AMERCO /NV/
Form 10-Q
August 09, 2006

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

(Mark One)
R **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended June 30, 2006

or

£ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.**
For the transition period from __________________ to __________________

Commission File Number	**Registrant, State of Incorporation Address and Telephone Number**	**I.R.S. Employer Identification No.**
1-11255	**AMERCO** (A Nevada Corporation) 1325 Airmotive Way, Ste. 100 Reno, Nevada 89502-3239 Telephone (775) 688-6300	88-0106815
2-38498	**U-Haul International, Inc.** (A Nevada Corporation) 2727 N. Central Avenue Phoenix, Arizona 85004 Telephone (602) 263-6645	86-0663060

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 R No £

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and larger accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Larger accelerated filer £ Accelerated filer R Non-accelerated filer £

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes £ No R

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13, or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes R No £

21,284,604 shares of AMERCO Common Stock, $0.25 par value, were outstanding at August 4, 2006.

5,385 shares of U-Haul International, Inc. Common Stock, $0.01 par value, were outstanding at August 4, 2006.

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PART I FINANCIAL INFORMATION

ITEM 1. Financial Statements

AMERCO AND CONSOLIDATED ENTITIES

CONDENSED CONSOLIDATED BALANCE SHEETS

	June 30, 2006	March 31, 2006
	(Unaudited)	
	(In thousands)	
ASSETS		
Cash and cash equivalents	$ 241,858	$ 155,459
Reinsurance recoverables and trade receivables, net	215,861	230,179
Notes and mortgage receivables, net	2,140	2,532
Inventories, net	68,226	64,919
Prepaid expenses	58,473	53,262
Investments, fixed maturities and marketable equities	695,923	695,958
Investments, other	184,566	209,361
Deferred policy acquisition costs, net	52,470	47,821
Other assets	99,978	102,094
Related party assets	252,679	270,468
	1,872,174	1,832,053
Property, plant and equipment, at cost:		
Land	186,252	175,785
Buildings and improvements	760,659	739,603
Furniture and equipment	285,178	281,371
Rental trailers and other rental equipment	201,129	201,273
Rental trucks	1,401,701	1,331,891
SAC Holding II - property, plant and equipment	79,542	79,217
	2,914,461	2,809,140
Less: Accumulated depreciation	(1,277,521)	(1,273,975)
Total property, plant and equipment	1,636,940	1,535,165
Total assets	$ 3,509,114	$ 3,367,218
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Accounts payable and accrued expenses	$ 254,604	$ 235,878
AMERCO's notes and loans payable	1,045,638	965,634
SAC Holding II notes and loans payable, non-recourse to AMERCO	75,918	76,232
Policy benefits and losses, claims and loss expenses payable	794,572	800,413
Liabilities from investment contracts	432,557	449,149
Other policyholders' funds and liabilities	6,580	7,705
Deferred income	23,632	21,346
Deferred income taxes	118,097	108,092
Related party liabilities	3,400	7,165
Total liabilities	2,754,998	2,671,614

Commitments and contingencies (notes 3, 6 and 7)				
Stockholders' equity:				
Series preferred stock, with or without par value, 50,000,000 shares authorized:				
Series A preferred stock, with no par value, 6,100,000 shares authorized;				
6,100,000 shares issued and outstanding as of June 30 and March 31, 2006		-		-
Series B preferred stock, with no par value, 100,000 shares authorized; none				
issued and outstanding as of June 30 and March 31, 2006		-		-
Series common stock, with or without par value, 150,000,000 shares authorized:				
Series A common stock of $0.25 par value, 10,000,000 shares authorized;				
3,716,181 shares issued as of June 30 and March 31, 2006		929		929
Common stock of $0.25 par value, 150,000,000 shares authorized;				
38,269,518 issued as of June 30 and March 31, 2006		9,568		9,568
Additional paid-in capital		373,151		367,655
Accumulated other comprehensive loss		(28,351)		(28,902)
Retained earnings		825,964		773,784
Cost of common shares in treasury, net (20,701,096 shares as of				
June 30 and March 31, 2006)		(418,092)		(418,092)
Unearned employee stock ownership plan shares		(9,053)		(9,338)
Total stockholders' equity		754,116		695,604
Total liabilities and stockholders' equity	$	3,509,114	$	3,367,218

The accompanying notes are an integral part of these condensed consolidated financial statements.

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AMERCO AND CONSOLIDATED ENTITIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	Quarter Ended June 30, 2006	Quarter Ended June 30, 2005
	(Unaudited)	
	(In thousands, except share and per share amounts)	
Revenues:		
Self-moving equipment rentals	$ 407,234	$ 401,260
Self-storage revenues	30,431	28,768
Self-moving and self-storage products and service sales	67,451	66,563
Property management fees	3,847	4,440
Life insurance premiums	30,919	29,589
Property and casualty insurance premiums	5,382	4,824
Net investment and interest income	13,830	13,714
Other revenue	7,933	10,300
Total revenues	567,027	559,458
Costs and expenses:		
Operating expenses	261,379	266,792
Commission expenses	49,536	48,018
Cost of sales	32,316	31,044
Benefits and losses	30,606	27,314
Amortization of deferred policy acquisition costs	5,626	6,198
Lease expense	37,727	33,295
Depreciation, net of (gains) losses on disposals	39,671	34,237
Total costs and expenses	456,861	446,898
Earnings from operations	110,166	112,560
Interest expense	(18,462)	(19,636)
Fees on early extinguishment of debt	-	(35,627)
Pretax earnings	91,704	57,297
Income tax expense	(36,283)	(22,235)
Net earnings	55,421	35,062
Less: Preferred stock dividends	(3,241)	(3,241)
Earnings available to common shareholders	$ 52,180	$ 31,821
Basic and diluted earnings per common share	$ 2.50	$ 1.53
Weighted average common shares outstanding:		
Basic and diluted	20,897,688	20,836,458

The accompanying notes are an integral part of these condensed consolidated financial statements.

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AMERCO AND CONSOLIDATED ENTITIES

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Quarter Ended June 30,	
	2006	**2005**
	(Unaudited)	
	(In thousands)	
Comprehensive income:		
Net earnings	$ 55,421	$ 35,062
Other comprehensive income (loss), net of tax:		
Foreign currency translation	1,922	(1,970)
Unrealized loss on investments, net	(2,586)	(5,540)
Fair market value of cash flow hedges	1,215	(409)
Total comprehensive income	$ 55,972	$ 27,143

The accompanying notes are an integral part of these condensed consolidated financial statements.

AMERCO AND CONSOLIDATED ENTITIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Quarter Ended June 30,	
	2006	**2005**
	(Unaudited)	
	(In thousands)	
Cash flow from operating activities:		
Net earnings	$ 55,421	$ 35,062
Depreciation	40,666	30,925
Amortization of deferred policy acquisition costs	5,626	6,677
Change in provision for losses on trade receivables	(32)	(601)
Change in provision for losses on mortgage notes	(10)	-
Net (gain) loss on sale of real and personal property	(995)	3,312
Net (gain) loss on sale of investments	553	(1,453)
Write-off of unamortized debt issuance costs	-	13,629
Deferred income taxes	14,253	12,788
Net change in other operating assets and liabilities:		
Reinsurance recoverables and trade receivables	17,780	(2,287)
Inventories	(3,201)	(2,246)
Prepaid expenses	(3,079)	(816)
Capitalization of deferred policy acquisition costs	(2,386)	(2,508)
Other assets	2,132	(29,461)
Related party assets	28,624	(13,813)
Accounts payable and accrued expenses	14,561	10,510
Policy benefits and losses, claims and loss expenses payable	(14,610)	2,907
Other policyholders' funds and liabilities	(1,273)	(13,528)
Deferred income	2,257	3,721
Related party liabilities	(6,083)	(1,119)
Net cash provided by operating activities	150,204	51,699
Cash flows from investing activities:		
Purchases of:		
Property, plant and equipment	(166,999)	(75,437)
Short term investments	(53,131)	(55,390)
Fixed maturities investments	(32,272)	(84,217)
Mortgage loans	(7,305)	(1,250)
Proceeds from sale of:		
Property, plant and equipment	28,692	15,145
Short term investments	82,228	94,728
Fixed maturities investments	21,852	60,793
Cash received in excess of purchase for company acquired	1,233	-
Equity securities	-	5,759
Preferred stock	125	417
Other asset investments, net	-	872
Real estate	877	693
Mortgage loans	2,086	3,034
Payments from notes and mortgage receivables	403	71

Net cash used by investing activities		(122,211)		(34,782)
Cash flows from financing activities:				
Borrowings from credit facilities		87,376		1,034,188
Principal repayments on credit facilities		(8,136)		(860,563)
Debt issuance costs		(1,437)		-
Leveraged Employee Stock Ownership Plan - repayments from loan		285		438
Preferred stock dividends paid		(3,241)		(3,241)
Investment contract deposits		4,251		5,670
Investment contract withdrawals		(20,843)		(17,896)
Net cash provided by financing activities		58,255		158,596
Effects of exchange rate on cash		151		(1,970)
Increase in cash equivalents		86,399		173,543
Cash and cash equivalents at the beginning of period		155,459		55,955
Cash and cash equivalents at the end of period	$	241,858	$	229,498

The accompanying notes are an integral part of these condensed consolidated financial statements.

AMERCO AND CONSOLIDATED ENTITIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2006, June 30, 2005 (Unaudited) and March 31, 2006

1. Basis of Presentation

The first fiscal quarter for AMERCO ends on the 30th of June for each year that is referenced. Our insurance company subsidiaries have a first quarter that ends on the 31st of March for each year that is referenced. They have been consolidated on that basis. Consequently, all references to our insurance subsidiaries' years 2006 and 2005 correspond to the Company's fiscal years 2007 and 2006, respectively.

Accounts denominated in non-U.S. currencies have been re-measured into U.S. dollars. Certain amounts reported in previous years have been reclassified to conform to the current presentation.

The consolidated financial statements for the first quarter of fiscal 2007 and fiscal 2006, and the balance sheet as of March 31, 2006 include the accounts of AMERCO, its wholly-owned subsidiaries and SAC Holding II Corporation and its subsidiaries ("SAC Holding II").

The condensed consolidated balance sheet as of June 30, 2006 and the related condensed consolidated statements of operations, comprehensive income, and cash flow for the first quarters of fiscal 2007 and 2006 are unaudited.

In our opinion, all adjustments necessary for the fair presentation of such condensed consolidated financial statements have been included. Such adjustments consist only of normal recurring items. Interim results are not necessarily indicative of results for a full year. The information in this 10-Q should be read in conjunction with Management's Discussion and Analysis and financial statements and notes thereto included in the AMERCO 2006 Form 10-K.

Intercompany accounts and transactions have been eliminated.

Description of Legal Entities

AMERCO, a Nevada corporation ("AMERCO"), is the holding company for:

U-Haul International, Inc. ("U-Haul"),

Amerco Real Estate Company ("Real Estate"),

Republic Western Insurance Company ("RepWest") and its wholly-owned subsidiary

North American Fire & Casualty Insurance Company ("NAFCIC"),

Oxford Life Insurance Company ("Oxford") and its wholly-owned subsidiaries

North American Insurance Company ("NAI")

Christian Fidelity Life Insurance Company ("CFLIC")

Dallas General Life Insurance Company ("DGLIC"),

Unless the context otherwise requires, the term "Company," "we," "us" or "our" refers to AMERCO and all of its lega
subsidiaries.

AMERCO AND CONSOLIDATED ENTITIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

Description of Operating Segments

AMERCO has four reportable segments. They are Moving and Storage Operations, Property and Casualty Insurance, Life Insurance and SAC Holding II.

Moving and Storage Operations include AMERCO, U-Haul and Real Estate and the wholly-owned subsidiaries of U-Haul and Real Estate and consist of the rental of trucks and trailers, sales of moving supplies, sales of towing accessories, sales of propane, the rental of self-storage spaces to the "do-it-yourself" mover and management of self-storage properties owned by others. Operations are conducted under the registered trade name U-Haul® throughout the United States and Canada.

Property and Casualty Insurance includes RepWest and its wholly-owned subsidiary. RepWest provides loss adjusting and claims handling for U-Haul through regional offices across North America. RepWest also underwrites components of the Safemove, Safetow and Safestor protection packages to U-Haul customers.

Life Insurance includes Oxford and its wholly-owned subsidiaries. Oxford originates and reinsures annuities, ordinary life, group life, disability coverage and Medicare supplement insurance. Oxford also administers the self-insured employee health and dental plans for Arizona employees of the Company.

SAC Holding Corporation and its subsidiaries, and SAC Holding II Corporation and its subsidiaries, collectively referred to as "SAC Holdings", own self-storage properties that are managed by U-Haul under property management agreements and act as independent U-Haul rental equipment dealers. AMERCO, through its subsidiaries, has contractual interests in certain SAC Holdings' properties entitling AMERCO to potential future income based on the financial performance of these properties. With respect to SAC Holding II, AMERCO is considered the primary beneficiary of these contractual interests. Consequently, we include the results of SAC Holding II in the consolidated financial statements of AMERCO, as required by FIN 46(R).

2. Earnings per Share

Net earnings for the purposes of computing earnings per common share are net earnings less preferred stock dividends. Preferred stock dividends include accrued dividends of AMERCO.

The shares used in the computation of the Company's basic and diluted earnings per common share were as follows:

	Quarter Ended June 30,	
	2006	2005
	(Unaudited)	
Basic and diluted earnings per common share	$ 2.50	$ 1.53
Weighted average common share outstanding:		
Basic and diluted	20,897,688	20,836,458

The weighted average common shares outstanding listed above exclude post-1992 shares of the employee stock ownership plan that have not been committed to be released. The unreleased shares net of shares committed to be released were 380,658 and 444,092 as of June 30, 2006 and June 30, 2005, respectively.

6,100,000 shares of preferred stock have been excluded from the weighted average shares outstanding calculation because they are not common stock and they are not convertible into common stock.

AMERCO AND CONSOLIDATED ENTITIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

3. Borrowings

Long-Term Debt

Long-term debt was as follows:

	2006 Rate (a)	Maturities	June 30, 2006	March 31, 2006
			(Unaudited)	
			(In thousands)	
Real estate loan (floating)	7.17%	2010	$ 242,585	$ 242,585
Senior mortgages	5.47%-5.75%	2015	529,347	531,309
Mezzanine loan (floating)	10.76%	2007	18,983	19,393
Fleet loans (amortizing term)	6.92%	2012-2013	164,723	82,347
Fleet loan (revolving credit)	6.92%	2010	90,000	90,000
Construction loan (revolving credit)	-	2009	-	-
Total AMERCO notes and loans payable			$ 1,045,638	$ 965,634

(a) Interest rate as of June 30, 2006

Real Estate Backed Loan

Amerco Real Estate Company and certain of its subsidiaries and U-Haul Company of Florida are borrowers under a Real Estate Loan. The lender is Merrill Lynch Commercial Finance Corp. The original amount of the Real Estate Loan was $465.0 million and is due June 10, 2010. The borrowers have the right to extend the maturity twice, for up to one year each time. U-Haul International, Inc. is a guarantor of this loan.

The Real Estate Loan requires monthly principal and interest payments, with the unpaid loan balance and accrued and unpaid interest due at maturity. The Real Estate Loan is secured by various properties owned by the borrowers. The principal payments of $222.4 million made in the second quarter of fiscal 2006 were sufficient to allow us to make interest only payments in the first quarter of fiscal 2007.

The interest rate, per the provisions of the Loan Agreement, is the applicable London Inter-Bank Offer Rate ("LIBOR") plus the applicable margin. At June 30, 2006 the applicable LIBOR was 5.17% and the applicable margin was 2.00%, the sum of which was 7.17%. The applicable margin ranges from 2.00% to 2.75% and is based on the ratio of the excess of the average daily amount of loans divided by a fixed percentage of the appraised value of the properties collateralizing the loan, compared with the most recently reported twelve months of Combined Net Operating Income ("NOI"), as that term is defined in the Loan Agreement.

The default provisions of the Real Estate Loan include non-payment of principal or interest and other standard reporting and change-in-control covenants. There are limited restrictions regarding our use of the funds.

Senior Mortgages

Various subsidiaries of Amerco Real Estate Company and U-Haul International, Inc. are borrowers under the Senior Mortgages. The lenders for the Senior Mortgages are Merrill Lynch Mortgage Lending, Inc. and Morgan Stanley Mortgage Capital, Inc. The Senior Mortgages are in the aggregate amount of $472.1 million and are due July 2015. The Senior Mortgages require average monthly principal and interest payments of $3.0 million with the unpaid loan balance and accrued and unpaid interest due at maturity. The Senior Mortgages are secured by certain properties owned by the borrowers. The interest rates, per the provisions of the Senior Mortgages, are 5.68% per annum for the Merrill Lynch Mortgage Lending Agreement and 5.52% per annum for the Morgan Stanley Mortgage Capital Agreement. The default provisions of the Senior Mortgages include non-payment of principal or interest and other standard reporting and change-in-control covenants. There are limited restrictions regarding our use of the funds.

AMERCO AND CONSOLIDATED ENTITIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

U-Haul Company of Canada is the borrower under a mortgage backed loan. The loan was arranged by Merrill Lynch Canada and is in the amount of $10.0 million ($11.2 million Canadian currency). The loan is secured by certain properties owned by the borrower. The loan was entered into on June 29, 2005 at a rate of 5.75%. The loan requires monthly principal and interest payments with the unpaid loan balance and accrued and unpaid interest due at maturity. It has a twenty-five year amortization with a maturity of July 1, 2015. The default provisions of the loan include non-payment of principal or interest and other standard reporting and change-in-control covenants. There are limited restrictions regarding our use of the funds.

A subsidiary of Amerco Real Estate Company is a borrower under a mortgage backed loan. The lender is Morgan Stanley Mortgage Capital, Inc. and the loan is in the amount of $23.8 million. The loan was entered into on August 17, 2005 at a rate of 5.47%. The loan is secured by certain properties owned by the borrower. The loan requires monthly principal and interest payments with the unpaid loan balance and accrued and unpaid interest due at maturity. It has a twenty-five year amortization with a maturity of September 17, 2015. The default provisions of the loan include non-payment of principal or interest and other standard reporting and change-in-control covenants. There are limited restrictions regarding our use of the funds.

Various subsidiaries of Amerco Real Estate Company and U-Haul International, Inc. are borrowers under a mortgage backed loan. The lender is Lehman Brothers Bank, FSB and the loan is in the amount of $23.4 million. The loan was entered into on October 6, 2005 at a rate of 5.72%. The loan is secured by certain properties owned by the borrower. The loan requires monthly principal and interest payments with the unpaid loan balance and accrued and unpaid interest due at maturity. It has a twenty-five year amortization with a maturity of October 11, 2015. The default provisions of the loan include non-payment of principal or interest and other standard reporting and change-in-control covenants. There are limited restrictions regarding our use of the funds.

Mezzanine Loan

Various subsidiaries of Amerco Real Estate Company and U-Haul International, Inc. are borrowers under the CMBS Mezzanine Loan. The lender is Morgan Stanley Mortgage Capital, Inc. and is in the amount of $19.0 million. The loan was entered into on August 12, 2005. The interest rate per the provision of the loan agreement is the applicable LIBOR plus a margin of 5.65%. At June 30, 2006 the applicable LIBOR was 5.11%. The loan requires monthly principal and interest payments with the unpaid loan balance and accrued and unpaid interest due at maturity. It has a ten year amortization with a maturity of September 1, 2007. Amerco Real Estate Company and U-Haul International, Inc. are guarantors of the loan. The default provisions of the loan include non-payment of principal or interest and other standard reporting and change-in-control covenants. There are limited restrictions regarding our use of the funds. On June 2, 2006, we notified the lender of our intent to prepay the entire loan in full on August 30, 2006. There are no prepayment fees or penalties associated with the planned prepayment of this loan.

Fleet Loans

Rental Truck Amortizing Loans

U-Haul International, Inc. and several of its subsidiaries are borrowers under an amortizing term loan. The lender is Merrill Lynch Commercial Finance Corp. The maximum amount that can be borrowed is $150.0 million and is due six years following the last draw down. As of June 30, 2006 the Company had drawn the maximum amount of the term loan. The Company’s outstanding balance at June 30, 2006 was $139.7 million.

The Merrill Lynch Rental Truck Amortizing Loan requires monthly principal and interest payments, with the unpaid loan balance and accrued unpaid interest due at maturity. The Merrill Lynch Rental Truck Amortizing Loan was used to purchase new trucks between the months of November 2005 through April 2006. The interest rate, per the provision of the Loan Agreement, is the applicable LIBOR plus a margin between 1.50% and 1.75%. At June 30, 2006 the applicable LIBOR was 5.17% and the applicable margin was 1.75%. The default provisions of the loan include non-payment of principal or interest and other standard reporting and change-in-control covenants.

AMERCO AND CONSOLIDATED ENTITIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

U-Haul International, Inc. and several of its subsidiaries are borrowers under an amortizing term loan. The lender is BTMU Capital Corporation (“BTMU”). The maximum amount that can be borrowed is $150.0 million and is due six years following the last draw down. As of June 30, 2006 the Company had drawn down $25.0 million. The Company’s outstanding balance at June 30, 2006 was $25.0 million.

The BTMU Rental Truck Amortizing Loan requires monthly principal and interest payments, with the unpaid loan balance and accrued unpaid interest due at maturity. The BTMU Rental Truck Amortizing Loan can be used to purchase new trucks between the months of June 2006 through November 2006. The interest rate, per the provision of the Loan Agreement, is the applicable LIBOR plus a margin between 1.25% and 1.75%. At June 30, 2006 the applicable LIBOR was 5.17% and the applicable margin was 1.75%. AMERCO and U-Haul International, Inc. are guarantors of the loan. The default provisions of the loan include non-payment of principal or interest and other standard reporting and change-in-control covenants.

U-Haul International, Inc. and several of its subsidiaries are borrowers under an amortizing term loan. The lender is Bayerische Hypo-und Vereinsbank AG (“HVB”). The maximum amount that can be borrowed is $50.0 million and is due seven years following the last draw down. As of June 30, 2006 the Company had not made any draw downs.

The HVB Rental Truck Amortizing Loan requires monthly principal and interest payments, with the unpaid loan balance and accrued unpaid interest due at maturity. The HVB Rental Truck Amortizing Loan can be used to purchase new trucks between the months of June 2006 through July 2006. The interest rate, per the provision of the Loan Agreement, is the applicable LIBOR plus a margin between 1.25% and 1.75%. U-Haul International, Inc. is a guarantor of this loan. The default provisions of the loan include non-payment of principal or interest and other standard reporting and change-in-control covenants.

Revolving Credit Agreement

U-Haul International, Inc. and several of its subsidiaries are borrowers under a revolving credit facility. The lender is Merrill Lynch Commercial Finance Corp. The maximum amount that can be drawn is $150.0 million and is due July 2010. As of June 30, 2006 the Company had $60.0 million available under this revolving credit facility.

The Revolving Credit Agreement requires monthly interest payments, with the unpaid loan balance and accrued unpaid interest due at maturity. The Revolving Credit Agreement is secured by various older rental trucks. The maximum amount that we can draw down under the Revolving Credit Agreement reduces by $50.0 million after the third year and another $50.0 million after the fourth year. The interest rate, per the provision of the Loan Agreement, is the applicable LIBOR plus a margin of 1.75%. At June 30, 2006 the applicable LIBOR was 5.17%. The default provisions of the loan include non-payment of principal or interest and other standard reporting and change-in-control covenants.

Construction Loan

Amerco Real Estate Company and a subsidiary of U-Haul International, Inc. entered into a revolving credit facility with MidFirst Bank effective June 29, 2006. The maximum amount that can be drawn at any one time is $40.0 million. The final maturity is June 2009. As of June 30, 2006 the Company had not drawn on this line.

The Construction Loan requires monthly interest only payments with the principal and any accrued and unpaid interest due at maturity. The loan can be used to develop new or existing storage properties. The loan will be secured by the properties being constructed. The interest rate, per the provision of the Loan Agreement, is the applicable LIBOR plus a margin of 1.50%. The default provisions of the loan include non-payment of principal or interest and other standard reporting and change-in-control covenants.

AMERCO AND CONSOLIDATED ENTITIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

Annual Maturities of AMERCO Consolidated Notes and Loans Payable

The annual maturity of AMERCO consolidated long-term debt as of June 30, 2006 for the next five years and thereafter is as follows:

	Year Ending June 30,					
	2007	**2008**	**2009**	**2010**	**2011**	**Thereafter**
	(Unaudited)					
	(In thousands)					
Notes payable, secured	$ 43,496	$ 26,087	$ 27,762	$ 69,547	$ 395,775	$ 482,971

SAC Holding II Notes and Loans Payable to Third Parties

SAC Holding II notes and loans payable to third parties were as follows:

	June 30, 2006	**March 31, 2006**
	(Unaudited)	
	(In thousands)	
Notes payable, secured, 7.87% interest rate, due 2027	$ 75,918	$ 76,232

Secured notes payable are secured by deeds of trusts on the collateralized land and buildings. Principal and interest payments on notes payable to third party lenders are due monthly in the amount of $0.6 million. Certain notes payable contain provisions whereby the loans may not be prepaid at any time prior to the maturity date without payment to the lender of a Yield Maintenance Premium, as defined in the loan agreements.

On March 15, 2004, the SAC entities issued $200.0 million aggregate principal amount of 8.5% senior notes due 2014 (the “new SAC notes”). SAC Holding Corporation and SAC Holding II Corporation are jointly and severally liable for these obligations. The proceeds from this issuance flowed exclusively to SAC Holding Corporation and as such SAC Holding II has recorded no liability for this. On August 30, 2004, SAC Holdings paid down $43.2 million on this note.

Annual Maturities of SAC Holding II Notes and Loans Payable to Third Parties

The annual maturity of SAC Holding II long-term debt as of June 30, 2006 for the next five years and thereafter is as follows:

	Year Ending June 30,					
	2007	**2008**	**2009**	**2010**	**2011**	**Thereafter**
	(Unaudited)					
	(In thousands)					
Notes payable, secured	$ 1,339	$ 1,467	$ 1,688	$ 1,826	$ 1,975	$ 67,623

W.P. Carey Transactions

In 1999, AMERCO, U-Haul and Real Estate entered into financing agreements for the purchase and construction of self-storage facilities with the Bank of Montreal and Citibank (the "leases" or the "synthetic leases"). Title to the real property subject to these leases was held by non-affiliated entities.

These leases were amended and restated on March 15, 2004. In connection with such amendment and restatement, we paid down approximately $31.0 million of lease obligations and entered into leases with a three year term, with four one year renewal options. After such pay down, our lease obligation under the amended and restated synthetic leases was approximately $218.5 million.

AMERCO AND CONSOLIDATED ENTITIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

On April 30, 2004, the amended and restated leases were terminated and the properties underlying these leases were sold to UH Storage (DE) Limited Partnership, an affiliate of W. P. Carey. U-Haul entered into a ten year operating lease with W. P. Carey (UH Storage DE) for a portion of each property (the portion of the property that relates to U-Haul's truck and trailer rental and moving supply sales businesses). The remainder of each property (the portion of the property that relates to self-storage) was leased by W. P. Carey (UH Storage DE) to Mercury Partners, LP ("Mercury") pursuant to a twenty year lease. These events are referred to as the "W. P. Carey Transactions." As a result of the W. P. Carey Transactions, we no longer have a capital lease related to these properties.

The sales price for these transactions was $298.4 million and cash proceeds were $298.9 million. The Company realized a gain on the transaction of $2.7 million, which is being amortized over the life of the lease term.

As part of the W. P. Carey Transactions, U-Haul entered into agreements to manage these properties (including the portion of the properties leased by Mercury). These management agreements allow us to continue to operate the properties as part of the U-Haul moving and self-storage system.

U-Haul's annual lease payments under the new lease are approximately $10.0 million per year, with Consumer Price Index ("CPI") inflation adjustments beginning in the sixth year of the lease. The lease term is ten years, with a renewal option for an additional ten years. Upon closing of the W. P. Carey Transactions, we made a $22.9 million earn-out deposit, providing us with the opportunity to be reimbursed for certain capital improvements we previously made to the properties, and a $5.0 million security deposit. U-Haul met the requirements under the lease regarding the return of the earn-out deposit which was refunded in fiscal 2006.

The property management agreement we entered into with Mercury provides that Mercury will pay U-Haul a management fee based on gross self-storage rental revenues generated by the properties. During the first quarter of fiscal 2007, U-Haul received $0.4 million in management fees from Mercury.

4. Interest on Borrowings

Interest Expense

Expenses associated with loans outstanding were as follows:

	Quarter Ended June 30,	
	2006	**2005**
	(Unaudited)	
	(In thousands)	
Interest expense	$ 16,557	$ 18,101
Capitalized interest	(42)	(44)
Amortization of transaction costs	1,298	-
Interest expense (income) resulting from derivatives	(863)	42
Write-off of transaction costs related to early extinguishment of debt	-	14,384
Fees on early extinguishment of debt	-	21,243
Total AMERCO interest expense	16,950	53,726
SAC Holding II interest expense	3,394	3,130
Less: Intercompany transactions	1,882	1,593
Total SAC Holding II interest expense	1,512	1,537

Total	$	18,462	$	55,263

Interest paid in cash by AMERCO (excluding any fees from the early extinguishment of debt) amounted to $16.1 million and $17.9 million for the first quarters of fiscal 2007 and 2006, respectively. Early extinguishment fees paid in cash by AMERCO were $21.2 million in the first quarter of fiscal 2006.

AMERCO AND CONSOLIDATED ENTITIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

The exposure to market risk for changes in interest rates relates primarily to our variable rate debt obligations. We have used interest rate swap and interest rate cap agreements to provide for matching the gain or loss recognition on the hedging instrument with the recognition of the changes in the cash flows associated with the hedged asset or liability attributable to the hedged risk or the earnings effect of the hedged forecasted transaction. On June 8, 2005 the Company entered into separate interest rate swap contracts for $100.0 million of our variable rate debt over a three year term and for $100.0 million of our variable rate debt over a five year term, which were designated as cash flow hedges effective July 1, 2005. On May 13, 2004 the Company entered into separate interest rate cap contracts for $200.0 million of our variable rate debt over a two year term and for $50.0 million of our variable rate debt over a three year term, however these contracts were dedesignated as cash flow hedges effective July 11, 2005 when the Real Estate loan was paid down by $222.4 million. On November 15, 2005 the Company entered into a forward starting interest rate swap contract for $142.3 million of a variable rate debt over a six year term that started on May 10, 2006. On June 21, 2006 the Company entered into an interest rate swap contract for $50.0 million of our variable rate debt over a seven year term that started on July 10, 2006. On June 9, 2006 the Company entered into an interest rate swap contract for $144.9 million of a variable rate debt over a six year term that will start on October 10, 2006. These interest rate swap agreements were designated cash flow hedges on their effective dates.

Interest Rates

Interest rates and Company borrowings were as follows:

	Revolving Credit Activity Quarter Ended June 30,			
	2006		2005	
	(Unaudited)			
	(In thousands, except interest rates)			
Weighted average interest rate during the quarter		6.74%		6.64%
Interest rate at the end of the quarter		6.92%		N/A
Maximum amount outstanding during the quarter	$	90,000	$	158,012
Average amount outstanding during the quarter (a)	$	90,000	$	124,186

(a) Amount for June 30, 2005 is prior to the June 8, 2005 refinancing

5. Comprehensive Income (Loss)

A summary of accumulated other comprehensive income (loss) components, net of tax, were as follows:

		Foreign Currency Translation		Unrealized Gain (Loss) on Investments		Fair Market Value of Cash Flow Hedge		Accumulated Other Comprehensive Income (Loss)
	(Unaudited)							
	(In thousands)							
Balance at March 31, 2006	$	(34,247)	$	717	$	4,628	$	(28,902)
Foreign currency translation		1,922		-		-		1,922

Unrealized loss on investments		-		(2,586)		-		(2,586)
Change in fair market value of cash flow hedge		-		-		1,215		1,215
Balance at June 30, 2006	$	(32,325)	$	(1,869)	$	5,843	$	(28,351)

AMERCO AND CONSOLIDATED ENTITIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

6. Contingent Liabilities and Commitments

The Company leases a portion of its rental equipment and certain of its facilities under operating leases with terms that expire at various dates substantially through 2010, with the exception of one land lease expiring in 2034. At June 30, 2006, AMERCO has guaranteed $195.7 million of residual values for these rental equipment assets at the end of the respective lease terms. Certain leases contain renewal and fair market value purchase options as well as mileage and other restrictions. At the expiration of the lease, the Company has the option to renew the lease, purchase the asset for fair market value, or sell the asset to a third party on behalf of the lessor. AMERCO has been leasing equipment since 1987 and has experienced no material losses related to these types of residual rate guarantee.

Lease commitments for leases having terms of more than one year were as follows:

	Property, Plant and Equipment	Rental Equipment	Total
		(Unaudited)	
		(In thousands)	
Year-ended June 30:			
2007	$ 11,727	$ 122,646	$ 134,373
2008	11,433	91,144	102,577
2009	11,188	75,847	87,035
2010	10,750	61,439	72,189
2011	10,596	41,795	52,391
Thereafter	32,726	36,723	69,449
Total	$ 88,420	$ 429,594	$ 518,014

7. Contingencies

Shoen

On September 24, 2002, Paul F. Shoen filed a derivative action in the Second Judicial District Court of the State of Nevada, Washoe County, captioned Paul F. Shoen vs. SAC Holding Corporation et al., CV02-05602, seeking damages and equitable relief on behalf of AMERCO from SAC Holdings and certain current and former members of the AMERCO Board of Directors, including Edward J. Shoen, Mark V. Shoen and James P. Shoen as defendants. AMERCO is named a nominal defendant for purposes of the derivative action. The complaint alleges breach of fiduciary duty, self-dealing, usurpation of corporate opportunities, wrongful interference with prospective economic advantage and unjust enrichment and seeks the unwinding of sales of self-storage properties by subsidiaries of AMERCO to SAC Holdings over the last several years. The complaint seeks a declaration that such transfers are void as well as unspecified damages. On October 28, 2002, AMERCO, the Shoen directors, the non-Shoen directors and SAC Holdings filed Motions to Dismiss the complaint. In addition, on October 28, 2002, Ron Belec filed a derivative action in the Second Judicial District Court of the State of Nevada, Washoe County, captioned Ron Belec vs. William E. Carty, et al., CV 02-06331 and on January 16, 2003, M.S. Management Company, Inc. filed a derivative action in the Second Judicial District Court of the State of Nevada, Washoe County, captioned M.S. Management Company, Inc. vs. William E. Carty, et al., CV 03-00386. Two additional derivative suits were also filed against these parties. These additional suits are substantially similar to the Paul F. Shoen derivative action. The five suits assert virtually identical claims. In fact, three of the five plaintiffs are parties who are working closely together and chose to file the same claims multiple times. These lawsuits alleged that the AMERCO Board lacked independence. In reaching its decision to dismiss these claims, the court determined that the AMERCO Board of Directors had the requisite level of independence required in order to have these claims resolved by the Board. The court consolidated all five complaints before dismissing them on May 28, 2003. Plaintiffs appealed and, on September 12, 2005 the Nevada Supreme Court heard oral arguments. On July 13, 2006, the Nevada Supreme Court reviewed and remanded the claim to the trial court for proceedings consistent with its ruling.

AMERCO AND CONSOLIDATED ENTITIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

Securities Litigation

AMERCO is a defendant in a consolidated putative class action lawsuit entitled "In Re AMERCO Securities Litigation", United States District Court, Case No. CV-N-03-0050-ECR (RAM). The action alleges claims for violation of Section 10(b) of the Securities Exchange Act and Rule 10b-5 there under, section 20(a) of the Securities Exchange Act of 1934 and sections 11, 12, and 15 of the Securities Act of 1933. The action alleges, among other things, that AMERCO engaged in transactions with the SAC entities that falsely improved AMERCO's financial statements and that AMERCO failed to disclose the transactions properly. The action has been transferred to the United States District Court, District of Arizona and assigned to Judge Bryan. Motions to Dismiss are fully briefed and are before the court. Prior to the ruling on the Motions to Dismiss, the parties have agreed to a settlement in principle, subject to final documentation and approval by the Court. The settlement in the amount of $5.0 million will be covered by AMERCO's D&O insurance carrier.

Securities and Exchange Commission

In early 2003, the Securities and Exchange Commission ("SEC") issued a formal order of investigation to determine whether the Company had violated federal securities laws. During the course of the investigation the Company produced and delivered all requested documents and information and provided testimony from all requested witnesses to the SEC. On July 10, 2006, the SEC terminated their investigation, with no action taken against the Company.

Environmental

In the normal course of business, AMERCO is a defendant in a number of suits and claims. AMERCO is also a party to several administrative proceedings arising from state and local provisions that regulate the removal and/or cleanup of underground fuel storage tanks. It is the opinion of management, that none of these suits, claims or proceedings involving AMERCO, individually or in the aggregate, are expected to result in a material loss.

Compliance with environmental requirements of federal, state and local governments significantly affects Real Estate's business operations. Among other things, these requirements regulate the discharge of materials into the water, air and land and govern the use and disposal of hazardous substances. Real Estate is aware of issues regarding hazardous substances on some of its properties. Real Estate regularly makes capital and operating expenditures to stay in compliance with environmental laws and has put in place a remedial plan at each site where it believes such a plan is necessary. Since 1988, Real Estate has managed a testing and removal program for underground storage tanks.

Based upon the information currently available to Real Estate, compliance with the environmental laws and its share of the costs of investigation and cleanup of known hazardous waste sites are not expected to have a material adverse effect on AMERCO's financial position or operating results. Real Estate expects to spend approximately $6.3 million through 2011 to remediate these properties.

Other

The Company is named as a defendant in various other litigation and claims arising out of the normal course of business. In managements' opinion none of these other matters will have a material effect on the Company's financial position and results of operations.

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AMERCO AND CONSOLIDATED ENTITIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

8. Related Party Transactions

AMERCO has engaged in related party transactions and has continuing related party interests with certain major stockholders, directors and officers of the consolidated group as disclosed below. Management believes that the transactions described below and in the related notes were consummated on terms equivalent to those that would prevail in arm's-length transactions.

During the first quarter of fiscal 2007 subsidiaries of the Company held various junior unsecured notes of SAC Holdings. Substantially all of the equity interest of SAC Holdings is controlled by Blackwater Investments, Inc. ("Blackwater"), wholly-owned by Mark V. Shoen, a significant shareholder and executive officer of AMERCO. The Company does not have an equity ownership interest in SAC Holdings, except for minority investments made by RepWest and Oxford in a SAC Holdings-controlled limited partnership which holds Canadian self-storage properties. The Company recorded interest income of $5.3 million and $5.4 million, and received cash interest payments of $34.2 million and $4.9 million, from SAC Holdings during the first quarter of fiscal 2007 and 2006, respectively. The $34.2 million payment in the first quarter of fiscal 2007 reduced the outstanding interest receivable from SAC Holdings to $21.5 million. The largest aggregate amount of notes receivable outstanding during the first quarter of fiscal 2007 and the aggregate notes receivable balance at June 30, 2006 was $203.7 million, of which $75.1 million is with SAC Holding II and has been eliminated in the consolidating financial statements.

Interest accrues on the outstanding principal balance of junior notes of SAC Holdings that the Company holds at a stated rate of basic interest. A fixed portion of that basic interest is paid on a monthly basis.

Additional interest is paid on the same payment date based on the amount of remaining basic interest and of the cash flow generated by the underlying property. This amount is referred to as the "cash flow-based calculation."

To the extent that this cash flow-based calculation exceeds the amount of remaining basic interest, contingent interest is paid on the same monthly date as the fixed portion of basic interest. To the extent that the cash flow-based calculation is less than the amount of remaining basic interest, the additional interest payable on the applicable monthly date is limited to the amount of that cash flow-based calculation. In such a case, the excess of the remaining basic interest over the cash flow-based calculation is deferred. In addition, subject to certain contingencies, the junior notes provide that the holder of the note is entitled to receive 90% of the appreciation realized upon, among other things, the sale of such property by SAC Holdings.

The Company currently manages the self-storage properties owned or leased by SAC Holdings, Mercury, 4 SAC, 5 SAC, Galaxy, and Private Mini Storage Realty ("Private Mini") pursuant to a standard form of management agreement, under which the Company receives a management fee of between 4% and 10% of the gross receipts plus reimbursement for certain expenses. The Company received management fees, exclusive of expenses, of $4.4 million, and $4.0 million from the above mentioned entities during the first quarter of fiscal 2007 and 2006, respectively. This management fee is consistent with the fee received for other properties the Company previously managed for third parties. SAC Holdings, 4 SAC, 5 SAC, Galaxy and Private Mini are substantially controlled by Blackwater. Mercury is substantially controlled by Mark V. Shoen. James P. Shoen, a significant shareholder and director of AMERCO, has an interest in Mercury.

RepWest and Oxford currently hold a 46% limited partnership interest in Securespace Limited Partnership ("Securespace"), a Nevada limited partnership. A SAC Holdings subsidiary serves as the general partner of Securespace and owns a 1% interest. Another SAC Holdings subsidiary owns the remaining 53% limited partnership interest in Securespace. Securespace was formed by SAC Holdings to be the owner of various Canadian self-storage properties. RepWest's and Oxford's investment in Securespace is included in Related Party Assets and is accounted for using the equity method. We do not believe that the carrying amount of their investments in Securespace is in excess of fair value.

The Company leases space for marketing company offices, vehicle repair shops and hitch installation centers from subsidiaries of SAC Holdings, 5 SAC and Galaxy. Total lease payments pursuant to such leases were $0.7 million and $0.7 million in first quarter of fiscal 2007 and 2006, respectively. The terms of the leases are similar to the terms of leases for other properties owned by unrelated parties that are leased to the Company.

AMERCO AND CONSOLIDATED ENTITIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

At June 30, 2006, subsidiaries of SAC Holdings, 4 SAC, 5 SAC, Galaxy and Private Mini acted as U-Haul independent dealers. The financial and other terms of the dealership contracts with the aforementioned companies and their subsidiaries are substantially identical to the terms of those with the Company's other independent dealers. During the first quarter of fiscal 2007 and 2006, the Company paid the above mentioned entities $10.1 million and $9.3 million, respectively in commissions pursuant to such dealership contracts.

These agreements with subsidiaries of SAC Holdings, 4 SAC, 5 SAC, Galaxy and Private Mini, excluding dealer agreements, provided revenue of $9.3 million, expenses of $0.7 million and cash flows of $37.5 million during the first quarter of fiscal 2007. Revenues and commission expenses related to the Dealer Agreements were $46.5 million and $10.1 million, respectively.

SAC Holdings was established in order to acquire self-storage properties. These properties are being managed by the Company pursuant to management agreements. The sale of self-storage properties by the Company to SAC Holdings has in the past provided significant cash flows to the Company and the Company's outstanding loans to SAC Holdings entitle the Company to participate in SAC Holdings' excess cash flows (after senior debt service).

Management believes that its sales of self-storage properties to SAC Holdings has provided a unique structure for the Company to earn moving equipment rental revenues and property management fee revenue from the SAC Holdings self-storage properties that the Company manages and to participate in SAC Holdings' excess cash flows as described above.

During 1997, Private Mini secured a $225.0 million line of credit with a financing institution, which was subsequently reduced in accordance with its terms to $125.0 million in December 2001. Under the terms of this credit facility, AMERCO entered into a support party agreement with Private Mini whereby upon default or noncompliance with certain debt covenants by Private Mini, AMERCO assumes responsibility in fulfilling all obligations related to this credit facility. In 2003, the support party obligation was bifurcated into two separate support party obligations; one consisting of a $55.0 million support party obligation and one consisting of a $70.0 million support party obligation. At March 31, 2003, $55.0 million of AMERCO's support party obligation had been triggered. AMERCO satisfied the $55.0 million obligation by issuing notes to the Private Mini creditor, and we correspondingly increased our receivable from Private Mini by $55.0 million. Interest from Private Mini on this receivable is being recorded by AMERCO on a regular basis. The Company expects to fully recover this amount. Under the terms of FIN 45, the remaining $70.0 million support party obligation was recognized by the Company as a liability at March 31, 2004 and March 31, 2003. This resulted in AMERCO increasing Other Liabilities by $70.0 million and increasing our receivable from Private Mini by an additional $70.0 million. At March 31, 2005, the Company revalued the FIN 45 liability to $2.9 million. Effective July 15, 2005 the $70.0 million support party obligation was terminated and AMERCO is no longer obligated on behalf of Private Mini. The $2.9 million liability recorded in the Company's books was eliminated at the time the support party obligation was terminated. Private Mini is now a wholly-owned subsidiary of 4 SAC and 5 SAC.

In prior years, U-Haul sold various properties to SAC Holding Corporation at prices in excess of U-Haul's carrying values resulting in gains which U-Haul deferred and treated as additional paid-in capital. The transferred properties have historically been stated at the original cost basis as the gains were eliminated in consolidation. In March 2004, these deferred gains were recognized and treated as contributions from a related party in the amount of $111.0 million as a result of the deconsolidation of SAC Holding Corporation.

AMERCO AND CONSOLIDATED ENTITIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

Independent fleet owners own approximately 2.2% of all U-Haul rental trailers. There are approximately 561 independent fleet owners, including certain officers, directors, employees and stockholders of AMERCO. Such AMERCO officers, directors, employees and stockholders owned less than 1.0% of all U-Haul rental trailers during the first quarter of fiscal 2007 and 2006, respectively. Payments to these individuals under this program are de minimis (less than one thousand dollars per quarter, per person). All rental equipment is operated under contract with U-Haul whereby U-Haul administers the operations and marketing of such equipment and in return receives a percentage of rental fees paid by customers. Based on the terms of various contracts, rental fees are distributed to U-Haul (for services as operators), to the fleet owners (including certain subsidiaries and related parties of U-Haul) and to rental dealers (including Company-operated U-Haul Centers).

Related Party Assets

	June 30, 2006	March 31, 2006
	(Unaudited)	
	(In thousands)	
Private Mini notes, receivables and interest	$ 72,696	$ 74,427
Oxford note receivable from SAC Holding Corporation	5,040	5,040
U-Haul notes receivable from SAC Holding Coporation	123,578	123,578
U-Haul interest receivable from SAC Holding Corporation	20,944	42,189
U-Haul receivable from SAC Holding Corporation	14,137	5,688
SAC Holding II receivable from parent	-	2,900
U-Haul receivable from Mercury	2,888	2,342
Oxford and RepWest investment in Securespace	11,634	11,585
Other	1,762	2,719
	$ 252,679	$ 270,468

Related Party Liabilities

	June 30, 2006	March 31, 2006
	(Unaudited)	
	(In thousands)	
SAC Holding II payable to affiliate	$ 3,400	$ 7,165

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AMERCO AND CONSOLIDATED ENTITIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

9. Consolidating Financial Information by Industry Segment

AMERCO has four reportable segments. They are Moving and Storage Operations, Property and Casualty Insurance, Life Insurance and SAC Holding II. Management tracks revenues separately, but does not report any separate measure of the profitability for rental vehicles, rentals of self-storage spaces and sales of products that are required to be classified as a separate operating segment and accordingly does not present these as separate reportable segments. Deferred income taxes are shown as liabilities on the consolidating statements.

This section includes condensed consolidating financial information which presents the condensed consolidating balance sheets as of June 30, 2006 and March 31, 2006 and the related condensed consolidating statements of operations and condensed consolidating cash flow statements for the first quarter of fiscal 2007 and 2006 for:

(a) Moving and Storage Operations, comprised of AMERCO, U-Haul, and Real Estate and the subsidiaries of U-Haul and Real Estate

(b) RepWest and its wholly-owned subsidiary

(c) Oxford and its wholly-owned subsidiaries

(d) SAC Holding II and its subsidiaries

The information includes elimination entries necessary to consolidate AMERCO, the parent, with its subsidiaries and SAC Holding II and its subsidiaries.

Investments in subsidiaries are accounted for by the parent using the equity method of accounting.

AMERCO AND CONSOLIDATED ENTITIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

9. Financial Information by Consolidating Industry Segment:

Consolidating balance sheets by industry segment as of June 30, 2006 are as follows:

	Moving & Storage					AMERCO Legal Group			
	AMERCO	U-Haul	Real Estate	Eliminations	Moving & Storage Consolidated	Property & Casualty Insurance (a)	Life Insurance (a)	Eliminations	AM Cons
						(Unaudited)			
						(In thousands)			
Assets:									
Cash and cash equivalents	$ 9	$ 228,493	$ 757	$ -	$ 229,259	$ 4,711	$ 7,888	$ -	$ 2
Reinsurance recoverables and trade receivables, net	-	18,440	24	-	18,464	181,014	16,383	-	2
Notes and mortgage receivables, net	-	1,389	751	-	2,140	-	-	-	
Inventories, net	-	66,933	-	-	66,933	-	-	-	
Prepaid expenses	1,082	57,378	-	-	58,460	-	-	-	
Investments, fixed maturities and marketable equities	-	-	-	-	-	122,239	573,684	-	6
Investments, other	-	1,314	6,976	-	8,290	101,680	74,596	-	1
Deferred policy acquisition costs, net	-	-	-	-	-	1,182	51,288	-	
Other assets	5	55,156	38,352	-	93,513	1,732	480	-	
Related party assets	1,250,081	243,066	12,611	(1,178,220) (d)	327,538	19,924	10,916	(26,636) (d)	3
	1,251,177	672,169	59,471	(1,178,220)	804,597	432,482	735,235	(26,636)	1,9

Investment in subsidiaries	(218,301)	-	-	482,768	(c)	264,467	-	-	(264,467)	(c)	
Investment in SAC Holding II	(9,346)	-	-	-		(9,346)	-	-	-		
Total investment in subsidiaries and SAC Holding II	(227,647)	-	-	482,768		255,121	-	-	(264,467)		
Property, plant and equipment, at cost:											
Land	-	29,655	156,597	-		186,252	-	-	-		1
Buildings and improvements	-	85,262	675,397	-		760,659	-	-	-		7
Furniture and equipment	2,591	264,687	17,900	-		285,178	-	-	-		2
Rental trailers and other rental equipment	-	201,129	-	-		201,129	-	-	-		2
Rental trucks	-	1,401,701	-	-		1,401,701	-	-	-		1,4
SAC Holding II - property, plant and equipment (b)	-	-	-	-		-	-	-	-		
	2,591	1,982,434	849,894	-		2,834,919	-	-	-		2,8
Less: Accumulated depreciation	(395)	(987,953)	(288,324)	-		(1,276,672)	-	-	-		(1,2
Total property, plant and equipment	2,196	994,481	561,570	-		1,558,247	-	-	-		1,5
Total assets	$ 1,025,726	$ 1,666,650	$ 621,041	$ (695,452)		$ 2,617,965	$ 432,482	$ 735,235	$ (291,103)		$ 3,4

(a) Balances as of March 31, 2006

(b) Included in this caption is land of $57,169, buildings and improvements of $96,173, and furniture and equipment of $412

(c) Eliminate investment in subsidiaries and SAC Holding II

(d) Eliminate intercompany receivables and payables

(e) Eliminate gain on sale of property from U-Haul to SAC Holding II

AMERCO AND CONSOLIDATED ENTITIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

Consolidating balance sheets by industry segment as of June 30, 2006 are as follows:

	Moving & Storage					AMERCO Legal Group			
	AMERCO	U-Haul	Real Estate	Eliminations	Moving & Storage Consolidated	Property & Casualty Insurance (a)	Life Insurance (a)	Eliminations	AM Cons
						(Unaudited)			
						(In thousands)			
Liabilities:									
Accounts payable and accrued expenses	$ 30,010	$ 214,630	$ 3,889	$ -	$ 248,529	$ -	$ 4,601	$ -	$ 2
AMERCO's notes and loans payable	-	294,826	750,812	-	1,045,638	-	-	-	1,0
SAC Holding II notes and loans payable, non-recourse to AMERCO	-	-	-	-	-	-	-	-	
Policy benefits and losses, claims and loss expenses payable	-	308,264	-	-	308,264	328,955	157,353	-	7
Liabilities from investment contracts	-	-	-	-	-	-	432,557	-	4
Other policyholders' funds and liabilities	-	-	-	-	-	4,165	2,415	-	
Deferred income	-	16,661	-	-	16,661	6,136	-	-	
Deferred income taxes	194,893	-	-	-	194,893	(46,364)	(817)	-	1
Related party liabilities	177	1,142,755	47,675	(1,178,220) (c)	12,387	2,003	12,246	(26,636) (c)	
Total liabilities	225,080	1,977,136	802,376	(1,178,220)	1,826,372	294,895	608,355	(26,636)	2,7
Stockholders' equity:									

Series preferred stock:											
Series A preferred stock	-	-	-	-		-	-	-	-		
Series B preferred stock	-	-	-	-		-	-	-	-		
Series A common stock	929	-	-	-		929	-	-	-		
Common stock	9,568	540	1	(541)	(b)	9,568	3,300	2,500	(5,800)	(b)	
Additional paid-in capital	419,222	121,230	147,481	(268,711)	(b)	419,222	80,369	26,271	(106,640)	(b)	4
Additional paid-in capital - SAC Holding II	-	-	-	-		-	-	-	-		
Accumulated other comprehensive loss	(28,351)	(26,482)	-	26,482	(b)	(28,351)	(505)	(1,364)	1,869	(b)	(
Retained earnings (deficit)	817,370	(396,721)	(328,817)	725,538	b)	817,370	54,423	99,473	(153,896)	(b)	8
Cost of common shares in treasury, net	(418,092)	-	-	-		(418,092)	-	-	-		(4
Unearned employee stock ownership plan shares	-	(9,053)	-	-		(9,053)	-	-	-		
Total stockholders' equity (deficit)	800,646	(310,486)	(181,335)	482,768		791,593	137,587	126,880	(264,467)		7
Total liabilities and stockholders' equity	$ 1,025,726	$ 1,666,650	$ 621,041	$ (695,452)		$ 2,617,965	$ 432,482	$ 735,235	$ (291,103)		$ 3,4

(a) Balances as of March 31, 2006

(b) Eliminate investment in subsidiaries and SAC Holding II

(c) Eliminate intercompany receivables and payables

(d) Eliminate gain on sale of property from U-Haul to SAC Holding II

AMERCO AND CONSOLIDATED ENTITIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

Consolidating balance sheets by industry segment as of March 31, 2006 are as follows:

	Moving & Storage					AMERCO Legal Group			
	AMERCO	U-Haul	Real Estate	Eliminations	Moving & Storage Consolidated	Property & Casualty Insurance (a)	Life Insurance (a)	Eliminations	AMER Consoli
						(In thousands)			
Assets:									
Cash and cash equivalents	$ 7	$ 140,499	$ 856	$ -	$ 141,362	$ 9,815	$ 4,027	$ -	$ 155
Reinsurance recoverables and trade receivables, net	-	17,325	25	-	17,350	199,908	12,921	-	230
Notes and mortgage receivables, net	-	1,333	1,199	-	2,532	-	-	-	2
Inventories, net	-	63,585	-	-	63,585	-	-	-	63
Prepaid expenses	2,051	51,166	-	-	53,217	-	-	-	53
Investments, fixed maturities and marketable equities	-	-	-	-	-	108,563	587,395	-	695
Investments, other	-	1,314	7,853	-	9,167	113,456	86,738	-	209
Deferred policy acquisition costs, net	-	-	-	-	-	1,160	46,661	-	47
Other assets	2	54,390	40,866	-	95,258	2,027	438	-	97
Related party assets	1,219,703	262,330	12,671	(1,147,881) (d)	346,823	24,293	10,915	(30,156) (d)	351
	1,221,763	591,942	63,470	(1,147,881)	729,294	459,222	749,095	(30,156)	1,907
Investment in subsidiaries	(262,277)	-	-	526,979 (c)	264,702	-	-	(264,702) (c)	
	(14,275)	-	-	-	(14,275)	-	-	-	(14

Investment in SAC Holding II									
Total investment in subsidiaries and SAC Holding II	(276,552)	-	-	526,979	250,427	-	-	(264,702)	(14
Property, plant and equipment, at cost:									
Land	-	29,159	146,626	-	175,785	-	-	-	175
Buildings and improvements	-	78,244	661,359	-	739,603	-	-	-	739
Furniture and equipment	2,590	260,902	17,879	-	281,371	-	-	-	281
Rental trailers and other rental equipment	-	201,273	-	-	201,273	-	-	-	201
Rental trucks	-	1,331,891	-	-	1,331,891	-	-	-	1,331
SAC Holding II - property, plant and equipment (b)	-	-	-	-	-	-	-	-	