FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

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TRANSAMERICA FINANCE CORP
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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For Quarterly Period Ended March 31, 1994

Commission File Number 1-6798

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

Delaware	95-1077235
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1150 South Olive Street
Los Angeles, California 90015
(Address of principal executive offices)
(Zip Code)

(213) 742-4321
(Registrant's telephone number, including area code)

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--------

Number of shares of common stock, $10 par value, outstanding as of close of business on May 12, 1994: 1,464,285 shares.

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

PART 1. FINANCIAL INFORMATION

Item 1. Financial Statements.

The following unaudited consolidated financial statements of Transamerica Finance Corporation and Subsidiaries, for the periods ended March 31, 1994 and 1993, do not include complete financial information and should be read in conjunction with the Consolidated Financial Statements filed with the Commission in the Registrant's Annual Report on Form 10-K for the year ended December 31, 1993. The financial information presented in the financial statements included in this report reflects all adjustments, consisting only of normal recurring accruals, which are, in the opinion of management, necessary for a fair statement of results for the interim periods presented.

In the first quarter of 1994 Transamerica Finance Corporation and Subsidiaries ("the Company") adopted Statement of Financial Accounting Standards No. 115, Accounting for Certain Investments in Debt and Equity Securities. This new standard requires the Company to report at fair value those investments which it does not have the positive intent and ability to hold to maturity. There is no effect on the income statement. The effect of this adjustment, net of federal income taxes, is recorded in a separate component of shareholder's equity. All of the Company's investments in debt securities have been classified as available for sale at March 31, 1994. As of that date the unrealized gain included in shareholder's equity as a result of adopting this new accounting standard was $1,691,000.

On March 15, 1994, the Company acquired substantially all of the operating assets of the Container Operations of Tiphook plc ("Tiphook"), a London-based transportation equipment rental company, including certain dry cargo containers, tank containers, tank chassis, operating leases and other assets of Tiphook (collectively the "Container Operations") for $1,065,000,000 in cash. The Company assumed certain specified liabilities of the Container Operations including trade accounts payable. The Company did not assume any borrowings, tax liabilities or contingent liabilities of Tiphook. The Company paid to Tiphook $1,000,000,000, with further payments of $14,265,000 to be made upon delivery of bills of sale and releases of liens, and delivered $50,735,000 to escrow agents for the establishment of a general escrow account ($40,400,000) and a repairs escrow account ($10,335,000).

Adjustments to the purchase price, if any, will be determined on completion of examination of the closing balance sheet of the Container Operations as of March 15, 1994 by the Company's auditors and Tiphook's auditors. Unresolved disputes, if any, will be referred to a third independent auditor.

Tiphook, at the closing, entered into a non-compete agreement with the Company prohibiting Tiphook and its affiliates from competing with the Container Operations for a period of seven years. After the closing, Tiphook is providing certain transitional services to the Company pursuant to the terms of a transitional services agreement. Tiphook has granted the Company an exclusive, perpetual license to the name "Tiphook" in the business of leasing containers (on a worldwide basis) and tank chassis (in the United States). The transaction was accounted for as a purchase and the operations of the business included in the consolidated statement of income from the date of acquisition.

Had the acquisition of the Container Operations been accomplished as of January 1, 1993, revenues for the Company would have been approximately $400,000,000 for each of the three month periods ended March 31, 1994 and 1993. The pro forma effect on net income would have been immaterial. This information is for illustrative purposes only and is not necessarily indicative of the future results of operations of the combined company, or of the results of the operations of the combined company that would have actually occurred had the transaction been in effect for the periods presented. In addition, it should be noted that Transamerica Finance Corporation's financial statements reflect the acquisition from March 15, 1994, the closing date of the transaction.

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The consolidated ratios of earnings to fixed charges were computed by dividing earnings before fixed charges and income taxes by the fixed charges. Fixed charges consist of interest and debt expense, and one-third of rent expense, which approximates the interest factor.

Certain amounts for 1993 have been reclassified to conform with the 1994 presentation.

TRANSAMERICA FINANCE CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET
(in thousands, except for share data)

	March 31, 1994	December 31, 1993
ASSETS		
Cash and cash equivalents	$ 19,452	$ 29,321
Investments - available for sale	113,650	110,078
Finance receivables, net of unearned finance charges and insurance premiums:		

Consumer lending	3,627,044	3,650,523
Commercial lending	2,861,593	2,600,447
Net finance receivables	6,488,637	6,250,970
Less allowance for losses	186,184	179,392
	6,302,453	6,071,578
Property and equipment - less accumulated depreciation:		
Land, buildings and equipment	44,216	43,784
Equipment held for lease	2,477,753	1,306,458
Investments in and advances to affiliates	304,723	371,012
Goodwill, less accumulated amortization	369,453	372,368
Assets held for sale	391,152	386,300
Less valuation allowance	157,852	159,532
	233,300	226,768
Other assets	581,178	500,003
	$10,446,178	$ 9,031,370

LIABILITIES AND SHAREHOLDER'S EQUITY		
Debt:		
Unsubordinated	$ 7,419,603	$ 6,335,378
Subordinated	696,125	696,125
Total debt	8,115,728	7,031,503
Accounts payable and other liabilities	665,307	483,939
Income taxes payable	93,994	66,307
Shareholder's equity:		
Preferred stock - authorized, 250,000 shares without par value; none issued		
Common stock - authorized, 2,500,000 shares of $10 par value; issued and outstanding, 1,464,285 shares	14,643	14,643
Additional paid-in capital	1,437,508	1,356,533
Retained earnings	127,885	87,105
Net unrealized gain from investments marked to fair value	1,691	
Foreign currency translation adjustments	(10,578)	(8,660)
Total shareholder's equity	1,571,149	1,449,621
	$10,446,178	$ 9,031,370

TRANSAMERICA FINANCE CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF INCOME
(dollar amounts in thousands)

	Three Months Ended March 31, 1994	1993
REVENUES		
Finance charges	$231,139	$230,867
Leasing revenues	113,621	89,676
Servicing fees	138	300
Income from affiliates	4,339	4,775
Other	10,740	13,729
Total revenues	359,977	339,347
EXPENSES		
Interest and debt expense	101,926	106,760
Depreciation on equipment held for lease	32,617	23,454
Salaries and other operating expenses	133,161	121,191
Provision for losses on receivables	23,154	19,834
Total expenses	290,858	271,239
Income before income taxes	69,119	68,108
Income taxes	28,339	28,055
Net income	$ 40,780	$ 40,053
Ratio of earnings to fixed charges	1.65	1.61

CONSOLIDATED STATEMENT OF RETAINED EARNINGS
(in thousands)

Balance at beginning of year	$87,105	$62,308
Net income	40,780	40,053
Cash dividends declared		(22,000)

Balance at end of period	$127,885	$80,361

TRANSAMERICA FINANCE CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
(in thousands)

	Three Months Ended March 31, 1994	1993
OPERATING ACTIVITIES		
Net income	$ 40,780	$ 40,053
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization of goodwill	38,474	29,130
Provision for losses on receivables	23,154	19,834
Amortization of discount on long-term debt	6,089	8,409
Change in accounts payable and other liabilities	125,967	86,063
Change in income taxes payable	41,953	(21,327)
Other	(50,587)	32,132
Net cash provided by operating activities	225,830	194,294
INVESTING ACTIVITIES		
Finance receivables originated or purchased	(3,692,318)	(2,634,527)
Finance receivables collected or sold	3,418,378	2,425,927
Purchase of property and equipment	(114,310)	(75,097)
Sales of property and equipment	6,956	17,401
Purchase of investments	(5,470)	(8,021)
Sales or maturities of investments	3,589	6,911
Decrease in investments in and advances to affiliates	66,289	10,212
Purchase of the container division assets of Tiphook plc	(1,065,000)	
Other	(12,923)	(10,385)
Net cash used by investing activities	(1,394,809)	(267,579)
FINANCING ACTIVITIES		
Proceeds from debt financing	2,831,591	1,544,714
Payments of debt	(1,753,456)	(1,388,036)
Capital contribution from parent company	80,975	
Cash dividends paid		(47,000)

Net cash provided by financing activities	1,159,110	109,678
Increase (decrease) in cash and cash equivalents	(9,869)	36,393
Cash and cash equivalents at beginning of year	29,321	60,495
Cash and cash equivalents at end of period	$ 19,452	$ 96,888

TRANSAMERICA FINANCE CORPORATION AND SUBSIDIARIES

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE RESULTS OF OPERATIONS

The following table sets forth revenues and net income by line of business for the periods indicated (in thousands):

	Three Months Ended March 31, Revenues		Net Income	
	1994	1993	1994	1993
Consumer lending	$162,630	$159,148	$21,222	$23,792
Commercial lending	80,538	85,236	9,303	5,837
Leasing	116,735	94,942	12,969	13,237
Unallocated items	74	21	201	101
Amortization of goodwill			(2,915)	(2,914)
Total revenues and net income	$359,977	$339,347	$40,780	$40,053

Consumer Lending

Consumer lending income, before the amortization of goodwill, for the first quarter of 1994 decreased $2,570,000 (11%) from the first quarter of 1993 due to increased operating expenses and an increased provision for losses on receivables that more than offset higher revenues and lower interest expense.

Revenues increased $3,482,000 (2%) in the first quarter of 1994 compared to 1993's first quarter mainly due to increased finance charges resulting from slightly higher average finance receivables outstanding.

Operating expenses for the first quarter of 1994 increased $5,937,000 (13%) over the first quarter of 1993 mainly due to an increase in the number of branches, from 515 at March 31, 1993 to 570 at March 31, 1994, and new loan products, which are intended to stimulate future growth. The provision for losses on receivables increased $5,111,000 (45%) due to increased credit losses. Credit losses, net of recoveries, on an annualized basis as a percentage of average consumer finance receivables outstanding, net of unearned finance charges and insurance premiums, were 1.89% for the first quarter of 1994 compared to 1.23% for the first quarter of 1993. Credit losses increased mainly due to continued sluggishness in the California economy and a continued weak California real estate market. Interest expense declined $3,091,000 (5%) due to a lower average interest rate.

Net consumer finance receivables at March 31, 1994 included $3,001,300,000 of real estate secured loans, principally first and second mortgages secured by residential properties, of which approximately 48% are located in California. Company policy generally limits the amount of cash advanced on any one loan, plus any existing mortgage, to between 70% and 80% (depending on location) of the appraised value of the mortgaged property, as determined by qualified independent appraisers at the time of loan origination.

Delinquent finance receivables, which are defined as receivables contractually past due 60 days or more, were $84,729,000 (2.23% of finance receivables outstanding) at March 31, 1994 compared to $76,781,000 (2.00% of finance receivables outstanding) at December 3,1 1993 and $67,666,000 (1.79% of finance receivables outstanding) at March 31,1993. Management has established an allowance for losses equal to 2.83% of net consumer finance receivables outstanding at March 31, 1994, December 31, 1993 and March 31, 1993.

Generally, by the time an account secured by residential real estate becomes past due 90 days, foreclosure proceedings have begun, at which time the account is moved from finance receivables to other assets and is written down to the estimated realizable value of the collateral if less than the account balance. After foreclosure, repossessed assets are carried at the lower of cost or fair value less estimated selling costs, and are reclassified to assets held for sale. Accounts in foreclosure and repossessed assets held for sale totaled $233,636,000 at March 31, 1994 compared to $214,665,000 at December 31, 1993 and $200,068,000 at March 31, 1993. The increases primarily reflect higher numbers of units in inventory in California due to its continuing weak real estate market.

Commercial Lending

Commercial lending income, before the amortization of goodwill, for the first quarter of 1994 increased $3,466,000 (59%) over the first quarter of 1993. The increase was primarily due to stronger margins brought about by the declining interest rate environment. The interest rates at which the commercial lending operation borrows funds for its businesses have moved more quickly than the rates at which it lends to its customers. As a result, margins have been enhanced by the declining interest rate environment. Lower operating expenses and a lower provision for losses also contributed to the increase.

Revenues in the first quarter of 1994 decreased $4,698,000 (6%) from the first quarter of 1993 mainly as a result of lower finance charges in the liquidating portfolio and slightly reduced yields attributable to the current low interest rate environment.

Expenses decreased in the first quarter of 1994 by $10,113,000 (13%) from the first quarter of 1993. Interest expense declined $5,287,000 (18%) due to a lower average interest rate. Operating expenses declined $3,035,000 (8%) mainly as a result of reduced expenses incurred relating to the management of the liquidating portfolio and restructuring of the commercial lending unit's infrastructure. The provision for losses on receivables declined $1,791,000 (21%) principally due to lower credit losses. Credit losses, on an annualized basis as a percentage of average commercial finance receivables outstanding, net of unearned finance charges, were a negative 0.13% as recoveries on previously recorded losses exceeded credit losses for the first quarter of 1994 compared to 1.73% in 1993's first quarter.

Net commercial finance receivables outstanding increased $261,146,000 (10%) from December 31, 1993 to March 31, 1994 due to growth in the inventory finance and business credit portfolios. Management has established an allowance for losses equal to 2.92% of net commercial finance receivables outstanding as of March 31, 1994 compared to 2.93% at December 31, 1993 and 3.04% at March 31, 1993.

Delinquent receivables, which are defined as the instalment balance for inventory finance and business credit receivables and the receivable balance for all other receivables over 60 days past due, were $23,874,000 (0.82% of receivables outstanding) at March 31, 1994 compared to $26,940,000 (1.02% of receivables outstanding) at December 31, 1993 and $55,394,000 (1.96% of receivables outstanding) at March 31, 1993.

Nonearning receivables, which are defined as balances from borrowers that are over 90 days delinquent or at such earlier time as full collectibility becomes doubtful, were $32,780,000 (1.13% of receivables outstanding) at March 31, 1994 compared to $31,763,000 (1.20% of receivables outstanding) at December 31, 1993 and $72,432,000 (2.57% of receivables outstanding) at March 31, 1993.

Assets held for sale as of March 31, 1994 totaled $79,805,000, net of a $155,305,000 valuation allowance, and consisted of rent-to-own finance receivables of $111,320,000, repossessed rent-to-own stores of $104,900,000 and other repossessed assets of $18,890,000. Assets held for sale at December 31, 1993 totaled $90,114,000, net of a $156,985,000 valuation allowance, and comprised rent-to-own finance receivables of $120,469,000, repossessed rent-to-own stores of $107,227,000 and other repossessed assets of $19,403,000. Assets held for sale at March 31, 1993 totaled $175,435,000, net of a $119,877,000 valuation allowance, and comprised rent-to-own finance receivables of $161,452,000, repossessed rent-to-own stores of $103,613,000 and other repossessed assets of $30,247,000. Of the rent-to-own finance receivables, $26,842,000 were classified as both delinquent and nonearning at March 31, 1994 compared to $27,489,000 at December 31, 1993 and $35,607,000 at March 31, 1993.

Leasing

As previously discussed on Page 2, on March 15, 1994, the leasing operation purchased substantially all of the assets of the container rental businesses of Tiphook plc for $1,065,000 in cash. The acquired fleet of standard containers and tank containers totaled 363,000 units. The transaction has been accounted for as a purchase and the operations of the business acquired have been included in the results of the leasing operation from the date of acquisition. Results for the first quarter include the sixteen days of operations subsequent to the acquisition and reduced net income for the quarter by $327,000.

Leasing income, excluding the effect of Tiphook discussed above and before the amortization of goodwill, for the first quarter of 1994 increased $59,000 (-%) from the first quarter of 1993 mainly as a result of higher utilization in the rail trailer business.

Revenues, including $8,763,000 from the Tiphook operation, for the first quarter of 1994 increased $21,793,000 (23%) over the first quarter of 1993. The increase was mainly due to a larger standard and refrigerated container fleet, higher utilization in the rail trailer and European trailer product lines and a larger finance lease portfolio.

Expenses, including $9,280,000 from the Tiphook operation, for the first quarter of 1994 increased $21,874,000 (30%) over the first quarter of 1993 mainly due to higher ownership and operating costs due to a larger fleet.

The combined utilization (including Tiphook) of standard containers, refrigerated containers, domestic containers, tank containers and chassis averaged 82% for the first quarter of 1994 compared to 81% during the first quarter of 1993. Rail trailer utilization was 90% for the first quarter of 1994 compared to 86% in the first quarter of 1993. European over-the-road trailer utilization was 96% during the 1994 first quarter compared to 86% during the comparable 1993 period.

Item 2.Management's Discussion and Analysis of Financial Condition and Results of Operations.

Omitted in accordance with General Instructions H. See "Management's Discussion and Analysis of the Results of Operations" following the financial statements of the Registrant (Item I).

PART II. OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K.

a) Exhibits.

EX-12 Computation of Ratio of Earnings to Fixed Charges.

b) Reports on Form 8-K.

The Registrant filed on March 24, 1994 a report on Form 8-K dated March 15, 1994 relating to the purchase on March 15, 1994 of substantially all of the assets of the container rental division of Tiphook plc for $1,065,000 in cash. The report included the following financial statements:

1. Financial statements of Tiphook Container Rental Company Limited and Tiphook Rentals Limited

a) The following audited combined financial statements of Tiphook Container Rental Company Limited and Tiphook Rentals Limited:

Independent Auditors' Report - April 30, 1993
Combined Profit and Loss Statement - Year ended April 30, 1993
Combined Statement of Total Recognised Gains and Losses - Year ended April 30, 1993
Combined Balance Sheet - April 30, 1993
Combined Cash Flow Statement - Year ended April 30, 1993
Notes to the Combined Financial Statements - Year ended April 30, 1993

b) The following unaudited interim financial statements of the Container Rental Businesses:

Combined Profit and Loss Statement - Six months ended

October 31, 1993 and 1992
Combined Statement of Total Recognised Gains and Losses - Six months ended October 31, 1993 and 1992
Combined Balance Sheet - October 31, 1993
Combined Cash Flow Statement - Six months ended October 31, 1993 and 1992
Notes to the Unaudited Combined Interim Financial Information - Six months ended October 31, 1993

2. Pro forma Financial Information of Transamerica Finance Corporation and Subsidiaries

Pro forma Condensed Consolidated Balance Sheet - December 31, 1993
Pro forma Condensed Consolidated Income Statement - Year ended December 31, 1993
Notes to Pro forma Financial Information - December 31, 1993

SIGNATURES

Pursuant to the requirements 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 FINANCE CORPORATION
(Registrant)

By RAYMOND A. GOLAN
(Raymond A. Golan, Vice President, Controller and Chief Accounting Officer)

Date: May 13, 1994

EXHIBIT 12

TRANSAMERICA FINANCE CORPORATION AND SUBSIDIARIES

COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

	Three Months Ended March 31, 1994	1993
	(dollar amounts in thousands)	
Fixed charges:		
Interest and debt expense	$101,926	$106,760
One-third of rent expense	4,747	4,820
Total	$106,673	$111,580
Earnings:		
Income before income taxes	$69,119	$68,108
Fixed charges	106,673	111,580
Total	$175,792	$179,688
Ratio of earnings to fixed charges	1.65	1.61