December 31, 1997 receivables amount represents the residual ongoing assets from the discontinued consumer lending segment.
 - (4) The 1998 increase was due to the aggressive sales and marketing referred to above which was significantly offset by the securitization of \$600 million of inventory floor plan finance receivables. The 1997 decrease was primarily due to the securitization of \$1.5 billion of inventory floor plan finance receivables, which more than offset the \$888 million increase of gross finance receivables from the Whirlpool Finance Corporation acquisition.
 - (5) The increases were primarily due to growth of net receivables in the asset based lending, equipment finance and lease, and technology finance divisions. In 1997, \$281 million of insurance premium finance receivables were transferred to assets held for sale in line with a plan to sell the operation in 1998. In early 1998 management decided not to proceed with such sale. Accordingly, the insurance premium finance receivables were transferred back to finance receivables.
 - (6) The amounts are the balances of securitized receivables outstanding at year end. In 1998, \$600 million of distribution finance floorplan receivables and \$200 million of equipment loans and leases in business credit were securitized. In 1997, \$1.5 billion of distribution finance floorplan receivables were securitized. Amounts serviced by the insurance premium finance business of \$375 million were excluded for 1997 following the decision to reclassify the insurance premium finance receivables to assets held for sale. In 1998 and 1996, securitized insurance premium finance receivables of \$360 million and \$475 million were included in the balances.
 - (7) Includes allowance for losses on the securitized, sold and serviced portfolio of \$28 million in 1998, \$15.5 million in 1997 and \$1.2 million in 1996 which is reported in other liabilities in the consolidated balance sheet.
 - (8) The increases were attributable to receivables growth.
 - (9) The 1998 increase was primarily due to the addition of the new retail lending operation acquired from Whirlpool Finance Corporation.

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Leasing

Transamerica Leasing leases, services and manages containers, chassis and trailers throughout the world. The leasing operation is based in Purchase, New York and operates through approximately 430 offices, depots and other facilities in 49 countries. The company specializes in intermodal transportation equipment, which allows goods to travel by road, rail or ship. The company's customers include railroads, steamship lines, distribution companies and motor carriers.

The leasing operation's fleet of intermodal transportation equipment is one of the largest in the world based on units of equipment available for hire. We provide service, rental and term operating leases through an extensive worldwide network of offices and third party depots and offer a wide variety of equipment used in international and domestic commerce around the world, in the United States and in Europe. We also utilize technology, including our Tradex™ On-line

Internet capability, to enable customers around the world to book their own on-hire and off-hire transactions. In addition, our leasing operation provides structured financing that enables customers to purchase equipment over time, and an equipment matching service, Greybox™ Logistic Services, in which we manage containers for customers and broker equipment interchanges among them. The leasing operation's main competitors are other transportation equipment leasing companies and financial institutions. Due to a worldwide oversupply of containers and low new equipment prices, the demand for leased container equipment declined in 1998 and 1997. As a result, a program of accelerated

equipment disposal, initiated at the end of 1997, was implemented in 1998. Accordingly, at December 31, 1997, the leasing operation reclassified \$96.1 million of revenue earning equipment to assets held for sale of which \$2.3 million was still held for sale at December 31, 1998. The oversupply of containers also resulted in decreased per diem rates in 1998 and 1997.

At December 31, 1998, the leasing operation's fleet consisted of standard twenty and forty foot dry containers and specialized containers such as refrigerated containers, tank containers, high cube, open top and flatrack equipment types, chassis and U.S. domestic containers totaling 826,500 units which are leased to customers from approximately 380 depots worldwide; 26,200 rail trailers leased to all major United States railroads and to roll on/roll off steamship operators, shippers, shipper's agents and regional truckers; and 19,400 over-the-road trailers in Europe.

The following table sets forth the leasing operation's fleet size, in units, including owned, managed, leased from others and units held for sale:

	As of December 31,		
	1998	1997	1996
Containers and chassis (1)	826,500	882,100	896,300
Rail trailers (2)	26,200	29,900	34,500
European trailers (3)	19,400	15,100	10,300

-
- (1) The 1998 decrease was primarily due to the program of accelerated equipment disposition from less desirable logistical locations in response to the worldwide oversupply of units in 1998 and 1997.
 - (2) The decreases were due to a decline in demand for this type of equipment in favor of domestic container double-stack rail service and from the sale of older units.
 - (3) The increases reflect expansion in the European trailer operating lease and rental market.

The percent of the leasing operation's fleet on term lease with commitment periods from one to fifteen years or service contract minimum lease was 56% in 1998, 55% in 1997 and 53% in 1996. The increases reflect the continuing trend toward increasing term and service contract minimum leases.

The following table sets forth the leasing operation's fleet utilization for the years indicated:

	Years Ended December 31,		
	1998	1997	1996
Containers and chassis (1)	79%	79%	81%
Rail trailers (2)	83%	85%	82%
European trailers (3)	88%	92%	92%

-
- (1) Utilization rates have continued to be negatively impacted by the worldwide oversupply of container equipment despite the accelerated equipment disposition program implemented in 1998.
 - (2) The decrease in 1998 was due to a decline in demand for this type of equipment in favor of domestic container double-stack rail service while the increase in 1997 resulted from a strong U.S. economy and a decline in the overall supply of equipment.
 - (3) 1998 utilization declined as rental on-hires were negatively affected by the Russian financial crisis and its impact on trade with Western European countries.

Real Estate Services

Real estate services comprise Transamerica's real estate information businesses as well as certain real estate and other investments.

The largest business is Transamerica Real Estate Tax Service, which serves lending institutions and other loan servicing entities by providing tax parcel identification services, reporting annual tax amount or delinquency information, assisting in the actual creation of tax payments, forwarding payments to taxing authorities, completing related ancillary functions and insulating servicers from many penalty risks associated with the property tax process.

As of December 31, 1998, tax reports were generated for more than 2,000 institutional mortgage servicers. Competition is increasing in the tax service market, driving down fees at the same time that customers are demanding more services. In response, the Transamerica Real Estate Information Companies have initiated a number of strategies to maintain their industry leadership including development of new technology and centralization of operations.

The following table sets forth the number of tax service contracts under management at the end of the years indicated and new life of loan contracts written during those years:

	As of and Years Ended December 31,		
	1998	1997	1996
	(Amounts in thousands)		
Tax service contracts under management	17,905	17,735	17,529
New life of loan contracts	5,498	3,630	3,580

The real estate services segment includes investments in fixed income and equity securities, and collateralized bond obligations. Certain of these investments collateralize obligations of Transamerica Corporation to the Transamerica Life Companies. At December 31, 1998, 1997 and 1996 total investments comprised:

	As of December 31,		
	1998	1997	1996
	(Amounts in millions)		
Equity securities at fair value	\$ 1,266.9	\$ 780.0	\$ 541.3
Fixed maturities at fair value	494.8	502.7	471.3
Other	2.7	5.8	23.6
	-----	-----	-----
	\$ 1,764.4	\$ 1,288.5	\$ 1,036.2
	=====	=====	=====

REGULATION

Insurance Activities

The Corporation's life insurance business, in common with those of other companies in this industry, is subject to regulation and supervision in the states, territories and countries in which they operate. Although the extent of such regulation varies, in general state laws establish supervisory agencies with broad powers relating to licensing of insurance companies and their agents to transact business therein, supervising premium rates and forms of policies used, and regulating the form and content of required financial statements and the types of investments that may be made. Insurance companies are also required to file annual reports with the supervisory agencies in states in which they do business and are subject to periodic examination by such agencies.

Finance Activities

Transamerica's commercial lending business is subject to various state, federal and foreign laws. Depending upon the type of lending, these laws may require licensing and certain disclosures and may limit the amounts, terms and interest rates that may be offered.

EMPLOYEES

The Corporation and its subsidiaries employed approximately 9,200 persons at December 31, 1998.

CONSOLIDATED RATIOS OF EARNINGS TO FIXED CHARGES

The following table sets forth the consolidated ratios of earnings from continuing operations to fixed charges of Transamerica Corporation and its subsidiaries for each of the five years ended December 31, 1998.

Years Ended December 31,				
1998	1997	1996	1995	1994
3.05	2.32	2.52	2.36	2.55

The ratios of earnings from continuing operations to fixed charges were computed by dividing earnings from continuing operations before fixed charges and income taxes by the fixed charges. Fixed charges consist of interest and debt expense, minority interest charges related to certain securities of affiliates and one-third of rent expense, which approximates the interest factor.

ITEM 2. PROPERTIES

The executive offices of Transamerica Corporation are located in the Transamerica Pyramid in San Francisco, California, a 48-story office building. Approximately 15% of the 499,000 square feet of rentable space is occupied by Transamerica and some of its subsidiaries.

The Transamerica Center in Los Angeles, California consists of a 32-story building, an 11-story building and a 10-story building. Transamerica Center is the home office of certain divisions of the Transamerica Life Companies and certain other subsidiaries of Transamerica. Approximately 57% of the 1,358,000 square feet of rentable space is occupied by Transamerica subsidiaries.

ITEM 3. LEGAL PROCEEDINGS

Various pending or threatened legal proceedings by or against the Corporation or one or more of its subsidiaries involve tax matters, alleged breaches of contract, torts, employment discrimination, violations of antitrust laws and miscellaneous other causes of action arising in the course of their businesses.

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Based upon information presently available, and in light of legal and other defenses and insurance coverage available to the Corporation and its subsidiaries, contingent liabilities arising from threatened and pending litigation, income taxes and other matters are not expected to have a material effect on the consolidated financial position or results of operations of the Corporation and its subsidiaries.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITIES HOLDERS

Not applicable.

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PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The Corporation's common stock is traded on the New York and Pacific Stock Exchanges in the U.S. and on the Amsterdam, Frankfurt, London, Paris and the Swiss Exchanges.

High and low sale prices for the Corporation's common stock on the New York Stock Exchange for each quarter in 1998 and 1997:

<TABLE>

High and low sales prices for common shares:

<CAPTION>		March 31	June 30	September 30	December 31	Year
<S>	<C>	<C>	<C>	<C>	<C>	<C>
	1998	\$ 63 1/4-49 3/8	\$ 60 15/16-56 5/16	\$ 63 1/8-49 1/2	\$ 58 9/16-45 3/4	\$ 63 1/4-45 3/4
	1997	\$ 45 15/16-38 9/16	\$ 48-39 5/16	\$ 50 13/16-45 1/8	\$ 58 1/4-48 9/16	\$ 58 1/4-38 9/16

</TABLE>

Cash dividends declared during 1998 and 1997: Quarterly dividends per share were 25 cents in 1998 and 1997.

There were 39,400 common stockholders of record as of the close of business on March 5, 1999.

<TABLE>

ITEM 6. SELECTED FINANCIAL DATA

	1998	1997	1996	1995	1994
	(Amounts in millions except for per share data)				
<S>	<C>	<C>	<C>	<C>	<C>
Revenues	\$ 6,428.6	\$ 5,726.5	\$ 5,311.7	\$ 5,170.3	\$ 4,663.9
Income from continuing operations	\$ 707.0	\$ 532.0	\$ 501.5	\$ 390.1	\$ 336.9
Basic earnings per share from continuing operations (1, 2)	\$ 5.65	\$ 4.06	\$ 3.64	\$ 2.71	\$ 2.10
Diluted earnings per share from continuing operations (1)	\$ 5.44	\$ 3.93	\$ 3.55	\$ 2.66	\$ 2.07
Total assets	\$ 58,502.6	\$ 51,172.9	\$ 49,931.2	\$ 47,952.6	\$ 40,299.0
Long-term debt	\$ 6,273.1	\$ 5,236.7	\$ 9,087.0	\$ 9,341.5	\$ 7,489.1
Dividends declared per share of common stock (1)	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00

<FN>

-
- (1) On January 15, 1999 Transamerica effected a two-for-one stock split. All share, per share and common stock amounts have been restated to reflect the effect of this split.
- (2) Basic earnings per share are based on the weighted average number of common shares outstanding in each year after deduction of preferred dividends and, in 1997 and 1994, premium and expenses on the redemption of preferred stock.

</FN>

</TABLE>

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

Consolidated Results

On February 18, 1999, Transamerica announced that it had signed a merger agreement with AEGON N.V. (AEGON) providing for AEGON's acquisition of all of Transamerica's outstanding common stock for a combination of cash and AEGON stock worth \$9.7 billion. The merger is expected to close during the summer of 1999.

Transamerica's income from continuing operations in 1998 grew \$175 million (33%) from 1997 to \$707 million. Transamerica's income from continuing operations before investment transactions in 1998 declined \$16.7 million (3%) from 1997 to \$472 million. Results in 1997 included a \$90 million benefit mainly from the resolution of prior years' tax matters and a \$25.8 million after tax provision for fleet downsizing and organizational realignment in the leasing operation.

Excluding the items discussed above, 1998 income from continuing operations before investment transactions increased \$47.5 million (11%) over 1997. The increase was primarily due to higher operating results at the real estate services, life insurance and commercial lending businesses. These results were offset in part by lower operating results at the leasing business and higher unallocated interest and other expenses.

<TABLE>

Operating Income by Business Segment

	1998	1997	1996
	(Amounts in millions except for per share data)		
<S>	<C>	<C>	<C>
Life Insurance	\$ 335.2	\$ 306.4	\$ 325.4
Finance			
Commercial lending	102.9	92.1	73.2
Leasing	63.8	40.6	80.8
Real estate services	103.2	74.0	44.4
Amortization of goodwill	(15.9)	(13.3)	(12.7)
Total finance	254.0	193.4	185.7
Unallocated interest and other expenses	(117.2)	(11.1)	(35.1)
Income from continuing operations before investment transactions	472.0	488.7	476.0
Gain on investment transactions	235.0	43.3	25.5
Income from continuing operations	\$ 707.0	\$ 532.0	\$ 501.5

Earnings per share of common stock - diluted (1)			
Income from continuing operations before investment transactions	\$ 3.63	\$ 3.61	\$ 3.36
Gain on investment transactions	1.81	0.32	0.19
	-----	-----	-----
Income from continuing operations	\$ 5.44	\$ 3.93	\$ 3.55
	=====	=====	=====
Average shares outstanding (2)	129.9	133.6	136.5
	=====	=====	=====

<FN>

(1) On January 15, 1999 Transamerica effected a two-for-one stock split. All share, per share and common stock amounts herein have been restated to reflect the effect of this split.

(2) Includes the dilutive effect of stock options.

</FN>

</TABLE>

Net income, as reported in the consolidated financial statements, for 1998 totaled \$707 million, an \$86.8 million (11%) decline from 1997, and included net after tax gains from investment transactions of \$235 million compared to \$43.3 million of investment gains in 1997. During 1998 we realized substantial investment gains on our equity portfolio that reflected another year of exceptional results for the nearly \$8 billion of equities we own or manage for others. Net income in 1997 of \$793.8 million included \$261.8 million of income from discontinued operations that was primarily due to a \$275 million

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after tax gain from the sale of the branch-based consumer lending business. Net income in 1997 was a \$337.5 million (74%) improvement over 1996.

In 1997, income from continuing operations before investment transactions increased \$12.7 million (3%) from 1996. The 1996 amount included \$68.4 million in benefits primarily from the resolution of prior years' tax matters, and a \$4.5 million after tax benefit from the elimination of various contingencies related to the 1995 sale of assets by the commercial lending operation. Excluding the items discussed above for both years, income from continuing operations before investment transactions for 1997 rose to \$424.5 million from \$403.1 million, an increase of \$21.4 million (5%). The increase was due primarily to higher operating results at the real estate services and commercial lending businesses and lower unallocated interest and other expenses. Lower results at the leasing and life insurance businesses in 1997 partially offset those increases.

Life Insurance

Net income from our life insurance operations increased by \$180.3 million (54%) in 1998 after decreasing \$5.9 million (2%) in 1997. Net income included net after tax gains from investment transactions totaling \$178.8 million in 1998, \$27.3 million in 1997 and \$14.2 million in 1996. In 1997, results were affected by a \$20.1 million after tax charge for a legal settlement in the life insurance products division and a \$5 million after tax provision for costs associated with legal proceedings related to a reinsurance contract. Excluding investment transactions and the 1997 items discussed above, income from insurance operations rose \$3.7 million (1%) in 1998 and \$6.1 million (2%) in 1997.

The life insurance products division's income before investment transactions rose \$15 million (21%) in 1998. Excluding the \$20.1 million after tax charge discussed above, 1998 income decreased \$5.1 million primarily due to higher net claims that were partially offset by higher investment income and lower operating expenses.

At the annuities division, 1998 income before investment transactions increased \$4.2 million (8%) because interest rate spreads improved and fee income was higher on our larger variable annuity base.

The asset management group's income before investment transactions rose \$14 million (26%) in 1998 due to favorable interest rate spreads and increased fee income from a larger asset base.

At the reinsurance division, income before investment transactions declined \$2.6 million (4%) in 1998 primarily due to higher reserve increases and operating expenses. These were partially offset by higher fee income generated by an increase in annuity production.

Income before investment transactions from our Canadian operations in 1998 was slightly higher when denominated in Canadian dollars but decreased \$300,000 (1%) when denominated in U.S. dollars because of unfavorable foreign exchange rates.

In the corporate line, income before investment transactions declined \$1.5 million (4%) in 1998 primarily due to lower rental income and increased technology expenses.

In 1997, income before investment transactions decreased at the life insurance products division compared to 1996 primarily due to the \$20.1 million after tax charge for the legal settlement related to the sale and performance of certain universal and whole life insurance policies.

In the annuities division, income before investment transactions grew in 1997. Interest rate spreads were favorable, fee income was higher because our variable annuity asset base was larger and our operating costs were lower.

The asset management group had slightly higher income before investment transactions in 1997. Interest rate spreads were favorable and fee income was higher because we were managing more assets. The group's results were reduced by the decision late in 1996 to reduce the scale of the capital-intensive structured settlements business.

Income before investment transactions was slightly lower at the reinsurance division in 1997 due to increased claim costs partially offset by growth in policy revenue.

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Income before investment transactions from our Canadian operations grew in 1997 because of improved persistency, favorable claims experience and higher management fees from growth in the segregated funds business.

In the corporate line, income before investment transactions declined in 1997 primarily because increased general operating expenses more than offset higher investment income.

After tax gains on investment transactions by the life insurance operations comprised:

	1998	1997	1996
	-----	-----	-----
	(Amounts in millions)		
Net gain on sale of investments	\$ 312.6	\$ 32.9	\$ 41.9
Provision for impairment in value	(31.1)	(11.4)	(5.9)
Amortization of acquisition costs	(102.7)	5.8	(21.8)
	-----	-----	-----
	\$ 178.8	\$ 27.3	\$ 14.2
	=====	=====	=====

Net investment income for the life insurance companies rose \$76.1 million (4%) in 1998 and \$89.7 million (4%) in 1997 primarily because of our growing base of invested assets.

Premiums and other income for the life insurance companies increased \$29 million (2%) in 1998 after increasing \$126 million (7%) in 1997. Income increased in 1998 largely because of the growth in traditional life products and higher fees from interest sensitive policies. These factors were partially offset by a decline in premiums from reinsurance and single premium annuities. The reinsurance line's lower premium revenue in 1998 was primarily the result of our decision to reduce our exposure to certain accident and health reinsurance contracts by retroceding premiums to another company.

Life insurance benefit costs and expenses increased \$53 million (1%) in 1998 after growing \$257.3 million (8%) in 1997. Expenses in 1997 included the charges for the legal matters mentioned earlier. Excluding those charges, expenses rose in 1998 primarily due to increases in the interest credited on interest-sensitive policies, higher insurance claims and increases in commissions.

Cash provided by the operations of the life insurance companies was \$1,303.3 million in 1998, an increase of \$314.5 million (32%) from 1997. The increase was primarily due to the timing of the settlement of certain receivables and payables. We continue to maintain a sufficiently liquid investment portfolio at the life insurance companies to cover operating requirements. The balance of our funds are invested in long-term securities.

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Life Insurance

1998 1997 1996

(Amounts in millions)

Assets			
Investments	\$ 32,580.3	\$ 31,693.7	\$ 28,935.4
Deferred policy acquisition costs	2,094.7	2,102.6	2,138.2
Separate accounts	9,101.0	5,494.7	3,527.9
Other assets	2,409.9	2,096.3	1,880.5
	-----	-----	-----
	\$ 46,185.9	\$ 41,387.3	\$ 36,482.0
	=====	=====	=====
Liabilities and Equity			
Policy reserves and related items	\$ 30,336.3	\$ 30,141.9	\$ 28,542.8
Separate accounts	9,101.0	5,494.7	3,527.9
Other liabilities	1,932.1	1,443.0	1,038.8
Equity (1)	4,816.5	4,307.7	3,372.5
	-----	-----	-----
	\$ 46,185.9	\$ 41,387.3	\$ 36,482.0
	=====	=====	=====
Revenues			
Investment income, net of expenses	\$ 2,245.5	\$ 2,169.4	\$ 2,079.7
Premiums and other income	1,847.0	1,818.0	1,692.0
Gain on investment transactions	275.0	42.0	21.9
	-----	-----	-----
	4,367.5	4,029.4	3,793.6
Expenses			
Policyholder benefits	2,878.0	2,810.9	2,649.7
Commissions and other expenses	720.8	734.9	638.8
Income taxes	254.7	149.9	165.5
	-----	-----	-----
	3,853.5	3,695.7	3,454.0
	-----	-----	-----
Net income	\$ 514.0	\$ 333.7	\$ 339.6
	=====	=====	=====
Source of Cash			
Cash provided by operations	\$ 1,303.3	\$ 988.8	\$ 913.9
Receipts from interest-sensitive policies	9,597.9	6,851.6	6,202.7
	-----	-----	-----
	\$ 10,901.2	\$ 7,840.4	\$ 7,116.6
	=====	=====	=====
Application of Cash			
Returns on interest-sensitive policies	\$ 10,477.6	\$ 6,411.2	\$ 5,211.0
Net purchases of investments	249.7	1,315.4	1,862.4
Equity transactions	79.9	56.2	40.0
Other	94.0	57.6	3.2
	-----	-----	-----
	\$ 10,901.2	\$ 7,840.4	\$ 7,116.6
	=====	=====	=====

(1) Equity includes the effect of marking investments to fair value comprising net gains of \$1,280.9 million in 1998, \$1,190.6 million in 1997, and \$549.8 million in 1996.

See note B of the notes to the financial statements for consolidated components of unrealized gains.

Transamerica Finance Corporation

Transamerica Finance Corporation, which is a separate Securities and Exchange Commission registrant, includes Transamerica's commercial lending and leasing operations. Transamerica Finance Corporation provides funding for these businesses. Its principal assets are finance receivables and equipment held for lease, which totaled a combined \$9.3 billion at December 31, 1998 and \$6.9 billion at December 31, 1997. These operations have a high level of liquidity since a significant portion of our assets are short term finance receivables. Principal cash collections of finance receivables totaled \$21.2 billion in 1998, \$16.9 billion in 1997 and \$12.9 billion in 1996. Transamerica Finance Corporation's total notes and loans payable were \$7.8 billion at December 31, 1998 and \$6 billion at December 31, 1997. Its variable-rate debt totaled \$4.5 billion at December 31, 1998 compared to \$3.5 billion at December 31, 1997. Transamerica Finance Corporation's ratio of debt to tangible equity was 6.3:1 at December 31, 1998 compared with 6.5:1 at December 31, 1997.

From time to time, Transamerica Finance Corporation publicly and privately offers senior or subordinated debt securities. It issued a total of \$1.9 billion of public debt in 1998, \$120 million in 1997 and \$688 million in 1996. Under a shelf registration statement filed in December 1998 with the Securities and Exchange Commission, Transamerica Finance Corporation may offer up to \$4 billion of senior or subordinated debt securities with varying terms, none of which had

been issued at December 31, 1998.

<TABLE>
 Transamerica Finance Corporation
 <CAPTION>

	1998	1997 (Amounts in millions)	1996
<S>	<C>	<C>	<C>
Assets			
Finance receivables less unearned fees and allowance for losses	\$ 6,298.4	\$ 3,903.3	\$ 4,018.4
Net assets of discontinued operations			4,326.2
Equipment held for lease	3,038.0	2,996.5	3,118.5
Goodwill	423.4	423.0	368.1
Assets held for sale	180.8	377.8	3.4
Other assets	859.0	1,024.9	885.0
	-----	-----	-----
	\$ 10,799.6	\$ 8,725.5	\$ 12,719.6
	=====	=====	=====
Liabilities and Equity			
Notes and loans payable	\$ 7,798.6	\$ 6,025.2	\$ 9,879.3
Other liabilities	1,411.1	1,397.1	1,087.6
Equity	1,589.9	1,303.2	1,752.7
	-----	-----	-----
	\$ 10,799.6	\$ 8,725.5	\$ 12,719.6
	=====	=====	=====
Revenues			
Finance and leasing revenues	\$ 1,549.5	\$ 1,329.5	\$ 1,206.5
Expenses			
Operating expenses	620.4	488.7	406.0
Interest	382.2	354.4	314.2
Depreciation on equipment held for lease	281.5	275.8	255.1
Provision for losses on receivables	53.0	18.1	10.2
Income taxes	71.6	74.3	81.7
	-----	-----	-----
	1,408.7	1,211.3	1,067.2
	-----	-----	-----
Income from continuing operations	\$ 140.8	\$ 118.2	\$ 139.3
	=====	=====	=====
Source of Cash			
Cash provided by operations	\$ 551.8	\$ 363.4	\$ 495.8
Finance receivables collected	21,245.8	16,917.6	12,864.7
Proceeds from sale and cash transactions with discontinued operations	14.9	4,413.2	1,021.8
Proceeds from debt financing	4,202.7	3,401.7	6,784.5
Equity transactions	139.2		
Other	114.0	382.5	
	-----	-----	-----
	\$ 26,268.4	\$ 25,478.4	\$ 21,166.8
	=====	=====	=====
Application of Cash			
Additions to equipment held for lease	\$ 400.5	\$ 378.4	\$ 391.5
Finance receivables originated	23,035.0	16,136.9	13,543.0
Purchase of finance receivables from Whirlpool Finance Corporation	386.3	881.9	
Payments of notes and loans	2,446.6	7,263.5	6,932.9
Equity transactions		817.7	237.9
Other			61.5
	-----	-----	-----
	\$ 26,268.4	\$ 25,478.4	\$ 21,166.8
	=====	=====	=====

</TABLE>

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Commercial Lending

Net income from our commercial lending operations was \$89.1 million in 1998, an increase of \$8.2 million (10%) from \$80.9 million in 1997. Income before the amortization of goodwill grew \$10.8 million (12%) from 1997. Operating results for 1998 included an after tax gain of \$7.2 million on the sale and securitization of \$800 million of floor plan and equipment lease finance receivables and a \$6.5 million tax benefit from the resolution of prior year tax matters. In 1997, operating results included an after tax gain of \$5.4 million on the sale and securitization of \$1.5 billion of floor plan finance receivables and a \$3.2 million benefit from tax matters resolved in 1997. In 1996, operating results included a \$4.5 million benefit primarily from the favorable resolution of disputed issues surrounding the 1995 sale of assets in Puerto Rico.

Excluding the above items, commercial lending income from operations before the amortization of goodwill increased \$5.7 million (7%) in 1998 and \$14.8 million (22%) in 1997. Income increased in 1998 because we had higher average

net receivables outstanding which more than offset increased operating expenses and a higher provision for losses on receivables. Increased income in 1997 was also due to receivables growth.

Commercial lending revenues rose by \$197.3 million (38%) in 1998 principally due to strong receivables growth and higher servicing and other income on securitized receivables. Revenues in 1997 grew \$82.7 million (19%) from 1996 as higher average net receivables outstanding more than offset a decline in yield due to increased competition in the commercial lending market. Revenues in 1998 and 1997 included the above-mentioned gains on the securitization of finance receivables.

Net commercial finance receivables outstanding at December 31, 1998 increased \$2.2 billion (61%) from December 31, 1997. The increase in receivables was largely the result of the following factors: 1) continued growth in the business credit portfolio, 2) the decision not to sell the insurance premium finance operation and the reclassification of those receivables from assets held for sale to finance receivables, and 3) the acquisition during the first half of 1998 of \$386.3 million of net finance receivables from Whirlpool Financial Corporation. This last transaction completed the acquisition of \$1.1 billion in net receivables and other assets that made up substantially all of the inventory and retail finance businesses of Whirlpool Financial.

Interest expense increased \$23.4 million (13%) from 1997 principally due to the higher average debt levels needed to support receivables growth and higher average interest rates during the first half of 1998. In 1997, interest expense increased \$31.5 million (21%) from 1996 principally due to higher average debt levels.

Operating expenses rose \$131.4 million (74%) in 1998 primarily because of increases in business volume and receivables outstanding and the integration of the Whirlpool Financial acquisition described above. Operating expenses rose \$17 million (11%) in 1997 primarily because of higher business volume and receivables growth. The provision for losses on receivables increased \$33.6 million (207%) in 1998 principally as a result of credit losses from the new retail loan portfolio acquired as part of the Whirlpool Financial acquisition and additional provisions made on the insurance premium finance portfolio. The provision for losses on receivables increased by \$6 million (60%) in 1997 partially due to growth in the average net receivables outstanding.

Credit losses, net of recoveries, as a percentage of average commercial finance receivables outstanding, net of unearned finance charges, were 0.77% in 1998, 0.25% in 1997, and 0.16% in 1996.

We have established an allowance for losses equal to 1.99% of net commercial finance receivables outstanding as of December 31, 1998 compared to 2.35% at December 31, 1997.

Delinquent receivables are defined as the instalment balance for inventory finance and business credit asset based lending receivables more than 60 days past due and the receivable balance for all other receivables 60 days past due. At December 31, 1998, delinquent receivables were \$98.6 million (1.63% of receivables outstanding) compared to \$18 million (0.48% of receivables outstanding) at December 31, 1997. The increase was primarily due to increased delinquency in the equipment leasing portfolio of the business credit operation, the inclusion of the insurance premium finance receivables that were reported as assets held for sale at December 31, 1997, and the inclusion of the receivables of the new retail lending operation. Delinquent insurance premium finance

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receivables included in assets held for sale at December 31, 1997 were \$14.2 million.

Nonearning receivables are defined as balances from borrowers that are over 90 days delinquent for non credit card receivables or at such earlier time as full collectibility becomes doubtful. Nonearning receivables on revolving credit card accounts included in retail are defined as balances from borrowers in bankruptcy and accounts for which full collectibility is doubtful. Accrual of finance charges is suspended on nonearning receivables until such time as past due amounts are collected. Nonearning receivables were \$65.7 million (1.09% of receivables outstanding) at December 31, 1998 compared to \$26.4 million (0.71% of receivables outstanding) at December 31, 1997. Nonearning receivables increased primarily due to the inclusion of the receivables of our new retail lending operation and the inclusion of the insurance premium finance receivables that were reported as assets held for sale at December 31, 1997. At December 31, 1997, nonearning insurance premium finance receivables totaled \$7.5 million.

Commercial Lending

	1998	1997	1996
Revenues			

(Amounts in millions)

Finance charges and related income	\$ 712.8	\$ 515.5	\$ 432.8
Expenses			
Interest	203.3	179.9	148.4
Operating expenses	308.3	176.9	159.9
Provision for losses on receivables	49.8	16.2	10.2
Income taxes	48.5	50.4	41.1
	-----	-----	-----
	609.9	423.4	359.6
	-----	-----	-----
Income from operations	102.9	92.1	73.2
Amortization of goodwill	(13.8)	(11.2)	(10.6)
	-----	-----	-----
Net income	\$ 89.1	\$ 80.9	\$ 62.6
	=====	=====	=====

Leasing

Net income in 1998 increased 60% to \$61.8 million. However, earnings in 1997 were reduced by a \$25.8 million after tax provision for fleet downsizing and organizational realignment primarily in the standard container fleet. Income before the amortization of goodwill was \$63.8 million in 1998 versus \$40.6 million in 1997 (or \$66.4 million excluding the provision).

Earnings in 1998 were reduced by lower standard and refrigerated container per diem rates and on-hires and lower European trailer short term rental utilization. Partially offsetting these factors were \$6.7 million in net tax benefits realized from a tax efficient structured equipment financing. Earnings from the chassis line were higher due to increased on-hire units and per diem rates associated with rail traffic congestion caused by railroad merger inefficiencies.

Net income in 1997 declined 51% to \$38.6 million. Income before the amortization of goodwill was \$40.6 million compared to \$80.8 million in 1996. Earnings in 1997 were reduced by the provision for fleet downsizing and organizational realignment noted above, by reduced per diem rates and a decline in utilization for standard and refrigerated containers, and by decreased gains on the sale of used standard containers. Improved earnings from tank and domestic containers and European trailers partially offset these declines. Income from rail trailers was also higher due to favorable utilization and per diem rates.

Revenue increased in 1998 by \$18.7 million (2%) because of the unfavorable impact of the fleet downsizing provisions' effect on 1997's revenues. Excluding the fleet provision, revenue declined \$12.2 million (2%) due to lower container per diem rates and lower container on-hires associated with a continuing oversupply of equipment and low prices for new equipment. Lower rail trailer on-hires also reduced revenues. Larger fleets and more on-hire units for tank containers, chassis, domestic containers and European trailers partially offset these declines.

Revenue increased in 1997 by \$32.2 million (4%) primarily because the October 1996 acquisition of Trans Ocean Ltd. increased the standard, refrigerated and tank container and chassis fleets by approximately 25%. Revenue

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also grew due to a larger portfolio of finance leases and more on-hire European trailers. Offsetting these increases were the fleet provision noted above, lower revenues from decreased per diem and utilization rates for standard and refrigerated containers resulting from an industry wide oversupply of equipment and low new equipment prices. In addition, rail trailer revenues were lower because the fleet was smaller.

Expenses declined \$8.9 million (1%) in 1998 primarily due to the effect of the realignment provision on 1997's expenses. Higher depreciation from the larger fleets of tank container, chassis, domestic container and European trailers was offset by favorable interest expenses and lower selling and administrative expenses.

Expenses increased \$89.3 million (14%) in 1997 due to the realignment provision, higher ownership and operating costs associated with the Trans Ocean Ltd. acquisition and larger fleets of standard and refrigerated containers, chassis and European trailers.

The combined utilization rate for containers and chassis was 79% in both 1998 and 1997. Trade imbalances between Asia, the U.S. and Europe negatively affected container utilization in 1998 while the strong U.S. economy aided chassis utilization levels. Rail trailer utilization declined to 83% in 1998 from 85% in 1997 reflecting the continued decline in demand for this equipment type in favor of double-stack domestic containers. European trailer utilization declined to 88% in 1998 from 92% in 1997 as we increased the size of our rental fleet. Rental on-hires were negatively affected by the Russian financial crisis

and its impact on trade with Western Europe.

Leasing

	1998	1997	1996
	(Amounts in millions)		
Revenues			
Total leasing revenues	\$ 816.5	\$ 797.8	\$ 765.6
Expenses			
Operating expenses	175.3	174.1	129.2
Depreciation on equipment held for lease	281.5	275.8	255.1
Selling and administrative expenses	113.3	116.7	95.5
Interest	153.7	166.1	163.6
Income taxes	28.9	24.5	41.4
	-----	-----	-----
	752.7	757.2	684.8
	-----	-----	-----
Income from operations	63.8	40.6	80.8
Amortization of goodwill	(2.0)	(2.0)	(2.0)
	-----	-----	-----
Net income	\$ 61.8	\$ 38.6	\$ 78.8
	=====	=====	=====

Real Estate Services

Net income from the real estate services segment increased \$69.4 million (77%) in 1998 and \$25.2 million (39%) in 1997. Net income included net after tax gains from investment transactions of \$56.2 million in 1998, \$16 million in 1997, and \$20.4 million in 1996. Income before investment transactions increased \$29.2 million (39%) in 1998 primarily because higher levels of mortgage refinancings and home sales increased income at the tax service business. In 1997, income before investment transactions increased \$29.6 million (67%) driven by \$27.4 million of after tax gains on the sale of six real estate properties and higher earnings at the real estate information companies.

Revenues in 1998 increased \$134.7 million (32%) primarily because of increased business at the tax service resulting from higher levels of mortgage originations and refinancings and higher gains on investment transactions. In 1997, revenues increased \$59.1 million (17%) because of the gains on real estate sales noted above and increased business at the tax service business.

Transamerica's tax service operation recognizes revenue as new contracts are received and defers a portion of that revenue sufficient to cover the future service liability over the average life of the loan portfolio serviced. The average life of the portfolio is determined using historical data on the payment of loans serviced. Effective January 1, 1999 Transamerica plans to adopt prospectively a new policy of recognizing revenue. Although the exact method has not yet been determined, we anticipate that the change will result in a reduction of revenue recorded in the year a contract is executed, the effect of which will be offset by increased recognition of deferred revenue in future years.

These businesses generate the funds they need for capital expenditures and working capital from their operations. Cash, cash equivalents and accounts receivable are the real estate services' principal sources of liquidity.

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<TABLE>
Real Estate Services
<CAPTION>

	1998	1997	1996
	(Amounts in millions)		
<S>	<C>	<C>	<C>
Assets			
Cash, cash equivalents and accounts receivable	\$ 140.9	\$ 253.1	\$ 276.5
Investments in marketable securities	1,764.4	1,288.5	1,036.2
Land and buildings	171.1	123.3	163.9
Other assets	260.3	69.4	54.9
	-----	-----	-----
	\$ 2,336.7	\$ 1,734.3	\$ 1,531.5
	=====	=====	=====
Liabilities and Equity			
Loss and future service reserves	\$ 194.6	\$ 180.0	\$ 169.4
Notes and loans payable	810.1	800.5	810.6
Other liabilities	393.2	162.9	101.7
Equity (1)	938.8	590.9	449.8
	-----	-----	-----
	\$ 2,336.7	\$ 1,734.3	\$ 1,531.5
	=====	=====	=====
Revenues			
Real estate services revenues	\$ 463.9	\$ 390.9	\$ 325.6
Gain on investment transactions	86.8	25.1	31.3
	-----	-----	-----
	550.7	416.0	356.9

Expenses			
Salaries and other operating expenses	299.2	272.2	260.2
Income taxes	92.1	53.8	31.9
	-----	-----	-----
	391.3	326.0	292.1
	-----	-----	-----
Income from operations	159.4	90.0	64.8
Amortization of goodwill	(0.1)	(0.1)	(0.1)
	-----	-----	-----
Net income	\$ 159.3	\$ 89.9	\$ 64.7
	=====	=====	=====
Source of Cash			
Cash provided by operations	\$ 80.4	\$ 16.5	\$ 35.0
Proceeds from debt financing	18.2	76.3	55.9
Net sale of investments	99.2		
Equity transactions			15.3
Other		89.8	
	-----	-----	-----
	\$ 197.8	\$ 182.6	\$ 106.2
	=====	=====	=====
Application of Cash			
Net purchases of investments		\$ 119.2	\$ 35.4
Payments of notes and loans	8.6	44.0	30.1
Equity transactions	134.6	19.4	
Other	54.6		40.7
	-----	-----	-----
	\$ 197.8	\$ 182.6	\$ 106.2
	=====	=====	=====

<FN>

(1) Equity includes net unrealized gains from marking investments to fair value of \$662.6 million in 1998, \$342.4 million in 1997, and \$213.3 million in 1996. See note B of the notes to the financial statements for consolidated components of unrealized gains.

</FN>

</TABLE>

Unallocated interest and expenses

Unallocated interest and expenses, after related income taxes, for the last three years were:

	1998	1997	1996
	(Amounts in millions)		
Interest expense	\$ 33.7	\$ 39.5	\$ 46.5
Other expenses (income)	83.5	(28.4)	(11.4)
	-----	-----	-----
	\$ 117.2	\$ 11.1	\$ 35.1
	=====	=====	=====

In the aggregate, unallocated interest and other expenses increased \$106.1 million (956%) in 1998 from 1997. Results in 1997 included \$90 million primarily of benefits from the resolution of prior years' tax matters. Excluding this benefit in 1997, unallocated interest and expenses rose \$16.1 million (16%) in

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1998 primarily due to dividends paid on the Capital Trust Pass-Through Securities issued in November 1997 which replaced previously outstanding preferred stock, the method used by the Corporation to settle tax matters with its subsidiaries and expenses associated with the Corporation's long term incentive plan. The 1996 results also included a benefit from the satisfactory resolution of prior years' tax matters of \$68.4 million. Excluding the unusual items in 1997 and 1996, unallocated and other expenses decreased \$2.4 million (2%) in 1997.

Discontinued Operations

In the fourth quarter of 1997, we discontinued the remainder of our consumer lending business following the sale of our branch-based lending operations. In 1997, income from these operations was \$261.8 million including a \$275 million after tax gain on the sale of the branch-based consumer lending operations. This gain was offset in part by an operating loss of \$13.2 million.

Corporate Liquidity and Capital Requirements

Transamerica Corporation receives funds from its subsidiaries in the form of dividends, income taxes and interest on loans. We use these funds to pay dividends to our stockholders, purchase shares of our common stock, invest in the operations of our subsidiaries and pay corporate interest, expenses and taxes. We invest funds in our subsidiaries based on expected returns, the potential for creating shareholder value added, and the capital needs of these operations. We may invest in a subsidiary by allowing it to retain all or a portion of its earnings, or by making capital contributions or loans.

Transamerica also borrows funds to finance acquisitions or to lend to subsidiaries to finance working capital needs. Our subsidiaries are required to maintain prudent financial ratios consistent with other companies in their industries, and to retain the capacity through committed credit lines or liquid assets to repay working capital loans from the Corporation.

At December 31, 1998, Transamerica and its subsidiaries had short-term borrowings, principally commercial paper, totaling \$2.8 billion supported by a credit agreement with 43 banks. It is our policy to maintain credit line coverage equal to at least 100% of short-term borrowings. At December 31, 1998, we had credit available under this line equal to \$3.5 billion, or 125% of these borrowings; credit support equal to 95% of the borrowings was with banks rated AAA/AA or the equivalent by one or more of the major credit rating agencies.

In 1991, Transamerica filed a registration statement with the Securities and Exchange Commission under which up to \$500 million of debt securities with varying terms may be sold. These securities may be senior or subordinated and, if subordinated, may be convertible into common stock. In November 1996, Transamerica sold \$200 million of senior notes bearing interest at 6.75% due in November 2006. Of the remaining \$300 million of debt securities available to be sold under the registration statement, \$200 million has been designated as medium term notes, none of which have been sold.

Transamerica's commercial paper and senior debt are rated by independent rating agencies. We continue to maintain debt to capital ratios consistent with our current ratings.

Transamerica Finance Corporation, a wholly owned subsidiary of Transamerica, also issues debt publicly and privately to fund the commercial lending and leasing operations. During 1998, Transamerica Finance Corporation issued \$1.9 billion of public debt. In September 1998, it issued \$100 million of medium term notes at a variable interest rate due in September 2001, \$150 million of senior notes at a floating rate due in September 2001 and \$30 million of medium term notes bearing interest at 5.74% due in September 2003. In October 1998, it issued \$735 million of floating rate medium term notes due in the fourth quarter of 1999 and \$10 million of floating rate medium term notes due in October 2001. In November 1998, it issued \$625 million of senior notes bearing interest at 6.13% due in November 2001 and \$250 million of senior notes bearing interest at 7.10% due in 2028 and callable in 2003.

In November 1998, to better manage the duration of its debt and improve tax efficiency, Transamerica Finance Corporation exchanged \$146.8 million of outstanding senior notes bearing interest at 6.5% due in 2011 for a like amount of senior debt bearing interest at 6.4% due in 2008.

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A subsidiary of Transamerica securitized \$800 million of commercial lending loans in 1998 and \$1.5 billion in 1997.

In November 1997, Transamerica Capital III, an affiliate of Transamerica, issued \$190 million of noncallable Capital Trust Pass-Through Securities maturing November 15, 2037 with a coupon of 7.625%. Proceeds from the issuance of these securities were invested by the affiliate in subordinated debentures issued by Transamerica, bearing interest at 7.625% and maturing on November 15, 2037. Proceeds to Transamerica were used to repay debt and for other corporate purposes. These and the other Capital Trust Pass-Through Securities issued in 1996 are shown as guaranteed preferred beneficial interest in Transamerica's junior subordinated debentures on Transamerica's consolidated balance sheet.

In December 1996, a subsidiary of Transamerica closed a \$307 million leveraged lease transaction involving the sale and leaseback of 69,000 intermodal shipping containers.

In November 1996, Transamerica Finance Corporation issued \$200 million of senior notes bearing interest at 6.375% due in November 2001.

In November 1996, Transamerica Capital I and II, affiliates of Transamerica, issued \$325 million of Capital Trust Pass-Through Securities. These included \$100 million of 30-year securities maturing December 1, 2026 redeemable beginning in 2006 with a coupon of 7.80% issued by Transamerica Capital I, and \$225 million of 30-year, non-callable securities maturing December 1, 2026 with a coupon of 7.65% issued by Transamerica Capital II. The proceeds were invested by the affiliates in subordinated debentures issued by Transamerica, bearing interest at 7.65% and 7.80% and maturing on December 1, 2026. The proceeds to Transamerica were used for general corporate purposes.

In January 1998, we completed the acquisition of \$1.1 billion of net receivables and other assets of Whirlpool Financial Corporation's inventory finance, retail finance and international factoring businesses for \$1.3 billion in cash. The acquisition of the retail finance business closed in January 1998.

We funded the purchase primarily with short term debt.

In June 1997, we sold our branch-based consumer lending operation for \$3.9 billion, or \$1.1 billion after repayment of associated debt.

In October 1996, we acquired Trans Ocean Ltd., a closely held container leasing company, in exchange for approximately 3.2 million shares (\$112.7 million) of Transamerica common stock.

Stockholders' Equity

Transamerica's capital structure includes debt, common stock, and the Monthly Income Preferred Securities and Capital Trust Pass-Through Securities that are classified as guaranteed preferred beneficial interest in Transamerica's junior subordinated debentures. We continuously strive to minimize our cost of capital while maintaining investment-grade credit ratings. Ratings are very important to our life insurance customers. Our ratings also enable us to borrow at attractive rates, which improves the spreads at our finance businesses.

During 1998, we continued to return excess equity capital to stockholders by purchasing the company's common stock. Stock purchases during 1998 totaled 2,941,800 shares at a cost of \$170.4 million (an average price of \$57.93 per share). Since we began our share purchase program in May 1993, a total of 45.9 million shares have been acquired through December 31, 1998 at an aggregate purchase price of \$1.6 billion. At December 31, 1998, there were outstanding authorizations from the board of directors for the purchase of 893,200 additional shares.

In February 1997, we completed the redemption of our outstanding Series D Preferred Stock and our outstanding Dutch Auction Rate Transferable Securities (TM) Preferred Stock.

Investment Portfolio

Transamerica's total invested assets were \$33.7 billion at December 31, 1998, most of them held by our life insurance companies. Transamerica Investment Services, a wholly owned subsidiary of Transamerica, manages all of

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Transamerica's securities portfolios. At the end of 1998, total invested assets represented 73% of our insurance assets and 58% of Transamerica's total assets. In 1998 our investment income was \$2.3 billion and represented 35% of Transamerica's total revenues.

The majority of our invested assets are in fixed maturity securities. We generally make long-term investments primarily in investment-grade corporate bonds and government securities to fund the payment of our life insurance liabilities. We use fundamental research and active management, and seek to achieve a balanced bond portfolio that meets our goals for income, security of principal and diversification. At the end of 1998, 93.9% of our fixed maturity investments were rated as "investment grade," and an additional 3.8% were rated in the BB category or its equivalent. An "investment grade" security is generally defined as any issue rated above Ba by Moody's Investors Service or above BB by Standard & Poor's Corporation.

The average yield of the fixed maturity portfolio was 7.7% at December 31, 1998 and 7.8% at December 31, 1997 and 1996.

At December 31, 1998, our fixed maturity portfolio had a total market value of \$29 billion and an amortized cost of \$26.6 billion, resulting in a net unrealized gain of \$2.4 billion. An adjustment for impairment in value reduced the amortized cost of certain fixed maturity investments by \$78.9 million at December 31, 1998 and \$72.9 million at December 31, 1997.

We also have a portfolio of equity securities with an aggregate market value of \$2.2 billion at December 31, 1998, \$1.6 billion in excess of its cost. Our philosophy is to invest in the equities of a very select group of high quality companies after conducting our own research. Our research is focused on anticipating and understanding long-term changes.

In addition to our fixed maturity and equity investments, at December 31, 1998 we had \$790.7 million invested in mortgage loans and real estate. This amount represented 2.3% of our total investments and 1.4% of our total assets. These additional investments included \$699.2 million in commercial mortgage loans, \$76.9 million in real estate investments, \$1.4 million in foreclosed real estate and \$44 million in residential mortgage loans. Problem loans, defined as restructured loans yielding less than 8% and delinquent loans, totaled \$3.5 million at December 31, 1998 and \$2.3 million at December 31, 1997. We have established allowances to cover possible losses from our mortgage loans and real estate investments. These allowances totaled \$30.8 million at December 31, 1998

and \$36.2 million at December 31, 1997. Transamerica also owns land, buildings and equipment used in its operations, including the Transamerica Pyramid, our corporate headquarters in San Francisco.

New long-term investments acquired in 1998 totaled \$5.7 billion. Of that amount, 89% was in taxable, fixed maturity securities and 11% was invested principally in common and preferred stocks, mortgage loans and loans to our life insurance policyholders. The average yield on new fixed maturity securities was 6.6%. During 1998, we committed to or funded \$1.9 billion of new private placement securities.

Year 2000

Transamerica has developed a plan to modify its information systems to ensure the readiness of our business applications, operating systems and hardware on mainframes, servers and personal computers, and wide and local area networks to recognize the Year 2000. The plan also addresses non-information technology embedded software and equipment, the readiness of key business partners, and updating business continuity plans.

The project has four phases: (1) problem determination, (2) planning and resource acquisition, (3) remediation and (4) testing and acceptance. During phase one, Transamerica determined the size and scope of the problem and prepared an inventory of the hardware, software, interfaces and other items that may be affected. In addition, software code was scanned and third parties were contacted to determine the status of their efforts. During phase two, Transamerica assessed the risks and decided whether to fix, replace, discard, or test the items identified in the inventory, prepared a project plan and allocated appropriate resources as necessary. Phase three covers remediation where date occurrences in internally maintained systems are analyzed and corrected and software and hardware are replaced where necessary. In addition, operating systems that interface with outside parties are examined in more detail and modified if required. Phase four includes testing and acceptance of

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all software, hardware, third party interfaces and related items to ensure they will work in a number of different Year 2000 scenarios.

The most significant categories of outside parties to Transamerica are agents and brokers, financial institutions, software vendors, governmental agencies, third party service providers and utility providers (gas, electric and telecommunications). Transamerica's assessment of its key business partners continues. Surveys have been mailed, follow up contacts are underway and strategies are being developed to address issues as they are identified. This effort is expected to continue well into 1999.

Following is the status of Transamerica's Year 2000 compliance efforts for critical systems at each of its business segments.

The life insurance operation had completed a significant portion of the remediation phase as of December 31, 1998, and is expected to be substantially complete by March 1999. As of December 31, 1998, testing was well underway and is expected to be substantially complete by June 1999.

The commercial lending operation had completed a significant portion of the remediation phase as of December 31, 1998 and is expected to be substantially complete by March 1999. As of December 31, 1998, testing had commenced and is expected to be substantially finished by June 1999. The commercial lending operating systems in Europe, which affect a small percentage of the business, are being remediated and tested in 1999.

The leasing operation had completed the remediation phase as of December 31, 1998. Testing was substantially completed by December 31, 1998. In addition to the systems being remediated, the customer service, fleet management and equipment repair and maintenance system is scheduled for replacement in 1999.

The major business in the real estate segment, Transamerica Real Estate Tax Service, and most of the other businesses in this segment had substantially completed the remediation phase as of December 31, 1998. At December 31, 1998, testing had commenced and the testing phase, including testing with numerous governmental agencies, is expected to be substantially complete by September 1999.

The projected total cost associated with required modifications to become ready for the Year 2000 is between \$35 million and \$40 million. These costs are being expensed as incurred and funded through operations. At this time there can be no assurance that these estimates will not be exceeded and actual results may differ significantly from those projected. Some factors that may cause actual expenditures to differ include the availability and cost of trained personnel and the ability to locate and correct all relevant computer problems. This estimate includes internal costs, but excludes the costs to upgrade and replace

systems in the normal course of business. The total amount expended on the project through December 31, 1998, was \$21 million. Transamerica does not expect the project to have a significant effect on its financial condition or results of operations.

Transamerica believes it will achieve Year 2000 readiness; however, the size and complexity of our systems and the need for them to interface with other systems internally and with those of customers, vendors, partners, governmental agencies and other outside parties, creates the possibility that some of our systems may experience Year 2000 problems. Specific factors that give rise to this concern include a possible loss of qualified resources, failure to identify and remediate all affected systems, noncompliance by third parties whose systems and operations interface with Transamerica's systems and other similar uncertainties. Transamerica is developing contingency plans to minimize any possible disruptions.

Euro Conversion

Transamerica conducts business in a number of the European countries that converted to a common currency, the "Euro," as of January 1, 1999. Transamerica has evaluated the potential impact of the Euro conversion on our operations including possible effects on our competitive position, potential information technology and currency risks, our derivative and financial instrument exposure, the continuity of contracts and changes in taxation. As a result of this evaluation, we are in the process of upgrading those information systems necessary to support transactions denominated in the Euro. Transamerica derived revenues from the group of eleven countries converting to the Euro of \$63.9 million and \$41.2 million in the years ended December 31, 1998 and 1997, and had total assets in these countries of \$574.7 million at December 31, 1998.

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Transamerica does not anticipate that the Euro conversion will have a material impact on its financial condition or results of operations.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Market Risk

Market risk is the risk of loss that may occur when fluctuations in interest and currency exchange rates and equity and commodity prices change the value of a financial instrument. Because both derivative and nonderivative financial instruments have market risk, our risk management extends beyond derivatives to encompass all financial instruments we hold. Of the various types of market risk, Transamerica is primarily exposed to interest rate risk and equity price risk.

Interest Rate Risk

Transamerica's operations are subject to risk from interest rate fluctuations when there is a difference between the amount of our interest earning assets and the amount of our interest bearing liabilities that are prepaid, mature or are repriced in specified periods. We manage our exposure to interest rate fluctuations by managing the characteristics of our assets and liabilities so that changes are offset. Our objectives for asset liability management are to provide maximum levels of finance and investment income and minimize funding costs while maintaining acceptable levels of interest rate and liquidity risk and facilitating the funding needs of the company. To help achieve these objectives, we use derivative financial instruments including interest rate swaps, floors and swaptions that correlate to instruments recorded on our balance sheet.

To understand the sensitivity of our assets to interest rate risk, consider the following scenario. If market interest rates on December 31, 1998 and 1997 had abruptly increased 75 basis points, it would have the following effects on the fair value of Transamerica's assets and liabilities: our investment portfolio subject to interest rate risk would decrease about \$1.3 billion and \$1.5 billion in value; our finance receivables portfolio would decline approximately \$33 million and \$23 million; those insurance liabilities that are defined as interest sensitive financial instruments would fall approximately \$640 million and \$670 million; our debt would decrease approximately \$110 million and \$90 million; and our interest rate swaps, floors and swaptions would decline approximately \$180 million and \$120 million. Conversely, if rates on December 31, 1998 and 1997 had abruptly decreased 75 basis points, it would have the following effects on the fair value of our assets and liabilities: Transamerica's investment portfolio subject to interest rate risk would increase about \$1.4 billion and \$1.5 billion; our finance receivables portfolio would increase approximately \$38 million and \$23 million; our interest sensitive insurance liabilities would increase approximately \$720 million and \$750 million; our debt would increase approximately \$110 million and \$90 million; and our interest rate swaps, floors and swaptions would increase approximately \$220

million and \$190 million.

Although our assets appear to be more interest rate sensitive than our liabilities, this is because much of our liability portfolio, such as reinsurance contracts and whole life insurance policies, are not considered to be interest rate sensitive financial instruments for purposes of this disclosure. The change in fair value of these liabilities would mitigate to a certain extent the effects of a rise in interest rates. We determined the amounts used in this example by considering only the impact of the hypothetical interest rate change. Also, these analyses do not consider the possible effects of a change in economic activity that might occur in such an environment. In addition, in the event of a change of such magnitude, we would likely take action to mitigate our exposure to the negative consequences. Our customers and competitors would also respond to these fluctuations, and regulators or legislators might act in ways we cannot foresee. Because we cannot be certain what specific actions would be taken and what their actual effects would be, the sensitivity analysis above assumes no significant changes in Transamerica's financial structure.

Equity Price Risk

Transamerica is exposed to equity price risk due to our investments in equity securities. Changes in the level or volatility of equity prices affect the value of our equity securities and instruments that derive their value from a particular stock, a group of stocks or a stock index.

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If the market price of Transamerica's equity investment portfolio as of December 31, 1998 and 1997 had abruptly increased or decreased by 10%, the market value of our equity portfolio would have increased or decreased by \$219 million and \$161 million.

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<TABLE>

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

CONSOLIDATED BALANCE SHEET

<CAPTION>

December 31

<S>

Assets

Investments, principally of life insurance subsidiaries:

	1998	1997
	(Amounts in millions)	(Amounts in millions)
	<C>	<C>
Fixed maturities	\$ 29,009.4	\$ 29,210.8
Equity securities	2,187.9	1,607.5
Mortgage loans and real estate	790.7	750.2
Loans to life insurance policyholders	455.5	451.0
Short-term investments	1,212.6	336.0
	-----	-----
	33,656.1	32,355.5
Finance receivables, of which \$3,832.8 in 1998 and \$2,726.9 in 1997 matures within one year	6,943.7	4,333.4
Less unearned fees of \$521.2 in 1998 and \$340.8 in 1997 and allowance for losses	645.3	430.1
	-----	-----
	6,298.4	3,903.3
Cash and cash equivalents	159.5	132.9
Trade and other accounts receivable	2,254.2	2,165.8
Property and equipment, less accumulated depreciation of \$1,614.8 in 1998 and \$1,465.9 in 1997		
Land, buildings and equipment	489.1	395.4
Equipment held for lease	3,038.0	2,996.5
Deferred policy acquisition costs	2,094.7	2,102.6
Separate accounts assets	9,101.0	5,494.7
Goodwill, less accumulated amortization of \$172.6 in 1998 and \$156.2 in 1997	423.4	423.0
Assets held for sale	180.8	377.8
Other assets	807.4	825.4
	-----	-----
	\$ 58,502.6	\$ 51,172.9
	=====	=====

<FN>

See notes to financial statements

</FN>

</TABLE>

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<TABLE>
CONSOLIDATED BALANCE SHEET (continued)
<CAPTION>
December 31

	1998 (Amounts in millions) <C>	1997 (Amounts in millions) <C>
Liabilities and stockholders' equity		
Life insurance policy liabilities	\$ 30,336.3	\$ 30,141.9
Notes and loans payable, principally of finance subsidiaries, of which \$1,924.8 in 1998 and \$998.6 in 1997 matures within one year	8,197.9	6,235.3
Accounts payable and other liabilities	2,394.4	2,096.9
Income taxes, of which \$1,981.4 in 1998 and \$1,582.7 in 1997 is deferred	2,052.1	1,607.8
Separate account liabilities	9,101.0	5,494.7
Guaranteed preferred beneficial interest in Transamerica's junior subordinated debentures	715.0	715.0
Stockholders' equity:		
Common stock (\$1 par value):		
Authorized-300,000,000 shares		
Outstanding-124,490,670 in 1998 and 125,808,216 shares in 1997, after deducting 34,986,254 and 33,668,708 shares in treasury in 1998 and 1997	124.5	125.8
Retained earnings	3,693.1	3,267.9
Components of other cumulative comprehensive income:		
Net unrealized gain from investments marked to fair value	1,943.4	1,533.6
Foreign currency translation adjustments	(55.1)	(46.0)
	-----	-----
	5,705.9	4,881.3
	-----	-----
	\$ 58,502.6	\$ 51,172.9
	=====	=====

<FN>
See notes to financial statements
</FN>
</TABLE>

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<TABLE>
CONSOLIDATED STATEMENT OF INCOME
<CAPTION>
December 31

	1998 (Amounts in millions except for per share data) <C>	1997 (Amounts in millions except for per share data) <C>	1996 (Amounts in millions except for per share data) <C>
Revenues			
Investment income	\$ 2,273.6	\$ 2,191.4	\$ 2,092.3
Life insurance premiums and related income	1,847.0	1,818.0	1,692.0
Finance charges and other fees	705.1	522.5	457.9
Leasing revenues	732.5	758.7	689.1
Real estate and tax service revenues	369.7	302.6	255.7
Gain on investment transactions	361.8	67.1	39.2
Other	138.9	66.2	85.5
	-----	-----	-----
	6,428.6	5,726.5	5,311.7
Expenses			
Life insurance benefits	2,878.0	2,810.9	2,649.7
Life insurance underwriting, acquisition and other expenses	720.8	734.9	638.8
Leasing operating and maintenance costs	456.8	449.9	384.3
Interest and debt expense	429.1	420.9	396.5
Provision for losses on receivables	53.0	18.1	10.2
Other, including administrative and general expenses	827.7	630.0	570.6
	-----	-----	-----
	5,365.4	5,064.7	4,650.1
	-----	-----	-----
Income taxes	1,063.2	661.8	661.6
	356.2	129.8	160.1
	-----	-----	-----
Income from continuing operations	707.0	532.0	501.5
Income (loss) from discontinued operations		261.8	(45.2)

Net income	\$ 707.0	\$ 793.8	\$ 456.3
Earnings per share of common stock Basic:			
Income from continuing operations	\$ 5.65	\$ 4.06	\$ 3.64
Income (loss) from discontinued operations		2.02	(0.34)
Net income	\$ 5.65	\$ 6.08	\$ 3.30
Diluted:			
Income from continuing operations	\$ 5.44	\$ 3.93	\$ 3.55
Income (loss) from discontinued operations		1.96	(0.33)
Net income	\$ 5.44	\$ 5.89	\$ 3.22

<FN>
See notes to financial statements
</FN>
</TABLE>

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<TABLE>
CONSOLIDATED STATEMENT OF CASH FLOWS
<CAPTION>
December 31

	1998	1997	1996
		(Amounts in millions)	
<S>	<C>	<C>	<C>
Operating activities			
Income from continuing operations	\$ 707.0	\$ 532.0	\$ 501.5
Adjustments to reconcile income from continuing operations to net cash provided by operating activities:			
Increase in insurance related liabilities, excluding policyholder balances on interest-sensitive policies	993.9	1,108.8	1,042.9
Amortization of policy acquisition costs	427.2	256.3	268.8
Policy acquisition costs deferred	(524.8)	(467.7)	(388.0)
Depreciation and amortization	354.9	342.0	318.5
Other	(77.4)	(367.9)	(329.3)
Net cash provided by operating activities	1,880.8	1,403.5	1,414.4
Investing activities			
Finance receivables originated	(23,035.0)	(16,136.9)	(13,543.0)
Finance receivables collected	21,245.8	16,917.6	12,864.7
Purchase of investments	(7,539.2)	(10,609.4)	(7,990.4)
Sales and maturities of investments	7,433.3	9,132.8	6,153.8
Purchase of finance receivables from Whirlpool Financial Corporation	(386.3)	(881.9)	
Proceeds from the sale of and cash transactions with discontinued operations	14.9	4,413.2	1,021.8
Other	(393.1)	(363.4)	(77.1)
Net cash provided (used) by investing activities	(2,659.6)	2,472.0	(1,570.2)
Financing activities			
Proceeds from debt financing	4,285.2	3,370.5	6,852.4
Payments of notes and loans	(2,339.9)	(7,398.7)	(7,204.6)
Receipts from interest-sensitive policies credited to policyholder account balances	9,597.9	6,851.6	6,202.7
Return of policyholder balances on interest-sensitive policies	(10,477.6)	(6,411.2)	(5,211.0)
Proceeds from sale of capital securities of affiliates		188.6	323.9
Redemption of preferred stock		(318.8)	
Treasury stock purchases	(235.5)	(443.5)	(330.2)
Proceeds from issuance of common stock	100.4	108.3	45.6
Dividends	(125.1)	(130.3)	(149.2)
Net cash provided (used) by financing activities	805.4	(4,183.5)	529.6
Increase (decrease) in cash and cash equivalents	26.6	(308.0)	373.8
Cash and cash equivalents at beginning of year	132.9	440.9	67.1
Cash and cash equivalents at end of year	\$ 159.5	\$ 132.9	\$ 440.9

<FN>
See notes to financial statements

<TABLE>
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
<CAPTION>

	Preferred Stock =====	Common Stock =====	Additional Paid-in Capital =====	Comprehensive Income =====	Retained Earnings =====	Accumulated Other Comprehensive Income ----- Net Unrealized Gain (Loss) from Investments Marked to Fair Value -----	Foreign Currency Translation Adjustments -----
	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Balance at December 31, 1995	\$ 315.0	\$ 136.0			\$ 2,798.0	\$ 1,079.9	\$ (29.0)
Comprehensive income							
Net income				\$ 456.3	456.3		
Other comprehensive income, net of tax:							
Unrealized losses from investments marked to fair value				(269.2)		(269.2)	
Reclassification adjustment for gains included in net income				(26.3)		(26.3)	
Foreign currency translation adjustments				1.0			1.0
Comprehensive income				\$ 161.8			
Dividends declared on common stock					(132.2)		
Dividends declared on preferred stock					(17.0)		
Common stock issued		4.8	\$ 155.9				
Treasury stock purchased		(8.8)	(72.9)		(250.9)		
Balance at December 31, 1996	315.0	132.0	83.0		2,854.2	784.4	(28.0)
Comprehensive income							
Net income				\$ 793.8	793.8		
Other comprehensive income, net of tax:							
Unrealized gains from investments marked to fair value				791.5		791.5	
Reclassification adjustment for gains included in net income				(42.3)		(42.3)	
Foreign currency translation adjustments				(18.0)			(18.0)
Comprehensive income				\$ 1,525.0			
Dividends declared on common stock					(127.7)		
Dividends declared on preferred stock					(2.6)		
Common stock issued		2.8	106.9				
Treasury stock purchased		(9.0)	(186.1)		(249.8)		
Redemption of preferred stock	(315.0)		(3.8)				
Balance at December 31, 1997		125.8			3,267.9	1,533.6	(46.0)
Comprehensive income							
Net income				\$ 707.0	\$ 707.0		
Other comprehensive income, net of tax:							
Unrealized gains from investments marked to fair value				641.0		641.0	
Reclassification adjustment for gains included in net income				(231.2)		(231.2)	
Foreign currency translation adjustments				(9.1)			(9.1)
Comprehensive income				\$ 1,107.7			
Dividends declared on common stock					(125.1)		
Common stock issued		2.7	97.7				
Treasury stock purchased		(4.0)	(97.7)		(156.7)		
Balance at December 31, 1998	\$	\$ 124.5	\$		\$ 3,693.1	\$ 1,943.4	\$ (55.1)

<FN>
See notes to financial statements
</FN>
</TABLE>

Notes to Financial Statements--December 31, 1998.

A. SIGNIFICANT ACCOUNTING POLICIES

Business

Transamerica Corporation is a financial services organization which engages, through its subsidiaries, in life insurance, commercial lending, leasing and real estate services. The United States is the primary market for the services offered by most of Transamerica's subsidiaries except for the leasing business, which operates in the container leasing business worldwide.

Consolidation

The consolidated financial statements include the accounts of Transamerica Corporation and its subsidiaries. Certain amounts reported in the consolidated financial statements are based on management estimates. Such amounts may ultimately differ from those estimates.

Investments

Investments in fixed maturities, comprising bonds, notes and redeemable preferred stocks, and investments in equity securities, comprising marketable corporate common and nonredeemable preferred stocks, are carried at fair value. Fair value for actively traded securities is based on quoted market prices. For fixed maturity securities that are not actively traded, fair value is estimated using information obtained from independent pricing services.

Changes to the carrying amount of fixed maturity and equity securities are included in stockholders' equity. Realized gains and losses on investment transactions are determined generally on a specific identification basis and reflected in earnings on the trade date. Cost for equity securities is based on the original purchase price. For fixed maturities cost is adjusted for amortization of any discount or premium.

Cash and Cash Equivalents

Cash and cash equivalents include money market funds and marketable securities with original maturities of three months or less except for such securities held by the life insurance operation which are included in short-term investments.

Depreciation and Amortization

Property and equipment, which are stated on the basis of cost, are depreciated by use of the straight-line method over their estimated useful lives. Other intangible assets, principally renewal, referral and other rights incident to businesses acquired, are amortized over estimated future benefit periods ranging from five to 25 years in proportion to acquired gross profits. Goodwill is amortized over periods up to 40 years.

Income Taxes

Transamerica provides deferred taxes based on enacted tax rates in effect on the dates temporary differences between the book and tax bases of assets and liabilities reverse.

Life Insurance

The accounts of the life insurance operation have been included in the consolidated financial statements on the basis of generally accepted accounting principles which differ in some respects from those followed in reports to regulatory authorities.

Life insurance premiums are generally recognized as earned over the premium-paying periods, with reserves for future benefits established from such premiums on a net-level premium method based upon estimated investment yields, withdrawals, mortality and other assumptions which were appropriate at the time the policies were issued. Premiums and deposits for universal life and other interest-sensitive life insurance products that do not involve significant mortality or morbidity risk are recorded as liabilities. Costs of acquiring new

life insurance business, principally commissions and certain variable underwriting and field office expenses, all of which vary with and are primarily

related to the production of new business, are deferred. Deferred policy acquisition costs for universal life and other interest-sensitive life insurance products are amortized in proportion to the present value of gross profit. Deferred policy acquisition costs for traditional life insurance products are amortized over the premium-paying period of the related policies in proportion to premium revenue recognized. Although realization of the benefits associated with deferred policy acquisition costs is not assured, management believes it is more likely than not that such amounts will be realized. Adequate provision is made for reported and unreported claims and related expenses.

Finance

Finance charges are generally recognized as earned on an effective yield method, except that accrual of finance charges is suspended on accounts that become past due contractually in excess of 90 days.

Leasing revenues are recognized in the period earned. Transamerica's tax service operation recognizes revenue as new contracts are received and defers a portion of that revenue sufficient to cover the future service liability over the average life of the loan portfolio serviced. The average life of the portfolio is determined using historical data on the payment of loans serviced. Effective January 1, 1999 Transamerica plans to adopt prospectively a new policy of recognizing revenue. Although the exact method has not yet been determined, we anticipate that the change will result in a reduction of revenue recorded in the year a contract is executed, the effect of which will be offset by increased recognition of deferred revenue in future years.

Derivatives

Transamerica uses derivative financial instruments to hedge some of its interest rate and foreign exchange rate risks. The cost of each derivative contract is amortized over the life of the contract. The amortization is classified with the results of the underlying hedged item. Certain contracts are designated as hedges of specific assets within the investment portfolio and to the extent those investments are marked to market, the hedge contracts are also marked to market through stockholders' equity and included as an adjustment to the underlying asset value. Other contracts are designated and accounted for as hedges of certain of Transamerica's liabilities and outstanding indebtedness and are not marked to market. Gains or losses on terminated hedges are deferred and amortized over the remaining life of the hedged item.

When an asset or liability which is hedged by a derivative contract is sold or otherwise disposed of, the derivative contract is either reassigned to hedge another asset or liability or closed out, and any gain or loss recognized.

Stock Based Compensation

Transamerica accounts for stock based compensation under the provisions of Accounting Principles Board Opinion No. 25.

New Accounting Standards

In 1998, the Financial Accounting Standards Board issued Statement No. 133, Accounting for Derivative Instruments and Hedging Activities. This statement establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. Transamerica is required to adopt this statement as of January 1, 2000. The effect on Transamerica's financial statements of adopting this standard is uncertain at this time.

Stock Distribution

On January 15, 1999 Transamerica effected a two-for-one stock split in the form of a special stock distribution to stockholders of record as of December 31, 1998. All share, per share, Common Stock, and stock option amounts herein have been restated to reflect the effect of this split.

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B. FINANCIAL INSTRUMENTS

Guaranteed Preferred Beneficial Interests in Transamerica's Junior Subordinated Debentures

In November 1997, an affiliate of Transamerica issued \$190 million of 7.625% cumulative Capital Trust Pass-through Securities payable November 15, 2037. In November 1996, two affiliates of Transamerica issued \$100 million of 7.80% and \$225 million of 7.65% cumulative Capital Trust Pass-through Securities payable December 1, 2026. The fair value of these obligations at December 31, 1998 was \$544 million.

The \$100 million, 7.80% issue may be redeemed in whole or in part, on or

after December 1, 2006.

In October 1994, an affiliate of Transamerica issued \$200 million of 9.125% cumulative Monthly Income Preferred Securities payable October 25, 2024. The affiliate may redeem the outstanding Monthly Income Preferred Securities, in whole or in part, on or after October 25, 1999. Dividends on the outstanding Monthly Income Preferred Securities are cumulative and payable monthly in arrears. The fair value of these obligations at December 31, 1998 was \$205 million.

Transamerica has guaranteed in full any accrued and unpaid dividends declared, or the redemption price including accrued and unpaid dividends, if the securities are redeemed by the affiliate for each of the Capital Trust Pass-through Securities issues and the Monthly Income Preferred Securities.

Dividends on the Capital Trust Pass-through Securities and Monthly Income Preferred Securities are reported in the consolidated statement of income as a component of other expense.

Fair Value of Investment Contracts

Investment-type contracts are included in life insurance policy liabilities. Fair value of investment-type contracts is estimated using discounted cash flow calculations, based on interest rates currently being offered for similar contracts. The carrying amounts and estimated fair values of the liabilities for investment-type contracts at December 31, 1998 and 1997 were:

	Carrying Value (Amounts in millions)	Estimated Fair Value
December 31, 1998		
Single and flexible premium deferred annuities	\$ 6,180.3	\$ 5,828.9
Single premium immediate annuities	4,382.4	5,305.7
Guaranteed investment contracts	3,112.9	3,183.3
Other deposit contracts	4,616.1	4,624.0
	-----	-----
	\$ 18,291.7	\$ 18,941.9
	=====	=====
December 31, 1997		
Single and flexible premium deferred annuities	\$ 6,780.0	\$ 6,261.7
Single premium immediate annuities	4,361.3	5,122.5
Guaranteed investment contracts	3,211.8	3,265.4
Other deposit contracts	4,944.9	4,992.9
	-----	-----
	\$ 19,298.0	\$ 19,642.5
	=====	=====

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Notes and Loans Payable

The weighted average interest rate on short-term borrowings at December 31, 1998 and 1997 was 5.22% and 5.81%.

<TABLE>

Assets with a net book value of \$336.6 million at December 31, 1998, consisting primarily of land, buildings and equipment, are collateral for certain of the below debt.

<CAPTION>

	1998 (Amounts in millions)	1997
	<C>	<C>
<S>		
Transamerica Finance Corporation:		
Short-term bank loans, commercial paper and current portion of long-term debt	\$ 1,924.5	\$ 890.8
Long-term debt due subsequent to one year:		
Notes and debentures; interest at 4.85% to 9.85%; maturing through 2028	2,731.2	2,510.6
Notes and debentures; interest at 13.8% to 14.77%; maturity value of \$582.8 million; maturing through 2012	194.9	182.4
Commercial paper and other notes at various interest rates and terms supported by a credit agreement expiring in 2002	2,726.0	1,793.7
Subordinated notes and debentures; interest at 6.05% to 9.95%; maturing through 2003	222.0	433.2
Loans due to parent company	-----	214.5
	7,798.6	6,025.2
Parent Company and Other Subsidiaries:		
Short-term bank loans, commercial paper and current portion of long-term debt	0.3	107.8
Long-term debt due subsequent to one year:		
Notes and debentures, net of discounts; interest at 6.75% to 10%; maturing through 2020	316.5	316.8
Commercial paper and other notes at various interest rates and terms supported by a credit agreement expiring in 2002	82.5	

-----	-----
399.3	210.1
-----	-----
\$ 8,197.9	\$ 6,235.3
=====	=====

</TABLE>

The aggregate annual maturities for the four years subsequent to December 31, 1999 are \$0.6 billion in 2000, \$1.4 billion in 2001, \$3 billion in 2002 and \$0.4 billion in 2003.

Under a credit agreement with various banks, Transamerica and its subsidiaries had the ability to borrow up to \$3.5 billion with interest at variable rates at December 31, 1998. There were no borrowings outstanding under this credit line at that date. This credit agreement, which expires in 2002, requires a fee on the commitment.

Transamerica and its subsidiaries use interest rate swap agreements to hedge the interest rate sensitivity of a portion of outstanding indebtedness.

Interest payments, net of amounts received from interest rate swap agreements, totaled \$428.9 million in 1998, \$548.8 million in 1997 and \$705 million in 1996.

The estimated fair value of notes and loans payable, using rates currently available for debt with similar terms and maturities, was \$8.5 billion at December 31, 1998 and \$6.6 billion at December 31, 1997.

Concentration of Risk and Fair Value of Receivables

Transamerica's commercial lending operation engages in the extension of credit to individuals and businesses through a variety of services. These services include inventory financing, asset-based lending, retail financing, accounts receivable financing and equipment finance and leasing. The majority of these loans is secured by the assets being financed. The risk associated with that credit is subject to economic, competitive and other influences. While a

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substantial portion of the risk is diversified, certain borrowers are concentrated in one industry or geographic area.

The finance receivables portfolio represents lending arrangements with approximately 470,000 customers. At December 31, 1998, the portfolio included 17 customers with individual balances in excess of \$25 million. These accounts in total represented 14% of total net finance receivables outstanding at December 31, 1998.

The estimated fair values of the fixed rate finance loans and long-term variable rate loans are based on the discounted value of the future cash flows expected to be received using available secondary market prices for securities backed by similar loans after adjustment for differences in loan characteristics. In the absence of readily available market prices, the expected future cash flows are discounted at effective rates currently offered by Transamerica for similar loans. For short-term variable rate loans, which comprise the majority of the loan portfolio, the carrying amount represents a reasonable estimate of fair value.

The carrying amounts and estimated fair values of the finance receivable portfolio at December 31, 1998 and 1997 were:

	Carrying Value	Estimated Fair Value
	(Amounts in millions)	
December 31, 1998		
Fixed rate receivables	\$ 2,183.7	\$ 2,252.6
Variable rate receivables	4,114.7	4,114.7
	-----	-----
	\$ 6,298.4	\$ 6,367.3
	=====	=====
December 31, 1997		
Fixed rate receivables	\$ 1,248.0	\$ 1,275.3
Variable rate receivables	2,655.3	2,660.5
	-----	-----
	\$ 3,903.3	\$ 3,935.8
	=====	=====

<TABLE>

Investments

The cost and fair value of fixed maturities and equity securities at December 31, 1998 and 1997 were:

	Cost	Gross Unrealized Gains (Amounts in millions)	Gross Unrealized Losses	Fair Value
<S>	<C>	<C>	<C>	<C>
December 31, 1998				
U.S. Treasury securities and obligations of U.S. government authorities and agencies	\$ 298.1	\$ 112.7		\$ 410.8
Obligations of states and political subdivisions	259.2	25.5		284.7
Foreign governments	120.4	9.5	\$ 7.8	122.1
Corporate securities	18,793.8	1,729.7	168.0	20,355.5
Mortgage-backed securities	2,988.7	304.1	3.3	3,289.5
Public utilities	3,952.7	426.3	2.3	4,376.7
Redeemable preferred stock	163.7	17.3	10.9	170.1
Total fixed maturities	\$ 26,576.6	\$ 2,625.1	\$ 192.3	\$ 29,009.4
Equity securities	\$ 605.7	\$ 1,597.4	\$ 15.2	\$ 2,187.9

</TABLE>

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<TABLE>

<CAPTION>

	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
<S>	<C>	<C>	<C>	<C>
December 31, 1997				
U.S. Treasury securities and obligations of U.S. government authorities and agencies	\$ 274.5	\$ 78.4		\$ 352.9
Obligations of states and political subdivisions	243.6	19.0		262.6
Foreign governments	139.7	9.1	\$ 1.8	147.0
Corporate securities	18,420.5	1,475.0	58.2	19,837.3
Mortgage-backed securities	3,798.1	342.8	2.0	4,138.9
Public utilities	4,018.8	340.6	0.8	4,358.6
Redeemable preferred stock	95.2	28.0	9.7	113.5
Total fixed maturities	\$ 26,990.4	\$ 2,292.9	\$ 72.5	\$ 29,210.8
Equity securities	\$ 642.7	\$ 980.6	\$ 15.8	\$ 1,607.5

</TABLE>

The cost and fair value of fixed maturities at December 31, 1998 by contractual maturity, were:

	Cost (Amounts in millions)	Fair Value (Amounts in millions)
Due in one year or less	\$ 838.1	\$ 846.2
Due after one year through five years	3,521.1	3,684.5
Due after five years through ten years	6,180.9	6,565.4
Due after ten years	13,047.8	14,623.8
Mortgage-backed securities	23,587.9	25,719.9
	2,988.7	3,289.5
	\$ 26,576.6	\$ 29,009.4

Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

The carrying values and estimated fair values of investments in mortgage loans on real estate and loans to life insurance policyholders at December 31, 1998 and 1997 were:

	Carrying Value (Amounts in millions)	Estimated Fair Value
December 31, 1998		
Mortgage loans on real estate	\$ 718.6	\$ 870.4
Loans to life insurance policyholders	\$ 455.5	\$ 432.9
December 31, 1997		
Mortgage loans on real estate	\$ 684.3	\$ 774.6

Loans to life insurance policyholders \$ 451.0 \$ 427.9
 =====

The fair values for mortgage loans on real estate and policyholder loans are estimated using discounted cash flow calculations, based on interest rates currently being offered for similar loans to borrowers with similar credit ratings. Loans with similar characteristics are aggregated for calculation purposes.

Gain on investment transactions, included in consolidated revenues, comprised:

	1998	1997	1996
	(Amounts in millions)		
Net gain on sale of investments	\$ 567.6	\$ 75.7	\$ 81.9
Provision for impairment in value	(47.8)	(17.5)	(9.1)
Amortization of deferred policy acquisition costs	(158.0)	8.9	(33.6)
	-----	-----	-----
	\$ 361.8	\$ 67.1	\$ 39.2
	=====	=====	=====

Proceeds from sales of fixed maturities and equity securities were \$7.3 billion in 1998, \$9.1 billion in 1997 and \$5.9 billion in 1996. Gross gains of \$622.8 million in 1998, \$198.2 million in 1997 and \$119.8 million in 1996, and

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gross losses of \$61.2 million in 1998, \$126 million in 1997 and \$41.3 million in 1996 were realized on those sales.

Transamerica and its subsidiaries use interest rate exchange and other agreements to hedge the interest rate sensitivity of a portion of its fixed maturity investments.

The net unrealized gain included in stockholders' equity as a result of marking the fixed maturities and equity securities to fair value at December 31, 1998 and 1997 were:

	1998	1997
	(Amounts in millions)	
Net unrealized gain on fixed maturities	\$ 2,302.1	\$ 2,143.0
Net unrealized gain on equity securities	1,582.2	964.8
Net unrealized gain on derivative instruments which hedge a portion of investments in fixed maturities	130.7	77.4
Adjustment to deferred policy acquisition costs	(633.8)	(546.1)
Adjustment to life insurance policy liabilities	(391.3)	(281.0)
Deferred income taxes	(1,046.5)	(825.8)
Other assets		1.3
	-----	-----
	\$ 1,943.4	\$ 1,533.6
	=====	=====

Derivatives

The operations of Transamerica are subject to risk of interest rate fluctuations to the extent that there is a difference between the cash flows from Transamerica's interest-earning assets and the cash flows related to its liabilities that mature or are repriced in specified periods. In the normal course of its operations, Transamerica hedges some of its interest rate risk with derivative financial instruments. These derivatives comprise primarily interest rate swap agreements, interest rate floor agreements and options to enter into interest rate swap agreements (swaptions). Transamerica does not use derivative financial instruments for trading or speculative purposes, nor is Transamerica a party to any leveraged derivative contracts. While Transamerica is exposed to credit risk in the event of nonperformance by the other party, the likelihood of nonperformance is considered low due to the high credit rating of the counterparties. At December 31, 1998 and 1997, all of Transamerica's derivative financial instruments were with financial institutions rated A or better by one or more of the major credit rating agencies.

Asset and Liability Hedges

Interest rate floor agreements purchased by Transamerica provide for the receipt of payments in the event interest rates fall below specified levels. Interest rate floors are intended to mitigate Transamerica's risk of reinvesting the cash flow it receives from calls and redemptions on its investment portfolio at lower interest rates. Transamerica purchases swaptions, which help manage the risk of interest rate fluctuations by providing an option to enter into an interest rate swap in the event of unfavorable interest rate movements. Interest rate swap agreements are intended to help Transamerica more closely match the cash flow received from its assets to the payments on its liabilities, and

generally provide that one party pays interest at a floating rate in relation to movements in an underlying index and the other party pays interest at a fixed rate.

At December 31, 1998 and 1997, the unamortized cost of the instruments that hedge assets was \$83.6 million and \$73 million, and the fair value of these asset hedges comprised gross obligations to counterparties of \$26.6 million and \$19 million and gross benefits from counterparties of \$240.9 million and \$169.4 million. The net unrealized gain (loss) on derivative contracts that hedge assets is included in stockholders' equity. At December 31, 1998 and 1997 the net after tax unrealized gain included in stockholders' equity from marking asset hedges to fair value was \$85 million and \$50.3 million.

The net present value of the liability hedges offsets changes in the fair value of the hedged liabilities, which are also carried at amortized cost. The fair value of the liability hedges at December 31, 1998 and 1997 were gross obligations of \$5.8 million and \$6.3 million and gross benefits of \$123.2 million and \$68.6 million resulting in net benefits from counterparties of \$117.4 million and \$62.3 million.

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<TABLE>

At December 31, 1998 and 1997 derivative hedges comprised:

<CAPTION>

Asset Hedges	Notional Amount	Weighted Avg. Fixed Interest Rate	Weighted Avg. Floating Interest Rate
<S>	<C>	<C>	<C>
(Dollar amounts in millions)			
1998			
Interest rate swap agreements -Transamerica receives:			
Floating rate interest income, pays fixed rate interest expense	\$ 471.9	5.6%	6.0%
Fixed rate interest income, pays floating rate interest expense	\$ 325.0	6.5%	5.4%
Floating rate interest income based on one index (5.87%) and pays floating rate interest expense based on another index (4.91%)	\$ 147.6		
Interest rate floor agreements	\$ 560.5	6.5%	
Swaptions	\$ 8,370.0	4.3%	
S&P call options	\$ 35.6		
Cross currency swaps and foreign interest rate swaps	\$ 106.1		
1997			
Interest rate swap agreements -Transamerica receives:			
Floating rate interest income, pays fixed rate interest expense	\$ 366.4	6.0%	5.9%
Fixed rate interest income, pays floating rate interest expense	\$ 275.0	6.5%	5.9%
Floating rate interest income based on one index (5.86%) and pays floating rate interest expense based on another index (4.23%)	\$ 324.2		
Interest rate floor agreements	\$ 560.5	6.5%	
Swaptions	\$ 8,401.0	4.3%	
S&P call options	\$ 28.8		
Cross currency swaps and foreign interest rate swaps	\$ 62.7		
Liability Hedges			
1998			
Interest rate swap agreements - Transamerica pays:			
Floating rate interest expense, receives fixed rate interest income	\$ 3,987.2	5.5%	5.4%
Fixed rate interest expense, receives floating rate interest income	\$ 450.5	5.2%	5.5%
Floating rate interest expense based on one index (5.29%) and receives floating rate interest income based on another index (4.93%)	\$ 362.7		
Swaptions	\$ 100.0	7.4%	
Cross currency swaps and foreign interest rate swaps	\$ 28.6		
1997			
Interest rate swap agreements - Transamerica pays:			
Floating rate interest expense, receives fixed rate interest income	\$ 3,452.2	6.3%	5.8%
Fixed rate interest expense, receives floating rate interest income	\$ 80.5	6.2%	5.8%
Floating rate interest expense based on one index (5.91%) and receives floating rate interest income based on another index (5.80%)	\$ 289.0		
Swaptions	\$ 150.0	7.0%	
Cross currency swaps and foreign interest rate swaps	\$ 76.0		

</TABLE>

C. BUSINESS SEGMENT INFORMATION

Business segment data, as required by Statement of Financial Accounting Standards No. 131, Disclosures about Segments of an Enterprise and Related Information, for each of the years in the three year period ended December 31, 1998 included in the tables in Item 7 are an integral part of these financial statements.

	1998	1997	1996
	(Amounts in millions)		
Revenues			
Life insurance	\$ 4,367.5	\$ 4,029.4	\$ 3,793.6
Commercial lending	712.8	515.5	432.8
Leasing	816.5	797.8	765.6
Real estate services	550.7	416.0	356.9
Other	(18.9)	(32.2)	(37.2)
	-----	-----	-----
	\$ 6,428.6	\$ 5,726.5	\$ 5,311.7
	=====	=====	=====
Assets			
Life insurance	\$ 46,185.9	\$ 41,387.3	\$ 36,482.0
Commercial lending	6,495.4	4,613.2	4,023.5
Leasing	4,108.1	3,929.4	3,928.5
Real estate services	2,336.7	1,734.3	1,531.5
Other (1)	(623.5)	(491.3)	3,965.7
	-----	-----	-----
	\$ 58,502.6	\$ 51,172.9	\$ 49,931.2
	=====	=====	=====

(1) In 1997 Transamerica sold its branch-based consumer lending operation. At December 31, 1996 net assets of discontinued operations were \$4,326.2 million.

D. INCOME TAXES

The provision (benefit) for income taxes on income from continuing operations comprised:

	1998	1997	1996
	(Amounts in millions)		
Federal current	\$ 103.2	\$ (52.2)	\$ 24.8
Federal deferred	227.5	153.9	111.0
State	10.1	1.7	9.1
Foreign	15.4	26.4	15.2
	-----	-----	-----
	\$ 356.2	\$ 129.8	\$ 160.1
	=====	=====	=====

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the deferred tax assets and liabilities as of December 31, 1998 and 1997 were:

	1998	1997
	(Amounts in millions)	
Deferred tax assets:		
Allowance for losses	\$ 40.9	\$ 36.2
Impairment of investments	36.7	33.1
Life insurance policy liabilities	520.8	614.2
Accrued expenses	127.0	161.6
Loss and tax credit carryforward	63.3	
Other	63.6	27.3
	-----	-----
	852.3	872.4
Deferred tax liabilities:		
Deferred policy acquisition costs	807.2	783.7
Accelerated depreciation	700.9	674.7
Unrealized gain on marking investments to fair value	1,046.5	825.8
Discount amortization on notes and loans payable	96.6	76.9
Direct finance and sales type leases	92.9	50.1
Other	89.6	43.9
	-----	-----
	2,833.7	2,455.1
	-----	-----
Net deferred tax liability	\$ 1,981.4	\$ 1,582.7
	=====	=====

The difference between federal income taxes on income from continuing operations computed at the statutory rate and the provision for income taxes

was:

	1998	1997	1996
	(Amounts in millions)		
Federal income taxes at statutory rate	\$ 372.1	\$ 231.6	\$ 231.6
Prior year items	(6.5)	(80.2)	(63.8)
Tax credits	(26.7)	(22.9)	(20.8)
Other	17.3	1.3	13.1
	-----	-----	-----
	\$ 356.2	\$ 129.8	\$ 160.1
	=====	=====	=====

Income tax payments totaled \$37.5 million in 1998, \$3.1 million in 1997 and \$97.5 million in 1996. Pretax income from foreign operations was \$63.1 million in 1998, \$66.4 million in 1997 and \$36.9 million in 1996.

<TABLE>
E. COMPREHENSIVE INCOME

The components of other comprehensive income in the statement of stockholders' equity are shown net of the following tax provision (benefit):

	1998	1997	1996
	<C>	<C>	<C>
	(Amounts in millions)		
Income tax effect on components of other comprehensive income:			
Unrealized holding gains (losses) from investments marked to fair value	\$ 345.2	\$ 426.2	\$ (145.0)
Reclassification adjustment for (gains) losses included in net income	(124.5)	(22.8)	(14.1)
Foreign currency translation adjustments	(4.9)	(9.7)	0.5
	-----	-----	-----
Income tax effect on other comprehensive income:	\$ 215.8	\$ 393.7	\$ (158.6)
	=====	=====	=====

</TABLE>

<TABLE>
F. CALCULATION OF EARNINGS PER SHARE OF COMMON STOCK
<CAPTION>

	1998		1997		1996	
	Income	Per-Share Shares	Income	Per-Share Shares	Income	Per-Share Shares
	(Amounts in millions except for per share data)					
	<C>	<C>	<C>	<C>	<C>	<C>
Income from continuing operations	\$ 707.0		\$ 532.0		\$ 501.5	
Preferred dividends			(2.6)		(17.0)	
Preferred stock purchase premium			(3.8)			
	-----		-----		-----	
BASIC EPS						
Income from continuing operations available to common stockholders	707.0	125.2	525.6	129.4	484.5	133.2
Dilutive effects of stock options		4.7	(0.21)		(0.13)	3.3
	-----	-----	-----	-----	-----	-----
DILUTED EPS						
Income from continuing operations available to common stockholders	\$ 707.0	129.9	\$ 525.6	133.6	\$ 484.5	136.5
	=====	=====	=====	=====	=====	=====

</TABLE>

G. CAPITAL STOCK

At December 31, 1998, 1,200,000 shares of preferred stock (\$100 par value) and 5,000,000 shares of preference stock (without par value) were authorized but unissued.

At December 31, 1996 Transamerica had outstanding 2,250 shares of Dutch Auction Rate Transferable Securities Preferred Stock (DARTS) (\$100 par value, \$100,000 liquidation value) in Series A-1, B-1 and C-1 of 750 shares each. In December 1996, Transamerica announced the redemption of all of the outstanding DARTS. The redemption was completed in February 1997.

Transamerica also had outstanding 3,601,827 depository shares at December 31, 1996, each of which represented a 1/20 interest in a share of Series D Preferred Stock (\$100 par value, \$500 liquidation preference). In February 1997, Transamerica completed the redemption of all its Series D Preferred Stock.

In October 1996, Transamerica acquired Trans Ocean Ltd. in exchange for approximately 3.2 million shares (\$112.7 million) of Transamerica common stock.

H. RETAINED EARNINGS RESTRICTIONS

Under certain circumstances, the provisions of loan agreements and statutory requirements place limitations on the amount of funds which can be remitted to Transamerica by its consolidated subsidiaries. Of the net assets of Transamerica's consolidated subsidiaries, as adjusted for intercompany account balances, at December 31, 1998 approximately \$4.6 billion is so restricted, and \$0.7 billion is free for remittance to Transamerica subject to investment and operating requirements.

I. STOCK OPTIONS

Transamerica has elected to follow Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" (APB 25) and related Interpretations in accounting for stock-based compensation because, as discussed below, the alternative fair value accounting provided for under FASB Statement No. 123, "Accounting for Stock-Based Compensation," requires use of option valuation models that were not developed for use in valuing employee stock options.

At December 31, 1998, under Transamerica's stock option plans, 31,660,604 shares of common stock (34,332,104 shares at December 31, 1997) were reserved principally for sale to key employees of the Corporation and subsidiaries. Except as noted below for the 1995 Performance Stock Option Plan and a portion of the January 1999 grant, all options granted have 10 year terms and vest and become exercisable ratably over four years. Options were exercised for 2,671,900 shares in 1998, 2,864,820 shares in 1997 and 1,557,596 shares in 1996, at aggregate option prices of \$67.8 million, \$59.9 million and \$31 million. In January 1999, Transamerica's board of directors approved 2,319,900 options for grant at an option price equal to market value on the date granted and options priced above fair market value on the date of grant of 20,000 with an exercise price of \$62.50 and 30,000 with an exercise price of \$75.

In April 1995, the stockholders approved the 1995 Performance Stock Option Plan and in April 1998, approved an amendment to it, and under the terms of the Plan, Transamerica has made premium-priced grants of nonqualified stock options totaling 12.2 million shares. Transamerica's share price on the date of the initial grant was \$25.38. Options for 2,050,000 shares were granted at an exercise price of \$30 per share, which vest ratably on the third, fourth and fifth anniversaries of the date of grant. Options for 2,650,000 shares were granted with an exercise price of \$41 per share all of which vested in 1997, and options for 5,300,000 shares were granted with an exercise price of \$50 per share, of which 4,800,000 vested in 1997 resulting in compensation expense of \$4.9 million after tax. In 1998, options for 210,000 shares were granted at an exercise price of \$62.50 per share. These premium-priced options vest annually in three equal instalments beginning on the third anniversary of the date of grant and have terms ending ten years from the date of grant. Also in 1998, options for 2,890,000 shares were granted with an exercise price of \$75.00 per share. These options will become exercisable only if (i) the reported closing price of Transamerica's common stock is at least \$75.00 per share on ten days within any period of 30 consecutive trading days ending on or before the fifth anniversary of the date of grant and (ii) by or after the time the preceding condition is met, but no later than the tenth anniversary of the date of grant, Transamerica's total return to stockholders is at or above the median stockholder return for the S&P Financial Index excluding banks and savings and loan institutions. If these options become exercisable, they will have terms ending ten years from the date of grant. Options for 460,000 shares in 1997, and 160,000 shares in 1996 were cancelled due to forfeiture. Forfeited options may be reissued.

Pro forma information regarding net income and earnings per share is required by Statement 123, which also requires the information be determined as if Transamerica had accounted for its employee stock options granted subsequent to December 31, 1994 under the fair value method of that Statement. The fair value for these options was estimated at the date of grant using a Black-Scholes option pricing model with the following weighted-average assumptions for 1998, 1997 and 1996: risk-free interest rate of 5.20%, 6.31% and 5.14%; dividend yields of 1.8%, 2.3% and 2.6%; volatility factors of the expected market price of Transamerica's common stock of 0.198, 0.185 and 0.175; and a weighted-average expected option life of four years.

In management's opinion, existing stock option valuation models do not provide an entirely reliable measure of the fair value of nontransferable employee stock options with vesting provisions.

<TABLE>

The following table presents pro forma disclosures as if the estimated fair value of the options is recognized ratably in income from continuing operations over the options' vesting period.

<CAPTION>

	1998	1997	1996
	(Amounts in millions except per share data)		
	<C>	<C>	<C>
Pro forma income from continuing operations (1)	\$ 696.8	\$ 527.5	\$ 496.5
Pro forma basic earnings per share from continuing operations (1)	\$ 5.57	\$ 4.03	\$ 3.60
Pro forma diluted earnings per share from continuing operations (1)	\$ 5.36	\$ 3.90	\$ 3.51

<FN>

(1) As Statement 123 is applicable to options granted subsequent to December 31, 1994, the full effect of its implementation was not reflected in pro forma disclosures until 1998.

</FN>

</TABLE>

<TABLE>

Transamerica's stock option activity and related information for the years ended December 31 follow:

<CAPTION>

	1998		1997		1996	
	-----		-----		-----	
	Options	Weighted Average	Options	Weighted Average	Options	Weighted Average
	(000's)	Exercise Price	(000's)	Exercise Price	(000's)	Exercise Price
	<C>	<C>	<C>	<C>	<C>	<C>
Outstanding-beginning of year	23,140	\$ 35.85	24,014	\$ 33.33	23,232	\$ 31.84
Granted	7,702	66.45	3,168	43.75	3,270	38.89
Exercised	(2,672)	25.37	(2,864)	20.91	(1,556)	20.46
Forfeited	(1,203)	48.82	(1,178)	41.99	(932)	37.17
	-----	-----	-----	-----	-----	-----
Outstanding-end of year	26,967	\$ 45.04	23,140	\$ 35.85	24,014	\$ 33.33
Exercisable-end of year	15,387	\$ 37.07	15,136	\$ 35.59	8,002	\$ 21.83
Weighted average fair value of an option granted during the year, excluding the Performance Stock Option Plan		\$ 9.41		\$ 8.80		\$ 6.37
Weighted average fair value of an option granted during the year under the Performance Stock Option Plan		\$ 5.90		\$ 7.21		\$ 3.46

</TABLE>

<TABLE>

Outstanding and exercisable options at December 31, 1998:

<CAPTION>

	Options Outstanding			Options Exercisable		
	-----			-----		
	Range of Exercise Prices	Weighted Avg Remaining Contractual Life (Years)	Weighted Avg Exercise Price	Weighted Avg Exercise Price	Number Outstanding at 12/31/98 (000's)	Number Exercisable (000's)
	-----	-----	-----	-----	-----	-----
	<C>	<C>	<C>	<C>	<C>	<C>
	\$17-\$21	2.6	\$19.82	\$19.82	1,455	1,455
	\$22-\$28	5.2	25.62	25.48	4,427	4,075
	\$29-\$38	6.7	34.22	34.78	3,970	1,778
	\$39-\$75	8.2	54.71	46.53	17,115	8,079
					-----	-----
					26,967	15,387
					=====	=====

</TABLE>

J. PENSION PLANS

Transamerica Corporation and its subsidiaries have a number of noncontributory defined benefit pension plans covering most salaried employees.

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<TABLE>

A summary of the components of net periodic pension cost (benefit) follows:

<CAPTION>

1998	1997	1996
(Amounts in millions)		

<S>	<C>	<C>	<C>
Service cost-benefits earned during the period	\$ 17.4	\$ 16.7	\$ 16.7
Interest cost on projected benefit obligation	56.3	52.7	51.6
Actual return on plan assets	(345.8)	(305.7)	(164.9)
Deferral of current gains varying from expected return	254.6	228.3	97.4
Net amortization and deferrals	(15.8)	(10.3)	(0.6)
	-----	-----	-----
Total pension cost (benefit)	\$ (33.3)	\$ (18.3)	\$ 0.2
	=====	=====	=====

</TABLE>

<TABLE>

The following table sets forth the amounts recognized in the consolidated statement of financial position for the pension plans:

<CAPTION>

<S>	1998	1997
	<C>	<C>
	(Amounts in millions)	
Change in benefit obligation:		
Projected benefit obligation, including effects of future salary increases, at beginning of year	\$ 823.1	\$ 779.1
Service cost	17.4	16.7
Interest cost	56.3	52.7
Actuarial loss, principally reduced discount rate in 1998	129.4	8.5
Benefits paid	(43.9)	(33.9)
	-----	-----
Projected benefit obligation, including effects of future salary increases, at end of year (1)	982.3	823.1
	=====	=====
Change in plan assets:		
Plan assets at fair value at beginning of year	1,393.3	1,119.4
Actual return on plan assets	345.8	305.7
Asset transfer	(7.8)	
Employer contribution	2.2	2.1
Benefits paid	(35.2)	(33.9)
	-----	-----
Plan assets at fair value at end of year	1,698.3	1,393.3
	-----	-----
The excess of plan assets over projected benefit obligations	\$ 716.0	\$ 570.2
	=====	=====

</TABLE>

The excess of plan assets over projected benefit obligation comprises:

Net pension asset (liability)	\$ 27.6	\$ (6.4)
Unrecognized net gain	661.8	582.7
Unrecognized prior service cost	(9.5)	(13.2)
Adjustment required to recognize minimum liability	36.1	7.1
	-----	-----
	\$ 716.0	\$ 570.2
	=====	=====

(1) A portion of the vested benefit obligation is unconditionally guaranteed by Transamerica Occidental Life Insurance Company, a wholly owned subsidiary of Transamerica.

The projected benefit obligation was determined using a discount rate of 6% at December 31, 1998 and 7% at December 31, 1997 and an assumed rate of compensation increase of 5.5% for 1998 and 1997. The expected long-term rate of return on plan assets was 7.75% and 8.25% at December 31, 1998 and 1997. During 1997, the company recognized a curtailment gain of \$18.8 million as a result of the sale of its branch-based consumer lending operation. The projected benefit obligation and plan assets at fair value included above for Transamerica's underfunded pension plans were \$87.3 million and \$14 million as of December 31, 1998 and \$59 million and \$14.1 million at December 31, 1997.

K. COMMITMENTS AND CONTINGENCIES

In connection with the 1993 sale of Transamerica Insurance Group, a subsidiary of Transamerica assumed responsibility by means of a reinsurance agreement for certain assumed treaty reinsurance business written prior to 1986 for which it received assets which are expected to be sufficient to fund the

liquidation of the business. Transamerica has collateralized the estimated ultimate obligation of approximately \$203.5 million at December 31, 1998 by providing letters of credit aggregating \$135 million and by placing certain assets in a trust. At December 31, 1998, the fair value of the assets in the trust was \$152.5 million. Additionally, Transamerica agreed to pay up to \$89.3

million in adverse loss development on certain paid environmental losses and has provided for these losses.

Proceedings seeking rescission of reinsurance contracts in connection with business in the personal accident market in London are currently underway. The ultimate effect on the company is unknown.

Substantially all leases of Transamerica and its subsidiaries are operating leases principally for the rental of real estate. Total rental expense amounted to \$103.6 million in 1998, \$108.2 million in 1997 and \$57 million in 1996.

Contingent liabilities arising from litigation, income taxes and other matters are not expected to have a material effect on the consolidated financial position or results of operations of Transamerica and subsidiaries.

L. DISCONTINUED OPERATIONS

On June 23, 1997, Transamerica sold its branch-based consumer lending operation. Gross proceeds from the sale were \$3.9 billion, or \$1.1 billion after repayment of associated debt. In December 1997, Transamerica decided to exit the consumer lending business entirely.

The following results of the discontinued consumer lending business were included in income (loss) from discontinued operations:

	1997	1996
	(Amounts in millions)	
Revenues	\$ 290.4	\$ 759.9
Gain on sale of branch based consumer lending operation	469.0	
	-----	-----
Total revenues	759.4	759.9
Expenses	310.3	836.4
	-----	-----
Income (loss) before taxes	449.1	(76.5)
Income tax provision (benefit)	187.3	(31.3)
	-----	-----
Income (loss) from discontinued operations	\$ 261.8	\$ (45.2)
	=====	=====

M. SUBSEQUENT EVENT (Unaudited)

On February 18, 1999, Transamerica announced that it had signed a merger agreement with AEGON N.V. (AEGON) providing for AEGON's acquisition of all of Transamerica's outstanding common stock for a combination of cash and AEGON stock worth \$9.7 billion. The merger is expected to close during the summer of 1999.

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<TABLE>
 SUPPLEMENTAL FINANCIAL INFORMATION
 SELECTED QUARTERLY FINANCIAL DATA (adjusted for 2 for 1 stock split)
 <CAPTION>

1998	March 31	June 30	September 30	December 31	1998 Total
	(Dollar amounts in millions except for share data)				
<S>	<C>	<C>	<C>	<C>	<C>
Revenues	\$ 1,558.9	\$ 1,543.4	\$ 1,489.7	\$ 1,836.6	\$ 6,428.6
	=====	=====	=====	=====	=====
Income from continuing operations before investment transactions	\$ 99.0	\$ 124.3	\$ 123.0	\$ 125.7	\$ 472.0
Investment transactions	54.7	28.1	1.1	151.1	235.0
	-----	-----	-----	-----	-----
Income from continuing operations and net income	\$ 153.7	\$ 152.4	\$ 124.1	\$ 276.8	\$ 707.0
	=====	=====	=====	=====	=====
Earnings per share of common stock:					
Basic:					
Income from continuing operations before investment transactions	\$ 0.79	\$ 0.99	\$ 0.98	\$ 1.01	\$ 3.77
Investment transactions	0.43	0.22	0.01	1.21	1.88
	-----	-----	-----	-----	-----
Income from continuing operations and net income	\$ 1.22	\$ 1.21	\$ 0.99	\$ 2.22	\$ 5.65
	=====	=====	=====	=====	=====
Diluted:					
Income from continuing operations before investment transactions	\$ 0.76	\$ 0.95	\$ 0.95	\$ 0.98	\$ 3.63
Investment transactions	0.41	0.22	0.01	1.17	1.81
	-----	-----	-----	-----	-----

Income from continuing operations and net income	\$ 1.17	\$ 1.17	\$ 0.96	\$ 2.15	\$ 5.44
	March 31	June 30	September 30	December 31	1997 Total
1997					
Revenues	\$ 1,372.0	\$ 1,432.1	\$ 1,423.4	\$ 1,499.0	\$ 5,726.5
Income from continuing operations before investment transactions	\$ 75.7	\$ 108.9	\$ 156.6	\$ 147.5	\$ 488.7
Investment transactions	5.3	4.0	(7.7)	41.7	43.3
Income from continuing operations	81.0	112.9	148.9	189.2	532.0
Income (loss) from discontinued operations		275.0	1.1	(14.3)	261.8
Net income	\$ 81.0	\$ 387.9	\$ 150.0	\$ 174.9	\$ 793.8
Earnings per share of common stock: Basic:					
Income from continuing operations before investment transactions	\$ 0.52	\$ 0.82	\$ 1.24	\$ 1.17	\$ 3.73
Investment transactions	0.04	0.03	(0.06)	0.33	0.33
Income from continuing operations	0.56	0.85	1.18	1.50	4.06
Income (loss) from discontinued operations		2.07	0.01	(0.11)	2.02
Net income	\$ 0.56	\$ 2.92	\$ 1.19	\$ 1.39	\$ 6.08
Diluted:					
Income from continuing operations before investment transactions	\$ 0.51	\$ 0.80	\$ 1.20	\$ 1.13	\$ 3.61
Investment transactions	0.04	0.03	(0.06)	0.32	0.32
Income from continuing operations	0.55	0.83	1.14	1.45	3.93
Income (loss) from discontinued operations		2.01	0.01	(0.11)	1.96
Net income	\$ 0.55	\$ 2.84	\$ 1.15	\$ 1.34	\$ 5.89

<FN>

(1) On March 5, 1999 the closing sales price for Transamerica common shares was \$73.
</FN>
</TABLE>

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

Not applicable.

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PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The directors of the Corporation are listed below.

SAMUEL L. GINN, 61, Director since 1989.
Chairman of the Board, Chief Executive Officer and a director of AirTouch Communications, Inc., a worldwide wireless telecommunications company, since December 1993. He was Chairman of the Board, President, Chief Executive Officer and a director of Pacific Telesis Group, a diversified telecommunications company, from 1988 to 1994. He also serves as a director of Chevron Corporation and Hewlett-Packard Company.

FRANK C. HERRINGER, 56, Director since 1986.
Chairman of the Board, Chief Executive Officer and President of the Corporation. He has been Chairman since January 1996, Chief Executive Officer since 1991 and President since 1986. He also serves as a director of The Charles Schwab Corporation and Unocal Corporation.

ROBERT W. MATSCHULLAT, 51, Director since 1996.
Vice Chairman of the Board, Chief Financial Officer and a director of The Seagram Company Ltd., a beverage and entertainment/communications company, since 1995. He was a managing director, and head of worldwide investment banking, at Morgan Stanley & Co., Inc. from 1991 to 1995. He also serves as a director of USA Networks, Inc.

GORDON E. MOORE, 70, Director since 1981.
Chairman Emeritus of the Board and a director of Intel Corporation, a

semiconductor manufacturing company. He was Chairman of the Board of Intel Corporation from 1979 until May 1997. He also serves as a director of Gilead Sciences, Inc.

TONI REMBE, 62, Director since 1995.

Partner at Pillsbury Madison & Sutro LLP, a law firm. She also serves as a director of Potlatch Corporation and SBC Communications Inc.

CONDOLEEZZA RICE, 44, Director since 1991.

Vice President and Provost of Stanford University since 1993. She is Professor of Political Science at Stanford and has been a member of the Stanford faculty since 1981. She also serves as a director of Chevron Corporation.

CHARLES R. SCHWAB, 61, Director since 1989

Chairman of the Board, Co-Chief Executive Officer and a director of The Charles Schwab Corporation, a discount brokerage firm. He also serves as a director of AirTouch Communications, Inc., The Gap, Inc. and Siebel Systems, Inc.

FORREST N. SHUMWAY, 71, Director since 1973

Retired Vice Chairman of the Board of Allied-Signal Inc., a multi-industry company.

PETER V. UEBERROTH, 61, Director since 1984

Managing Director of The Contrarian Group, Inc., a business management company, since 1989. He also serves as Chairman of the Board of Ambassadors International, Inc. and as a director of CB Richard Ellis Services, Inc., The Coca-Cola Company and Promus Hotel Corporation.

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<TABLE>

<CAPTION>

The officers of the Corporation are listed below. Executive officers are designated by an asterisk.

<S> Name ----	<C> Position -----	<C> Age ---	<C> Name ----	<C> Position -----	<C> Age ---
Frank C. Herringer*.....	Chairman of the Board, President and Chief Executive Officer	56	Burton E. Broome*....	Vice President and Controller	63
Thomas J. Cusack*	Executive Vice President	43	Patricia Clarey.....	Vice President-- Public Affairs	45
Edgar H. Grubb*	Executive Vice President and Chief Financial Officer	59	James B. Dox	Vice President--Taxes	59
Robert A. Watson*	Executive Vice President	53	James F. McArdle	Vice President-- Investor Relations	35
Shirley H. Buccieri*...	Senior Vice President, General Counsel and Secretary	47	William H. McClave ..	Vice President-- Corporate Communications	55
Richard N. Latzer*.....	Senior Vice President and Chief Investment Officer	62	John Morrissey.....	Vice President and General Auditor	41
Richard H. Fearon*.....	Senior Vice President-- Corporate Development	43	Rona Pehrson	Vice President-- Human Resources	51
Nancy C. Bonner	Vice President-- Executive Development	46	Philip Rice*.....	Vice President and Treasurer	40
Maureen Breakiron- Evans*	Vice President--Control and Services	44	George B. Sundby	Vice President--Financial Planning and Analysis and Assistant Controller	47
			Judith M. Tornese ...	Vice President--Risk Management	56

</TABLE>

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Mr. Herringer was elected Chairman of the Board of the Corporation effective January 1, 1996. He has been Chief Executive Officer of the Corporation since 1991 and President since 1986.

Mr. Cusack was elected Executive Vice President of the Corporation in 1995. He was Senior Vice President of the Corporation from 1993 to 1995.

Mr. Grubb was elected Executive Vice President and Chief Financial Officer of the Corporation in 1993.

Mr. Watson was elected Executive Vice President of the Corporation in 1995. He was with Westinghouse Electric Corporation from 1992 to 1995 where he served as an Executive Vice President and as Chairman and Chief Executive Officer of Westinghouse's financial services division.

Ms. Buccieri was elected Senior Vice President, General Counsel and Secretary of the Corporation in 1995. She was with Gibson, Dunn & Crutcher from 1983 to 1995 and served as a Partner from 1991 to 1995.

Mr. Latzer was elected Senior Vice President and Chief Investment Officer of the Corporation in 1988.

Mr. Fearon was elected Senior Vice President--Corporate Development of the Corporation in 1997. He was Vice President--Corporate Development in 1995 and 1996. He was General Manager of Corporate Development and Vice Chairman of NatSteel Chemicals from 1990 to 1995.

Ms. Bonner was elected Vice President--Executive Development of the Corporation in 1996. She was Vice President of Executive Development of Banc One from 1991 to 1996.

Ms. Breakiron-Evans was elected Vice President--Control and Services of the Corporation in 1997. From 1994 to 1997 she served as Vice President and General Auditor of the Corporation. She was with Arthur Andersen LLP from 1980 to 1994.

Mr. Broome was elected Vice President and Controller of the Corporation in 1979.

Ms. Clarey was elected Vice President--Public Affairs of the Corporation in 1998. She previously served as deputy chief of staff for California Governor Pete Wilson from 1991 to 1998.

Mr. Dox was elected Vice President--Taxes of the Corporation in 1993.

Mr. McArdle was elected Vice President--Investor Relations of the Corporation in 1997. He held a number of positions within the commercial lending operation between 1991 and 1997, most recently serving as group vice president of the distribution finance unit.

Mr. McClave was elected Vice President--Corporate Communications of the Corporation in 1981.

Mr. Morrissey was elected Vice President and General Auditor of the Corporation in 1997. He was with PricewaterhouseCoopers LLP from 1979 to 1997.

Ms. Pehrson was elected Vice President--Human Resources of the Corporation in 1989.

Mr. Rice was elected Vice President and Treasurer of the Corporation in 1998. He was with Atlas-Pleiades Partners from 1997 to 1998, executive director of SBC Warburgs west coast office from 1994 to 1997 and Goldman Sachs from 1993 to 1994.

Mr. Sundby was elected Vice President--Financial Planning and Analysis of the Corporation in 1995. He was Assistant Controller and Director of Accounting of the Corporation from 1989 to 1995. He continues to serve as Assistant Controller.

Ms. Tornese was elected Vice President--Risk Management of the Corporation in 1987.

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There is no family relationship among any of the foregoing officers or between any of the foregoing officers and any director of the Corporation.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires our directors and executive officers, and persons who own more than 10 percent of our common stock, to file periodic ownership reports with the Securities and Exchange Commission. We believe, based solely on our review of the reporting forms that we have received or written representations that no reports were required to be filed that for 1998 all such filing requirements were satisfied.

ITEM 11. EXECUTIVE COMPENSATION

The following tables contain compensation information for Transamerica's Chief Executive Officer and the next four most highly compensated executive officers.

<TABLE>
Summary Compensation Table
<CAPTION>

Long-Term
Compensation

Name and Principal Position	Year	Annual Compensation		Awards	
		Salary	Bonus	Securities Underlying Options	All Other Compensation (1)
<S>	<C>	<C>	<C>	<C>	<C>
Frank C. Herringer	1998	\$ 975,000	\$1,443,780	1,290,000	\$ 152,764
Chairman, President and Chief Executive Officer	1997	975,000	975,000	0	128,873
	1996	975,000	756,132	0	125,513
Robert A. Watson	1998	\$ 775,000	\$ 700,000	500,000	\$ 109,623
Executive Vice President	1997	670,000	380,000	0	74,141
	1996	640,000	300,000	100,000	68,466
Richard N. Latzer	1998	\$ 510,000	\$ 700,000	90,000	\$ 107,022
Senior Vice President and Chief Investment Officer	1997	475,000	450,000	75,000	90,410
	1996	450,000	350,000	70,000	80,132
Thomas J. Cusack	1998	\$ 650,000	\$ 500,000	500,000	\$ 135,240
Executive Vice President	1997	575,000	300,000	0	133,323
	1996	500,000	300,000	0	128,797
Edgar H. Grubb	1998	\$ 495,000	\$ 439,798	400,000	\$ 98,449
Executive Vice President and Chief Financial Officer	1997	475,000	285,000	0	78,961
	1996	455,000	242,592	0	79,349

<FN>

(1) Includes (i) employer matching contributions under the Stock Savings Plan, a 401(k) plan, of \$1,200 for each of the named executive officers; (ii) employer matching contributions under the Stock Savings Plan Plus, a plan designed to supplement the 401(k) plan, of \$86,541 for Mr. Herringer, \$50,781 for Mr. Watson, \$42,001 for Mr. Latzer, \$37,051 for Mr. Cusack and \$32,783 for Mr. Grubb; (iii) employer contributions for additional life, accidental death and dismemberment, and disability insurance of \$41,597 for Mr. Herringer, \$22,413 for Mr. Watson, \$47,315 for Mr. Latzer, \$9,383 for Mr. Cusack and \$29,574 for Mr. Grubb; (iv) above-market interest on deferred compensation of \$23,426 for Mr. Herringer, \$35,229 for Mr. Watson, \$16,506 for Mr. Latzer, \$2,606 for Mr. Cusack and \$34,892 for Mr. Grubb; and (v) for Mr. Cusack, forgiveness of \$85,000 in principal amount of a loan.

</FN>

</TABLE>

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<TABLE>

Option Grants in Last Fiscal Year

<CAPTION>

Name	Number of Securities Underlying Options Granted(1)	Percent of Total Options Granted to Employees in Fiscal Year	Exercise or Base Price (\$/share) (2)	Expiration Date	Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation for Option Term (3)	
					5%	10%
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Frank C. Herringer	1,290,000	16.80%	\$ 75.00	January 2, 2008	(4)	(5)
Robert A. Watson	500,000	6.51%	75.00	January 22, 2008	(4)	(5)
Richard N. Latzer	90,000	1.17%	62.50	January 22, 2008	\$ 1,998,000	\$ 6,513,300
Thomas J. Cusack	500,000	6.51%	75.00	January 22, 2008	(4)	(5)
Edgar H. Grubb	400,000	5.21%	75.00	January 22, 2008	(4)	(5)

<FN>

- (1) Options granted under the 1995 Performance Stock Option Plan are premium-priced and performance-vesting. The options granted to Messrs. Herringer, Watson, Cusack and Grubb will become exercisable only if (i) the reported closing price of Transamerica's common stock is at least \$75.00 per share on ten days within any period of 30 consecutive trading days ending on or before the fifth anniversary of the date of grant and (ii) by or after the time the preceding condition is met, but no later than the tenth anniversary of the date of grant, Transamerica's total return to stockholders is at or above the median stockholder return for the S&P Financial Index excluding banks and savings and loan institutions. If these options become exercisable, they will have terms ending ten years from the date of grant. Messrs. Watson, Cusack and Grubb will receive no additional stock options, except in the case of a promotion, until 2000, and Mr. Herringer will receive no additional stock options until 2002. The options granted to Messrs. Herringer, Watson, Cusack and Grubb were granted with tandem limited stock appreciation rights ("TLSARs"), which are exercisable only upon a change of control. Exercise of the TLSARs requires proportionate cancellation of the related option and vice versa. The number of shares and exercise prices of the TLSARs are as follows: Mr. Herringer, 470,000 shares, \$52.595; Mr. Watson, 212,980 shares, \$52.00; Mr. Cusack, 212,980 shares, \$52.00; Mr. Grubb, 170,384 shares, \$52.00. The options granted to Mr. Latzer will vest annually in three equal installments beginning on the third anniversary of the date of grant and have a term ending ten years from the date of grant.
- (2) The Management Development and Compensation Committee may permit the exercise price and tax withholding obligations to be paid in stock.
- (3) Transamerica's stock price (i) on January 2, 2008 would be \$85.67 and \$136.42 and (ii) on January 22, 2008 would be \$84.70 and \$134.87, at annual appreciation rates of 5 percent and 10 percent, respectively. There can be no assurance that such increase, or any increase, in the price of the stock will be achieved.

- (4) For the options granted to Messrs. Herringer, Watson, Cusack and Grubb, an annual appreciation rate of 5% would result in failure to satisfy the first condition specified in note 1 above and therefore such options would not vest.
- (5) Because the vesting of the options granted to Messrs. Herringer, Watson, Cusack and Grubb depends on the total return condition being satisfied as well as price appreciation (see note 1 above), such options may not vest even if Transamerica's stock price appreciates annually by 10% during the first five years of the option term. In the event that both conditions specified in note 1 are satisfied and Transamerica's stock price continues to appreciate by 10% for the remainder of the term of these options, the potential realizable values would be as follows: Mr. Herringer: \$79,231,800, Mr. Watson: \$29,935,000, Mr. Cusack, \$29,935,000, and Mr. Grubb, \$23,948,000.

</FN>
</TABLE>

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<TABLE>
Aggregated Option Exercises in Last Fiscal Year and FY-End Option Values

<CAPTION>

Name	Shares Acquired on Exercise	Value Realized(1)	Number of Securities Underlying Unexercised Options at December 31, 1998		Value of Unexercised in the Money Options at December 31, 1998(2)	
			Exercisable	Unexercisable	Exercisable	Unexercisable
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Frank C. Herringer	100,000	\$ 3,695,060	3,453,333	566,667	\$62,332,241	\$15,725,009
Robert A. Watson	0		1,000,000	100,000	14,098,500	2,386,000
Richard N. Latzer	40,000	1,634,324	706,250	108,750	17,197,525	2,038,575
Thomas J. Cusack	0		1,185,266	133,334	21,957,343	3,700,019
Edgar H. Grubb	56,600	1,955,830	956,666	133,334	19,135,882	3,700,019

- <FN>
- (1) The value realized is the difference between (a) the average of the high and low prices of Transamerica's common stock as reported in the New York Stock Exchange Composite Transactions on the date of exercise and (b) the exercise price of the option, multiplied by the number of shares exercised.
- (2) The value of unexercised options is the closing price of Transamerica's common stock as reported in the New York Stock Exchange Composite Transactions on December 31, 1998 (\$57.75) less the exercise price of the option, multiplied by the number of options outstanding.

</FN>
</TABLE>

Pension Plan and Supplemental Pension Plans

We have had a retirement plan for eligible employees since 1935. Substantially all of our subsidiaries participate in the plan. Since applicable federal laws and the pension plan limit certain participants' retirement plan benefits to an amount less than the amount otherwise provided by the formula and prohibit certain compensation from being counted for pension purposes, we will, in accordance with the terms of its Supplemental Pension Plan and SSP+ Supplemental Pension Plan, make supplemental payments to make up those differences. The table below shows the total estimated annual retirement benefits payable under all pension plans to employees, including executive officers, upon normal retirement on January 1, 1999 for the indicated periods of service assuming such employees and their spouses elect a single life annuity rather than a joint and survivor or other form of annuity (under which benefits would generally be lower than those shown in the table).

<TABLE>
<CAPTION>

Remuneration	Years of Service			
	10	15	20	25 or more
<S>	<C>	<C>	<C>	<C>
\$ 200,000	\$ 39,000	\$ 58,000	\$ 78,000	\$ 97,000
400,000	79,000	118,000	158,000	197,000
600,000	119,000	178,000	238,000	297,000
800,000	159,000	238,000	318,000	397,000
1,000,000	199,000	298,000	398,000	497,000
1,200,000	239,000	358,000	478,000	597,000
1,400,000	279,000	418,000	558,000	697,000
1,800,000	359,000	538,000	718,000	897,000
2,200,000	439,000	658,000	878,000	1,097,000
2,600,000	519,000	778,000	1,038,000	1,297,000
3,000,000	599,000	898,000	1,189,000	1,497,000

<FN>

As of December 31, 1998, these executive officers had the following years of service: Mr. Herringer, 20 years, Mr. Watson, 6 years, Mr. Latzer, 10 years, Mr. Cusack, 9 years and Mr. Grubb, 9 years.

</FN>

</TABLE>

The pension plans currently provide for a benefit payable as a single life annuity for each participant, including the executive officers named in the Summary Compensation Table, of 2 percent of the average compensation during the highest 60 consecutive months of the final 120 months of employment less 0.4 percent of the participant's age 65 monthly Social Security-covered compensation, with the result multiplied by years of benefit service (up to a maximum of 25 years). Under the pension plans, "pensionable remuneration" or "covered compensation" means salary and target bonus under the bonus plan(s)

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applicable to the participant. Mr. Cusack's covered compensation for 1998 was within 10 percent of his total Annual Compensation shown in the Summary Compensation Table. For each other executive officer named in the Summary Compensation Table, covered compensation represented 81% (Mr. Herringer), 85% (Mr. Watson), 65% (Mr. Latzer) and 85% (Mr. Grubb), of the total shown in such table. Benefits earned under the pension plans' prior benefit formulas are protected to the extent they exceed benefits earned under the current formula. A participant is fully vested in his or her retirement benefit after five years of service.

Director Compensation and Benefits

Directors who are employees of Transamerica or its subsidiaries do not receive any compensation for service on the Board. Compensation for non-employee directors consists of cash meeting fees, annual grants of stock options and annual grants of shares of phantom restricted stock.

Cash compensation and deferral plans. In 1998, cash compensation for non-employee directors consisted of an annual retainer of \$30,000, fees of \$1,000 for each Board or committee meeting attended, an annual retainer of \$5,000 for committee chairs, and reimbursement of expenses. Each year, directors may defer with interest \$5,000 or more of their retainers and meeting fees. The interest rate is an average of rates paid on ten-year U.S. Treasury Notes (adjusted annually), plus a premium of up to 3 percent, depending on the deferral term. Participating directors elect specific terms and conditions in advance of each deferral.

Stock options. Each non-employee director was granted options in 1998 exercisable for 3,000 shares of Transamerica common stock at an exercise price equal to the fair market value on the effective date of the grant. The options generally have a term not exceeding ten years and one month and became exercisable in full six months after the grant date.

Phantom restricted stock. Each non-employee director was also granted 259.74 "shares" of phantom restricted stock on April 23, 1998. The number of phantom shares equaled half of the annual cash retainer, or \$15,000, divided by the fair market value of a share of Transamerica common stock on the grant date. Phantom shares are credited with dividends on the same basis as common stock, and the dividends are reinvested in additional phantom shares at the then fair market value of the common stock. The phantom shares will be paid in cash when the director leaves the Board or upon a change of control of Transamerica, whichever occurs first.

Employment and Severance Agreements

Mr. Herringer entered into an employment agreement in November 1997 under which he agreed to remain as Transamerica's Chairman and Chief Executive Officer at least until December 31, 2001. The agreement provides for a base salary of no less than \$975,000 per year and a target annual bonus of at least 100 percent of his base salary under the annual Value Added Incentive Plan, although the actual amount of the bonus, if any, will be determined in accordance with the terms of the plan. Under the agreement, Mr. Herringer was granted stock options to purchase 1,290,000 shares of common stock with an exercise price of \$75 per share. Mr. Herringer was also granted 470,000 TLSARs with an exercise price of \$52.595, which cannot be exercised unless (among other things) there is a change of control. As a retention incentive, Mr. Herringer was credited on January 2, 1998 with 210,000 shares of phantom restricted stock. These shares, together with additional shares of phantom restricted stock that are credited to Mr. Herringer as dividends on the shares initially credited, will generally vest on December 31, 2001. However, under the agreement, a pro-rated portion of the phantom shares will vest upon a change of control, and the balance will vest if his employment is subsequently terminated within 24 months after the change of control but before December 31, 2001. Payment of Mr. Herringer's vested phantom restricted stock will occur upon his termination of employment. The agreement also entitles Mr. Herringer to participate in the employee benefit plans generally available to other Transamerica executives and employees.

Each executive officer named in the Summary Compensation Table has entered into a severance agreement that entitles him to receive a lump sum payment equal to three times the sum of his highest target annual compensation during the three years immediately preceding the change in control, together with certain other payments and benefits, including continuation of employee welfare benefits if (i) he is terminated other than for cause, retirement or disability within three years after a change of control, or (ii) he terminates his employment for good reason within such three-year period (or voluntarily during the 30-day period following the first anniversary of the change of control). In addition, each executive officer will be paid the amount necessary to compensate for

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excise taxes imposed on payments or benefits received due to a change of control and for any income taxes imposed on such additional payment.

Compensation Committee Interlocks and Insider Participation

There are no "interlocks" (as defined by the rules of the Securities and Exchange Commission) with respect to any member of the Management Development and Compensation Committee, and such Committee consists entirely of independent, non-employee directors.

<TABLE>

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Principal Stockholders

The following table lists the stock ownership of each director, each executive officer named in the Summary Compensation Table, all directors and executive officers as a group, and the sole holder of more than 5% of our common stock known to us. The information for directors and executive officers is current as of March 5, 1999.

<CAPTION>

Name	Shares Owned (1)	Shares Acquirable within 60 Days (2)	Total	Percentage of Outstanding Shares
Directors				
<S>	<C>	<C>	<C>	<C>
Samuel L. Ginn (3) (4)	8,510	15,000	23,510	*
Frank C. Herringer (3) (4) (5)	263,066	3,736,666	3,999,732	3.11%
Robert W. Matschullat (4)	4,048	6,000	10,048	*
Gordon E. Moore (4)	14,082	15,000	29,082	*
Toni Rembe (4)	4,422	12,000	16,422	*
Condoleezza Rice (4)	2,000	9,000	11,000	*
Charles R. Schwab (4)	16,950	15,000	31,950	*
Forrest N. Shumway (3) (4)	22,484	15,000	37,484	*
Peter V. Ueberroth (3) (4)	20,000	15,000	35,000	*
Executive Officers				
Thomas J. Cusack (3) (5)	1,906	1,251,933	1,253,839	1.00%
Edgar H. Grubb (3) (5)	22,020	1,023,333	1,045,353	*
Richard N. Latzer (5)	7,462	760,000	767,462	*
Robert A. Watson (5)	710	1,025,000	1,025,710	*
All directors and executive officers (18 persons) (3) (4) (5)	433,614	8,580,532	9,014,146	6.77%
Oppenheimer Capital (6)	11,070,548	0	11,070,548	8.88%

<FN>

*Less than 1%

-
- (1) Represents shares held directly and with sole voting and investment power (or with voting and investment power shared with a spouse) unless otherwise indicated. Excludes shares that may be acquired through stock option exercises.
 - (2) Represents shares that may be acquired upon exercise of stock options and are considered outstanding for purposes of calculating percentage ownership.
 - (3) Includes shares held by family trusts as to which each of the following directors and executive officers and their respective spouses have shared voting and investment power: Mr. Ginn, 8,510 shares; Mr. Shumway, 22,484 shares; Mr. Ueberroth, 20,000 shares; Mr. Cusack, 1,000 shares; Mr. Grubb, 21,000 shares; as to which Mr. Herringer has sole, or he and his spouse have shared, voting and investment power, 246,820 shares; and all directors and executive officers as a group, 339,176 shares. Mr. Herringer disclaims beneficial ownership of 29,592 shares held by his spouse, as to which he has no voting or investment power.

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- (4) Excludes deemed "shares" of phantom restricted stock held by each of the following directors under the Phantom Restricted Stock Plan for Nonemployee Directors: Mr. Ginn, 638 shares; Mr. Matschullat, 798 shares; Mr. Moore, 6,362 shares; Ms. Rembe, 1,459 shares; Ms. Rice, 1,178 shares; Mr. Schwab, 2,808 shares; Mr. Shumway, 638 shares; Mr. Ueberroth, 3,649 shares; all directors as a group, 17,530 shares. Also excludes 214,810 deemed "shares" of phantom restricted stock held by Mr. Herringer under the terms of his employment agreement.
- (5) Includes shares held under Transamerica's Employees Stock Savings Plan on December 31, 1998 and as to which the participant has sole voting and investment power, as follows: Mr. Cusack, 906 shares; Mr. Grubb, 1,020 shares; Mr. Herringer, 7,758 shares; Mr. Latzer, 1,462 shares; Mr. Watson, 710 shares; all directors and executive officers as a group, 28,448 shares.
- (6) Based on information contained in a report on Schedule 13G filed with the Securities and Exchange Commission by Oppenheimer Capital on February 16, 1999. The address of Oppenheimer Capital is Oppenheimer Tower, World Financial Center, New York, New York 10281.

</FN>
</TABLE>

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Certain Transactions

In August 1995, we loaned Mr. Cusack \$425,000 to assist him with the purchase of a residence in connection with his relocation to the Southern California area. The loan, which is interest-free and is secured by a deed of trust on the residence, is being forgiven in equal installments over its five-year term provided that Mr. Cusack remains an employee at each anniversary date of the loan. In 1998, the principal amount of \$85,000 was forgiven. The current balance of the loan is \$170,000. The loan will be forgiven in full if Mr. Cusack dies or becomes permanently disabled, if he terminates his employment for good reason (as defined in the agreement), if we terminate his employment other than for cause (as defined in the agreement) or if, at our request, he sells his residence and relocates in connection with his continued employment with Transamerica. If Mr. Cusack dies or becomes permanently disabled during the loan term, we have agreed to reimburse him or his estate for taxes paid as a result of the loan forgiveness. If Mr. Cusack voluntarily terminates his employment (other than for good reason) or we terminate his employment for cause during the loan term, he will be required to repay the principal amount then outstanding plus interest at 12 percent per annum from the date of such termination.

In 1998, Transamerica and its subsidiaries obtained legal services from the law firm of Pillsbury Madison & Sutro LLP, of which Ms. Rembe is a member, on terms that we believe were as favorable as we could have obtained from other law firms. We expect that Pillsbury Madison & Sutro LLP will perform additional legal services for us in 1999.

In 1998, certain indirect subsidiaries of Transamerica made payments of approximately \$500,000 to Charles Schwab Corporation ("Schwab") and/or its affiliates in connection with the distribution of shares of the Transamerica Premier family of mutual funds through Schwab's Mutual Fund One Source service. Mr. Schwab is a director of Transamerica and may be deemed to have an indirect material interest in the distribution arrangements since he is Chairman, Co-Chief Executive Officer, and a significant shareholder of Schwab. Schwab and its affiliates will continue to provide such services in 1999.

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PART IV

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

(a)(1) and (2) The response to this portion of Item 14 is submitted as a separate section of this report.

(3) List of Exhibits:

- 2.1 Agreement and Plan of Merger and Reorganization, dated as of February 17, 1999, by and among AEGON N.V., Tony Merger Corp. and Transamerica Corporation (incorporated by reference to Exhibit 2.1 of the Registrant's Current Report on Form 8-K (File No. 1-2964) dated February 22, 1999).
- 3.(i) Transamerica Corporation Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.(i) of the Registrant's Quarterly Report on Form 10-Q/A (File No. 1-2964) for the quarter ended September 30, 1998).
- 3.(ii) Transamerica Corporation By-Laws, as amended.
- 4.2*
- 10.1 Executive Benefit Plan for Transamerica Corporation and Affiliates, as amended (incorporated by reference to Exhibit EX-10.2 of the Registrant's Annual Report on Form 10-K (File

No. 1-2964) for the year ended December 31, 1992).

- 10.2 1997 Bonus Plan (incorporated by reference to Exhibit 10.5 of the Registrant's Annual Report on Form 10-K (File No. 1-2964) for the year ended December 31, 1996).
- 10.3 1998 Bonus Plan (incorporated by reference to Exhibit 10.33 of the Registrant's Annual Report on Form 10-K (File No. 1-2964) for the year ended December 31, 1997).
- 10.4 1985 Stock Option and Award Plan, as amended (including Amendments No. 1 through 9) (incorporated by reference to Exhibit 4.1 of the Registrant's Post-Effective Amendment No. 1 to Registration Statement on Forms S-8 (File No. 33-43927) as filed with the Commission on August 7, 1998, and to Exhibit 10.6 of the Registrant's Annual Report on Form 10-K (File No. 1-2964) for the year ended December 31, 1997).
- 10.5 Form of Non-Qualified Stock Option Agreement under the Registrant's 1985 Stock Option and Award Plan (incorporated by reference to Exhibit 10.7 of the Registrant's Annual Report on Form 10-K (File No. 1-2964) for the year ended December 31, 1997).

*Neither the Corporation nor its subsidiaries are parties to any instrument with respect to long-term debt for which securities authorized thereunder exceed 10% of the total assets of the Corporation and its subsidiaries on a consolidated basis. Copies of instruments with respect to long-term debt of lesser amounts will be provided to the Commission upon request.

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- 10.6 Form of Incentive Stock Option Agreement under the Registrant's 1985 Stock Option and Award Plan (incorporated by reference to Exhibit 10.9 of the Registrant's Annual Report on Form 10-K (File No. 1-2964) for the year ended December 31, 1990).
- 10.7 Form of Restricted Stock Award Agreement under the Registrant's 1985 Stock Option and Award Plan (incorporated by reference to Exhibit 10.9 of the Registrant's Annual Report on Form 10-K (File No. 1-2964) for the year ended December 31, 1997).
- 10.8 Form of Non-Qualified Stock Option Agreement for Nonemployee Directors under the Registrant's 1985 Stock Option and Award Plan.
- 10.9 Deferred Compensation Policy for Transamerica Corporation and Affiliates effective January 1, 1987 (incorporated by reference to Exhibit 10.12 of the Registrant's Annual Report on Form 10-K (File No. 1-2964) for the year ended December 31, 1991).
- 10.10 Deferred Compensation Policy for Transamerica Corporation and Affiliates effective January 1, 1988 (incorporated by reference to Exhibit EX-10.14 of the Registrant's Annual Report on Form 10-K (File No. 1-2964) for the year ended December 31, 1992).
- 10.11 Deferred Compensation Policy for Transamerica Corporation and Affiliates effective January 1, 1989 (incorporated by reference to Exhibit 10.17 of the Registrant's Annual Report on Form 10-K (File No. 1-2964) for the year ended December 31, 1989).
- 10.12 Deferred Compensation Policy for Transamerica Corporation and Affiliates effective January 1, 1990 (incorporated by reference to Exhibit 10.18 of the Registrant's Annual Report on Form 10-K (File No. 1-2964) for the year ended December 31, 1989).
- 10.13 Deferred Compensation Policy for Transamerica Corporation and Affiliates effective July 1, 1992 (incorporated by reference to Exhibit EX-10.17 of the Registrant's Annual Report on Form 10-K (File No. 1-2964) for the year ended December 31, 1992).
- 10.14 Deferred Compensation Policy for Transamerica Corporation and Affiliates effective January 1, 1994 (incorporated by

reference to Exhibit EX-10.18 of the Registrant's Annual Report on Form 10-K (File No. 1-2964) for the year ended December 31, 1993).

- 10.15 Transamerica Corporation Deferred Compensation Plan, as amended (including Amendment No. 1) (incorporated by reference to Exhibit 10.19 of the Registrant's Annual Report on Form 10-K (File No. 1-2964) for the year ended December 31, 1995, and to Exhibit EX-10.20 of the Registrant's Annual Report on Form 10-K (File No. 1-2964) for the year ended December 31, 1994).
- 10.16 Form of Termination Agreement between Transamerica Corporation and certain of its officers and certain officers of its subsidiaries, as amended (incorporated by reference to Exhibit 10.20 of the Registrant's Annual Report on Form 10-K (File No. 1-2964) for the year ended December 31, 1997).
- 10.17 Reinsurance Agreement dated December 31, 1992 by and between ARC Reinsurance Corporation and Transamerica Insurance Company, as amended (incorporated by reference to Exhibit EX-10.26 of the Registrant's Annual Report on Form 10-K (File No. 1-2964) for the year ended December 31, 1992).

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- 10.18 Letter dated December 31, 1992 from the Registrant to Transamerica Insurance Company regarding ARC Reinsurance Corporation (incorporated by reference to Exhibit EX-10.27 of the Registrant's Annual Report on Form 10-K (File No. 1-2964) for the year ended December 31, 1992).
- 10.19 Transamerica Corporation 1995 Performance Stock Option Plan, as amended (including Amendment Nos. 1 and 2) (incorporated by reference to Exhibit B of the Registrant's Proxy Statement for the Annual Meeting of Stockholders held on April 23, 1998.).
- 10.20 Transamerica Corporation Value Added Incentive Plan (incorporated by reference to Exhibit EX-10.2 of the Registrant's Quarterly Report on Form 10-Q (File No. 1-2964) for the quarter ended March 31, 1994).
- 10.21 Form of Nonqualified Stock Option Agreement under the Registrant's 1995 Performance Stock Option Plan (incorporated by reference to Exhibit EX-10.2 of the Registrant's Quarterly Report on Form 10-Q (File No. 1-2964) for the quarter ended June 30, 1995).
- 10.22 Form of Nonqualified Stock Option Agreement granted with Tandem Limited Stock Appreciation Right under the Registrant's 1995 Performance Stock Option Plan (incorporated by reference to Exhibit EX-10.3 of the Registrant's Quarterly Report on Form 10-Q (File No. 1-2964) for the quarter ended June 30, 1995).
- 10.23 Form of Tandem Limited Stock Appreciation Right under the Registrant's 1995 Performance Stock Option Plan (incorporated by reference to Exhibit 10.27 of the Registrant's Annual Report on Form 10-K (File No. 1-2964) for the year ended December 31, 1997).
- 10.24 Transamerica Corporation 1998 Cash Long-Term Incentive Plan (incorporated by reference to Exhibit A of the Registrant's Proxy Statement for the Annual Meeting of Stockholders to be held on April 23, 1998).
- 10.25 Transamerica Corporation 1996 Stock Option and Award Plan, as amended (including Amendment Nos. 1 through 3) (incorporated by reference to Exhibit 4.1 of the Registrant's Registration Statement on Form S-8 (File No. 333-70557) as filed with the Commission on January 14, 1999), Exhibit 10.35 of the Registrant's Annual Report on Form 10-K (File No. 1-2964) for the year ended December 31, 1997, and to Exhibit 4.3 of the Registrant's Registration Statement on Form S-8 (File No. 333-23945) as filed with the Commission on March 25, 1997).
- 10.26 Form of Nonqualified Stock Option Agreement (100% of Fair Market Value) under the Registrant's 1996 Stock Option and Award Plan (incorporated by reference to Exhibit 4.4 of the

- 10.27 Employment Agreement by and between Transamerica Corporation and Frank C. Herringer dated as of November 4, 1997 (incorporated by reference to Exhibit 10.1 of the Registrant's Quarterly Report on Form 10-Q (File No. 1-2964) for the quarter ended September 30, 1997).
- 10.28 Form of \$150 Nonqualified Stock Option Agreement granted with Tandem Limited Stock Appreciation Right under the Registrant's 1995 Performance Stock Option Plan to Frank C. Herringer (incorporated by reference to Exhibit 10.1 of the Registrant's Quarterly Report on Form 10-Q (File No. 1-2964) for the quarter ended September 30, 1998).

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- 10.29 Form of Tandem Limited Stock Appreciation Right (tandem to \$150 Option) granted under the Registrant's 1995 Performance Stock Option Plan to Frank C. Herringer (incorporated by reference to Exhibit 10.2 of the Registrant's Quarterly Report on Form 10-Q (File No. 1-2964) for the quarter ended September 30, 1998).
- 10.30 Form of \$125 Nonqualified Stock Option Agreement under the Registrant's 1995 Performance Stock Option Plan (incorporated by reference to Exhibit 10.1 of the Registrant's Quarterly Report on Form 10-Q (File No. 1-2964) for the quarter ended March 31, 1998).
- 10.31 Form of \$150 Nonqualified Stock Option Agreement granted with Tandem Limited Stock Appreciation Right under the Registrant's 1995 Performance Stock Option Plan (incorporated by reference to Exhibit 10.2 of the Registrant's Quarterly Report on Form 10-Q (File No. 1-2964) for the quarter ended March 31, 1998).
- 10.32 Form of Tandem Limited Stock Appreciation Right (Tandem to \$150 Options) under the Registrant's 1995 Performance Stock Option Plan (incorporated by reference to Exhibit 10.3 of the Registrant's Quarterly Report on Form 10-Q (File No. 1-2964) for the quarter ended March 31, 1998).
- 10.33 Form of \$125 Nonqualified Stock Option Agreement under the Registrant's 1996 Stock Option and Award Plan (incorporated by reference to Exhibit 10.4 of the Registrant's Quarterly Report on Form 10-Q (File No. 1-2964) for the quarter ended March 31, 1998).
- 10.34 Form of \$150 Nonqualified Stock Option Agreement granted with Tandem Limited Stock Appreciation Right under the Registrant's 1996 Stock Option and Award Plan (incorporated by reference to Exhibit 10.5 of the Registrant's Quarterly Report on Form 10-Q (File No. 1-2964) for the quarter ended March 31, 1998).
- 10.35 Form of \$150 Tandem Limited Stock Appreciation Right (tandem to \$150 Options) under the Registrant's 1996 Stock Option and Award Plan (incorporated by reference to Exhibit 10.6 of the Registrant's Quarterly Report on Form 10-Q (File No. 1-2964) for the quarter ended March 31, 1998).
- 12 Ratio of Earnings to Fixed Charges Calculation.
- 21 List of Subsidiaries of Transamerica Corporation.
- 23 Consent of Ernst & Young LLP to the incorporation by reference of their report dated January 22, 1999 in the Registrant's Registration Statements on Form S-8 (File Nos. 33-3722, 33-26317, 33-43927, 33-55587, 33-64221, 333-23945, 333-61055 and 333-70557) and on Form S-3 (File Nos. 33-32419, 33-37889, 33-41008, 33-55047 and 33-63049).
- 24 Power of Attorney executed by the directors of the Registrant.
- 27 Financial Data Schedule.

Exhibits will be furnished to stockholders of the Corporation upon written request and upon payment of a fee of 30 cents per page, which fee covers the Corporation's reasonable expenses in furnishing such exhibits.

(b) Reports on Form 8-K filed in the fourth quarter of 1998: None

(c) Exhibits: Certain of the exhibits listed in Item (a) (3) above have been submitted under separate filings, as indicated.

(d) Financial Statement Schedules: The response to this portion of Item 14 is submitted as a separate section of this report.

Signatures

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

TRANSAMERICA CORPORATION
Registrant

Burton E. Broome
Vice President and Controller

Date: March 25, 1999

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below on March 18, 1999 by the following persons on behalf of the registrant and in the capacities indicated.

Signature	Title
Principal Executive Officer:	
FRANK C. HERRINGER*	Chairman of the Board, President and Chief Executive Officer
Principal Financial Officer:	
Edgar H. Grubb	Executive Vice President and Chief Financial Officer
Principal Accounting Officer:	
Burton E. Broome	Vice President and Controller
Directors:	
SAMUEL L. GINN*	Director
FRANK C. HERRINGER*	Chairman of the Board and Director
ROBERT W. MATSCHULLAT*	Director
GORDON E. MOORE*	Director
TONI REMBE*	Director
CONDOLEEZZA RICE*	Director
CHARLES R. SCHWAB*	Director
FORREST N. SHUMWAY*	Director
PETER V. UEBERROTH*	Director

*Burton E. Broome
Attorney-in-Fact

A majority of the members of the Board of Directors.

LIST OF FINANCIAL STATEMENTS AND
FINANCIAL STATEMENT SCHEDULES

Year Ended December 31, 1998

TRANSAMERICA CORPORATION AND SUBSIDIARIES
SAN FRANCISCO, CALIFORNIA

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FORM 10-K--ITEM 14(a) (1) AND (2)

TRANSAMERICA CORPORATION AND SUBSIDIARIES

LIST OF FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULES

Financial Statements:

The following consolidated financial statements of Transamerica Corporation and subsidiaries are included in Item 8:

Consolidated Balance Sheet -- December 31, 1998 and 1997

Consolidated Statement of Income --Years ended December 31, 1998, 1997 and 1996

Consolidated Statement of Cash Flows --Years ended December 31, 1998, 1997 and 1996

Consolidated Statement of Stockholders' Equity --Years ended December 31, 1998, 1997 and 1996

Notes to Financial Statements -- December 31, 1998

Financial Statement Schedules:

The following consolidated financial statement schedules of Transamerica Corporation and subsidiaries are included in Item 14(d).

I -- Summary of Investments Other Than Investments in Related Parties
-- December 31, 1998

II -- Condensed Financial Information of Registrant -- December 31,
1998 and 1997, and years ended December 31, 1998, 1997 and 1996

III -- Supplementary Insurance Information -- Years ended December 31,
1998, 1997 and 1996

IV -- Reinsurance -- Years ended December 31, 1998, 1997 and 1996

V -- Valuation and Qualifying Accounts -- Years ended December 31,
1998, 1997 and 1996

All other schedules provided for in the applicable accounting regulation of the Securities and Exchange Commission pertain to items which do not appear in the financial statements of Transamerica Corporation and subsidiaries or to items which are not significant or to items as to which the required disclosures have been made elsewhere in the financial statements and supplementary notes, and such schedules have therefore been omitted.

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Board of Directors and Stockholders
Transamerica Corporation

We have audited the accompanying consolidated balance sheet of Transamerica Corporation and subsidiaries as of December 31, 1998 and 1997, and the related consolidated statements of 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 14(a)(1) and (2). These financial statements and schedules are the responsibility of Transamerica Corporation's management. 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 related 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 related schedules. 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Transamerica Corporation and subsidiaries at December 31, 1998 and 1997, and the consolidated results of their operations and their 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

San Francisco, California
January 22, 1999

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<TABLE>

SCHEDULE I

TRANSAMERICA CORPORATION AND SUBSIDIARIES

SCHEDULE I--SUMMARY OF INVESTMENTS OTHER
THAN INVESTMENTS IN RELATED PARTIES

DECEMBER 31, 1998

<CAPTION>

Column A	Column B	Column C	Column D
Type of Investment	Cost	Value	Amount at which shown in the balance sheet
(Amounts in millions)			
<S>	<C>	<C>	<C>
Fixed maturities available for sale:			
Bonds and notes:			
U.S. Treasury securities and obligations of U.S. government authorities and agencies	\$ 298.1	\$ 410.8	\$ 410.8
Obligations of states and political subdivisions	259.2	284.7	284.7
Foreign governments	120.4	122.1	122.1
Corporate securities	18,793.8	20,355.5	20,355.5
Mortgage-backed securities	2,988.7	3,289.5	3,289.5
Public utilities	3,952.7	4,376.7	4,376.7
Redeemable preferred stocks	163.7	170.1	170.1
Total fixed maturities	26,576.6	\$ 29,009.4	29,009.4

Equity securities:			
Common stocks:			
Banks, trust and insurance companies			
Industrial, miscellaneous and all other	588.6	\$ 2,171.2	2,171.2
Nonredeemable preferred stocks	17.1	16.7	16.7
	-----	-----	-----
Total equity securities	605.7	\$ 2,187.9	2,187.9
		=====	
Mortgage loans on real estate	743.2		718.6
Real estate	73.5		72.1
Loans to life insurance policyholders	455.5		455.5
Short-term investments	1,212.6		1,212.6
	-----		-----
Total investments	\$ 29,667.1		\$ 33,656.1
	=====		=====

<FN>

The differences between Column B and Column D as to mortgage loans on real estate and real estate represent write downs and allowances for possible permanent impairment in value.

</FN>
</TABLE>

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<TABLE>

SCHEDULE II

TRANSAMERICA CORPORATION AND SUBSIDIARIES

SCHEDULE II--CONDENSED FINANCIAL INFORMATION OF REGISTRANT
TRANSAMERICA CORPORATION (PARENT COMPANY)
(Amounts in millions except share data)

BALANCE SHEET

<CAPTION>

	December 31,	
	1998	1997
	<C>	<C>
<S>		
Assets:		
Investments in subsidiaries	\$ 6,558.5	\$ 5,762.1
Equity securities at fair value (cost: \$287.5 in 1998 and \$308.8 in 1997)	1,287.9	796.1
Short-term investments	2.5	4.8
Notes and accounts receivable from subsidiaries	130.7	359.1
Cash and cash equivalents	17.4	18.5
Other assets	177.9	213.5
	-----	-----
	\$ 8,174.9	\$ 7,154.1
	=====	=====
Liabilities and stockholders' equity:		
Notes and loans payable	\$ 387.3	\$ 404.8
Income taxes payable, including deferred taxes payable of \$194.5 in 1998 and \$45.7 in 1997	233.5	78.7
Income taxes due to subsidiaries	440.5	356.8
Notes and accounts payable to subsidiaries	947.4	936.5
Accounts payable and other liabilities	460.3	496.0
Stockholders' equity:		
Common Stock (\$1 par value):		
Authorized--300,000,000 shares		
Outstanding--124,490,670 shares in 1998 and 125,808,216 shares in 1997, after deducting 34,986,254 and 33,668,708 shares in treasury in 1998 and 1997	124.5	125.8
Retained earnings, including equity in undistributed net income of subsidiaries of \$2,186.4 in 1998 and \$1,700.5 in 1997	3,693.1	3,267.9
Components of other cumulative comprehensive income		
Net unrealized gain from investments marked to fair value	1,943.4	1,533.6
Foreign currency translation adjustments	(55.1)	(46.0)
	-----	-----
	5,705.9	4,881.3
	-----	-----
	\$ 8,174.9	\$ 7,154.1
	=====	=====

<FN>

<TABLE>

SCHEDULE II
 (Continued)

TRANSAMERICA CORPORATION AND SUBSIDIARIES

SCHEDULE II--CONDENSED FINANCIAL INFORMATION OF REGISTRANT

TRANSAMERICA CORPORATION (PARENT COMPANY)
 STATEMENT OF INCOME

<CAPTION>	1998	Years Ended December 31, 1997 (Amounts in millions)	1996
<S>	<C>	<C>	<C>
Revenues:			
Dividends from subsidiaries	\$ 184.8	\$ 615.2	\$ 313.6
Tax service fees	331.0	214.7	206.5
Interest, principally from subsidiaries	12.3	16.2	3.8
Investment income	5.9	7.5	10.4
Gain on investment transactions	82.7	18.7	18.1
	-----	-----	-----
	616.7	872.3	552.4
Expenses:			
Interest	116.9	131.7	109.7
General and administrative	258.7	199.6	213.4
	-----	-----	-----
	375.6	331.3	323.1
	-----	-----	-----
Income tax (provision) benefit	241.1 (20.0)	541.0 117.1	229.3 88.4
	-----	-----	-----
Income before equity in undistributed income of subsidiaries and income (loss) of discontinued operations	221.1	658.1	317.7
Equity in undistributed income (dividends in excess of income) of subsidiaries	485.9	(126.1)	183.8
	-----	-----	-----
Income from continuing operations	707.0	532.0	501.5
Income (loss) from discontinued operations	-----	261.8	(45.2)
	-----	-----	-----
Net income	\$ 707.0	\$ 793.8	\$ 456.3
	=====	=====	=====

<FN>

 For comprehensive income see Item 8, "Consolidated Statement of Stockholders Equity."
 </FN>
 </TABLE>

<TABLE>

SCHEDULE II
 (Continued)

TRANSAMERICA CORPORATION AND SUBSIDIARIES

SCHEDULE II--CONDENSED FINANCIAL INFORMATION OF REGISTRANT

TRANSAMERICA CORPORATION (PARENT COMPANY)
 STATEMENT OF CASH FLOWS

<CAPTION>	1998	Years Ended December 31, 1997 (Amounts in millions)	1996
<S>	<C>	<C>	<C>
Operating activities:			
Income from continuing operations	\$ 707.0	\$ 532.0	\$ 501.5
Adjustments to reconcile income from continuing operations to net cash provided by operating activities:			
Accounts payable and other liabilities	(37.2)	(17.1)	(71.4)
Income taxes payable, including related accounts with subsidiaries	45.6	67.6	(0.6)
Dividends in excess of income (Equity in undistributed income) of subsidiaries	(485.9)	126.1	(183.8)
Net gain on investment transactions	(82.7)	(18.7)	(18.1)
Other	12.8	(80.5)	2.2
	-----	-----	-----
Net cash provided by operating activities	159.6	609.4	229.8
Investing activities:			
Capital transactions with subsidiaries	(239.5)	302.3	(36.3)
Sales of investments	285.8	97.0	219.4
Purchases of investments	(184.5)	(136.6)	(158.4)
Decrease (increase) in accounts with subsidiaries	281.2	(44.7)	170.8
Other	(26.0)	(13.9)	(19.6)
	-----	-----	-----
Net cash provided by investing activities	117.0	204.1	175.9
Financing activities:			
Proceeds from debt financing		188.6	198.4
Increase (decrease) in commercial paper obligations	82.5	(198.4)	(157.8)
Payments of long-term notes	(100.0)	(5.0)	(10.0)
Redemption of preferred stock		(318.8)	
Treasury stock purchases	(235.5)	(443.5)	(330.2)
Proceeds from issuance of common stock	100.4	108.3	45.6
Dividends	(125.1)	(130.3)	(149.2)
	-----	-----	-----
Net cash used by financing activities	(277.7)	(799.1)	(403.2)
Increase (decrease) in cash and cash equivalents	(1.1)	14.4	2.5
Cash and cash equivalents at beginning of year	18.5	4.1	1.6
	-----	-----	-----
Cash and cash equivalents at end of year	\$ 17.4	\$ 18.5	\$ 4.1
	=====	=====	=====

</TABLE>

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<TABLE>

SCHEDULE II
(Continued)

TRANSAMERICA CORPORATION AND SUBSIDIARIES

SCHEDULE II--CONDENSED FINANCIAL INFORMATION OF REGISTRANT

TRANSAMERICA CORPORATION (PARENT COMPANY)

NOTE TO BALANCE SHEET

Financial Instruments

At December 31, 1998 and 1997 notes and loans payable comprised:

<CAPTION>	December 31, 1998	December 31, 1997 (Amounts in millions)
<S>	<C>	<C>
Short-term bank loans, commercial paper and current portion of long-term debt		\$ 100.0
Long-term debt due subsequent to one year:		
Notes; interest at 6.75% to 9.875%; maturing through 2008	\$ 304.8	304.8
Commercial paper and other notes at various interest rates and terms supported by a credit agreement expiring in 2002	82.5	
	-----	-----
	\$ 387.3	\$ 404.8

<FN>

There are no maturities of debt in 1999, 2000 or 2003. Amounts of debt maturing in 2001 and 2002 are \$5 million and \$82.5 million.

</FN>
</TABLE>

<TABLE>

Transamerica manages a portion of its interest rate risk by entering into interest rate swap agreements. At December 31, 1998 and 1997 interest rate swap agreements comprised:

<CAPTION>

	Weighted Notional Amount <C>	Weighted Average Fixed Interest Rate <C>	Average Floating Interest Rate <C>
	(Dollar amounts in millions)		
1998:			
Interest rate swap agreements - Transamerica pays:			
Floating rate interest expense, receives fixed rate interest income	\$ 275.0	7.03%	5.25%
1997:			
Interest rate swap agreements - Transamerica pays:			
Floating rate interest expense, receives fixed rate interest income	\$ 275.0	7.03%	5.77%

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<TABLE>

SCHEDULE III

TRANSAMERICA CORPORATION AND SUBSIDIARIES

SCHEDULE III--SUPPLEMENTARY INSURANCE INFORMATION

<CAPTION>

Column A	Column B	Column C	Column D	Column E	Column F
Segment	Deferred policy acquisition costs	Future policy benefits, losses, claims and loss expenses	Unearned premiums (Amounts in millions)	Other policy claims and benefits payable	Premium revenue
<S> <C>	<C>	<C>	<C>	<C>	<C>
Life insurance:					
Year ended December 31:					
1998	\$2,094.7 (A)	\$6,199.7 (B)	\$ 7.1	\$ 24,191.9	\$ 1,050.4
1997	\$2,102.6 (A)	\$5,957.7 (B)	\$ 17.7	\$ 24,184.2	\$ 1,105.9
1996	\$2,138.2 (A)	\$5,644.5 (B)	\$ 17.9	\$ 22,898.4	\$ 1,072.4

<TABLE>

<CAPTION>

	Column G	Column H	Column I	Column J	Column K
	Net investment income	Benefits, claims, losses and settlement expenses	Amortization of deferred policy acquisition costs (Amounts in millions)	Other operating expenses	Premiums written
<S> <C>	<C>	<C>	<C>	<C>	<C>
Life insurance:					
Year ended December 31:					
1998	\$ 2,245.5	\$ 2,878.0	\$427.2 (C)	\$ 451.5	\$240.9 (D)
1997	\$ 2,169.4	\$ 2,810.9	\$256.3 (C)	\$ 469.6	\$238.0 (D)
1996	\$ 2,079.7	\$ 2,649.7	\$268.8 (C)	\$ 403.6	\$286.1 (D)

<FN>

(A) Includes reduction from fair value adjustments of \$633.8 million in 1998, \$546.1 million in 1997 and \$306.6 million in 1996 required under Financial Accounting Standards Statement No. 115, Accounting for Certain Investments in Debt and Equity Securities.

- (B) Includes increase from fair value adjustments of \$391.3 million in 1998, \$281 million in 1997 and \$195 million in 1996 required under Financial Accounting Standards Statement No. 115.
- (C) Includes accelerated amortization of deferred policy acquisition costs of \$158 million in 1998, \$8.9 million in 1997 and \$33.6 million in 1996 and associated with interest-sensitive products due to realized investment gains.
- (D) Health insurance premiums written.
- </FN>
- </TABLE>

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<TABLE>

TRANSAMERICA CORPORATION AND SUBSIDIARIES

SCHEDULE IV

SCHEDULE IV--REINSURANCE

<CAPTION>	Column A	Column B	Column C	Column D	Column E	Column F
	Segment	Gross amount	Ceded to other companies	Assumed from other companies	Net amount	Percentage of amount assumed to net
		(Dollar amounts in millions)				
<S>		<C>	<C>	<C>	<C>	<C>
Year ended December 31, 1998:						
Life insurance in force		\$ 255,440.9	\$ 290,754.6	\$ 282,317.0	\$ 247,003.3	114.3%
Premium revenue:						
Life insurance		\$ 637.8	\$ 464.7	\$ 667.3	\$ 840.4	79.4%
Accident and health insurance		197.1	506.2	519.1	210.0	247.2%
		\$ 834.9	\$ 970.9	\$ 1,186.4	\$ 1,050.4	112.9%
Year ended December 31, 1997:						
Life insurance in force		\$ 241,379.9	\$ 207,533.1	\$ 225,685.7	\$ 259,532.5	87.0%
Premium revenue:						
Life insurance		\$ 894.5	\$ 637.4	\$ 610.2	\$ 867.3	70.4%
Accident and health insurance		90.3	350.6	498.9	238.6	209.1%
		\$ 984.8	\$ 988.0	\$ 1,109.1	\$ 1,105.9	100.3%
Year ended December 31, 1996:						
Life insurance in force		\$ 220,162.9	\$ 195,158.2	\$ 201,560.3	\$ 226,565.0	89.0%
Premium revenue:						
Life insurance		\$ 816.6	\$ 551.9	\$ 521.3	\$ 786.0	66.3%
Accident and health insurance		59.2	355.4	582.6	286.4	203.5%
		\$ 875.8	\$ 907.3	\$ 1,103.9	\$ 1,072.4	102.9%

</TABLE>

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<TABLE>

TRANSAMERICA CORPORATION AND SUBSIDIARIES

SCHEDULE V

 SCHEDULE V--VALUATION AND QUALIFYING ACCOUNTS

<CAPTION>	Column A	Column B	Column C	Column D	Column E
Description	Balance at beginning of period	-----Additions----- Charged to costs and expenses Charged to other accounts - describe		Deductions - describe	Balance at end of period
	(Amounts in millions)				
<S>	<C>	<C>	<C>	<C>	<C>
Year ended December 31, 1998: Deducted from asset accounts:					
Allowance for losses -					
Mortgage loans on real estate	\$ 24.5			\$ 0.1 (D)	\$ 24.6
Real estate	11.8		\$ 0.1 (B)	5.7 (E)	6.2
Finance receivables	104.8	\$ 53.0	28.5 (C)	34.2 (F)	152.1 (H)
Other assets	5.4			4.8 (C)	0.6 (C)
	-----	-----	-----	-----	-----
	\$ 146.5	\$ 53.0	\$ 28.6	\$ 44.8	\$ 183.5
	=====	=====	=====	=====	=====
Year ended December 31, 1997: Deducted from asset accounts:					
Allowance for losses -					
Mortgage loans on real estate	\$ 22.6		\$ 2.0 (B)	\$ 0.1 (D)	\$ 24.5
Real estate	20.2			8.4 (E)	11.8
Finance receivables	87.0	\$ 18.1	14.8 (C)	15.1 (F)	104.8 (H)
Other assets	1.8		5.4 (C)	1.8 (G)	5.4
	-----	-----	-----	-----	-----
	\$ 131.6	\$ 18.1	\$ 22.2	\$ 25.4	\$ 146.5
	=====	=====	=====	=====	=====
Year ended December 31, 1996: Deducted from asset accounts:					
Allowance for losses -					
Mortgage loans on real estate	\$ 21.5		\$ 2.1 (B)	\$ 1.0 (D)	\$ 22.6
Real estate	27.2		2.5 (B)	9.5 (E)	20.2
Finance receivables	82.1	\$ 10.2	7.0 (C)	12.3 (F)	87.0 (H)
Other assets	6.1	(3.6) (A)		0.7 (G)	1.8
	-----	-----	-----	-----	-----
	\$ 136.9	\$ 6.6	\$ 11.6	\$ 23.5	\$ 131.6
	=====	=====	=====	=====	=====

<FN>

-
- (A) Reversal of excess valuation allowance no longer required due to the favorable terms on disposition of assets held for sale.
 - (B) Included in gains on investment transactions.
 - (C) Changes in connection with receivables and other adjustments.
 - (D) Reduction in reserves associated with the settlement of mortgage loan transactions.
 - (E) Reduction in reserves associated with the settlement of real estate transactions.
 - (F) Charges for net credit losses.
 - (G) Charges for losses on disposal of assets held for sale.
 - (H) Includes \$28 million in 1998, \$15.5 million in 1997 and \$1.2 million in 1996 related to securitized, sold and serviced receivables which is reported in other liabilities in the consolidated balance sheet.

</FN>

</TABLE>

BY-LAWS

OF

TRANSAMERICA CORPORATION

OFFICES

1. The principal office shall be in the City of Wilmington, County of New Castle, State of Delaware. The corporation may also have offices at such other places as the Board of Directors may from time to time appoint or the business of the corporation may require.

SEAL

2. The corporate seal shall have inscribed thereon the name of the corporation, and the words "Incorporated October 11, 1928, Delaware." Said seal may be used by causing it or a facsimile thereof to be impressed or affixed or otherwise reproduced. The Secretary may have duplicate seals made and deposited for use with such officers as the Board of Directors may designate.

It shall not be necessary to the validity of any instrument executed by any authorized officer or officers of this corporation that the execution of such instrument be evidenced by the corporate seal; and all documents, instruments, contracts and writings of all kinds signed on behalf of the corporation by any authorized officer or officers thereof shall be as effectual and binding on the corporation without the corporate seal as if the execution of the same had been evidenced by affixing the corporate seal thereto.

STOCKHOLDERS' MEETINGS

3. All meetings of the stockholders shall be held at such office or place, within or without the State of Delaware, as may be designated by the Board of Directors and as shall be specified in the notice of the meeting.

4. The annual meeting of the stockholders shall be held on such day of the year and at such time as may be designated by the Board of Directors and as shall be specified in the notice of the meeting; provided, however, that in the absence of such a designation and notice, the annual meeting shall be held on the fourth Thursday of April in each year, if not a legal holiday under the laws of said State, then on the next succeeding day not a legal holiday under the laws of said State, at 11 o'clock A.M., when they shall elect by a plurality vote, by ballot, a Board of Directors, and transact such other business as may

properly be brought before the meeting.

5. The holders of a majority of the stock issued and outstanding, and entitled to vote thereat, present in person, or represented by proxy, shall be requisite and shall constitute a quorum at all meetings of the stockholders for the transaction of business except as otherwise provided by law, by the certificate of incorporation or by these by-laws. If, however, such majority shall not be present or represented at any meeting of the stockholders, the stockholders entitled to vote thereat, present in person, or by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until the requisite amount of voting stock shall be present. At such adjourned meeting at which the requisite amount of voting stock shall be represented any business may be transacted which might have been transacted at the original meeting.

6. At each meeting of the stockholders every stockholder having the right to vote shall be entitled to vote in person, or by proxy appointed by an instrument in writing subscribed by such stockholder or by his duly authorized attorney and submitted to the Secretary at or before such meeting, but no such proxy shall be voted or acted upon after three years from its date, unless said proxy provides for a longer period. Each stockholder shall have one vote for each share of stock having voting power, registered in his name on the books of the corporation; provided, however, that, except where a date shall have been fixed as a record date for the determination of stockholders entitled to vote as hereinafter provided in these by-laws, no share of stock shall be voted at any election for directors which has been transferred on the books of the corporation after the close of business on the day next preceding the day on which notice is given. The vote for directors, and upon the demand of any stockholder, the vote upon any question before the meeting, shall be by ballot. All actions shall be had and all questions decided by a plurality vote, except as otherwise specifically provided by statute or by the certificate of incorporation or by these by-laws.

7. Written notice of the annual meeting shall be mailed to each stockholder entitled to vote thereat at such address as appears on the records of the corporation, not less than ten nor more than sixty days prior to the meeting.

8. Special meetings of the stockholders, for any purpose, or purposes, may be called by the Board of Directors or by any committee of the Board of Directors pursuant to a duly adopted resolution. Such resolution shall state the purpose or purposes of the proposed meeting.

9. Business transacted at all special meetings shall be confined to the objects stated in the call.

10. Written notice of a special meeting of stockholders, stating the time and place and object thereof, shall be mailed, postage prepaid, at least ten but not more than sixty days before such meeting, to each stockholder entitled to vote thereat at such address as appears on the records of the corporation.

10.1 Certain Procedures Regarding Meetings of Stockholders

(A) (1) Nominations of persons for election to the Board of Directors of the corporation and the proposal of business to be considered by the stockholders may be made at an annual meeting of stockholders only (a) pursuant to the corporation's notice of meeting (or any supplement thereto), (b) by or at the direction of the Board of Directors or the Chairman of the Board or (c) by any stockholder of the corporation who was a stockholder of the corporation of record at the time the notice provided for in this Section 10.1 is delivered to the Secretary of the corporation, who is entitled to vote at the meeting and complies with the notice procedures set forth in this Section 10.1.

(2) For nominations or other business to be properly brought before an annual meeting by a stockholder pursuant to clause (c) of paragraph (A) (1) of this Section 10.1, the stockholder must have given timely notice thereof in writing to the Secretary of the corporation and such other business must otherwise be a proper matter for stockholder action. To be timely, a stockholder's notice shall be delivered to the Secretary at the principal executive offices of the corporation not later than the close of business on the 70th day nor earlier than the close of business on the 90th day prior to the first anniversary of the preceding year's annual meeting; provided, however, that in the event that the date of the annual meeting is more than 20 days before or more than 70 days after such anniversary date, notice by the stockholder to be timely must be so delivered not earlier than the close of business on the 90th day prior to such annual meeting and not later than the close of business on the later of the 70th day prior to such annual meeting or the 10th day following the day on which public announcement of the date of such meeting is first made by the corporation. In no event shall the public announcement of an adjournment or postponement of an annual meeting commence a new time period for the giving of a stockholder's notice as described above. Such stockholder's notice shall set forth: (a) as to each person whom the stockholder proposes to nominate for election or reelection as a

director all information relating to such person that is required to be disclosed in solicitations of proxies for election of directors in an election contest, or is otherwise required, in each case pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (the "Exchange Act") and Rule 14a-11 thereunder (and such person's

written consent to being named in the proxy statement as a nominee and to serving as a director if elected); (b) as to any other business that the stockholder proposes to bring before the meeting, a brief description of the business desired to be brought before the meeting, the reasons for conducting such business at the meeting and any material interest in such business of such stockholder and the beneficial owner, if any, on whose behalf the proposal is made, and in the event that such business includes a proposal to amend the By-Laws of the corporation, the language of the proposed amendment; and (c) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made (i) the name and address of such stockholder, as they appear on the corporation's books, and of such beneficial owner, (ii) the class and number of shares of the corporation which are owned beneficially and of record by such stockholder and such beneficial owner, (iii) a representation that the stockholder is a holder of record of stock of the corporation entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to propose such business or nomination, and (iv) a representation whether the stockholder or the beneficial owner, if any, intends or is part of a group which intends to (a) deliver a proxy statement and form of proxy to holders of at least the percentage of the corporation's outstanding common stock required to approve or adopt the proposal or elect the nominee and/or (b) otherwise solicit proxies from stockholders in support of such proposal or nomination. The corporation may require any proposed nominee to furnish such other information as it may reasonably require to determine the eligibility of such proposed nominee to serve as a director of the corporation.

(3) Notwithstanding anything in the second sentence of paragraph (A) (2) of this Section 10.1 to the contrary, in the event that the number of directors to be elected to the Board of Directors of the corporation is increased and there is no public announcement by the corporation naming all of the nominees for director or specifying the size of the increased Board of Directors at least 80 days prior to the first anniversary of the preceding year's annual meeting, a stockholder's notice required by this Section 10.1 shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to the Secretary at the principal executive offices of the corporation not later than the close of business on the 10th day following the day on which such public announcement is first made by the corporation.

(B) Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the corporation's notice of meeting. Nominations of persons for election to the Board of Directors may be made at a special meeting of stockholders at which directors are to be elected pursuant to the corporation's notice of meeting (a) by or at the direction of the Board of Directors or (b) provided that the Board of Directors has determined that directors shall be elected at such meeting, by any stockholder of the corporation who is a stockholder of record at the time the notice

provided for in this Section 10.1(B) is delivered to the Secretary of the corporation, who shall be entitled to vote at the meeting and who complies with the notice procedures set forth in this Section 10.1(B). In the event the corporation calls a special meeting of stockholders for the purpose of electing one or more directors to the Board of Directors, any such stockholder may nominate a person or persons (as the case may be) for election to such position(s) as specified in the corporation's notice of meeting, if the stockholder's notice containing the information required by paragraph (A)(2) of this Section 10.1 shall be delivered to the Secretary at the principal executive offices of the corporation not earlier than the close of business on the 90th day prior to such special meeting and not later than the close of business on the later of the 70th day prior to such special meeting, or the tenth day following the day on which public announcement is first made of the date of the special meeting and of the nominees proposed by the Board of Directors to be elected at such meeting. In no event shall the public announcement of an adjournment or postponement of a special meeting commence a new time period for the giving of a stockholder's notice as described above.

(C)(1) Only such persons who are nominated in accordance with the procedures set forth in this Section 10.1 shall be eligible to be elected at an annual or special meeting of stockholders of the corporation to serve as directors and only such business shall be conducted at a meeting of stockholders as shall have been brought before the meeting in accordance with the procedures set forth in this Section 10.1. Except as otherwise provided by law, the Certificate of Incorporation or these By-Laws, the chairman of the meeting shall have the power and duty to (i) determine whether a nomination or any business proposed to be brought before the meeting was made or proposed, as the case may be, in accordance with the procedures set forth in this Section 10.1 and (ii) if any proposed nomination or business is not in compliance with this Section 10.1, including if the stockholder or beneficial owner, if any, on whose behalf the nomination or proposal is made solicits or is part of a group which solicits proxies in support of such stockholder's proposal without the stockholder having made the representation required by clause (c)(iii) of Section (A)(2) of this Section 10.1, to declare that such defective nomination shall be disregarded or that such proposed business shall not be transacted.

(2) For purposes of this Section 10.1, "public announcement" shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press or comparable national news service or in a document publicly filed by the corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Exchange Act.

(3) Notwithstanding the foregoing provisions of this Section 10.1, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in this Section 10.1. Nothing in this Section 10.1 shall be deemed to affect any rights (i) of stockholders to request inclusion of proposals in the corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act or (ii) of the holders of any series of preferred stock to elect directors under specified circumstances.

DIRECTORS

11. The property and business of this corporation shall be managed by its Board of Directors, not less than seven nor more than twenty-two in number as shall be determined by the Board of Directors. The Directors shall be divided into three classes, designated Class I, Class II and Class III, and each Class shall consist, as nearly as may be possible, of one-third of the total number of directors constituting the entire Board of Directors. At the 1986 annual meeting of stockholders, Class I directors shall be elected for a one-year term, Class II directors for a two-year term and Class III directors for a three-year term. At each succeeding annual meeting of stockholders beginning in 1987, successors to the class of directors whose term expires at that annual meeting shall be elected for a three-year term. In case the Board of Directors shall change the number of Directors within the above limits, any increase or decrease shall be apportioned among the classes so as to maintain the number of directors in each class as nearly equal as possible and any additional Director of any class elected to fill a vacancy resulting from an increase in such class shall hold office for a term that shall coincide with the remaining term of that class, but in no case will a decrease in the number of Directors shorten the term of any incumbent Director. A Director shall hold office until the annual meeting for the year in which such Director's term expires and until his or her successor shall be elected and qualified, subject, however, to such Director's prior death, resignation, retirement, disqualification or removal from office.

12. Any vacancy in the Board of Directors that results from an increase in the number of Directors may be filled by a majority of the Directors then in office, provided that a quorum is present, and any other vacancy occurring in the Board of Directors may be filled by a majority of the directors then in office, even if less than a quorum, or by a sole remaining director, and each Director elected to fill a vacancy not resulting from an increase in the number of directors shall have the same remaining term as that of such Director's predecessor.

Notwithstanding the foregoing, whenever the holders of any one or more classes or series of preferred stock or preference stock issued by this corporation shall have the right, voting separately by class or series, to elect directors at an annual or special meeting of stockholders, the election, term of

office, filling of vacancies and other features of such directorships shall be governed by the terms of this corporation's certificate of incorporation applicable thereto, and such directors so elected shall not be divided into classes pursuant to Article IX of such certificate of incorporation unless expressly provided by the terms thereof. The Directors of this corporation need not be stockholders.

13. The Directors may hold their meetings and have one or more offices, and keep the books of the corporation outside of Delaware or at such other offices of the corporation or other places as they may from time to time determine.

14. Directors, in addition to expenses of attendance, shall be allowed such compensation as may be fixed from time to time by resolution adopted by a majority of the whole Board of Directors; provided that nothing herein contained shall be construed to preclude any Director from serving the corporation in any other capacity and receiving compensation therefor.

15. In addition to the powers and authorities by these by-laws expressly conferred upon it, the Board may exercise all such powers of the corporation and do all such lawful acts and things as are not by statute or by the certificate of incorporation or by these by-laws directed or required to be exercised or done by the stockholders; provided, however that no portion of the holdings of the corporation of voting securities in any subsidiary company shall be sold or otherwise disposed of, if such sale or disposition would reduce the voting power of the corporation in such subsidiary below a majority of the total voting power thereof, without approval of at least a majority of the whole Board of Directors, either expressed at a meeting by resolution concurred in by a majority of the whole Board of Directors or by written consent executed by at least a majority of all the members of the Board.

COMMITTEES

16. The Board of Directors, by resolution adopted by a majority of the whole Board, may designate an Executive Committee to consist of three or more Directors to hold office at the pleasure of the Board and by like resolution may fill vacancies in, or reconstitute the membership of, the Executive Committee. Meetings of the Executive Committee for any purpose or purposes may be called by the Chairman of the Board, the Chief Executive Officer, the President, or the Chairman of the Executive Committee, and shall be called by any of them at the request in writing of at least two members of the Executive Committee, to be held in such place in the City and County of San Francisco, or at any other place within or without the State of California, as shall be designated from time to time by the Chairman of the Board, the Chief Executive Officer, the President, the Chairman of the Executive Committee or the Executive Committee and indicated in the notice of such meetings.

At least twenty-four hours' notice of such meetings shall be given to each member of the Executive Committee either personally or by telegram or by telephone; provided, however, that if any such meeting is to be held at any

place other than in the City and County of San Francisco notice of such meeting shall be given personally to each member of the Executive Committee or may be given by mailing a notice in a postage prepaid envelope addressed to each such member at his address registered on the books of the corporation, at least three days before the time fixed for the meeting.

The Executive Committee shall, between sessions of the Board, have such powers as may be delegated to it from time to time by the Board of Directors.

The Secretary or a member of the Executive Committee shall keep minutes of all its proceedings, all of which shall be reported as soon as practicable to the Board of Directors and shall be subject to revision or rescission by the Board of Directors provided no rights of third parties shall be affected thereby. The Chairman of the Executive Committee shall preside at all meetings of the Executive Committee and in his absence the Executive Committee shall select from its members a Chairman of each meeting. The presence of a majority of the members of the Executive Committee (but in no event less than three) shall be necessary to constitute a quorum for the transaction of business.

17. The Board of Directors may from time to time by resolution create such other committee or committees of directors, officers, employees or other persons designated by it for the purpose, to advise with the Board, the Executive Committee and the officers and employees of the corporation in all such matters as the Board shall deem advisable and with such functions and duties as the Board shall by resolution prescribe. A majority of all the members of any such committee may determine its action and fix the time and place of its meetings unless the Board of Directors shall otherwise provide. The Board of Directors shall have power to change the members of any such committee at any time, to fill vacancies, and to discharge any such committee, either with or without cause, at any time.

18. Members of the Executive Committee and of any other special or standing committee shall, in addition to expenses of attendance, be allowed such compensation as may be fixed from time to time by resolution adopted by a majority of the whole Board of Directors.

MEETINGS OF THE BOARD

19. The newly elected Board shall have its first meeting at such place and time as shall be fixed by the vote of the stockholders at the annual meeting, for the purpose of organization or otherwise, and no notice of such meeting shall be necessary to the newly elected Directors in order legally to constitute the meeting; provided, a quorum of the whole Board shall be present; or they may meet at such place and time as shall be fixed by the consent in writing of all the Directors, or as shall be stated in the notice of such meeting given as hereinafter provided in the case of special meetings of the Board.

20. Regular meetings of the Board of Directors shall be held without call or notice at such time and place as shall from time to time be fixed by standing resolution of the Board.

21. Special meetings of the Board may be called by the Chairman of the Board, by the Chief Executive Officer, or by the President, on twenty-four hours' notice to each Director, either personally or in writing by mail, or by telegram, or by telephone; special meetings shall be called by the Chairman of the Board, the Chief Executive Officer, the President or the Secretary in like manner and on like notice on the written request of three Directors. Notice of special meetings of the Board shall state the time and place of the meeting but need not state the purpose thereof except as otherwise expressly provided in these by-laws.

22. At all meetings of the Board a majority of the total number of Directors shall be necessary and sufficient to constitute a quorum for the transaction of business, and the act of a majority of the Directors present at any meeting at which there is a quorum shall be the act of the Board of Directors, except as may be otherwise specifically provided by statute or by the certificate of incorporation or by these by-laws.

OFFICERS

23. The officers of the corporation shall be chosen by the Directors and shall be a Chairman of the Board, a Chief Executive Officer, a President, one or more Vice Presidents, a Treasurer, a Secretary, a Controller, Assistant Vice Presidents, Assistant Treasurers, Assistant Secretaries and Assistant Controllers. The Board of Directors may also choose such other officers as they may determine. Any number of offices may be held by the same person.

24. The Board of Directors shall annually at its organizational meeting choose a Chairman of the Board, a Chief Executive Officer, a President, one or more Vice Presidents, the Secretary, the Treasurer, the Controller, and such other officers as they may determine, none of whom except the Chairman of the Board and the Chief Executive Officer, need be members of the Board. The Board of Directors shall also choose annually at its organizational meeting a Chairman of the Executive Committee, who shall be a member of the Board.

25. The Board may appoint such other officers and agents as it shall deem necessary, who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board.

26. The salaries of all officers and agents of the corporation shall be fixed by the Board of Directors.

27. The officers of the corporation shall hold office until their

successors are chosen and qualify in their stead. Any officer elected or appointed by the Board of Directors may be removed at any time by the affirmative vote of a majority of the whole Board of Directors. If the office of any officer or officers becomes vacant for any reason, the vacancy shall be filled by the Board of Directors.

28. In the case of the absence of any officer of the corporation, or for any other reason that the Board may deem sufficient, the Board may delegate, for the time being, the powers or duties, or any of them, of such officer to any other officer, or to any Director, provided, a majority of the entire Board concur therein.

THE CHAIRMAN OF THE BOARD

29. The Chairman of the Board shall preside at all meetings of the stockholders and of the Board of Directors and shall be ex-officio a member of all standing committees with the exception of the Corporate Audit Committee and the Management Development and Compensation Committee.

CHIEF EXECUTIVE OFFICER, PRESIDENT AND VICE PRESIDENTS

30. (a) The Chief Executive Officer shall be the chief executive officer of the corporation and, subject to the Board of Directors, shall have general and active management of the business, affairs, and property of the corporation. The Chief Executive Officer shall keep the Board of Directors fully informed and shall freely consult with them concerning the matters in his charge. The Chief Executive Officer shall be ex-officio a member of all standing committees with the exception of the Corporate Audit Committee and the Management Development and Compensation Committee. In the absence or disability of the Chairman of the Board, if the Chairman of the Board not be the Chief Executive Officer, the Chief Executive Officer shall perform the duties and exercise the powers of the Chairman of the Board.

(b) The President shall do and perform such duties and have such powers as from time to time may be assigned to him by the Board of Directors, or, if the President not be the Chief Executive Officer, the Chief Executive Officer. If the President shall not be the Chief Executive Officer, the President shall keep the Chief Executive Officer fully informed and shall freely consult with him concerning the matters in his charge and, in the absence or disability of the Chief Executive Officer, the President shall perform the duties and exercise the powers of the Chief Executive Officer.

(c) In the absence or disability of the President, a Vice President designated by the Board of Directors or by the Executive Committee shall perform the duties and exercise the powers of the President.

(d) The Chairman of the Executive Committee shall preside at all meetings of the Executive Committee and shall perform such other duties as may be prescribed by the Board of Directors or the Executive Committee.

(e) The Vice Presidents shall respectively perform such duties as may be prescribed by the Board of Directors or the Chief Executive Officer.

THE SECRETARY AND
ASSISTANT SECRETARIES

31. (a) The Secretary shall attend all sessions of the Board and all meetings of the stockholders and record all votes and the minutes of all proceedings in a book to be kept for that purpose, and shall perform like duties for the standing committees when required. The Secretary shall give, or cause to be given, notice of all meetings of the stockholders, and the Board of Directors, and shall perform such other duties as may be prescribed by the Board of Directors, or by the Chairman of the Board, under whose supervision the Secretary shall be. The Secretary shall keep in safe custody the seal of the corporation, and shall have authority to affix the same to any instrument requiring it.

(b) The Assistant Secretaries, in the order of their seniority, shall, in the absence or disability of the Secretary, perform the duties and exercise the powers of the Secretary, and shall perform such other duties as may be prescribed by the Board of Directors or the Chairman of the Board.

THE TREASURER AND
ASSISTANT TREASURERS

32. (a) The Treasurer shall have the custody of the corporate funds and securities and shall deposit all moneys and other valuable effects in the name and to the credit of the corporation, in such depositories as may be designated by the Board of Directors.

(b) The Treasurer shall disburse the funds of the corporation as may be ordered by the Board, taking proper vouchers for such disbursements, and shall render to the Chairman of the Board, the Chief Executive Officer, the President, and the Board of Directors, at the regular meetings of the Board, or whenever they may require it, an account of all his transactions as Treasurer.

(c) The Treasurer shall give the corporation a bond if required by the Board of Directors in a sum, and with one or more sureties, satisfactory to the Board, for the faithful performance of the duties of his office, and for the restoration to the corporation, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the corporation; but the Board of Directors may, if they see fit, dispense with such bond. The Treasurer shall perform such other duties as may be prescribed by the Board of Directors or by the Chief Executive Officer.

(d) The Assistant Treasurers in the order of their seniority shall, in

the absence or disability of the Treasurer, perform the duties and exercise the powers of the Treasurer, and shall perform such other duties as may be prescribed by the Board of Directors or the Chief Executive Officer.

THE CONTROLLER AND ASSISTANT CONTROLLERS

33. (a) The Controller shall act as the principal accounting officer in charge of general accounting books and records of the corporation, and shall have general supervision of the accounting practices of all subsidiaries.

(b) The Controller shall cause to be prepared, compiled, and filed, such reports, statements, statistics, and other data as may be required by law or as may be prescribed by the Chief Executive Officer or the Board of Directors.

(c) The Controller shall give the corporation a bond if required by the Board of Directors in a sum, and with one or more sureties, satisfactory to the Board, for faithful performance of the duties of his office, and for restoration to the corporation, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the corporation; but the Board of Directors may, if they see fit, dispense with such bond.

(d) The Assistant Controllers in the order of their seniority shall, in the absence or disability of the Controller, perform the duties and exercise the powers of the Controller, and shall perform such other duties as may be prescribed by the Board of Directors or the Chief Executive Officer.

INDEMNIFICATION OF DIRECTORS OR OFFICERS

34. (a) Subject to subsection (d) of this section, any person who was or is made a party or is threatened to be made a party to or is involved in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that he or she, or a person of whom he or she is the legal representative, is or was a Director or officer of the corporation, or is or was a Director or officer of the corporation serving at the request of the corporation as a Director, officer, employee or agent of another corporation, partnership, joint venture, trust or another enterprise, whether the basis of such proceeding is alleged action in an official capacity as a Director or officer or in any other capacity while serving as a Director or officer, shall be indemnified and held harmless by the corporation to the fullest extent permitted by the Delaware General Corporation Law as the same exists or, subject to subsection (o) of this section, may hereafter be amended,

against losses, liabilities and expenses (including attorneys' fees, judgments, fines and amounts paid in settlement) actually and reasonably incurred or suffered by him or her in connection with such action, suit or proceeding; provided, however, that no indemnification shall be provided to any such person if a judgment or other final adjudication adverse to the Director or officer establishes that the Director or officer did not act in good faith and in a manner such Director or officer reasonably believed to be in or not opposed to the best interests of the corporation or, with respect to any criminal action or proceeding, had reasonable cause to believe his or her conduct was unlawful; and provided, further, that except as to actions to enforce indemnification rights pursuant to subsection (f) of this section, the corporation shall indemnify any such person seeking indemnification in connection with an action, suit or proceeding (or part thereof) initiated by such person only if the action, suit or proceeding (or part thereof) was authorized by the Board of Directors of the corporation. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his or her conduct was unlawful.

(b) Subject to subsection (d) of this section, any person who was or is made a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he or she is or was a Director or officer of the corporation, or is or was a Director or officer of the corporation serving at the request of the corporation as a Director, officer, employee or agent of another corporation, partnership, joint venture, trust or another enterprise shall be indemnified by the corporation against expenses (including attorneys' fees) actually and reasonably incurred by him or her in connection with the defense or settlement of such action or suit if he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the corporation; except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the corporation unless and only to the extent that the Court of Chancery of the State of Delaware or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery of the State of Delaware or such other court shall deem proper.

(c) Notwithstanding the other provisions of this section, to the extent that a Director or officer of the corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in subsections (a) and (b) of this section, or in defense of any claim, issue or matter therein, he or she shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him or her in connection therewith.

(d) Any indemnification under subsections (a) and (b) of this section (unless ordered by a court) shall be made by the corporation unless a determination is made (1) by the Board of Directors by a majority vote of a quorum consisting of Directors who were not parties to such action, suit or proceeding, or (2) if such a quorum is not obtainable, or, even if obtainable a quorum of disinterested Directors so directs, by independent legal counsel (who may be the regular counsel of the corporation) in a written opinion, or (3) by the stockholders that indemnification of the Director or officer is not proper in the circumstances because he or she has not met the applicable standard of conduct set forth in subsections (a) and (b) of this section.

(e) Expenses incurred (including attorneys' fees) by a Director or officer in defending a civil or criminal action, suit or proceeding shall be paid by the corporation in advance of the final disposition of such action, suit or proceeding; provided, however, that the payment of such expenses incurred by a Director or officer in his or her capacity as a Director or officer (and not in any other capacity in which service was or is rendered by such person while a Director or officer) in advance of the final disposition of such action, suit or proceeding shall be made only upon receipt of an undertaking by or on behalf of the Director or officer to repay such amount if it shall ultimately be determined that he or she is not entitled to be indemnified by the corporation as authorized in this section. Such expenses incurred by other employees and agents of the corporation (or by the Directors or officers not acting in their capacity as such, including service with respect to employee benefit plans) may be so paid upon such terms and conditions, if any, as the Board of Directors deems appropriate.

(f) If a request to be indemnified under subsections (a) and (b) of this section is made, the Board of Directors shall make a determination pursuant to Section 145(d) of the Delaware General Corporation Law within thirty days after such request as to whether the person so requesting indemnification is entitled to indemnification under this section and the Delaware General Corporation Law. If a claim under subsections (a), (b), (c) or (e) of this section is not paid in full by the corporation within thirty days after a written claim has been received by the corporation, the claimant may at any time thereafter bring suit against the corporation to recover the unpaid amount of the claim and, if successful in whole or in part, the claimant shall be entitled to be paid also the expense (including attorneys' fees) of prosecuting such claim. It shall be a defense to any such action (other than an action brought to enforce a claim for expenses incurred in defending an action, suit or proceeding in advance of its final disposition where the undertaking, if any is required, has been tendered to the corporation) that the claimant has not met the standards of conduct that make it permissible under the Delaware General Corporation Law or this section for the corporation to indemnify the claimant for the amount claimed. The burden of proving such a defense shall be on the corporation. Neither the failure of the corporation (including its Board of

Directors, independent legal counsel, or its stockholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper under the circumstances because he or she has met the applicable standard of conduct set forth in the Delaware General Corporation Law, nor an actual determination by the corporation (including its Board of Directors, independent legal counsel, or its stockholders) that the claimant had not met such applicable standard of conduct, shall be a defense to the action or create a presumption that claimant has not met the applicable standard of conduct.

(g) The rights provided by or granted pursuant to the other subsections of this section shall be a contract right, and shall not be deemed exclusive of any other rights to which those seeking indemnification and advancement of expenses are or hereafter may be entitled under any statute, provision of the certificate of incorporation, by-law, agreement, vote of stockholders or disinterested Directors or otherwise, both as to action in his or her official capacity and as to action in another capacity while holding such office, it being the policy of the corporation that indemnification of the persons specified in subsections (a) and (b) of this section shall be made to the fullest extent permitted by law the Delaware General Corporation Law as the same exists or, subject to subsection (o) of this section, may hereafter be amended.

(h) The corporation may purchase and maintain insurance to protect itself and any person who is or was a Director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a

Director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability, expense or loss asserted against him or her and incurred by him or her in any such capacity, or arising out of his or her status as such, whether or not the corporation would have the power to indemnify him or her against such liability, expense or loss under the provisions of this section or applicable law.

(i) The rights provided by, or granted pursuant to, this section shall, continue as to a person who has ceased to be a Director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

(j) The corporation may provide rights to indemnification and to the advancement of expenses to employees and agents of the corporation who are not Directors or officers of the corporation with such scope and effect as determined from time to time by the Board of Directors.

(k) For purposes of this section, references to the "corporation" shall include, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and

authority to indemnify its directors, officers, and employees or agents, so that any person who is or was a director, officer, employee or agent of such constituent corporation, or is or was serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or another enterprise, shall stand in the same position under the provisions of this section with respect to the resulting or surviving corporation as he or she would have with respect to such constituent corporation if its separate existence had continued.

(l) For the purposes of any determination under subsection (d) of this section, a person shall be deemed to have acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the corporation, or, with respect to any criminal action or proceeding, to have had no reasonable cause to believe his or her conduct was unlawful, if his or her action is based on the records or books of account of the corporation or another enterprise, or on information supplied to him or her by the officers of the corporation or another enterprise in the course of their duties, or on the advice of legal counsel for the corporation or another enterprise or on information or records given or reports made to the corporation or another enterprise by an independent certified public accountant or by an appraiser or other expert selected with reasonable care by the corporation or another enterprise. The provisions of this subsection shall not be deemed to be exclusive or to limit in any way the circumstances in which a person may be deemed to have met the applicable standard of conduct set forth in subsections (a) or (b) of this section, as the case may be.

(m) For purposes of this section, references to "another enterprise" shall include employee benefit plans; references to "fines" shall include any excise taxes assessed on a person with respect to an employee benefit plan; and references to "serving at the request of the corporation" shall include any service as a Director, officer, employee or agent of the corporation which imposes duties on, or involves services by, such Director, officer, employee, or agent with respect to an employee benefit plan, its participants, or beneficiaries; and a person who acted in good faith and in a manner he or she reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "not opposed to the best interests of the corporation" as referred to in this section.

(n) The Board of Directors is specifically authorized, without any action on the part of the stockholders, to alter, amend or repeal this section, to such an extent and in such manner as the law of Delaware, or other applicable law, relating to indemnification of the Directors, officers, employees and agents herein referred to may, at any time and from time to time, authorize or permit; provided, however, that any amendment, repeal or modification of this section shall not (i) in any way diminish or adversely affect any right or protection of any Director, officer, employee or agent of the Corporation existing at the time of such amendment, repeal, or modification, or the obligations of the corporation arising hereunder, or (ii) apply to the indemnification of any such person for liability, expense or loss stemming from actions or omissions occurring prior to such amendment, repeal or modification.

(o) Any person entitled to be indemnified or to the reimbursement or advancement of expenses as a matter of right pursuant to this section shall be entitled to the greater of the indemnification (or advancement of expenses) provided (i) under the applicable law in effect at the time of the occurrence of the event or events giving rise to the action or proceeding, to the extent permitted by law, or (ii) under the applicable law in effect at the time indemnification (or advancement of expenses) is sought.

CERTIFICATES OF STOCK

35. The certificates of stock of the corporation shall be numbered and shall be entered in the books of the corporation as they are issued. They shall exhibit the holder's name and number of shares and shall be signed by the Chairman of the Board, the Chief Executive Officer, the President, or a Vice President, and by the Treasurer or an Assistant Treasurer or the Secretary or an Assistant Secretary. Where a certificate is countersigned (1) by a transfer agent other than the corporation or its employee, or (2) by a registrar other than the corporation or its employee, any other signature on the certificate may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the corporation with the same effect as if he were such officer, transfer agent or registrar at the date of issue.

TRANSFERS OF STOCK

36. Transfers of stock shall be made on the books of the corporation only by the person named in the certificate or by attorney, lawfully constituted in writing, and upon surrender of the certificate therefor.

FIXING RECORD DATE

37. (a) In order that the corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which record date shall not be more than sixty nor less than ten days before the date of such meeting. If no record date is fixed by the Board of Directors, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the date on which the meeting is held. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

(b) In order that the corporation may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights or the stockholders entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted, and which record date shall be not more than sixty days prior to such action. If no record date is fixed, the record date for determining stockholders for any such purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto.

REGISTERED STOCKHOLDERS

38. The corporation shall be entitled to treat the holder of record of any share or shares of stock as the holder in fact thereof and accordingly shall not be bound to recognize any equitable or other claim to or interest in such share on the part of any other person, whether or not it shall have express or other notice thereof, save as expressly provided by the laws of Delaware.

LOST CERTIFICATES

39. The Board of Directors may authorize the issue of a new certificate of stock in the place of any certificate theretofore issued by the corporation, alleged to have been lost or destroyed, and the Board of Directors may, in their discretion, require the owner of the lost or destroyed certificate, or his legal representatives, to give the corporation a bond sufficient to indemnify the corporation against any claim that may be made against it on account of the alleged loss of any such certificate and to furnish such proof of the loss or destruction of such certificate as they shall deem proper and to comply with such other regulations as the Board shall from time to time fix including advertising such loss or destruction in such manner as the Board of Directors may require. A new certificate may be issued without requiring any bond when, in the judgment of the Board of Directors, it is proper to do so.

INSPECTION OF BOOKS AND RECORDS

40. The Directors shall determine from time to time whether, and, if allowed when and under what conditions and regulations the books and records of the corporation (except such as may by statute be specifically open to inspection) or any of them shall be open to the inspection of the stockholders, and the stockholders' rights in this respect are and shall be restricted and limited accordingly.

CHECKS

41. All checks or demands for money and notes of the corporation shall be

signed by such officer or officers as the Board of Directors may from time to time designate.

FISCAL YEAR

42. The fiscal year shall begin the first day of January each year.

DIVIDENDS

43. Dividends upon the capital stock of the corporation, subject to the provisions of the certificate of incorporation, if any, may be declared by the Board of Directors at any regular or special meeting, pursuant to law. Dividends may be paid in cash, in property, or in shares of the capital stock.

Before payment of any dividend there may be set aside out of any funds of the corporation available for dividends such sum or sums as the Directors from time to time, in their absolute discretion, think proper as a reserve fund to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the corporation, or for such other purpose as the Directors shall think conducive to the interests of the corporation.

DIRECTORS' ANNUAL STATEMENT

44. The Board of Directors shall present at each annual meeting, and when called for by vote of the stockholders, at any special meeting of the stockholders, a full and clear statement of the business and condition of the corporation.

NOTICES

45. Whenever under the provisions of these by-laws notice is required to be given to any Director, committee member, officer or stockholder, it shall not be construed to mean personal notice, but such notice may be given, in the case of stockholders, in writing, by mail, by depositing the same in the post office or letter-box, in a postpaid sealed wrapper, addressed to such stockholder, at such address as appears on the books of the corporation, or, in default of other address, to such stockholder at the General Post Office in the City of Wilmington, Delaware, and, in the case of Directors, committee members and officers, by telephone, or by mail or by telegram to the last business address known to the Secretary of the corporation, and such notice shall be deemed to be given at the time when the same shall be thus mailed or telegraphed or telephoned.

WAIVER OF NOTICE

46. Whenever, under the provisions of these by-laws or of any law, the stockholders, Directors or committees are authorized to hold any meeting after

notice or after a particular notice, or after the lapse of any prescribed period of time, such meeting may be held without notice or without said particular notice or without such lapse of time by the written waiver of notice and written consent to act, signed by every person entitled to such notice, or entitled to be present at any such meeting or participate in any such action. Except as otherwise provided by law, attendance of a person at a meeting shall constitute a waiver of notice of such meeting.

AMENDMENTS

47. These by-laws may be altered, amended or repealed or new by-laws may be adopted by the affirmative vote of the holders of at least eighty percent (80%) of the voting power of all of the then-outstanding shares of capital stock of the corporation, or by the affirmative vote of a majority of the Board of Directors, provided a quorum is present, at any regular meeting of the stockholders or of the Board of Directors or at any special meeting of the stockholders or of the Board of Directors if notice of such alteration, amendment, repeal or adoption of new by-laws be contained in the notice of such special meeting.

TRANSAMERICA CORPORATION
NON-QUALIFIED STOCK OPTION AGREEMENT

THIS AGREEMENT, made as of this ____ day of _____, 199__, between TRANSAMERICA CORPORATION, a Delaware corporation (the "Company") and (the "Director").

WITNESSETH:

WHEREAS, the Company has adopted the 1985 Stock Option and Award Plan of Transamerica Corporation (the "Plan"), providing for the granting of certain stock options to Non-employee Directors of the Company and its Affiliates, which options ("non-qualified stock options") are not intended to be incentive stock options within the meaning of section 422, or successor provisions, of the Internal Revenue Code of 1986, as amended (the "Code"), to purchase shares of common stock of the Company (the "Common Stock"); and

WHEREAS, the Plan authorizes the grant of an option to the Director on the date of this Agreement, thereby allowing the Director to acquire or increase his or her proprietary interest in the Company in order that said Director will have a further incentive for remaining with and increasing his or her efforts on behalf of the Company; and

WHEREAS, this Agreement is prepared in conjunction with and under the terms of the Plan; although all of the terms of the Plan and the definitions used in the Plan have not been set forth herein, such terms and definitions are incorporated herein and made a part hereof by reference; and the provisions of the Plan shall govern any interpretation of this Agreement; and

WHEREAS, the Director has accepted the grant of stock options hereunder and agreed to the terms and conditions hereinafter stated;

NOW THEREFORE, in consideration of the foregoing and of the mutual covenants hereinafter set forth and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. The Company hereby grants to the Director under Section 7 of the Plan, as a separate incentive in connection with his or her service on the Board and not in lieu of any fees or other compensation for his or her services, a non-qualified stock option to purchase, on the terms and conditions set forth in this Agreement and the Plan, all or any part of an aggregate of _____ shares of authorized but unissued or reacquired shares of the Common Stock, at the purchase price set forth in paragraph 2 of this Agreement. The option granted hereby is not intended to be an Incentive Stock Option within the meaning of section 422 of the Code.

2. The purchase price per share (the "Option Price") shall be \$_____,

which is the fair market value per share of the Common Stock on the date of this Agreement. The Option Price shall be payable in the legal tender of the United States, in shares of the Common Stock of the Company, or in a combination of such legal tender and such shares.

3. The number and class of shares specified in Paragraph 1 above, and/or the Option Price, are subject to adjustment in the event of any merger, reorganization, consolidation, recapitalization, separation, liquidation, stock dividend, split-up, share combination, distribution or other change in the corporate structure of the Company affecting the shares of Common Stock (an "Event"). Any such adjustment shall be made by the Board of Directors of the Company as constituted immediately prior to the applicable Event (the "Applicable Board") and shall be designed so that if the Director (or any beneficiary) exercises this option after an Event, he or she shall receive (upon payment of the Option Price for each share exercised) the securities and any other property (other than regular cash dividends) which the Director (or beneficiary) would have been entitled to had he or she instead acquired the shares on the date of this Agreement and held them through the date of exercise. Notwithstanding the preceding, (a) the number of shares subject to this option always shall be a whole number, and (b) if the Applicable Board determines that the delivery of securities or other property (other than shares of Common Stock) from any such adjustment would create an undue burden or expense, the Director (or beneficiary) instead shall receive a lump sum cash payment equal to the fair market value (as determined by the Applicable Board) or such securities or other property.

4. The right to exercise the option awarded by this Agreement shall accrue as to 100% of the shares subject to such option on the date which is six months after the date of this Agreement. Notwithstanding any contrary provisions of this Agreement, immediately upon the occurrence of a Change of Control, the right to exercise the option awarded by this Agreement shall accrue as to 100% of the shares subject to such option.

5. Subject to the provisions of this paragraph 5, the right to exercise the option awarded by this Agreement shall expire on the date which is one month after the tenth anniversary of the date of this Agreement (the "Normal Expiration Date"). In the event of the termination of the Director's service on the Board for any reason except Retirement, Total Disability or death, the right to exercise the option awarded by this Agreement shall expire three (3) months after the date of such termination or upon the Normal Expiration Date, whichever shall first occur. In the event of the Director's termination of service on the Board on account of his or her Retirement or Total Disability, the right to exercise the option awarded by this Agreement shall expire three (3) years after the date of such termination or upon the Normal Expiration Date, whichever shall first occur. In the event the Director shall die within such three (3) month or three (3) year period, whichever is applicable, or shall die while a Director, the option may be exercised by the Director's transferee, as hereinafter

provided, for a period of one (1) year after the date of the Director's death.

6. The option shall be exercisable during the Director's lifetime only by the Director. The option shall be non-transferable by the Director other than by will, the applicable laws of descent and distribution or a valid beneficiary designation made under such procedures as may be specified by the Board from time to time.

7. To the extent exercisable after the Director's death, the option shall be exercised only by the Director's beneficiary as provided in paragraph 6 of this Agreement. If the Director fails to designate a beneficiary, or if no beneficiary survives the Director, the option shall be exercised only by the person or persons entitled to the option under the Director's will, or if the Director shall fail to make testamentary disposition of the option, his or her legal representative. Any transferee exercising the option must furnish the Company (a) written notice of his or her status as transferee, (b) evidence satisfactory to the Company to establish the validity of the transfer of the option and compliance with any laws or regulations pertaining to said transfer, and (c) written acceptance of the terms and conditions of the option as prescribed in this Agreement.

8. The option may be exercised by the person then entitled to do so as to any shares which may then be purchased (a) by giving written notice of exercise to the Company, specifying the number of full shares to be purchased and accompanied by full payment of the purchase price thereof (and the amount of any income tax the Company is required by law to withhold by reason of such exercise), and (b) by giving satisfactory assurances in writing if requested by the Company, signed by the person exercising the option, that the shares to be purchased upon such exercise are being purchased for investment and not with a view to the distribution thereof. No partial exercise of this option may be for less than ten (10) share lots or multiples thereof.

9. If at any time the Company shall determine, in its discretion, that the listing, registration or qualification of the shares covered by the option upon any securities exchange or under any state or federal law, or the consent or approval of any governmental regulatory authority, is necessary or desirable as a condition of the purchase of shares hereunder, the option may not be exercised, in whole or in part, unless and until such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Company. The Company shall make reasonable efforts to meet the requirements of any such state or federal law or securities exchange and to obtain any such consent or approval of any such governmental authority.

10. Neither the Director nor any person claiming under or through said Director shall be or have any of the rights or privileges of a stockholder of the Company in respect of any of the shares issuable upon the exercise of the

option, unless and until certificates representing such shares shall have been issued, recorded on the records of the Company or its transfer agents or registrars, and delivered to Director.

11. A leave of absence or an interruption in service (including an interruption during military service) authorized or acknowledged by the Company shall not be deemed a termination of service for the purposes of this Agreement.

12. Any notice to be given to the Company under the terms of this Agreement shall be addressed to the Company, in care of its Secretary, at 600 Montgomery Street, San Francisco, California 94111, or at such other address as the Company may hereafter designate in writing. Any notice to be given to the Director shall be addressed to the Director at the address set forth beneath the Director's signature hereto, or at such other address as the Director may hereafter designate in writing. Any such notice shall be deemed to have been duly given if and when enclosed in a properly sealed envelope, addressed as aforesaid, registered or certified and deposited, postage and registry fee prepaid, in a United States post office.

13. Nothing herein contained shall affect the Director's right to participate in and receive benefits under and in accordance with the then current provisions of any pension, insurance or other employee welfare plan or program of the Company or any Affiliate.

14. Except as otherwise herein provided, the option herein granted and the rights and privileges conferred hereby shall not be transferred, assigned, pledged or hypothecated in any way (whether by operation of law or otherwise) and shall not be subject to sale under execution, attachment or similar process. Upon any attempt to transfer, assign, pledge, hypothecate or otherwise dispose of said option, or of any right or privilege conferred hereby, contrary to the provisions hereof, or upon any attempted sale under any execution, attachment or similar process upon the rights and privileges conferred hereby, said option and the rights and privileges conferred hereby shall immediately become null and void.

15. Notwithstanding any other provision of this Agreement except the last sentence of paragraph 5 hereof relating to the death of the Director (in which case this option is exercisable to the extent set forth therein), this option is not exercisable after the expiration of ten (10) years and one (1) month from the date of this Agreement. In no event is this option exercisable after the expiration of eleven (11) years and one (1) month from the date of this Agreement.

16. Subject to the limitation on the transferability of the option contained herein, this Agreement shall be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

17. This Agreement is subject to all the terms and provisions of the Plan. In the event of a conflict between one or more provisions of this Agreement and one or more provisions of the Plan, the provisions of the Plan shall govern. Terms used and not defined in this Agreement shall have the meaning set forth in the Plan.

18. Notwithstanding the provisions of Section 2 of the Plan, the Committee shall exercise no discretion with respect to the interpretation or administration of this option. The Board shall have the power to construe the Plan and the option, to determine all questions arising thereunder, and to adopt and amend such rules and regulations for the administration thereof as it may deem desirable. The interpretation and construction by the Board of any provision of the Plan or of the option shall be final. No member of the Board shall be liable for any action or determination made in good faith with respect to the Plan or the option.

19. In the event that any provision in this Agreement shall be held invalid or unenforceable, such provision shall be severable from, and such invalidity or unenforceability shall not be construed to have any effect on, the remaining provisions of this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement, in duplicate, the day and year first above written.

TRANSAMERICA CORPORATION

By: _____
Assistant Secretary

Signature

Address:

<TABLE>

Exhibit 12

TRANSAMERICA CORPORATION AND SUBSIDIARIES
COMPUTATION OF RATIOS OF EARNINGS TO FIXED CHARGES
(Dollar amounts in millions)

<CAPTION>

	Year Ended December 31,				
<S>	1998 <C>	1997 <C>	1996 <C>	1995 <C>	1994 <C>
Fixed charges:					
Interest and debt expense	\$ 429.1	\$ 420.9	\$ 396.5	\$ 381.5	\$ 319.7
Minority interest charges	56.2	42.8	18.8	17.2	3.3
One-third of rental expense	34.5	36.1	19.0	21.3	26.9
	-----	-----	-----	-----	-----
Total	\$ 519.8	\$ 499.8	\$ 434.3	\$ 420.0	\$ 349.9
	=====	=====	=====	=====	=====
Earnings:					
Consolidated operating income from continuing operations	\$ 707.0	\$ 532.0	\$ 501.5	\$ 390.1	\$ 336.9
Provision for income taxes	356.2	129.8	160.1	180.9	204.6
Fixed charges	519.8	499.8	434.3	420.0	349.9
	-----	-----	-----	-----	-----
Total	\$ 1,583.0	\$ 1,161.6	\$ 1,095.9	\$ 991.0	\$ 891.4
	=====	=====	=====	=====	=====
Ratio of earnings from continuing operations to fixed charges	3.05	2.32	2.52	2.36	2.55
	=====	=====	=====	=====	=====

</TABLE>

<TABLE>

<CAPTION>

TRANSAMERICA CORPORATION AND SUBSIDIARIES
As of March 1, 1999

<S><C><C><C><C><C><C>

Transamerica Corporation - DE
ARC Reinsurance Corporation - HI
Transamerica Management, Inc. - DE
Criterion Investment Management Company - TX
Inter-America Corporation - CA
Pyramid Insurance Company, Ltd. - HI
Pacific Cable Ltd. - Bermuda
RTI Holdings, Inc. - DE
Transamerica Business Technologies Corporation - DE
Transamerica CBO I, Inc. - DE
Transamerica Corporation (Oregon) - OR
Transamerica Finance Corporation - DE
TA Leasing Holding Co., Inc. - DE
Trans Ocean Ltd. - DE
Trans Ocean Container Corp. - DE
SpaceWise Inc. - DE
Trans Ocean Container Finance Corp. - DE
Trans Ocean Leasing Deutschland GmbH - Germany
Trans Ocean Leasing PTY Limited - Australia
Trans Ocean Management S.A. - Switzerland
Trans Ocean Regional Corporate Holdings - CA
Trans Ocean Tank Services Corporation - DE
Transamerica Leasing Inc. - DE
Better Asset Management Company LLC - DE
Transamerica Leasing Holdings Inc. - DE
Greybox Logistics Services Inc. - DE
Greybox L.L.C. - DE
Transamerica Trailer Leasing S.N.C. - France
Greybox Services Limited - U.K.
Intermodal Equipment, Inc. - DE
Transamerica Leasing N.V. - Belgium
Transamerica Leasing SRL - Italy.
Transamerica Distribution Services Inc. - DE
Transamerica Leasing Coordination Center - Belgium
Transamerica Leasing do Brasil Ltda. - Brazil
Transamerica Leasing GmbH - Germany
Transamerica Leasing Limited - U.K.
ICS Terminals (UK) Limited - U.K.
Transamerica Leasing Pty. Ltd. - Australia
Transamerica Leasing (Canada) Inc. - Canada
Transamerica Leasing (HK) Ltd. - Hong Kong
Transamerica Leasing (Proprietary) Limited - South Africa
Transamerica Tank Container Leasing Pty. Limited - Australia
Transamerica Trailer Holdings I Inc. - DE
Transamerica Trailer Holdings II Inc. - DE
Transamerica Trailer Holdings III Inc. - DE
Transamerica Trailer Leasing AB - Sweden
Transamerica Trailer Leasing AG - Switzerland
Transamerica Trailer Leasing A/S - Denmark
Transamerica Trailer Leasing GmbH - Germany
Transamerica Trailer Leasing (Belgium) N.V. - Belgium
Transamerica Trailer Leasing (Netherlands) B.V. - Netherlands
Transamerica Trailer Spain S.A. - Spain

Transamerica Transport Inc. - NJ
Transamerica Commercial Finance Corporation, I - DE
BWAC Credit Corporation - DE

BWAC International Corporation - DE
BWAC Twelve, Inc. - DE
TIFCO Lending Corporation - IL
Transamerica Insurance Finance Corporation - MD
Transamerica Insurance Finance Company (Europe) - MD
Transamerica Insurance Finance Corporation, California - CA
Transamerica Insurance Finance Corporation, Canada - Ontario

Transamerica Business Credit Corporation - DE
The Plain Company - DE
TA Air I, Corp. - DE
TA Air II, Corp. - DE
TA Air III, Inc. - DE
TA Air IV, Corp. - DE
TA Air V, Corp. - DE
TA Air VI, Corp. - DE
TA Air VII, Corp. - DE
TA Air VIII, Corp. - DE
TA Air IX, Corp. - DE
TA Air X Corp. - DE
TA Air East, Corp. - DE
TA Marine I Corp. - DE
TA Marine II Corp. - DE
Direct Capital Equity Investment, Inc. - DE
Direct Capital Partners, L.P. - DE (1)
Inland Water Transportation, LLC - DE (2)
TBC I, Inc. - DE
FACTA, L.L.P. - IL (3)
TBC II, Inc. - DE
TBC III, Inc. - DE
Transcap Trade Finance - IL (4)
TBC IV, Inc. - DE
TBC V, Inc. - DE
Breakthrough Funding, L.L.P. - IL (5)
TBC VI, Inc. - DE
Presidential Business Credit, LLP (6)
TBC Tax I, Inc. - DE
TBC Tax II, Inc. - DE
TBC Tax III, Inc. - DE
TBC Tax IV, Inc. - DE
TBC Tax V, Inc. - DE
TBC Tax VI, Inc. - DE

-
- (1) Joint Venture - Direct Capital Equity Investments, Inc. owns a 75% interest and Transamerica Business Credit Corporation owns a 8.33% interest.
 - (2) Joint Venture - Direct Capital Partners, L.P. owns a 80% interest.
 - (3) Joint Venture - TBC I, Inc. owns a 50% interest.
 - (4) Joint Venture - TBC III, Inc. owns a 50% interest in this general partnership.
 - (5) Joint Venture - TBC V, Inc. owns a 40% interest.
 - (6) Joint Venture - TBC VI, Inc. owns a 50% interest.

TBC Tax VII, Inc. - DE
TBC Tax VIII, Inc. - DE
TBC Tax IX, Inc. - DE
Bay Capital Corporation - DE
Gulf Capital Corporation - DE
Coast Funding Corporation - DE
Transamerica Business Advisory Group, Inc. - DE
Transamerica Mezzanine Financing, Inc. - DE
Transamerica Small Business Capital, Inc. - DE
Emergent Business Capital Holdings Corporation - DE
Transamerica Distribution Finance Corporation - DE
Transamerica Accounts Holding Corporation - DE
Transamerica Inventory Finance Corporation - DE
BWAC Seventeen, Inc. - DE
Transamerica Commercial Finance Corporation, Canada - Canada

Transamerica Acquisition Corporation, Canada - Canada
Cantrex Group, Inc. - Canada (7)
Transamerica Commercial Finance Canada, Limited - Ontario

BWAC Twenty-One, Inc. - DE
Transamerica Commercial Holdings Ltd. - U.K.
Transamerica Commercial Finance Limited - U.K.
TDF Credit Insurance Services Limited - U.K. (8)
Transamerica Distribution Capital Services Iberica, S.A. - Spain
WFC Polska Sp. z o.o. - Poland
Transamerica Trailer Leasing Limited - NY (9)
OBDH, Ltd. - U.K. (10)
Transamerica Commercial Finance Corporation - DE
TCF Asset Management Corporation - CO
Transamerica Joint Ventures, Inc. - DE
Amana Finance - IL (11)
American Standard Financial Services - IL (12)
Penske Financial Services - IL (13)
Polaris Acceptance - IL (14)
Transamerica Distribution Finance Corporation de Mexico - Mexico
TDF de Mexico - Mexico
Transamerica Corporate Services de Mexico - Mexico
Transamerica Distribution Finance - Overseas, Inc. - DE
TDF Mauritius Limited - Mauritian LLC
Transamerica Apple Distribution Finance, PLC - India (15)

-
- (7) Joint Venture - Transamerica Acquisition Corporation, Canada owns a 76.2% interest.
 - (8) Joint Venture - Transamerica Commercial Finance Limited owns a 75% interest.
 - (9) Joint Venture - Transamerica Commercial Holdings Ltd. owns a 51% interest.
 - (10) Joint Venture - BWAC Twenty-One, Inc. owns a 33.3% interest.
 - (11) Joint Venture - Transamerica Joint Ventures, Inc. owns a 50% interest in this general partnership.
 - (12) Joint Venture - Transamerica Joint Ventures, Inc. owns a 50% interest in this general partnership.
 - (13) Joint Venture - Transamerica Joint Ventures, Inc. owns a 50% interest in this general partnership.
 - (14) Joint Venture - Transamerica Joint Ventures, Inc. owns a 50% interest in this general partnership.
 - (15) Joint Venture - TDF Mauritius Limited owns a 65% interest.

Transamerica GmbH, Inc. - DE
Transamerica Financieringsmattschappij B.V. - Netherlands
Transamerica GmbH - Germany
Transamerica Commercial Finance France S.A. - France
Transamerica Retail Financial Services Corporation - DE
Transamerica Bank N.A.
Transamerica Consumer Finance Holding Company - DE
Transamerica Mortgage Company - DE
Transamerica Consumer Mortgage Receivables Corporation - DE
Metropolitan Mortgage Company - FL
Easy Yes Mortgage, Inc. - FL
Easy Yes Mortgage, Inc. (Georgia) - GA
First Florida Appraisal Services, Inc. - FL
First Georgia Appraisal Services, Inc. - GA
Freedom Tax Services, Inc. - FL
J.J.&W. Advertising, Inc. - FL
J.J.&W. Realty Services, Inc. - FL
Liberty Mortgage Company of Ft. Myers, Inc. - FL
Metropolis Mortgage Co. - FL
Perfect Mortgage Company - FL
Pacific Agency, Inc. - IN
Transamerica Vendor Financial Services Corporation - DE

Transamerica Equipment Financial Services Corporation - DE
TA Air XI Corp. - DE
Transamerica Public Finance LLC - DE
Transamerica Home Loan - CA
Transamerica HomeFirst, Inc. - CA
Transamerica Lending Company - DE
Transamerica Financial Products, Inc. - CA

Transamerica Insurance Corporation of California - CA
Arbor Life Insurance Company - AZ
Bulkrich Trading Limited - HK
Plaza Insurance Sales, Inc. - CA
Transamerica Advisors, Inc. - CA
Transamerica Annuity Service Corporation - NM
Transamerica Financial Resources, Inc. - DE
Financial Resources Insurance Agency of Texas - TX
TBK Insurance Agency of Ohio, Inc. - OH
Transamerica Financial Resources Insurance Agency of Alabama, Inc. - AL
Transamerica Financial Resources Insurance Agency of Massachusetts, Inc. - MA
Transamerica International Insurance Services, Inc. - DE
Home Loans and Finance Ltd. - U.K.
Transamerica Occidental Life Insurance Company - CA
NEF Investment Company - CA
Transamerica China Investments Holdings Limited - Hong Kong
Transamerica International RE (Bermuda) Ltd. - Bermuda
Transamerica Life Insurance and Annuity Company - NC
Gemini Investments, Inc. - DE
Transamerica Assurance Company - MO

Transamerica Life Insurance Company of Canada - Canada
Transamerica Life Insurance Company of New York - NY
Transamerica South Park Resources, Inc. - DE
USA Administration Services, Inc. - KS
Transamerica Products, Inc. - CA
Transamerica Products I, Inc. - CA
Transamerica Products II, Inc. - CA
Transamerica Products IV, Inc. - CA
Transamerica Securities Sales Corporation - MD
Transamerica Service Company - DE
Transamerica Intellitech, Inc. - DE
Transamerica International Holdings, Inc. - DE
Transamerica Investment Services, Inc. - DE
Transamerica LP Holdings Corp. - DE
Transamerica Pacific Insurance Company, Ltd. - HI
Transamerica Real Estate Tax Service (A Division of Transamerica Corporation) - N/A
Transamerica Flood Hazard Certification (A Division of Transamerica Real Estate Tax Service) - N/A
Transamerica Realty Services, Inc. - DE
Bankers Mortgage Company of California - CA
Pyramid Investment Corporation - DE
The Gilwell Company - CA
Transamerica Affordable Housing, Inc. - CA
Transamerica Minerals Company - CA
Transamerica Oakmont Corporation - CA
Ventana Inn, Inc. - CA
Transamerica Senior Properties, Inc. - DE
Transamerica Senior Living, Inc. - DE
TREIC Enterprises, Inc. - DE
TerraPoint, LLC - DE (16)

(16) Joint Venture - TREIC Enterprises, Inc. owns a 83% interest.
</TABLE>

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in the Registration Statements (Form S-8 Nos. 33-3722, 33-26317, 33-43927, 33-55587, 33-64221, 333-23945, 333-61055 and 333-70557 and Form S-3 Nos. 33-32419, 33-37889, 33-41008, 33-55047 and 33-63049) and related Prospectuses, of Transamerica Corporation of our report dated January 22, 1999 with respect to the consolidated financial statements and schedules of Transamerica Corporation included in this Annual Report (Form 10-K) for the year ended December 31, 1998.

ERNST & YOUNG LLP

San Francisco, California
March 24, 1999

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS:

Each of the undersigned hereby constitutes and appoints Edgar H. Grubb, Burton E. Broome and Shirley H. Buccieri, and each of them with power to act alone, his or her true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign (either manually or electronically through the EDGAR System of the United States Securities and Exchange Commission) the Annual Report on Form 10-K for the year ended December 31, 1998 for Transamerica Corporation and any and all amendments thereto, and to file the same, together with exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto each such attorney-in-fact full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises hereof, as fully to all intents and purposes as he or she might do or could do in person, hereby ratifying and confirming all that each such attorney-in-fact or his or her substitutes may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned directors of Transamerica Corporation have executed this Power of Attorney effective as of the 18th day of March, 1999.

/s/ Samuel L. Ginn

Samuel L. Ginn

/s/ Frank C. Herringer

Frank C. Herringer

/s/ Robert W. Matschullat

Robert W. Matschullat

/s/ Gordon E. Moore

Gordon E. Moore

/s/ Toni Rembe

Toni Rembe

/s/ Condoleezza Rice

Condoleezza Rice

/s/ Charles R. Schwab

Charles R. Schwab

/s/ Forrest N. Shumway

Forrest N. Shumway

/s/ Peter V. Ueberroth

Peter V. Ueberroth

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