

U-HAUL HOLDING CO /NV/

FORM 10-Q (Quarterly Report)

Filed 02/09/05 for the Period Ending 12/31/04

Address 5555 KIETZKE LANE STE 100
 RENO, NV, 89511

Telephone 7756886300

 CIK 0000004457

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Fiscal Year 03/31

AMERCO /NV/

FORM 10-Q (Quarterly Report)

Filed 2/9/2005 For Period Ending 12/31/2004

Address	1325 AIRMOTIVE WAY STE 100 RENO, Nevada 89502
Telephone	775-688-6300
CIK	0000004457
Industry	Rental & Leasing
Sector	Services
Fiscal Year	03/31

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

Form 10-Q

(Mark One)

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

For the quarterly period ended December 31, 2004

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 No

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Section 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 No

21,284,604 shares of AMERCO Common Stock, \$0.25 par value, were outstanding at December 31, 2004.

5,385 shares of U-Haul International, Inc. Common Stock, \$0.01 par value, were outstanding at December 31, 2004.

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PART I FINANCIAL INFORMATION

ITEM 1. Financial Statements

AMERCO AND CONSOLIDATED ENTITIES CONDENSED CONSOLIDATED BALANCE SHEETS

	December 31, 2004	March 31, 2004
	(Unaudited)	
	(In thousands)	
ASSETS		
Cash and cash equivalents	\$ 80,226	\$ 81,557
Trade receivables, net	243,706	268,386
Notes and mortgage receivables, net	5,647	4,537
Inventories, net	53,831	52,802
Prepaid expenses	23,350	13,172
Investments, fixed maturities	672,007	709,353
Investments, other	333,968	347,537
Deferred policy acquisition costs, net	64,872	76,939
Other assets	87,640	65,071
Related party assets	318,373	304,446
	<hr/> <u>\$ 1,883,620</u>	<hr/> <u>\$ 1,923,800</u>
Property, plant and equipment, at cost:		
Land	151,487	158,594
Buildings and improvements	685,440	874,985
Furniture and equipment	285,776	293,115
Rental trailers and other rental equipment	175,116	159,586
Rental trucks	1,278,072	1,219,002
SAC Holdings II - property, plant and equipment	78,679	78,363
	<hr/> <u>2,654,570</u>	<hr/> <u>2,783,645</u>
Less: Accumulated depreciation	<hr/> <u>(1,355,405)</u>	<hr/> <u>(1,331,840)</u>
Property, plant and equipment, net	<hr/> <u>1,299,165</u>	<hr/> <u>1,451,805</u>
Total assets	<hr/> <u>\$ 3,182,785</u>	<hr/> <u>\$ 3,375,605</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Accounts payable and accrued expenses	\$ 216,041	\$ 244,570
Capital leases	-	99,609
AMERCO's notes and loans payable	696,048	862,697
SAC Holdings' notes and loans payable, non-recourse to AMERCO	77,790	78,637
Policy benefits and losses, claims and loss expenses payable	817,158	813,738
Liabilities from investment contracts	516,273	574,745
Other policyholders' funds and liabilities	24,402	28,732
Deferred income	46,433	51,383
Deferred income taxes	106,649	63,800
Related party liabilities	70,000	53,848
Total liabilities	<hr/> <u>\$ 2,570,794</u>	<hr/> <u>\$ 2,871,759</u>
Commitments and contingent liabilities (Notes 5 and 9)		
Stockholders' equity:		
Serial preferred stock, with or without par value:		
Series A preferred stock, with no par value	\$ -	\$ -
Series B preferred stock, with no par value	-	-
Serial common stock, with or without par value:		
Series A common stock of \$0.25 par value	929	1,416

Common stock of \$0.25 par value	9,568	9,081
Additional paid in-capital	350,344	349,732
Accumulated other comprehensive loss	(24,354)	(21,446)
Retained earnings	704,482	595,181
Cost of common shares in treasury, net	(418,092)	(418,092)
Unearned employee stockownership plan shares	(10,886)	(12,026)
Total stockholders' equity	611,991	503,846
Total liabilities and stockholders' equity	\$ 3,182,785	\$ 3,375,605

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

AMERCO AND CONSOLIDATED ENTITIES

CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS

	Quarter Ended December 31,		Nine Months Ended December 31,	
	2004	2003	2004	2003
	(Unaudited)			
(In thousands except share and per share amounts)				
Revenues:				
Rental revenue	\$ 365,131	\$ 386,456	\$ 1,262,335	\$ 1,304,470
Net sales	42,620	47,212	161,683	182,048
Premiums	34,634	56,088	115,516	188,024
Net investment and interest income	18,142	12,827	50,252	35,614
Total revenues	460,527	502,583	1,589,786	1,710,156
Costs and expenses:				
Operating expenses	287,962	307,378	848,621	907,695
Restructuring expenses	-	7,613	-	12,027
Commission expenses	39,243	31,136	138,064	116,132
Cost of sales	21,361	23,908	77,617	87,023
Benefits and losses	38,603	50,956	104,194	169,801
Amortization of deferred policy acquisition costs	6,279	11,027	24,015	28,886
Lease expense	38,506	33,202	115,389	101,716
Depreciation, net	28,282	38,393	86,214	113,356
Total costs and expenses	460,236	503,613	1,394,114	1,536,636
Earnings from operations	291	(1,030)	195,672	173,520
Interest expense	16,931	31,168	53,995	92,839
Litigation settlement received	51,341	-	51,341	-
Pretax earnings	34,701	(32,198)	193,018	80,681
Income tax benefit (expense)	(13,155)	10,531	(73,994)	(30,587)
Net earnings (loss)	21,546	(21,667)	119,024	50,094
Less: Preferred stock dividends	(3,241)	(3,241)	(9,723)	(9,723)
Earnings (loss) available to common shareholders	\$ 18,305	\$ (24,908)	\$ 109,301	\$ 40,371
Basic and diluted earnings (loss) per common share	\$ 0.88	\$ (1.20)	\$ 5.25	\$ 1.95
Weighted average common shares outstanding	20,813,805	20,757,297	20,801,112	20,744,692

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

See Footnote 11 for a complete discussion of "Related Party Transactions".

AMERCO AND CONSOLIDATED ENTITIES

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Quarter Ended December 31,		Nine Months Ended December 31,	
	2004	2003	2004	2003
	(Unaudited) (In thousands)	(Unaudited) (In thousands)	(Unaudited) (In thousands)	(Unaudited) (In thousands)
Comprehensive income:				
Net earnings (loss)	\$ 21,546	\$ (21,667)	\$ 119,024	\$ 50,094
Changes in other comprehensive income, net of taxes:				
Foreign currency translation	2,275	9,700	2,058	11,074
Unrealized gain/(loss) on investments	5,755	(3,373)	(4,098)	22,488
Fair market value of interest rate hedge	800	-	(868)	-
Total comprehensive income (loss)	\$ 30,376	\$ (15,340)	\$ 116,116	\$ 83,656

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

AMERCO AND CONSOLIDATED ENTITIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Nine Months Ended December 31,	
	2004	2003
	(Unaudited)	(In thousands)
Cash flow from operating activities:		
Earnings available to common shareholders	\$ 109,301	\$ 40,371
Depreciation	85,030	107,485
Amortization of deferred policy acquisition costs	25,962	28,328
Provision for losses on accounts receivable	(149)	686
Net loss on sale of real and personal property	1,184	5,871
(Gain) on sale of investments	(3,896)	(3,403)
Reductions in policy liabilities and accruals	(2,282)	(35,583)
Capitalizations of deferred policy acquisition costs	(8,881)	(16,040)
Net reduction in other operating assets and liabilities	17,479	21,419
Net cash provided by operating activities	<u>223,748</u>	<u>149,134</u>
Cash flows from investing activities:		
Purchases of investments:		
Property, plant and equipment	(172,491)	(147,344)
Fixed maturities	(84,272)	(50,662)
Other asset investment	-	(78,142)
Common Stock	(6,765)	-
Mortgage loans	(750)	-
Proceeds from sale(purchase) of investments:		
Property, plant and equipment	227,811	32,537
Fixed maturities	113,844	171,405
Preferred stock	3,811	-
Real estate	5,269	-
Mortgage loans	2,819	203
Changes in other investments	<u>33,759</u>	<u>28,534</u>
Net cash provided by (used in) investing activities	<u>123,035</u>	<u>(43,469)</u>
Cash flows from financing activities:		
Net change in short-term borrowings	-	5,649
Borrowings from Credit Facilities	36,859	50,000
Leveraged Employee Stock Ownership Plan:		
Purchase of shares	-	-
Repayments from loan	1,752	455
Principal Repayments on Credit Facilities	(202,264)	(55,716)
Pay off of capital leases	(99,609)	-
Dividends paid	(25,297)	-
Investment contract deposits	19,587	43,020
Investment contract withdrawals	<u>(79,142)</u>	<u>(79,041)</u>
Net cash used in financing activities	<u>(348,114)</u>	<u>(35,633)</u>
Increase (decrease) in cash equivalents	(1,331)	70,032
Cash and cash equivalents at the beginning of period	81,557	66,834
Cash and cash equivalents at the end of period	<u>\$ 80,226</u>	<u>\$ 136,866</u>

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

AMERCO AND CONSOLIDATED ENTITIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2004 (Unaudited), March 31, 2004, and December 31, 2003 (Unaudited)

1. Basis of Presentation

The third fiscal quarter for AMERCO ends the 31st of December for each year that is referenced. Our insurance company subsidiaries have a third quarter that ends on the 30th of September for each year that is referenced. They have been consolidated on that basis. Consequently, all references to our insurance subsidiaries' years 2004 and 2003 correspond to the Company's fiscal years 2005 and 2004.

Accounts denominated in non-U.S. currencies have been re-measured using the U.S. dollar as the functional currency. Certain amounts reported in previous years have been reclassified to conform to the current presentation.

2. Principles of Consolidation and Organization

Principles of Consolidation

The consolidated financial statements for the third quarter and the first nine months of fiscal year 2005 and the balance sheet as of March 31, 2004 include the accounts of AMERCO, its wholly owned subsidiaries and SAC Holding II Corporation and its subsidiaries. The balance sheet and the statements of operations, comprehensive income, and cash flows for the third quarter and the first nine months of fiscal year 2004 include all of the abovementioned entities plus SAC Holding Corporation and its subsidiaries.

SAC Holding Corporation and SAC Holding II Corporation and their subsidiaries (the "SAC entities") were considered special purpose entities. During the first three quarters of fiscal year 2004, the SAC entities were consolidated based on the provisions of Emerging Issues Task Force (EITF) Issue No. 90-15. During the fourth quarter of fiscal year 2004, the Company applied FASB Interpretation No. 46(R) to its interest in the SAC entities and determined that SAC Holding Corporation should no longer be consolidated with the Company's financial statements. Accordingly, during the fourth quarter of fiscal year 2004 the Company deconsolidated those entities. The deconsolidation was accounted for as a distribution of the Company's interests to the SAC entities. Because of the Company's continuing involvement with SAC Holding Corporation and its subsidiaries, the distributions do not qualify as discontinued operations as defined by SFAS No. 144.

The condensed consolidated balance sheet as of December 31, 2004 and the related condensed consolidated statements of operations, comprehensive income, and cash flow for the quarter and the first nine months ended December 31, 2004 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. Inter-company accounts and transactions have been eliminated. Certain reclassifications have been made to the 2004 financial statements to conform to the 2005 presentation.

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")

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

Oxford Life Insurance Company ("Oxford")

North American Insurance Company ("NAI") and

Christian Fidelity Life Insurance Company (“CFLIC”)

Unless the context otherwise requires, the term “Company” refers to AMERCO and its legal subsidiaries.

AMERCO AND CONSOLIDATED ENTITIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued

Description of Operating Segments

AMERCO has three reportable segments and five identifiable segments. The three reportable segments are Moving and Self-Storage, Property and Casualty Insurance and Life Insurance. The five identifiable segments are AMERCO, U-Haul International, Amerco Real Estate, Republic Western Insurance, and Oxford Life Insurance. U-Haul moving and storage, Real Estate, and SAC moving and storage, are listed under Moving and Self-Storage, since they meet the aggregation criteria of FASB 131.

U-Haul moving and self-storage operations consist of the rental of trucks, trailers and self-storage spaces and sales of moving supplies, trailer hitches and propane to the “do-it-yourself” mover. Operations are conducted under the registered trade name U-Haul® throughout the United States and Canada.

Real Estate owns approximately 90 percent of the Company’s real estate assets, including U-Haul Centers and Storage locations. The remaining real estate assets of the Company are owned by other subsidiaries. Real Estate is responsible for overseeing major property repairs, dispositions and managing the environmental risks of the properties.

SAC moving and self-storage operations consist of the rental of self-storage spaces and sales of moving supplies, trailer hitches and propane. In addition, SAC functions as an independent moving equipment rental dealer and earns commissions from the rental of U-Haul trucks and trailers. Operations are conducted under the registered trade name U-Haul® throughout the United States and Canada.

Republic Western Insurance Company (RepWest) provides loss adjusting and claims handling for *U-Haul* through regional offices across North America. RepWest also provides components of the *Safemove*, *Safetow* and *Safestor* protection packages to *U-Haul* customers.

Oxford Life Insurance Company (Oxford) originates and reinsures annuities; credit life and disability; single premium whole life, group life and disability coverage; and Medicare supplement insurance. Oxford also administers the self-insured employee health and dental plans for the Company.

3. Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with the accounting principles generally accepted in the U.S. requires management to make estimates and judgments that affect the amounts reported in the financial statements and accompanying notes. The accounting estimates that require management’s most difficult and subjective judgments include the principals of consolidation, the recoverability of property, plant and equipment; the adequacy of insurance reserves; and the valuation of investments. The future results actually experienced by the Company may differ from management’s estimates.

Cash and Cash Equivalents

The Company considers cash equivalents to be highly liquid debt securities with insignificant interest rate risk with original maturities from the date of purchase of three months or less.

Investments

Fixed Maturities. Fixed maturity investments consist of either marketable debt or redeemable preferred stocks. As of the balance sheet date, these investments are either intended to be held to maturity or are considered available-for-sale.

Held-to-Maturity. Investments that are intended to be held-to-maturity are recorded at cost, as adjusted for the amortization of premiums or the accretion of discounts.

AMERCO AND CONSOLIDATED ENTITIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued

Available-for-Sale. Investments that are considered available-for-sale are reported at fair value, with unrealized gains or losses, net of tax, recorded in stockholders' equity. Fair value for these investments is based on quoted market prices, dealer quotes or discounted cash flows. The cost of investments sold is based on the specific identification method. Realized gains or losses on the sale or exchange of investments and declines in value judged to be other than temporary are recorded as revenues. Investments are judged to be impaired if the fair value is less than cost continuously for nine months, absent compelling evidence to the contrary.

Mortgage Loans and Notes on Real Estate. Mortgage loans and notes on real estate are reported at their unpaid balance, net of any allowance for possible losses and any unamortized premium or discount.

Recognition of Investment Income. Interest income from bonds and mortgage notes is recognized when it becomes earned. Dividends on common and preferred stocks are recognized on the ex-dividend dates. Realized gains and losses on the sale or exchange of investments are recognized at the trade date. Unrealized gains and losses are determined as of each balance sheet date.

Fair Values

Fair values of cash equivalents approximate cost due to the short period of time to maturity. Fair values of short-term investments, investments available-for-sale, long-term investments, mortgage loans and notes on real estate, swaps and forward currency contracts are based on quoted market prices, dealer quotes or discounted cash flows. Fair values of trade receivables approximate their recorded value.

Limited credit risk exists on trade receivables due to the diversity of our customer base and their dispersion across broad geographic markets. The Company's financial instruments that are exposed to concentrations of credit risk consist primarily of temporary cash investments, trade receivables and notes receivable. The Company places its temporary cash investments with financial institutions and limits the amount of credit exposure to any one financial institution.

The Company has mortgage receivables, which potentially expose the Company to credit risk. The portfolio of notes is principally collateralized by mini-warehouse storage facilities and other residential and commercial properties. The Company has not experienced losses related to the notes from individual notes or groups of notes in any particular industry or geographic area. The estimated fair values were determined using the discounted cash flow method, using interest rates currently offered for similar loans to borrowers with similar credit ratings.

Other investments, including short-term investments, are substantially current or bear reasonable interest rates. As a result, the carrying values of these financial instruments approximate fair value. The carrying value of long-term debt is based on current rates at which the Company could borrow funds with similar remaining maturities and approximates fair market value due to its recent issuance.

Derivative Financial Instruments

The Company's primary objective for holding derivative financial instruments is to manage currency and interest rate risk. The Company's derivative instruments are recorded at fair value under SFAS No. 133 and are included in prepaid expenses.

The Company used derivative financial instruments to reduce its exposure to interest rate volatility. During May 2004, the Company entered into two (2) separate interest rate cap agreements on its \$350 million amortizing term loan with notional value of \$200 million for a two-year term and \$50 million for a three-year term. These agreements cap the LIBOR component on the \$250 million notional value at 3.0% throughout the life of the cap. At December 31, 2004, the Company had \$347.4 million of variable rate debt.

AMERCO AND CONSOLIDATED ENTITIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued

Inventories, net

Inventories consist primarily of truck and trailer parts and accessories used to repair rental equipment and products purchased directly for resale. Inventories are valued at the lower of cost or market. Inventory cost is primarily determined using the last-in, first-out method. Inventories valued on the LIFO basis were approximately 90% of total inventories as of December 31, 2004 and 93% of total inventories as of March 31, 2004. Inventories would have been \$3.2 million higher at both December 31, 2004 and March 31, 2004, if the Company valued inventories using the first-in, first-out method. Inventories are stated net of reserves for obsolescence of \$2.5 million at both December 31, 2004 and March 31, 2004.

Property, Plant and Equipment

Property, plant and equipment is stated at cost. Interest cost incurred during the initial construction of buildings and rental equipment is considered part of cost. Depreciation is computed for financial reporting purposes principally using the straight-line method over the following estimated useful lives: rental equipment 2-20 years, buildings and non-rental equipment 3-55 years. Major overhauls to rental equipment are capitalized and are amortized over the estimated period benefited. Routine maintenance costs are charged to operating expense as they are incurred. Gains and losses on dispositions of property, plant and equipment are netted against depreciation expense when realized. Depreciation is recognized in amounts expected to result in the recovery of estimated residual values upon disposal, i.e., no gains or losses. During the first quarter of fiscal year 2005, the Company lowered its estimates for residual values on rental trucks purchased off leases from 25% of the original cost to 20%. In determining the depreciation rate, historical disposal experience, holding periods and trends in the market for vehicles are reviewed. Since this change in estimated residual values will be applied prospectively we do not anticipate any significant increases in depreciation expense from this change for the current fiscal year.

We regularly perform reviews to determine whether facts and circumstances exist which indicate that the carrying amount of assets, including estimates of residual value, may not be recoverable or that the useful life of assets is shorter or longer than originally estimated. We assess the recoverability of the cost of our assets by comparing the projected undiscounted net cash flows associated with the related asset or group of assets over their estimated remaining lives against their respective carrying amounts. Impairment, if any, is based on the excess of the carrying amount over the fair value of those assets. If the remaining cost of assets is determined to be recoverable, but the useful lives are shorter or longer than originally estimated, the net book value of the assets is depreciated over the newly determined remaining useful lives.

The carrying value of surplus real estate, which is lower than market value, at the balance sheet date was \$10.1 million for December 31, 2004 and \$10.1 million for March 31, 2004, respectively, and is included with investments, other.

Receivables

Accounts receivable include trade accounts from moving and self storage customers and dealers, insurance premiums and agent balances due, net of commissions payable and amounts due from ceding re-insurers, less management's estimate of uncollectible accounts.

Notes and mortgage receivables include accrued interest and are reduced by discounts and amounts considered by management to be uncollectible.

Policy Benefits and Losses, Claims and Loss Expenses Payable

Liabilities for life insurance and certain annuity policies are established to meet the estimated future obligations of policies in force, and are based on mortality and withdrawal assumptions from recognized actuarial tables which contain margins for adverse deviation.

Liabilities for annuity contracts consist of contract account balances that accrue to the benefit of the policyholders, excluding surrender values. Liabilities for health, disability and other policies represents estimates of payments to be made on insurance claims for reported losses and estimates of losses incurred, but not yet reported.



AMERCO AND CONSOLIDATED ENTITIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued

Liabilities for reported and unreported losses are based on RepWest's historical experience and industry averages. The liability for unpaid loss adjustment expenses is based on historical ratios of loss adjustment expenses paid to losses paid. Amounts recoverable from re-insurers on unpaid losses are estimated in a manner consistent with the claim liability associated with the reinsured policy. Adjustments to the liability for unpaid losses and loss expenses, as well as amounts recoverable from re-insurers on unpaid losses, are charged or credited to expense in the periods in which they are made.

Revenue Recognition

Rental revenue is recognized for the period that trucks and moving equipment are rented. Storage space revenue is recognized based on the numbers of storage contract days earned. Product sales are recognized at the time that title passes and the customer accepts delivery. Insurance premiums are recognized over the policy periods. Interest and investment income are recognized as earned.

Advertising

Advertising costs are expensed as incurred. Advertising expense was \$9.7 million in the third quarter of fiscal year 2005 and \$10.0 million in the third quarter of fiscal year 2004. Advertising expense was \$24.7 million for the first nine months of fiscal year 2005 and \$27.4 million for the first nine months of fiscal year 2004.

Deferred Policy Acquisition Costs

Commissions and other costs which fluctuate with, and are primarily related to, the production of future insurance premiums, are deferred. For Oxford, these costs are amortized in relation to revenue such that costs are realized as a constant percentage of revenue. For RepWest, these costs are amortized over the related contract period which generally does not exceed one year.

Environmental Costs

Liabilities are recorded when environmental assessments and remedial efforts, if applicable, are probable and the costs can be reasonably estimated. The amount of the liability is based on management's best estimate of undiscounted future costs. Certain recoverable environmental costs related to the removal of underground storage tanks or related contamination are capitalized and amortized over the estimated useful lives of the properties. These costs improve the safety or efficiency of the property or are incurred in preparing the property for sale.

Income Taxes

AMERCO files a consolidated tax return with all of its legal subsidiaries, except for Christian Fidelity Insurance Company, which files on a stand alone basis. SAC Holdings and its legal subsidiaries file a consolidated return, and their return is not consolidated with AMERCO. In accordance with SFAS No. 109, the provision for income taxes reflects deferred income taxes resulting primarily from changes in temporary differences between the tax basis of assets and liabilities and their reported amounts in the financial statements.

Comprehensive Income/(Loss)

Comprehensive income/(loss) consists of net income, foreign currency translation adjustments, unrealized gains and losses on investments and fair market values of interest rate hedges, net of the related tax effects.

4. Earnings per Share

Net income for purposes of computing earnings per common share is net income minus preferred stock dividends. Preferred stock dividends include accrued dividends of AMERCO.

AMERCO AND CONSOLIDATED ENTITIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued

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

	Quarter Ended December 31,	
	2004	2003
	(Unaudited)	(Unaudited)
Basic and diluted earnings per common share	\$ 0.88	\$ (1.20)
Weighted average common shares outstanding		
Basic and diluted :	20,813,805	20,757,297

	Nine Months Ended December 31,	
	2004	2003
	(Unaudited)	(Unaudited)
Basic and diluted earnings per common share	\$ 5.25	\$ 1.95
Weighted average common shares outstanding		
Basic and diluted :	20,801,112	20,744,692

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 as of December 31, 2004 and December 31, 2003, respectively.

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

5. Borrowings

Long-Term Debt

Long-term debt consisted of the following:

	December 31,		March 31,	
	2004	2004	2004	2004
	(Unaudited)	(In thousands)	(Unaudited)	(In thousands)
Revolving credit facility, senior secured first lien	\$ 27	\$ 164,051		
Senior amortizing notes, secured, first lien, due 2009	347,375	350,000		
Senior notes, secured second lien, 9.0% interest rate, due 2009	200,000	200,000		
Senior subordinated notes, secured, 12.0% interest rate, due 2011	148,646	148,646		
Total AMERCO notes and loans payable	<u><u>\$ 696,048</u></u>	<u><u>\$ 862,697</u></u>		

First Lien Senior Secured Notes

The Company has a First Lien Senior Secured credit facility, due 2009 in the amount of \$550 million, with a banking syndicate led and arranged by Wells Fargo Foothill, a part of Wells Fargo & Company (the "Senior Secured Facility"). These senior notes consist of two components, a \$200 million revolving credit facility (including a \$50 million letter of credit sub-facility) and a \$350 million amortizing term loan.

AMERCO AND CONSOLIDATED ENTITIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued

The \$350 million amortizing term loan requires monthly principal payments of \$291,667 and periodic interest payments, with the balance due on maturity in 2009. The interest rate per the provisions of the term loan agreement is defined as the 3-month London Inter Bank Offer Rate ("LIBOR"), plus 4.0%, the sum of which at December 31, 2004 was 5.84%. Advances under the revolving credit facility are based on a borrowing base formula which is based on a percentage of the value of our eligible real estate. At December 31, 2004, \$200.0 million was available to borrow. The interest rate per the provisions of the revolving credit facility agreements are defined as the prime rate ("Prime") plus 1.5%, the sum of which at December 31, 2004 was 6.25% or LIBOR plus 4.0%. The Senior Secured Facility is secured by a first priority position in substantially all of the assets of AMERCO and its subsidiaries, except for our notes receivable from SAC Holdings, certain real estate held for sale, the capital stock of our insurance subsidiaries, real property previously mortgaged to Oxford and vehicles subject to certain lease financing arrangements.

9.0% Second Lien Senior Secured Notes

The Company issued and has outstanding \$200 million aggregate principal amount of 9.0% Second Lien Senior Secured Notes due 2009. These senior notes are secured by a second priority position in the same collateral which secures our obligations under the First Lien Senior Secured Notes. No principal payments are due on the Second Lien Senior Secured Notes until maturity.

Senior Subordinated Notes

The Company issued and has outstanding \$148.6 million aggregate principal amount of 12.0% senior subordinated notes due 2011 (the "Senior Subordinated Notes"). No principal payments are due on the Senior Subordinated Notes until maturity. These senior notes, which are subordinated to all of the senior indebtedness of AMERCO (including the First Lien Senior Secured Notes and the Second Lien Senior Secured Notes, both due 2009), are secured by certain assets of AMERCO, including the capital stock of our life insurance subsidiary (Oxford Life Insurance Company), certain real estate held for sale and payments from notes receivable from SAC Holdings having an aggregate outstanding principal balance at December 31, 2004 of \$203.8 million.

AMERCO AND CONSOLIDATED ENTITIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued

Restrictive Covenants

Under the abovementioned loan agreements, we are required to comply with a number of affirmative and negative covenants. These covenants apply to the obligors, and provide that, among other things:

- On a quarterly basis, the obligors cannot allow EBITDA minus capital expenditures (as defined) to fall below specified levels.
- The obligors are restricted in the amount of capital expenditures that can be made in any fiscal year.
- The obligors' ability to incur additional indebtedness is restricted.
- The obligors' ability to create, incur, assume, or permit to exist any lien on or against any of the secured assets is restricted.
- The obligors' ability to convey, sell, lease, assign, transfer or otherwise dispose of any of the secured assets is restricted.
- The obligors cannot enter into any merger, consolidation, reorganization, or recapitalization (subject to exceptions), and we cannot liquidate, wind up or dissolve any subsidiary that is a borrower under the abovementioned loan agreements, unless the assets of the dissolved entity are transferred to another subsidiary that is a borrower under the abovementioned loan agreements and certain other conditions are met.
- The obligors' ability to guarantee the obligations of our insurance subsidiaries or any third party is restricted.
- The obligors' ability to prepay, redeem, defease, purchase or otherwise acquire any of our indebtedness or any indebtedness of a subsidiary that is a borrower under the abovementioned loan agreements is restricted.

As of December 31, 2004 the Company was in compliance with the abovementioned covenants.

Annual Maturities of AMERCO Consolidated Notes and Loans Payable

The annual maturity of AMERCO Consolidated long-term debt as of December 31, 2004 for the next five years and thereafter is as follows:

	Fiscal Years Ending (In thousands)					
	2005	2006	2007	2008	2009	Thereafter
Notes payable, secured	\$ 3,500	3,500	3,500	3,500	533,402	148,646

AMERCO AND CONSOLIDATED ENTITIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued

SAC Holding II Corporation Notes and Loans Payable to Third Parties

SAC Entities notes and loans payable consisted of the following:

	December 31, 2004	March 31, 2004
	(Unaudited)	(In thousands)
Notes payable, secured, bearing interest rates ranging from 7.87% to 9.00%, due 2027	\$ 77,790	\$ 78,637

6. Interest on Borrowings

Interest expense was as follows:

	Quarter Ended December 31,	
	2004	2003
	(Unaudited)	(In thousands)
Interest expense	\$ 14,479	\$ 19,572
Amortization of transaction costs	863	172
Interest expense resulting from SWAP/CAP agreements	24	-
Total AMERCO interest expense	15,366	19,744
 SAC Holdings' interest expense	 3,710	 20,052
Less: Intercompany transactions	2,145	8,628
Total SAC Holdings' interest expense	1,565	11,424
Consolidated interest expense	\$ 16,931	\$ 31,168

	Nine Months Ended December 31,	
	2004	2003
	(Unaudited)	(In thousands)
Interest expense	\$ 45,821	\$ 59,099
Amortization of transaction costs	2,458	547
Interest expense resulting from SWAP/CAP agreements	1,017	-
Default interest	-	715
Total AMERCO interest expense	49,296	60,361
 SAC Holdings' interest expense	 10,941	 61,273
Less: Intercompany transactions	6,242	28,795
Total SAC Holdings' interest expense	4,699	32,478
Consolidated interest expense	\$ 53,995	\$ 92,839

Interest paid in cash by AMERCO amounted to \$14.1 million and \$3.7 million for the third quarters of fiscal year 2005 and fiscal year 2004, respectively.

Interest paid in cash by AMERCO amounted to \$42.9 million and \$25.0 million for the nine months ended December 31, 2004 and 2003, respectively.

AMERCO AND CONSOLIDATED ENTITIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued

Interest rates and company borrowings were as follows:

AMERCO	Revolving Credit Activity	
	December 31, 2004	March 31, 2004
(Unaudited)		
(In thousands, except interest rates)		
Weighted average interest rate during the first nine months/year	5.69%	6.75%
Interest rate at the end of the third fiscal quarter/year	6.25%	5.50%
Maximum amount outstanding during the quarter/year	\$ 19,977	\$ 205,000
Average amount outstanding during the quarter/year	\$ 6,708	\$ 174,267
Facility fees	\$ -	\$ 1,333

7. Comprehensive Income

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

	December 31, 2004		March 31, 2004	
	(Unaudited)	(In thousands)	(Unaudited)	(In thousands)
Accumulated foreign currency translation	\$ (32,856)	\$ (34,914)		
Accumulated unrealized gain or (loss) on investments	9,370	13,468		
Accumulated FV of Interest Rate Hedge	(868)	-		
	<u>\$ (24,354)</u>	<u>\$ (21,446)</u>		

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

	Foreign Currency Translation	Unrealized Gain/(Loss) on Investments	Fair Market Value of Interest Rate Hedge	Accumulated Other Comprehensive Income/(Loss)
Balance at March 31, 2004	\$ (34,914)	\$ 13,468	\$ -	\$ (21,446)
Foreign currency translation	2,058	-	-	2,058
Unrealized gain/(loss) on investments	-	(4,098)	-	(4,098)
Fair market value of interest rate hedge	-	-	(868)	(868)
Balance at December 31, 2004	<u>\$ (32,856)</u>	<u>\$ 9,370</u>	<u>\$ (868)</u>	<u>\$ (24,354)</u>

AMERCO AND CONSOLIDATED ENTITIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued

8. Reinsurance

During their normal course of business, our insurance subsidiaries assume and cede reinsurance on both a coinsurance and a risk premium basis. They also obtain reinsurance for that portion of risks exceeding their retention limits. The maximum amount of life insurance retained on any one life is \$150,000.

	Direct	Ceded to	Assumed	Net	Percentage of
	Amount	Other	from Other	Amount	Amount
	(a)	Companies	Companies	(a)	Assumed to Net
September 30, 2004					
Life insurance in force	\$ 1,312,260	397,497	1,859,445	2,774,208	67%

Premiums earned:

	Direct	Ceded to	Assumed	Net	Percentage of
	Amount	Other	from Other	Amount	Amount
	(a)	Companies	Companies	(a)	Assumed to Net
Life	\$ 8,543	5,193	8,764	12,114	72%
Accident and health	74,094	5,283	11,784	80,595	15%
Annuity	1,782	-	2,044	3,826	53%
Property and casualty	24,761	8,952	5,006	20,815	24%
Total	\$ 109,180	19,428	27,598	117,350	24%

September 30, 2003

	Direct	Ceded to	Assumed	Net	Percentage of
	Amount	Other	from Other	Amount	Amount
	(a)	Companies	Companies	(a)	Assumed to Net
Life insurance in force	\$ 1,427,015	485,592	2,092,977	3,034,400	69%

	Direct	Ceded to	Assumed	Net	Percentage of
	Amount	Other	from Other	Amount	Amount
	(a)	Companies	Companies	(a)	Assumed to Net
Premiums earned:			(Unaudited)		
Life	\$ 15,462	7,916	11,560	19,106	61%
Accident and health	81,701	8,681	15,623	88,643	18%
Annuity	1,278	-	1,812	3,090	59%
Property and casualty	90,191	28,942	15,936	77,185	21%
Total	\$ 188,632	45,539	44,931	188,024	24%

(a) Balances are reported net of inter-segment transactions.

Premiums eliminated in consolidation were as follows:

AMERCO AND CONSOLIDATED ENTITIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued

	<u>RepWest</u>	<u>Oxford</u>
	(Unaudited)	
	(In thousands)	
Nine months ended September 30, 2004	\$ -	\$ 1,105
Nine months ended September 30, 2003	\$ 1,062	\$ 2,013

9. 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 2034. At December 31, 2004, AMERCO has guaranteed \$154.0 million of residual values for these 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 relating to these types of residual value guarantees.

Lease commitments for leases having terms of more than one year as of December 31, 2004, were as follows:

Year-ending:	<u>Property</u>	<u>Rental</u>	<u>Total</u>
	<u>Plant and</u>	<u>Fleet</u>	<u></u>
	Equipment	(In thousands)	
2005	\$ 11,718	113,181	124,899
2006	11,135	102,068	113,203
2007	10,979	64,167	75,146
2008	10,788	32,142	42,930
2009	10,382	17,751	28,133
Thereafter	46,057	7,972	54,029
Total	\$ 101,059	337,281	438,340

W. P. Carey Transaction

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 "synthetic leases"). Title to the real property subject to these leases was held by non-affiliated entities. As of March 31, 2003, we had obligations outstanding of \$254 million under these synthetic leases, of which \$117 million represented properties qualifying as operating leases and \$137 million represented properties qualifying as capital leases.

These leases were amended and restated on March 15, 2004. As a result, we paid down approximately \$31 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. The amended and restated terms of the synthetic lease caused it to become a capital lease. Consequently, we capitalized these leased properties as an asset and reported the corresponding lease obligation as a liability at March 31, 2004.

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 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 from W.P. Carey (UH Storage DE) to Mercury Partners, LP ("Mercury") pursuant to a 20 year lease. These events are referred to as the "W.P. Carey Transaction." As a result of the W.P. Carey Transaction, we no longer have a capital lease related to these properties. The terms of the W.P. Carey Transaction provide for us to be reimbursed for capital improvements we previously made to these properties, subject to conditions, which we expect will occur over approximately the next 18 months.

As part of the W.P. Carey Transaction, U-Haul entered into agreements to manage these properties (including 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 million per year, with 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 Transaction, we made a \$5 million security deposit, which will be refunded to us at the end of the lease term. We also made a deposit as part of the W.P. Carey Transaction totaling approximately \$23 million, which is to be refunded to us at the earlier of attainment by the properties of certain earn-out milestones, or the end of the lease term.

The property management agreement we entered into with Mercury provides that Mercury will pay U-Haul a fee equal to 4% of the gross self-storage rental revenues generated by the properties, plus a bonus of up to 6% of gross self-storage rental revenues based on specified performance levels. During fiscal year 2005, U-Haul earned \$1.0 million in management fees from Mercury.

10. Contingencies

Kocher

On July 20, 2000, Charles Kocher (Kocher) filed suit in Wetzel County, West Virginia, Civil Action No. 00-C-51-K, entitled Charles Kocher v. Oxford Life Insurance Co. (Oxford) seeking compensatory and punitive damages for breach of contract, bad faith and unfair claims settlement practices arising from an alleged failure of Oxford to properly and timely pay a claim under a disability and dismemberment policy. On March 22, 2002, the jury returned a verdict of \$5 million in compensatory damages and \$34 million in punitive damages. On November 5, 2002, the trial court entered an Order affirming the \$39 million jury verdict and denying Oxford's motion for New Trial Or, in The Alternative, Remittitur. Oxford appealed the case to the West Virginia Supreme Court. On June 17, 2004 the West Virginia Supreme Court reversed and vacated the punitive damages award and remanded the case for a new trial on punitive damages. On July 15, 2004 Oxford filed a petition for a re-hearing with the West Virginia Supreme Court on the matter of compensatory damages and on September 9, 2004 the West Virginia Supreme Court denied the petition. The Company has accrued for this potential loss. The new trial on punitive damages is set for April 8, 2005. The Company has notified its E & O carrier of the West Virginia Supreme Court's ruling. The E&O carrier is disputing coverage.

AMERCO AND CONSOLIDATED ENTITIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued

Shoen

On December 24, 2002, Paul F. Shoen filed a derivative action in the Third 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 Third 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 Third 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. The court consolidated all five complaints before dismissing them on May 28, 2003. Plaintiffs appealed and the appeal has been fully briefed before the Nevada Supreme Court. These lawsuits falsely 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.

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 that AMERCO engaged in transactions with 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. The action is in a very early stage. Management intends to defend this case vigorously.

Securities and Exchange Commission

The Securities and Exchange Commission ("SEC") has issued a formal order of investigation to determine whether the Company has violated the Federal Securities laws. On January 7, 2003, the Company received the first of several subpoenas issued by the SEC to the Company. SAC Holdings, the Company's current and former auditors and others have also received subpoenas relating to this matter. The Company is cooperating with the SEC and is facilitating the expeditious review of its financial statements and any other issues that may arise. The Company has produced a substantial number of documents to the SEC and continues to respond to requests for additional documents and to provide witnesses for testimony. We cannot predict when the investigation will be completed or its outcome.

AMERCO AND CONSOLIDATED ENTITIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued

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. Under this program we have spent approximately \$44 million.

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.

11. 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 consolidating 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.

A brother of an executive officer is employed by U-Haul Business Consultants Inc., a subsidiary of U-Haul International.

During the third quarter of fiscal year 2005, a subsidiary of the Company held various unsecured notes of SAC Holdings. Substantially all of the equity interest of SAC Holdings is controlled 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 received cash interest payments of \$1.0 million and \$10.2 million, from SAC Holdings during the third quarter and first nine months of fiscal year 2005, respectively. The largest aggregate amount of notes receivable outstanding during the third quarter of fiscal year 2005 and the aggregate notes receivable balance at December 31, 2004 was \$203.8 million. 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 by SAC Holdings, Mercury, 4 SAC, 5 SAC and 19 SAC 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. The Company received management fees of \$10.9 million for the nine months ended December 31, 2004. This management fee is consistent with the fees received for other properties the Company manages for third parties.

AMERCO AND CONSOLIDATED ENTITIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued

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.

For the nine months ended December 31, 2004, the Company leased space for marketing company offices, vehicle repair shops and hitch installation centers owned by subsidiaries of SAC Holdings. Total lease payments pursuant to such leases were \$1.9 million. 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.

At December 31, 2004, subsidiaries of SAC Holdings, 4 SAC, 5 SAC and 19 SAC acted as U-Haul independent dealers. The financial and other terms of the dealership contracts with subsidiaries of SAC Holdings are substantially identical to the terms of those with the Company's other independent dealers. For the nine months ended December 31, 2004, the Company paid the above mentioned entities \$26.3 million in commissions pursuant to such dealership contracts.

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 in the past provided a unique structure for the Company to earn rental revenues from the SAC Holdings self-storage properties that the Company manages and to participate in SAC Holdings' excess cash flows as described above. No real estate transactions with SAC Holdings that involve the Company or its subsidiaries are expected in the foreseeable future.

Independent fleet owners own approximately 4% of all U-Haul rental trailers and 0.01% of certain other rental equipment. There are approximately 1,290 independent fleet owners, including certain officers, directors, employees and stockholders of AMERCO. Such AMERCO officers, directors, employees and stockholders owned less than 1% of all U-Haul rental trailers during the third quarter of fiscal years 2005 and 2004, respectively. 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).

On August 20, 2004, an exchange occurred between the Company and James P. Shoen. Mr. Shoen, transferred 1,946,314 shares of AMERCO Series A Common Stock, \$0.25 par value, in exchange for 1,946,314 shares of AMERCO Common Stock, \$0.25 par value. Mr. Shoen is a director, employee and significant shareholder of AMERCO. No gain or loss was recognized as a result of this transaction.

In February 1997, AMERCO, through its insurance subsidiaries, invested in the equity of Private Mini Storage Realty, L.P. (Private Mini), a Texas-based self-storage operator. RepWest invested \$13.5 million and had a direct 30.6% interest and an indirect 13.2% interest. Oxford invested \$11 million and had a direct 24.9% interest and an indirect 10.8% interest. During 1997, Private Mini secured a \$225 million line of credit with a financing institution, which was subsequently reduced in accordance with its terms to \$125 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 debt covenants by Private Mini, AMERCO assumed responsibility to fulfill all obligations related to the credit facility. In 2003, the support party obligation was bifurcated into two separate support party obligations; one consisting of a \$55 million support obligation and one consisting of a \$70 million support obligation.

AMERCO AND CONSOLIDATED ENTITIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued

At March 31, 2003, \$55 million of AMERCO's support party obligations had been triggered. As part of AMERCO's bankruptcy reorganization, AMERCO satisfied the \$55 million obligation by issuing notes to the Private Mini creditor, and we correspondingly increased our receivable from Private Mini by \$55 million. Interest from Private Mini on this receivable is being recorded and received by AMERCO on a regular basis. Under the terms of FIN 45, the remaining \$70 million support part obligation is recognized by the Company as a liability. This resulted in AMERCO increasing Other Liabilities by \$70 million and increasing our receivable from Private Mini by an additional \$70 million.

12. Consolidating Financial Information by Industry Segment

AMERCO has three reportable segments represented by Moving and Self-Storage operations (U-Haul and Real Estate), Property and Casualty Insurance (RepWest) and Life Insurance (Oxford). SAC Holdings is part of the Moving and Self-Storage segment, but is not a part of the group obligated under the AMERCO debt agreement. Management tracks revenues separately, but does not report any separate measure of the profitability of 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 segments.

The notes of the Company are fully and unconditionally guaranteed, jointly and severally, by all of AMERCO's legal subsidiaries, except for our insurance company subsidiaries and except for SAC Holdings. Footnote 12 includes condensed consolidating financial information which presents the Condensed Consolidating Balance Sheets as of December 31, 2004 and March 31, 2004 and the related Condensed Consolidating Statements of Earnings and Condensed Consolidating Cash Flow Statements for the first nine months ended December 31, 2004 and 2003 for:

- (a) AMERCO,
- (b) the guarantor subsidiaries (comprised of AMERCO, U-Haul and Real Estate and each of their respective subsidiaries);
- (c) the non guarantor subsidiaries (comprised of Oxford and RepWest and each of their respective subsidiaries); and
- (d) SAC Holdings.

The information includes elimination entries necessary to consolidate AMERCO, the parent, with the guarantor and non-guarantor subsidiaries. Investments in subsidiaries are accounted for by the parent using the equity method of accounting. The guarantor and non-guarantor subsidiaries are presented on a combined basis. Deferred income taxes are shown as liabilities on the consolidating statements.

AMERCO and consolidated entities

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (C continued)

12. Consolidating balance sheets by industry segment as of December 31, 2004 are as follows:

	Obligated Group				AMERCO Legal Group				AMERCO as Consolidated								
	AMERCO	U-Haul	Real Estate	Eliminations	Obligated Group Consolidated	Property and Casualty Insurance (a)	Life Insurance (a)	Eliminations	AMERCO Consolidated	SAC Moving and Storage Operations	Eliminations	Total Consolidated					
						(Unaudited)											
Assets:																	
Cash and cash equivalents	\$ 9,423	\$ 53,625	\$ 4,331	\$ -	\$ 67,379	\$ 7,968	\$ 4,562	\$ -	\$ 79,909	\$ 317	\$ -	\$ 80,226					
Trade receivables, net	-	17,490	27	-	17,517	210,062	16,127	-	243,706	-	-	243,706					
Notes and mortgage receivables, net	-	4,289	1,358	-	5,647	-	-	-	5,647	-	-	5,647					
Inventories, net	-	52,698	-	-	52,698	-	-	-	52,698	1,133	-	53,831					
Prepaid expenses	3,394	19,742	-	-	23,136	-	-	-	23,136	214	-	23,350					
Investments, fixed maturities	-	-	-	-	-	116,775	555,232	-	672,007	-	-	672,007					
Investments, other	-	936	9,218	-	10,154	146,265	177,549	-	333,968	-	-	333,968					
Deferred policy acquisition costs, net	-	-	-	-	-	2,282	62,590	-	64,872	-	-	64,872					
Other assets	21,721	55,122	1,900	-	78,743	2,073	846	-	81,662	5,978	-	87,640					
Related party assets	544,718	601,859	11,880	(747,847) (d)	410,610	106,521	32,435	(142,435) (d)	407,131	-	(88,758) (d)	318,373					
	579,256	805,761	28,714	(747,847)	665,884	591,946	849,341	(142,435)	1,964,736	7,642	(88,758)	1,883,620					
Investment in Subsidiaries	1,260,863	-	-	(979,824) (c)	281,039	-	-	(281,039) (c)	-	-	-	-					
Investment in SAC	(13,255)	-	-	-	(13,255)	-	-	-	(13,255)	-	13,255	(c) -					
Total investment in subsidiaries	1,247,608	-	-	(979,824)	267,784	-	-	(281,039)	(13,255)	-	13,255	-					
Property, plant and equipment, at cost:																	
Land	-	21,316	130,171	-	151,487	-	-	-	151,487	-	-	151,487					
Buildings and improvements	-	85,537	599,903	-	685,440	-	-	-	685,440	-	-	685,440					
Furniture and equipment	413	267,485	17,878	-	285,776	-	-	-	285,776	-	-	285,776					
Rental trailers and other rental equipment	-	175,116	-	-	175,116	-	-	-	175,116	-	-	175,116					
Rental trucks	-	1,278,072	-	-	1,278,072	-	-	-	1,278,072	-	-	1,278,072					
SAC Holdings II - property, plant and equipment (b)	-	-	-	-	-	-	-	-	-	152,891	(74,212) (e)	78,679					
	413	1,827,526	747,952	-	2,575,891	-	-	-	2,575,891	152,891	(74,212)	2,654,570					
Less: Accumulated depreciation	(372)	(1,088,697)	(268,370)	-	(1,357,439)	-	-	-	(1,357,439)	(6,930)	8,964	(e) (1,355,405)					
Total property, plant and equipment	41	738,829	479,582	-	1,218,452	-	-	-	1,218,452	145,961	(65,248)	1,299,165					
Total assets	\$ 1,826,905	\$ 1,544,590	\$ 508,296	\$ (1,727,671)	\$ 2,152,120	\$ 591,946	\$ 849,341	\$ (423,474)	\$ 3,169,933	\$ 153,603	\$ (140,751)	\$ 3,182,785					

(a) Balances as of September 30, 2004

(b) Included in this caption is land of \$56,959, buildings and improvements of \$95,737, and furniture and equipment of \$195

(c) Eliminate investment in subsidiaries

(d) Eliminate intercompany receivables and payables

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

AMERCO AND CONSOLIDATED ENTITIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

12. Consolidating balance sheets by industry segment as of December 31, 2004 are as follows (continued):

	Obligated Group				AMERCO Legal Group				AMERCO as Consolidated			
	AMERCO	U-Haul	Real Estate	Eliminations	Obligated Group Consolidated	Property and Casualty Insurance (a)	Life Insurance (a)	Eliminations	AMERCO Consolidated	SAC Moving and Storage Operations	Eliminations	Total Consolidated
Liabilities:												
Accounts payable and accrued expenses	\$ 33,130	\$ 168,957	\$ 8,526	\$ -	\$ 210,613	\$ -	\$ 1,694	\$ -	\$ 212,307	\$ 3,734	\$ -	\$ 216,041
AMERCO's notes and loans payable	696,048	-	-	-	696,048	-	-	-	696,048	-	-	696,048
SAC Holdings' notes and loans payable	-	-	-	-	-	-	-	-	-	77,790	-	77,790
Policy benefits and losses, claims and loss expenses payable	-	240,293	-	-	240,293	409,030	167,835	-	817,158	-	-	817,158
Liabilities from investment contracts	-	-	-	-	-	-	516,273	-	516,273	-	-	516,273
Other policyholders' funds and liabilities	-	-	-	-	-	8,574	15,828	-	24,402	-	-	24,402
Deferred income	-	19,439	2	-	19,441	12,143	14,279	-	45,863	570	-	46,433
Deferred income taxes	183,090	254,245	94,914	(349,159) (d)	183,090	(9,207)	2,423	(38,414) (d)	137,892	(3,994)	(27,249) (e)	106,649
Other liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Related party liabilities	253,761	141,501	156,071	(398,688) (d)	152,645	9,477	11,899	(104,021) (d)	70,000	88,758	(88,758) (d)	70,000
Total liabilities	1,166,029	824,435	259,513	(747,847)	1,502,130	430,017	730,231	(142,435)	2,519,943	166,858	(116,007)	2,570,794
Stockholders' equity:												
Serial preferred stock:												
Series A preferred stock	-	-	-	-	-	-	-	-	-	-	-	-
Series B preferred stock	-	-	-	-	-	-	-	-	-	-	-	-
Serial A common stock	929	-	-	-	929	-	-	-	929	-	-	929
Common Stock	9,568	540	1	(541) (c)	9,568	3,300	2,500	(5,800) (c)	9,568	-	-	9,568
Additional paid in-capital	396,415	121,230	147,481	(268,711) (c)	396,415	69,922	16,435	(86,357) (c)	396,415	-	(46,071) (e)	350,344
Accumulated other comprehensive income/(loss)	(24,354)	(32,856)	-	32,856 (c)	(24,354)	5,652	3,718	(9,370) (c)	(24,354)	-	-	(24,354)
Retained earnings	696,410	642,127	101,301	(743,428) (c)	696,410	83,055	96,457	(179,512) (c)	696,410	(13,255)	21,327 (c)	704,482
Cost of common shares in treasury, net	(418,092)	-	-	-	(418,092)	-	-	-	(418,092)	-	-	(418,092)
Unearned employee stock ownership plan shares	-	(10,886)	-	-	(10,886)	-	-	-	(10,886)	-	-	(10,886)
Total stockholders' equity	660,876	720,155	248,783	(979,824)	649,990	161,929	119,110	(281,039)	649,990	(13,255)	(24,744)	611,991
Total liabilities and stockholders' equity	<u>\$1,826,905</u>	<u>\$1,544,590</u>	<u>\$508,296</u>	<u>\$ (1,727,671)</u>	<u>\$ 2,152,120</u>	<u>\$ 591,946</u>	<u>\$ 849,341</u>	<u>\$ (423,474)</u>	<u>\$ 3,169,933</u>	<u>\$ 153,603</u>	<u>\$ (140,751)</u>	<u>\$ 3,182,785</u>

(a) Balances as of September 30, 2004

(b) Not used

(c) Eliminate investment in subsidiaries

(d) Eliminate intercompany receivables and payables

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

AMERCO AND CONSOLIDATED ENTITIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

12. Consolidating balance sheets by industry segment as of March 31, 2004 are as follows:

	Obligated Group				AMERCO Legal Group				AMERCO as Consolidated				
	AMERCO		Real Estate		Obligated Group Consolidated	Property and Casualty Insurance		Life Insurance		AMERCO Consolidated	SAC Moving and Storage Operations		Total Consolidated
	AMERCO	U-Haul	Real Estate	Eliminations		(a)	(a)	Eliminations	AMERCO	Operations	Eliminations		
Assets:													
Cash and cash equivalents	\$ -	\$ 64,717	\$ 661	\$ -	\$ 65,378	\$ -	\$ 15,168	\$ -	\$ 80,546	\$ 1,011	\$ -	\$ 81,557	
Trade receivables, net	-	13,404	14,856	-	28,260	223,747	16,379	-	268,386	-	-	268,386	
Notes and mortgage receivables, net	-	2,973	1,564	-	4,537	-	-	-	4,537	-	-	4,537	
Inventories, net	-	51,922	-	-	51,922	-	-	-	51,922	880	-	52,802	
Prepaid expenses	81	12,947	2	-	13,030	-	-	-	13,030	142	-	13,172	
Investments, fixed maturities	-	-	-	-	-	148,903	560,450	-	709,353	-	-	709,353	
Investments, other	-	-	-	-	-	143,163	204,374	-	347,537	-	-	347,537	
Deferred policy acquisition costs, net	-	-	-	-	-	3,843	73,096	-	76,939	-	-	76,939	
Other assets	26,001	26,762	2,989	-	55,752	3,686	1,000	-	60,438	4,633	-	65,071	
Related party assets	531,458	397,406	13,300	(551,450) (d)	390,714	104,543	50,187	(155,341) (d)	390,103	-	(85,657) (d)	304,446	
	557,540	570,131	33,372	(551,450)	609,593	627,885	920,654	(155,341)	2,002,791	6,666	(85,657)	1,923,800	
Investment in subsidiaries	1,137,579	-	-	(847,545) (c)	290,034	-	-	(290,034) (c)	-	-	-	-	
Investment in SAC	(12,427)	-	-	-	(12,427)	-	-	-	(12,427)	-	12,427	(c) -	
Total investment in subsidiaries	1,125,152	-	-	(847,545)	277,607	-	-	(290,034)	(12,427)	-	12,427	-	
Property, plant and equipment, at cost:													
Land	-	20,923	137,671	-	158,594	-	-	-	158,594	-	-	158,594	
Buildings and improvements	-	271,223	603,762	-	874,985	-	-	-	874,985	-	-	874,985	
Furniture and equipment	413	274,600	18,102	-	293,115	-	-	-	293,115	-	-	293,115	
Rental trailers and other rental equipment	-	159,586	-	-	159,586	-	-	-	159,586	-	-	159,586	
Rental trucks	-	1,219,002	-	-	1,219,002	-	-	-	1,219,002	-	-	1,219,002	
SAC Holdings II - property, plant and equipment (b)	-	-	-	-	-	-	-	-	-	152,575	(74,212) (e)	78,363	
	413	1,945,334	759,535	-	2,705,282	-	-	-	2,705,282	152,575	(74,212)	2,783,645	
Less: Accumulated depreciation	(353)	(1,069,605)	(265,279)	-	(1,335,237)	-	-	-	(1,335,237)	(5,147)	8,544	(e) (1,331,840)	
Total property, plant and equipment	60	875,729	494,256	-	1,370,045	-	-	-	1,370,045	147,428	(65,668)	1,451,805	
Total assets	\$ 1,682,752	\$ 1,445,860	\$ 527,628	\$ (1,398,995)	\$ 2,257,245	\$ 627,885	\$ 920,654	\$ (445,375)	\$ 3,360,409	\$ 154,094	\$ (138,898)	\$ 3,375,605	

(a) Balances as of December 31, 2003

(b) Included in this caption is land of \$57,123, buildings and improvements of \$95,326, and furniture and equipment of \$126

(c) Eliminate investment in subsidiaries

(d) Eliminate intercompany receivables and payables

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

AMERCO AND CONSOLIDATED ENTITIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

12. Consolidating balance sheets by industry segment as of March 31, 2004 are as follows (continued):

	Obligated Group				AMERCO Legal Group				AMERCO as Consolidated			
	AMERCO	U-Haul	Real Estate	Eliminations	Obligated Group Consolidated	Property and Casualty Insurance (a)	Life Insurance (a)	Eliminations	AMERCO Consolidated	SAC Moving and Storage Operations	Eliminations	Total Consolidated
	(In thousands)											
Liabilities:												
Accounts payable and accrued expenses	\$ 9,971	\$ 220,587	\$ 2,622	\$ -	\$ 233,180	\$ 734	\$ 5,522	\$ -	\$ 239,436	\$ 5,134	\$ -	\$ 244,570
Capital leases	-	99,609	-	-	99,609	-	-	-	99,609	-	-	99,609
AMERCO's notes and loans payable	862,697	-	-	-	862,697	-	-	-	862,697	-	-	862,697
SAC Holdings' notes and loans payable	-	-	-	-	-	-	-	-	-	78,637	-	78,637
Policy benefits and losses, claims and loss expenses payable	-	206,595	-	-	206,595	429,593	177,550	-	813,738	-	-	813,738
Liabilities from investment contracts	-	-	-	-	-	-	-	574,745	-	574,745	-	574,745
Other policyholders' funds and liabilities	-	-	-	-	-	18,369	10,363	-	28,732	-	-	28,732
Deferred income	-	21,278	36	-	21,314	15,229	14,279	-	50,822	561	-	51,383
Deferred income taxes	163,652	222,188	94,914	(355,399) (d)	125,355	(12,080)	5,953	(24,552) (d)	94,676	(3,468)	(27,408) (e)	63,800
Other liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Related party liabilities	92,300	74,089	196,051	(196,051) (d)	166,389	7,000	11,248	(130,789) (d)	53,848	85,657	(85,657) (d)	53,848
Total liabilities	1,128,620	844,346	293,623	(551,450)	1,715,139	458,845	799,660	(155,341)	2,818,303	166,521	(113,065)	2,871,759
Stockholders' equity:												
Serial preferred stock:												
Series A preferred stock	-	-	-	-	-	-	-	-	-	-	-	-
Series B preferred stock	-	-	-	-	-	-	-	-	-	-	-	-
Serial A common stock	1,416	-	-	-	1,416	-	-	-	1,416	-	-	1,416
Common Stock	9,081	540	1	(541) (c)	9,081	3,300	2,500	(5,800) (c)	9,081	-	-	9,081
Additional paid in-capital	395,803	121,230	147,481	(268,711) (c)	395,803	70,023	16,435	(86,458) (c)	395,803	-	(46,071) (e)	349,732
Accumulated other comprehensive income/(loss)	(21,446)	(34,913)	-	34,913 (c)	(21,446)	6,975	7,299	(14,274) (c)	(21,446)	-	-	(21,446)
Retained earnings	587,370	526,683	86,523	(613,206) (c)	587,370	88,742	94,760	(183,502) (c)	587,370	(12,427)	20,238 (c)	595,181
Cost of common shares in treasury, net	(418,092)	-	-	-	(418,092)	-	-	-	(418,092)	-	-	(418,092)
Unearned employee stock ownership plan shares	-	(12,026)	-	-	(12,026)	-	-	-	(12,026)	-	-	(12,026)
Total stockholders' equity	554,132	601,514	234,005	(847,545)	542,106	169,040	120,994	(290,034)	542,106	(12,427)	(25,833)	503,846
Total liabilities and stockholders' equity	\$1,682,752	\$1,445,860	\$527,628	\$ (1,398,995)	\$ 2,257,245	\$ 627,885	\$ 920,654	\$ (445,375)	\$ 3,360,409	\$ 154,094	\$ (138,898)	\$ 3,375,605

(a) Balances as of December 31, 2003

(b) Not used

(c) Eliminate investment in subsidiaries

(d) Eliminated intercompany receivables and payables

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

AMERCO AND CONSOLIDATED ENTITIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

12. Consolidating statement of operations by industry segment for the quarter ended December 31, 2004 are as follows:

	Obligated Group				AMERCO Legal Group				AMERCO as Consolidated															
	AMERCO	U-Haul	Real Estate	Eliminations	Obligated Group Consolidated	Property and Casualty Insurance (a)	Life Insurance (a)	Eliminations	AMERCO Consolidated	SAC Moving and Storage Operations	Eliminations	Total Consolidated												
(Unaudited)																								
(In thousands)																								
Revenues:																								
Rental revenue	\$ -	\$ 362,427	\$ 14,136	\$ (15,481)	(b)	\$ 361,082	\$ -	\$ -	\$ 361,082	\$ 6,875	\$ (2,826)	(b)\$ 365,131												
Net sales	-	39,404	(15)	-		39,389	-	-	39,389	3,231	-	42,620												
Premiums	-	-	-	-		-	3,975	31,603	(944)	(c)	-	34,634												
Net investment and interest income	1,869	5,270	22	-		7,161	6,827	6,299	-	20,287	-	(2,145)												
Total revenues	1,869	407,101	14,143	(15,481)		407,632	10,802	37,902	(944)	455,392	10,106	(4,971)												
Costs and expenses:																								
Operating expenses	5,126	276,504	1,657	(15,481)	(b)	267,806	3,824	12,656	(944)	(b,c)	283,342	5,226												
Commission expenses	-	41,286	-	-		41,286	-	-	41,286	-	(2,043)	39,243												
Cost of sales	-	19,254	(8)	-		19,246	-	-	19,246	2,115	-	21,361												
Benefits and losses	-	-	-	-		-	15,920	22,683	-	38,603	-	38,603												
Amortization of deferred policy acquisition costs	-	-	-	-		-	276	6,003	-	6,279	-	6,279												
Lease expense	23	38,656	4	-		38,683	-	-	38,683	-	(177)	(b) 38,506												
Depreciation, net	7	27,725	63	-		27,795	-	-	27,795	627	(140)	(e) 28,282												
Total costs and expenses	5,156	403,425	1,716	(15,481)		394,816	20,020	41,342	(944)	455,234	7,968	(2,966)												
Equity in earnings of AREC, UHI, RWIC & OLIC	3,161	-	-	(11,481)	(f)	(8,320)	-	-	8,320	(f)	-	-												
Equity in earnings of SAC II	(905)	-	-	-		(905)	-	-	-	(905)	-	905												
Total - equity earnings in subsidiaries	2,256	-	-	(11,481)		(9,225)	-	-	8,320	(905)	-	905												
Earnings (loss) from operations	(1,031)	3,676	12,427	(11,481)		3,591	(9,218)	(3,440)	8,320	(747)	2,138	(1,100)												
Interest expense(benefit)	17,707	(6,354)	4,013	-		15,366	-	-	-	15,366	3,710	(2,145)												
Litigation settlement	51,341	-	-	-		51,341	-	-	-	51,341	-	51,341												
Pretax earnings (loss)	32,603	10,030	8,414	(11,481)		39,566	(9,218)	(3,440)	8,320	35,228	(1,572)	1,045												
Income tax benefit (expense)	(11,144)	(3,665)	(3,298)	-		(18,107)	3,219	1,119	-	(13,769)	667	(53)												
Net earnings (loss)	21,459	6,365	5,116	(11,481)		21,459	(5,999)	(2,321)	8,320	21,459	(905)	992												
Less: Preferred stock dividends	(3,241)	-	-	-		(3,241)	-	-	-	(3,241)	-	-												
Earnings (loss) available to common shareholders	\$ 18,218	\$ 6,365	\$ 5,116	\$ (11,481)		\$ 18,218	\$ (5,999)	\$ (2,321)	\$ 8,320	\$ 18,218	\$ (905)	\$ 992												
												\$ 18,305												

(a) Balances for the quarter ended September 30, 2004

(b) Eliminate intercompany lease income

(c) Eliminate intercompany premiums

(d) Eliminate intercompany interest on debt

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

(f) Eliminate equity earnings of subsidiaries



AMERCO AND CONSOLIDATED ENTITIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

12. Consolidating statements of operations by industry for the quarter ended December 31, 2003 are as follows:

	Obligated Group				AMERCO Legal Group				AMERCO as Consolidated															
	AMERCO	U-Haul	Real Estate	Eliminations	Obligated Group Consolidated	Property and Casualty Insurance (a)	Life Insurance (a)	Eliminations	AMERCO Consolidated	SAC Moving and Storage Operations	Eliminations	Total Consolidated												
(Unaudited) (In thousands)																								
Revenues:																								
Rental revenue	\$ -	\$ 356,803	\$ 15,404	\$ (15,488)	(b)	\$ 356,719	\$ -	\$ -	\$ 356,719	\$ 43,257	\$ (13,520)	(b)\$ 386,456												
Net sales	-	36,655	15	-		36,670	-	-	36,670	10,542	-	47,212												
Premiums	-	-	-	-		-	20,106	36,427	(445)	(c)	56,088	-												
Net investment and interest income	529	6,908	2,017	-		9,454	7,258	4,743	-		21,455	-												
Total revenues	529	400,366	17,436	(15,488)		402,843	27,364	41,170	(445)		470,932	53,799												
Costs and expenses:																								
Operating expenses	6,153	283,936	1,972	(15,488)	(b)	276,573	3,460	6,020	(445)	(b,c)	285,608	24,926												
Restructuring expenses	7,613	-	-	-		7,613	-	-	-		7,613	-												
Commission expenses	-	38,123	-	-		38,123	-	-	-		38,123	-												
Cost of sales	-	19,684	5	-		19,689	-	-	-		19,689	4,219												
Benefits and losses	-	-	-	-		-	26,597	24,359	-		50,956	-												
Amortization of deferred policy acquisition costs	-	-	-	-		-	4,676	6,351	-		11,027	-												
Lease expense	231	36,224	124	-		36,579	-	-	-		36,579	-												
Depreciation, net	3	32,799	926	-		33,728	-	-	-		33,728	5,147												
Total costs and expenses	14,000	410,766	3,027	(15,488)		412,305	34,733	36,730	(445)		483,323	34,292												
Equity in earnings of AREC, UHI, RWIC & OLIC	(2,983)	-	-	569	(f)	(2,414)	-	-	2,414	(f)	-	-												
Equity in earnings of SAC	216	-	-	-		216	-	-	-		216	-												
Total - equity earnings in subsidiaries	(2,767)	-	-	569		(2,198)	-	-	2,414		216	-												
Earnings (loss) from operations	(16,238)	(10,400)	14,409	569		(11,660)	(7,369)	4,440	2,414		(12,175)	19,507												
Interest expense(benefit)	14,485	(2,868)	8,127	-		19,744	-	-	-		19,744	20,052												
Pretax earnings (loss)	(30,723)	(7,532)	6,282	569		(31,404)	(7,369)	4,440	2,414		(31,919)	(545)												
Income tax benefit (expense)	8,574	3,238	(2,557)	-		9,255	2,573	(2,058)	-		9,770	761												
Net earnings (loss)	(22,149)	(4,294)	3,725	569		(22,149)	(4,796)	2,382	2,414		(22,149)	216												
Less: Preferred stock dividends	(3,241)	-	-	-		(3,241)	-	-	-		(3,241)	-												
Earnings (loss) available to common shareholders	\$ (25,390)	\$ (4,294)	\$ 3,725	\$ 569		\$ (25,390)	\$ (4,796)	\$ 2,382	\$ 2,414		\$ (25,390)	\$ 216												
												\$ (24,908)												

(a) Balances for the quarter ended September 30, 2003

(b) Eliminate intercompany lease income

(c) Eliminate intercompany premiums

(d) Eliminate intercompany interest on debt

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

(f) Eliminate equity earnings of subsidiaries

AMERCO AND CONSOLIDATED ENTITIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (C continued)

12. Consolidating statements of operations by industry for the nine months ended December 31, 2004 are as follows:

	Obligated Group				AMERCO Legal Group				AMERCO as Consolidated															
	AMERCO	U-Haul	Real Estate	Eliminations	Obligated Group Consolidated	Property and Casualty Insurance (a)	Life Insurance (a)	Eliminations	AMERCO Consolidated	SAC Moving and Storage Operations	Eliminations	Total Consolidated												
(Unaudited)																								
(In thousands)																								
Revenues:																								
Rental revenue	\$ -	\$ 1,253,643	\$ 43,499	\$ (46,492)	(b)	\$ 1,250,650	\$ -	\$ -	\$ 1,250,650	\$ 21,389	\$ (9,704)	(b) \$ 1,262,335												
Net sales	-	149,844	-	-		149,844	-	-	149,844	11,839	-	161,683												
Premiums	-	-	-	-		-	20,815	97,640	(2,939)	(c)	-	-												
Net investment and interest income	6,826	16,569	76	-		23,471	15,063	17,960	-	56,494	-	(6,242)												
Total revenues	6,826	1,420,056	43,575	(46,492)		1,423,965	35,878	115,600	(2,939)	1,572,504	33,228	(15,946)	1,589,786											
Costs and expenses:																								
Operating expenses	16,653	832,195	5,304	(46,492)	(b)	807,660	5,381	23,907	(2,939)	(b,c)	834,009	16,615												
Commission expenses	-	145,233	-	-		145,233	-	-	-	145,233	-	(7,169)												
Cost of sales	-	72,489	-	-		72,489	-	-	-	72,489	5,128	-												
Benefits and losses	-	-	-	-		-	33,817	70,377	-	104,194	-	-												
Amortization of deferred policy acquisition costs	-	-	-	-		-	5,429	18,586	-	24,015	-	-												
Lease expense	67	115,823	31	-		115,921	-	-	-	115,921	-	(532)												
Depreciation, net	24	81,576	3,147	-		84,747	-	-	-	84,747	1,887	(420)												
Total costs and expenses	16,744	1,247,316	8,482	(46,492)		1,226,050	44,627	112,870	(2,939)	1,380,608	23,630	(10,124)	1,394,114											
Equity in earnings of AREC, UHI, RWIC & OLIC	126,232	-	-	(130,222)	(f)	(3,990)	-	-	3,990	(f)	-	-												
Equity in earnings of SAC II	(828)	-	-	-		(828)	-	-	-	(828)	-	828												
Total - equity earnings in subsidiaries	125,404	-	-	(130,222)		(4,818)	-	-	3,990		(828)	-												
Earnings (loss) from operations	115,486	172,740	35,093	(130,222)		193,097	(8,749)	2,730	3,990		191,068	9,598												
Interest expense(benefit)	51,917	(13,258)	10,637	-		49,296	-	-	-	49,296	10,941	(6,242)												
Litigation settlement	51,341	-	-	-		51,341	-	-	-	51,341	-	-												
Pretax earnings (loss)	114,910	185,998	24,456	(130,222)		195,142	(8,749)	2,730	3,990		193,113	(1,343)												
Income tax benefit (expense)	3,853	(70,554)	(9,678)	-		(76,379)	3,062	(1,033)	-	(74,350)	515	(159)												
Net earnings (loss)	118,763	115,444	14,778	(130,222)		118,763	(5,687)	1,697	3,990		118,763	(828)												
Less: Preferred stock dividends	(9,723)	-	-	-		(9,723)	-	-	-	(9,723)	-	-												
Earnings (loss) available to common shareholders	\$ 109,040	\$ 115,444	\$ 14,778	\$ (130,222)		\$ 109,040	\$ (5,687)	\$ 1,697	\$ 3,990		\$ 109,040	\$ (828)												
												\$ 109,301												

(a) Balances for the nine months ended September 30, 2004

(b) Eliminate intercompany lease income

(c) Eliminate intercompany premiums

(d) Eliminate intercompany interest on debt

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

(f) Eliminate equity earnings of subsidiaries



AMERCO AND CONSOLIDATED ENTITIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (C continued)

12. Consolidating statements of operations by industry for the nine months ended December 31, 2003 are as follows:

	Obligated Group				AMERCO Legal Group				AMERCO as Consolidated															
	AMERCO	U-Haul	Real Estate	Eliminations	Obligated Group Consolidated	Property and Casualty Insurance (a)	Life Insurance (a)	Eliminations	AMERCO Consolidated	SAC Moving and Storage Operations	Eliminations	Total Consolidated												
(Unaudited)																								
(In thousands)																								
Revenues:																								
Rental revenue	\$ -	\$ 1,220,036	\$ 45,544	\$ (45,649)	(b)	\$ 1,219,931	\$ -	\$ -	\$ 1,219,931	\$ 127,415	\$ (42,876)	(b) \$ 1,304,470												
Net sales	-	142,375	52	-		142,427	-	-	142,427	39,621	-	182,048												
Premiums	-	-	-	-		-	78,247	112,852	(3,075)	(c)	188,024	-												
Net investment and interest income	1,057	22,740	6,012	-		29,809	19,180	15,420	-	64,409	-	(28,795)												
Total revenues	1,057	1,385,151	51,608	(45,649)		1,392,167	97,427	128,272	(3,075)	1,614,791	167,036	(71,671)	1,710,156											
Costs and expenses:																								
Operating expenses	20,372	817,768	5,615	(45,649)	(b)	798,106	17,761	23,173	(3,075)	(b,c)	835,965	81,541												
Restructuring expenses	12,027	-	-	-		12,027	-	-	-		12,027	-												
Commission expenses	-	139,065	-	-		139,065	-	-	-		139,065	-												
Cost of sales	-	70,099	21	-		70,120	-	-	-		70,120	16,903												
Benefits and losses	-	-	-	-		-	89,594	80,207	-		169,801	-												
Amortization of deferred policy acquisition costs	-	-	-	-		-	11,842	17,044	-		28,886	-												
Lease expense	691	110,758	399	-		111,848	-	-	-		111,848	-												
Depreciation, net	10	93,693	5,092	-		98,795	-	-	-		98,795	16,007												
Total costs and expenses	33,100	1,231,383	11,127	(45,649)		1,229,961	119,197	120,424	(3,075)		1,466,507	114,451												
Equity in earnings of AREC, UHI, RWIC & OLIC	104,158	-	-	(113,337)	(f)	(9,179)	-	-	9,179	(f)	-	-												
Equity in earnings of SAC	(5,811)	-	-	-		(5,811)	-	-	-		(5,811)	5,811												
Total - equity earnings in subsidiaries	98,347	-	-	(113,337)		(14,990)	-	-	9,179		(5,811)	-												
Earnings (loss) from operations	66,304	153,768	40,481	(113,337)		147,216	(21,770)	7,848	9,179		142,473	52,585												
Interest expense(benefit)	44,414	(8,018)	23,965	-		60,361	-	-	-		60,361	61,273												
Pretax earnings (loss)	21,890	161,786	16,516	(113,337)		86,855	(21,770)	7,848	9,179		82,112	(8,688)												
Income tax benefit (expense)	26,758	(58,184)	(6,781)	-		(38,207)	7,619	(2,876)	-		(33,464)	2,877												
Net earnings (loss)	48,648	103,602	9,735	(113,337)		48,648	(14,151)	4,972	9,179		48,648	(5,811)												
Less: Preferred stock dividends	(9,723)	-	-	-		(9,723)	-	-	-		(9,723)	-												
Earnings (loss) available to common shareholders	\$ 38,925	\$ 103,602	\$ 9,735	\$ (113,337)		\$ 38,925	\$ (14,151)	\$ 4,972	\$ 9,179		\$ 38,925	\$ (5,811)												

(a) Balances for the nine months ended September 30, 2003

(b) Eliminate intercompany lease income

(c) Eliminate intercompany premiums

(d) Eliminate intercompany interest on debt

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

(f) Eliminate equity earnings of subsidiaries



AMERCO AND CONSOLIDATED ENTITIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

12. Consolidating cash flow statements by industry segment for the nine months ended December 31, 2004 are as follows:

	Obligated Group				AMERCO Legal Group				AMERCO as Consolidated									
	Amerco	U-Haul	Real Estate	Eliminations	Obligated Group	Property and Casualty Insurance	Life Insurance	Americo Consolidated	SAC Moving and Storage Operations	Americo Consolidated	Total Consolidated							
					Consolidated	(a)	(a)		Consolidated									
(Unaudited)																		
(In thousands)																		
Cash flows from operating activities:																		
Earnings available to common shareholders	\$ 109,040	\$ 115,444	\$ 14,778	\$ (130,222)	\$ 109,040	\$ (5,687)	\$ 1,696	\$ 3,991	\$ 109,040	\$ (828)	\$ 1,089	\$ 109,301						
Depreciation	24	77,086	6,453	-	83,563	-	-	-	83,563	1,887	(420)	85,030						
Amortization of deferred policy acquisition costs	-	-	-	-	-	6,016	19,946	-	25,962	-	-	25,962						
Provision for losses on accounts receivable	-	(149)	-	-	(149)	-	-	-	(149)	-	-	(149)						
Net (gain) loss on sale of real and personal property	-	4,490	(3,306)	-	1,184	-	-	-	1,184	-	-	1,184						
(Gain) loss on sale of investments	-	-	-	-	-	(3,404)	(492)	-	(3,896)	-	-	(3,896)						
Reductions in policy liabilities and accruals	-	33,698	-	-	33,698	(26,611)	(9,369)	-	(2,282)	-	-	(2,282)						
Capitalizations of deferred policy acquisition costs	-	-	-	-	-	(3,868)	(5,013)	-	(8,881)	-	-	(8,881)						
Net reduction in other operating assets and liabilities	89,387	(198,301)	(14,671)	130,222	6,637	14,924	1,064	(3,991)	18,634	(486)	(669)	17,479						
Net cash provided by (used in) operating activities	198,451	32,268	3,254	-	233,973	(18,630)	7,832	-	223,175	573	-	223,748						
Cash flows from investing activities:																		
Purchases of investments:																		
Property, plant and equipment	-	(169,981)	(2,090)	-	(172,071)	-	-	-	(172,071)	(420)	-	(172,491)						
Fixed maturities	-	-	-	-	-	(2,045)	(82,227)	-	(84,272)	-	-	(84,272)						
Common stock	-	-	-	-	-	-	(6,765)	-	(6,765)	-	-	(6,765)						
Mortgage loans	-	-	-	-	-	-	(750)	-	(750)	-	-	(750)						
Proceeds from sale of investments:																		
Property, plant and equipment	-	225,305	2,506	-	227,811	-	-	-	227,811	-	-	227,811						
Fixed maturities	-	-	-	-	-	31,759	82,085	-	113,844	-	-	113,844						
Preferred stock	-	-	-	-	-	-	3,811	-	3,811	-	-	3,811						
Real estate	-	-	-	-	-	5,269	-	-	5,269	-	-	5,269						
Mortgage loans	-	-	-	-	-	-	2,819	-	2,819	-	-	2,819						
Changes in other investments	-	-	-	-	-	(8,385)	42,144	-	33,759	-	-	33,759						
Net cash provided by (used in) investing activities	-	55,324	416	-	55,740	26,598	41,117	-	123,455	(420)	-	123,035						
Cash flows from financial activities:																		
Borrowings from Credit Facilities	36,859	-	-	-	36,859	-	-	-	36,859	-	-	36,859						
Leverage Employee Stock Ownership Plan:																		
Repayments from loans	612	1,140	-	-	1,752	-	-	-	1,752	-	-	1,752						
Principal Repayments on Credit Facilities	(201,202)	(215)	-	-	(201,417)	-	-	-	(201,417)	(847)	-	(202,264)						
Payoff of capital leases	-	(99,609)	-	-	(99,609)	-	-	-	(99,609)	-	-	(99,609)						
Dividends paid	(25,297)	-	-	-	(25,297)	-	-	-	(25,297)	-	-	(25,297)						
Investment contract deposits	-	-	-	-	-	-	19,587	-	19,587	-	-	19,587						
Investment contract withdrawals	-	-	-	-	-	-	(79,142)	-	(79,142)	-	-	(79,142)						
Net cash provided by (used in) financing activities	(189,028)	(98,684)	-	-	(287,712)	-	(59,555)	-	(347,267)	(847)	-	(348,114)						
Increase (decrease) in cash equivalents	9,423	(11,092)	3,670	-	2,001	7,968	(10,606)	-	(637)	(694)	-	(1,331)						
Cash and cash equivalents at the beginning of period	-	64,717	661	-	65,378	-	15,168	-	80,546	1,011	-	81,557						
Cash and cash equivalents at the end of period	\$ 9,423	\$ 53,625	\$ 4,331	-	\$ 67,379	\$ 7,968	\$ 4,562	-\$	\$ 79,909	\$ 317	-\$	\$ 80,226						

(a) Balances for the nine months ended September 30, 2004

AMERCO AND CONSOLIDATED ENTITIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (C CONTINUED)

12. Consolidating cash flow statements by industry segment for the nine months ended December 31, 2003 are as follows:

	Obligated Group					AMERCO Legal Group				AMERCO as Consolidated													
	Americo	U-Haul	Real Estate	Eliminations	Obligated Group	Property and Casualty Insurance (a)	Life Insurance (a)	Americo Eliminations	SAC	Moving and Storage Operations	Americo Consolidated Eliminations	SAC	Total Consolidated										
					Consolidated				Consolidated														
(Unaudited)												(In thousands)											
Cash flows from operating activities:																							
Earnings available to common shareholders	\$ 38,925	\$ 103,602	\$ 9,735	\$ (113,337)	\$ 38,925	\$ (14,150)	\$ 4,972	\$ 9,178	\$ 38,925	\$ (5,811)	\$ 7,257	\$ 40,371											
Depreciation	10	86,472	6,442	-	92,924	-	-	-	92,924	16,007	(1,446)	107,485											
Amortization of deferred policy acquisition costs	-	-	-	-	-	12,600	15,728	-	28,328	-	-	28,328											
Provision for losses on accounts receivable	-	686	-	-	686	-	-	-	686	-	-	686											
Net (gain) loss on sale of real and personal property	-	7,221	(1,350)	-	5,871	-	-	-	5,871	-	-	5,871											
(Gain) loss on sale of investments	-	-	-	-	-	(3,038)	(365)	-	(3,403)	-	-	(3,403)											
Reductions in policy liabilities and accruals	-	-	-	-	-	(34,442)	(1,141)	-	(35,583)	-	-	(35,583)											
Capitalizations of deferred policy acquisition costs	-	-	-	-	-	(5,095)	(10,945)	-	(16,040)	-	-	(16,040)											
Net reduction in other operating assets and liabilities	29,144	(82,169)	(18,747)	113,337	41,565	(11,461)	3,549	(9,178)	24,475	(8,988)	5,932	21,419											
Net cash provided by (used in) operating activities	68,079	115,812	(3,920)	-	179,971	(55,586)	11,798	-	136,183	1,208	11,743	149,134											
Cash flows from investing activities:																							
Purchases of investments:																							
Property, plant and equipment	-	(131,746)	(2,061)	-	(133,807)	-	-	-	(133,807)	(19,254)	5,717	(147,344)											
Fixed maturities	-	-	-	-	-	(5,358)	(45,304)	-	(50,662)	-	-	(50,662)											
Other asset investment	-	-	-	-	-	(31,223)	(46,919)	-	(78,142)	(29,508)	29,508	(78,142)											
Proceeds from sale of investments:																							
Property, plant and equipment	-	20,797	6,023	-	26,820	-	-	-	26,820	43,331	(37,614)	32,537											
Fixed maturities	-	-	-	-	-	83,527	87,878	-	171,405	-	-	171,405											
Preferred stock	-	-	-	-	-	-	-	-	-	-	-	-											
Real estate	-	-	-	-	-	-	-	-	-	-	-	-											
Mortgage loans	-	73	130	-	203	-	-	-	203	-	-	203											
Changes in other investments	-	-	-	-	-	-	28,534	-	28,534	-	-	28,534											
Net cash provided by (used in) investing activities	-	(110,876)	4,092	-	(106,784)	46,946	24,189	-	(35,649)	(5,431)	(2,389)	(43,469)											
Cash flows from financial activities:																							
Net change in short-term borrowings	5,649	-	-	-	5,649	-	-	-	5,649	-	-	5,649											
Proceeds from notes	50,000	-	-	-	50,000	-	-	-	50,000	10,791	(10,791)	50,000											
Leverage Employee Stock Ownership Plan:																							
Purchase of shares	-	-	-	-	-	-	-	-	-	-	-	-											
Repayments from loan	-	455	-	-	455	-	-	-	455	-	-	455											
Principal payments on notes	(50,000)	-	-	-	(50,000)	-	-	-	(50,000)	(7,153)	1,437	(55,716)											
Dividends paid	-	-	-	-	-	-	-	-	-	-	-	-											
Investment contract deposits	-	-	-	-	-	-	43,020	-	43,020	-	-	43,020											
Investment contract withdrawals	-	-	-	-	-	-	(79,041)	-	(79,041)	-	-	(79,041)											
Net cash provided by (used in) financing activities	5,649	455	-	-	6,104	-	(36,021)	-	(29,917)	3,638	(9,354)	(35,633)											
Increase (decrease) in cash equivalents	73,728	5,391	172	-	79,291	(8,640)	(34)	-	70,617	(585)	-	70,032											
Cash and cash equivalents at the beginning of period	18,524	30,046	174	-	48,744	4,108	9,320	-	62,172	4,662	-	66,834											
Cash and cash equivalents at the end of period	\$ 92,252	\$ 35,437	\$ 346	-	\$ 128,035	\$ (4,532)	\$ 9,286	-	\$ 132,789	\$ 4,077	-	\$ 136,866											

(a) Balances for the nine months ended September 30, 2003

AMERCO AND CONSOLIDATED ENTITIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (C continued)

13. Industry Segment and Geographic Area Data

Geographic Area Data -- All amounts are in U. S. \$'s

As of and for the period ended, December 31, 2004	United States	Canada	Consolidated
	Quarter Ended	(Unaudited)	
(All amounts are in thousands U.S. \$'s)			
Total revenues	\$ 448,791	\$ 11,736	\$ 460,527
Depreciation / amortization, net	33,319	1,242	34,561
Interest expense / (income)	16,961	(30)	16,931
Pretax earnings (loss)	35,155	(454)	34,701
Income tax expense	13,155	-	13,155
Identifiable assets	3,109,869	72,916	3,182,785

As of and for the period ended, December 31, 2003	United States	Canada	Consolidated
	(All amounts are in thousands U.S. \$'s)		
(All amounts are in thousands U.S. \$'s)			
Total revenues	\$ 486,963	\$ 15,620	\$ 502,583
Depreciation / amortization, net	47,806	1,614	49,420
Interest expense	30,125	1,043	31,168
Pretax loss	31,947	251	32,198
Income tax benefit	10,531	-	10,531
Identifiable assets	3,034,276	139,948	3,174,224

AMERCO AND CONSOLIDATED ENTITIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

As of and for the period ended, December 31, 2004	United States	Canada	Consolidated
	Nine Months Ended	(Unaudited)	
Total revenues	\$ 1,547,568	\$ 42,218	\$ 1,589,786
Depreciation / amortization, net	106,594	3,635	110,229
Interest expense / (income)	54,017	(22)	53,995
Pretax earnings	187,648	5,370	193,018
Income tax expense	73,994	-	73,994
Identifiable assets	3,109,869	72,916	3,182,785

As of and for the period ended, December 31, 2003	United States	Canada	Consolidated
	(All amounts are in thousands U.S. \$'s)		
Total revenues	\$ 1,655,924	\$ 54,232	\$ 1,710,156
Depreciation / amortization, net	136,741	5,501	142,242
Interest expense	89,426	3,413	92,839
Pretax earnings	71,548	9,133	80,681
Income tax expense	30,587	-	30,587
Identifiable assets	3,034,276	139,948	3,174,224

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

Cautionary Statements Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q contains forward-looking statements. We may make additional written or oral forward-looking statements from time to time in filings with the Securities and Exchange Commission or otherwise. We believe such forward-looking statements are within the meaning of the safe-harbor provisions of the Private Securities Litigation Reform Act of 1995. Such statements may include, but are not limited to, projections of revenues, income or loss, estimates of capital expenditures, plans for future operations, products or services, financing needs and plans, our perceptions of our legal positions and anticipated outcomes of government investigations and pending litigation against us, liquidity, goals and strategies, plans for new business, growth rate assumptions, pricing, costs, and access to capital and leasing markets as well as assumptions relating to the foregoing. The words "believe," "expect," "anticipate," "estimate," "project" and similar expressions identify forward-looking statements, which speak only as of the date the statement was made. Forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified. Factors that could significantly affect results include, without limitation, the risk factors enumerated at the end of this section, as well as the following: the Company's ability to operate pursuant to the terms of its credit facilities; the Company's ability to maintain contracts that are critical to its operations; the costs and availability of financing; the Company's ability to execute its business plan; the Company's ability to attract, motivate and retain key employees; general economic conditions; fluctuations in our costs to maintain and update our fleet and facilities; our ability to refinance our debt; changes in government regulations, particularly environmental regulations; our credit ratings; the availability of credit; changes in demand for our products; changes in the general domestic economy; degree and nature of our competition; the resolution of pending litigation and government investigations involving the Company; changes in accounting standards and other factors described in this report or the other documents we file with the Securities and Exchange Commission. The above factors, the following disclosures, as well as other statements in this report and in the Notes to our Condensed Consolidated Financial Statements, could contribute to or cause such differences, or could cause our stock price to fluctuate dramatically. Consequently, the forward-looking statements should not be regarded as representations or warranties by the Company that such matters will be realized. The Company disclaims any intent or obligation to update or revise any of the forward-looking statements, whether in response to new information, unforeseen events, changed circumstances or otherwise.

General

We begin Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) with a description of our operating segments. This is followed by a review of the overall strategy of AMERCO and a discussion of the Critical Accounting Policies and Estimates that we believe are important to understanding the assumptions and judgments incorporated in our reported financial results. This is followed by a discussion of the strategy of our business segments to give the reader an overview of the goals of our business and the direction in which our business and products are moving. In the next section, we discuss our Results of Operations for the third quarter and nine months ending December 31, 2004 compared with the same periods last year. We then provide an analysis of changes in our balance sheet and cash flows, and discuss our liquidity and financial commitments in the sections entitled "Liquidity and Capital Resources" and "Disclosures about Contractual Obligations and Commercial Commitments." We conclude MD&A by discussing our outlook for the remainder of fiscal year 2005.

MD&A should be read in conjunction with the financial statements included in this Quarterly Report on Form 10-Q. The various sections of MD&A contain a number of forward looking statements, all of which are based on our current expectations and could be affected by the uncertainties and risk factors described throughout this filing and particularly under the caption "Risk Factors" in this section. Our actual results may differ materially from these forward looking statements.

Description of Operating Segments

AMERCO has three reportable segments and five identifiable segments. The three reportable segments are Moving and Self-Storage, Property and Casualty Insurance and Life Insurance. The five identifiable segments are AMERCO, U-Haul International, Amerco Real Estate, Republic Western Insurance, and Oxford Life Insurance. U-Haul moving and storage, Real Estate, and SAC moving and storage, are listed under Moving and Self-Storage, since they meet the aggregation criteria of FASB 131.

Overall Strategy

Our plan is to maintain our leadership position in the North American “do-it-yourself” moving and storage industry. Our overall strategy is to provide a seamless and integrated supply chain to the “do-it-yourself” moving and storage market. As part of executing this strategy, we leverage the brand recognition of U-Haul with our full line of moving and self-storage related products and services and the convenience of our broad geographic presence.

Our primary focus is to provide our customers with a wide selection of moving rental equipment, convenient self-storage rental facilities and related moving and self-storage products and services. We are able to expand our distribution and improve customer service by increasing the amount of moving equipment and storage rooms available for rent, expanding the number of independent dealers in our network and expanding and taking advantage of our growing eMove capabilities.

Oxford's business strategy is long-term capital growth through direct writing and reinsuring of annuity, credit life and disability, and Medicare supplement products. Oxford is pursuing this growth strategy through increased direct writing via acquisitions of insurance companies, expanded distribution channels and product development.

During fiscal year 2004, RepWest decided to focus its activities on providing and administering property and casualty insurance to U-Haul, its customers and its independent dealers and affiliates. We believe this will enable RepWest to focus its core competencies and financial resources to better support our overall strategy. This shift in direction has resulted in near term losses as RepWest exits unprofitable non-U-Haul business.

Critical Accounting Policies and Estimates

The methods, estimates and judgments we use in applying our accounting policies can have a significant impact on the results we report in our financial statements. Some of our accounting policies require us to make difficult and subjective judgments, often as a result of the need to make estimates of matters that are inherently uncertain. The accounting estimates that require management's most difficult and subjective judgments include our principles of consolidation, the recoverability of property, plant and equipment, the adequacy of insurance reserves, and the valuation of investments. Below, we discuss these policies further, as well as the estimates and judgments involved. The estimates are based on historical experience, observance of trends in particular areas, information and valuations available from outside sources and on various other assumptions that are believed to be reasonable under the circumstances and which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual amounts may differ from these estimates under different assumptions and conditions. Such differences may be material.

Accounting policies are considered critical when they are significant and involve difficult, subjective or complex judgments or estimates. The accounting policies that we deem most critical to us, and involve the most difficult, subjective or complex judgments include the following:

Principles of Consolidation

The consolidated financial statements for the third quarter and first nine months of fiscal year 2005 and the balance sheet as of March 31, 2004 includes the accounts of AMERCO, its wholly owned subsidiaries, and SAC Holding II Corporation and its subsidiaries (“SAC Holding II”).

SAC Holding Corporation and SAC Holding II (together, the "SAC entities") were considered special purpose entities and were consolidated based on the provisions of Emerging Issues Task Force (EITF) Issue No. 90-15. For fiscal 2003, AMERCO reported consolidated revenue of \$216.8 million, a net loss of \$8.7 million, assets of \$990 million, and liabilities and shareholder's equity of \$1,035.1 million and \$(45.1) million, respectively, for SAC Holding Corporation and its subsidiaries and SAC Holding II. In fiscal 2004, the Company applied Financial Interpretation No. 46R to its interests in the SAC entities. Initially, the Company concluded that the SAC entities were variable interest entities and that the Company was the primary beneficiary. Accordingly, the Company continued to include the SAC entities in its consolidated financial statements. Under the provisions of FIN 46R, certain changes in the operations of a variable interest entity or its relationship with the primary beneficiary constitute a re-determination event and require a reassessment of the variable interest on the basis of the most current facts and circumstances to determine whether or not a company is a variable interest entity, which other company(s) have a variable interest in the variable interest entity and whether or not the reporting company's variable interest in such variable interest entity make it the primary beneficiary. These determinations and re-determinations require that assumptions be made to estimate the value of the variable interest entity and a judgment be made as to whether or not the variable interest entity has the financial strength to fund its own operations and execute its business plan without the subordinated financial support of another company.

In February 2004, SAC Holding Corporation restructured the indebtedness of three subsidiaries and then distributed its interest in those subsidiaries to its sole shareholder. This triggered a requirement to reassess AMERCO's involvement with those subsidiaries, which led to the conclusion that based on the most current contractual and ownership interests between AMERCO and this entity, AMERCO ceased to have a variable interest in those three subsidiaries at that date. Separately, in March 2004, SAC Holding Corporation restructured its indebtedness, triggering a similar reassessment of SAC Holding Corporation that led to the conclusion that AMERCO ceased to be the primary beneficiary of SAC Holding Corporation and its remaining subsidiaries, based on SAC Holding Corporation's ability to fund its own operations and execute its business plan without any future subordinated financial support. Accordingly, at the dates AMERCO ceased to have a variable interest and ceased to be the primary beneficiary, it deconsolidated those entities. The deconsolidation was accounted for as a distribution of AMERCO's interests to the sole shareholder of the SAC entities. Because of AMERCO's continuing involvement with SAC Holding Corporation and its current and former subsidiaries, the distributions do not qualify as discontinued operations as defined by SFAS No. 144.

Inter-company accounts and transactions have been eliminated.

Recoverability of Property, Plant and Equipment

Property, plant and equipment is stated at cost. Interest cost incurred during the initial construction of buildings or rental equipment is considered part of cost. Depreciation is computed for financial reporting purposes principally using the straight-line method over the following estimated useful lives: rental equipment 2-20 years, buildings and non-rental equipment 3-55 years. Major overhauls to rental equipment are capitalized and are amortized over the estimated period benefited. Routine maintenance costs are charged to operating expense as they are incurred. Gains and losses on dispositions of property, plant and equipment are netted against depreciation expense when realized. Depreciation is recognized in amounts expected to result in the recovery of estimated residual values upon disposal, i.e., no gains or losses. During the first quarter of fiscal year 2005, the Company lowered its estimates for residual values on rental trucks purchased off leases from 25% of the original cost to 20%. In determining the depreciation rate, historical disposal experience, holding periods and trends in the market for vehicles are reviewed. Since this change in estimated residual values will be applied prospectively we do not anticipate any significant increases in depreciation expense from this change for the current fiscal year.

We regularly perform reviews to determine whether facts and circumstances exist which indicate that the carrying amount of assets, including estimates of residual value, may not be recoverable or that the useful life of assets is shorter or longer than originally estimated. We assess the recoverability of our assets by comparing the projected undiscounted net cash flows associated with the related asset or group of assets over their estimated remaining lives against their respective carrying amounts. Impairment, if any, is based on the excess of the carrying amount over the fair value of those assets. If assets are determined to be recoverable, but the useful lives are shorter or longer than originally estimated, the net book value of the assets are depreciated over the newly determined remaining useful lives.

Insurance Reserves

Liabilities for life insurance and certain annuity policies are established to meet the estimated future obligations of policies in force, and are based on mortality and withdrawal assumptions from recognized actuarial tables which contain margins for adverse deviation. Liabilities for annuity contracts consist of contract account balances that accrue to the benefit of the policyholders, excluding surrender values. Liabilities for health, disability and other policies represents estimates of payments to be made on insurance claims for reported losses and estimates of losses incurred, but not yet reported. Insurance reserves for RepWest and U-Haul take into account losses incurred based upon actuarial estimates. These estimates are based on past claims experience and current claim trends as well as social and economic conditions such as changes in legal theories and inflation. Due to the nature of underlying risks and the high degree of uncertainty associated with the determination of the liability for future policy benefits and claims, the amounts to be ultimately paid to settle liabilities cannot be precisely determined and may vary significantly from the estimated liability.

Investments

For investments accounted for under SFAS No. 115, in determining if and when a decline in market value below amortized cost is other than temporary, quoted market prices, dealer quotes or discounted cash flows are reviewed. Other-than-temporary declines in value are recognized in the current period operating results to the extent of the decline.

Key Accounting Policies

We also have other policies that we consider key accounting policies, such as revenue recognition; however, these policies do not meet the definition of critical accounting estimates, because they do not generally require us to make estimates or judgments that are difficult or subjective.

Business Segment Strategy

Moving and Self-Storage

U-Haul moving and self-storage operations consist of the rental of trucks, trailers and self-storage spaces and sales of moving supplies, trailer hitches and propane to the “do-it-yourself” mover. Operations are conducted under the registered trade name U-Haul® throughout the United States and Canada.

Real Estate owns approximately 90 percent of the Company’s real estate assets, including U-Haul Center and Storage locations. The remaining real estate assets are owned by other subsidiaries. Real Estate is responsible for overseeing major property repairs and dispositions and managing the environmental risks of the properties.

SAC moving and self-storage operations consist of the rental of self-storage spaces and sales of moving supplies, trailer hitches and propane. In addition, SAC functions as an independent moving equipment rental dealer and earns commissions from the rental of U-Haul trucks and trailers. Operations are conducted under the registered trade name U-Haul® throughout the United States and Canada.

We continue to focus on expanding our dealer network, which provides added convenience for our customers, while expanding the selection and availability of rental equipment to satisfy the growing demands of our customers.

With respect to our retail sales of product, U-Haul has developed a number of specialty packing boxes, “Mover’s Wrap” and Smart Move tape. Mover’s Wrap is a sticks-to-itself plastic stretch wrap used to bind, bundle, and fasten items when moving or storing. Additionally, U-Haul has added a full line of Smart Move tape products. The Smart Move tape is a color coded packing tape that has the room printed right on it allowing you to tape and label your belongings in one quick step.

eMove is an online marketplace that connects consumers to independent customer rated moving and storage service providers who provide pack and load help, self-storage, driving help and more. With over 28,000 unedited reviews of service providers, the marketplace has facilitated over 50,000 moving and storage transactions. Another eMove service is the Storage Affiliate program. It targets independently owned self-storage facilities to connect into the eMove network to provide more customers with storage services. Over 2,400 self-storage facilities have expanded their reach by registering on the eMove network. We believe that acting as an intermediary, with little added investment, serves the customer in a cost effective manner. Within two years of its inception, eMove has established itself as the only online destination in the “do-it-yourself” moving and storage industry that connects consumers to service providers all across North America. Our goal is to further utilize our

web-based technology platform to further penetrate this market.

Republic Western Insurance Company

Republic Western Insurance Company (RepWest) provides loss adjusting and claims handling for U-Haul through regional offices across North America. RepWest also provides components of the Safemove, Safetow and Safestor protection packages to U-Haul customers. We continue to focus on increasing the penetration of these products. The business plan for RepWest includes offering property and casualty products in other U-Haul related programs. During the past year RepWest has commuted numerous assumed reinsurance treaties to eliminate the risk of further development on these treaties.

For additional information about RepWest, reference is made to the section on "Risk Factors" under the title "RepWest has consented to an Order of Supervision issued by the Arizona Department of Insurance".

For the period ended September 30, 2004, RepWest's non-seasonal work force consisted of 260 full and part-time employees.

Oxford Life Insurance Company

Oxford Life Insurance Company (Oxford) originates and reinsurance annuities, credit life and disability, single premium whole life, group life and disability coverage, and Medicare supplement insurance. Oxford also administers the self-insured employee health and dental plans for AMERCO.

For the period ended September 30, 2004, Oxford's non-seasonal work force consisted of 132 full and part-time employees.

Results of Operations

	Quarter Ended December 31,		Changes		Changes	
	2004	2003	Dollar	Percentage		
AMERCO and Consolidated Entities						
	(In thousands)					
Rental revenue	\$ 365,131	\$ 386,456	\$ (21,325)			-6%
Net sales	42,620	47,212	(4,592)			-10%
Premiums	34,634	56,088	(21,454)			-38%
Net investment and interest income	18,142	12,827	5,315			41%
Total revenues	460,527	502,583	(42,056)			-8%
Operating expenses	287,962	307,378	(19,416)			-6%
Restructuring expenses	-	7,613	(7,613)			-100%
Commission expenses	39,243	31,136	8,107			26%
Cost of sales	21,361	23,908	(2,547)			-11%
Benefits and losses	38,603	50,956	(12,353)			-24%
Amortization of deferred policy acquisition costs	6,279	11,027	(4,748)			-43%
Lease expense	38,506	33,202	5,304			16%
Depreciation, net (a)	28,282	38,393	(10,111)			-26%
Total costs and expenses	460,236	503,613	(43,377)			-9%
Earnings (losses) from operations	291	(1,030)	1,321			-128%
Interest expense	16,931	31,168	(14,237)			-46%
Litigation settlement received	51,341	-	51,341			100%
Pretax earnings (loss)	34,701	(32,198)	66,899			-208%
Income tax benefit (expense)	(13,155)	10,531	(23,686)			-225%
Net earnings (loss)	21,546	(21,667)	43,213			-199%
Less: Preferred stock dividends	3,241	3,241	-			0%
Earnings available to common shareholders	\$ 18,305	\$ (24,908)	\$ 43,213			-173%

(a) Depreciation is shown net of (gain)/losses on the disposal of fixed assets:

	Quarter Ended December 31,		(Unaudited) (In thousands)
	2004	2003	
Depreciation expense	\$ 28,575	\$ 37,811	
(Gain)/Loss on disposals	(293)	582	
Depreciation, net	\$ 28,282	\$ 38,393	

	Nine Months Ended December 31,		Changes Dollar	Changes Percentage
	2004	2003		
AMERCO and Consolidated Entities				
Rental revenue	\$ 1,262,335	\$ 1,304,470	\$ (42,135)	-3%
Net sales	161,683	182,048	(20,365)	-11%
Premiums	115,516	188,024	(72,508)	-39%
Net investment and interest income	50,252	35,614	14,638	41%
Total revenues	1,589,786	1,710,156	(120,370)	-7%
Operating expenses	848,621	907,695	(59,074)	-7%
Restructuring expenses	-	12,027	(12,027)	-100%
Commission expenses	138,064	116,132	21,932	19%
Cost of sales	77,617	87,023	(9,406)	-11%
Benefits and losses	104,194	169,801	(65,607)	-39%
Amortization of deferred policy acquisition costs	24,015	28,886	(4,871)	-17%
Lease expense	115,389	101,716	13,673	13%
Depreciation, net (a)	86,214	113,356	(27,142)	-24%
Total costs and expenses	1,394,114	1,536,636	(142,522)	-9%
Earnings from operations	195,672	173,520	22,152	13%
Interest expense	53,995	92,839	(38,844)	-42%
Litigation settlement received	51,341	-	51,341	100%
Pretax earnings	193,018	80,681	112,337	139%
Income tax benefit (expense)	(73,994)	(30,587)	(43,407)	142%
Net earnings	119,024	50,094	68,930	138%
Less: Preferred stock dividends	9,723	9,723	-	0%
Earnings available to common shareholders	\$ 109,301	\$ 40,371	\$ 68,930	171%

(a) Depreciation is shown net of (gains)/losses on the disposal of fixed assets:

	Nine Months Ended December 31,		(Unaudited) (In thousands)	2004	2003			
	2004	2003						
Depreciation expense			\$ 85,030	\$ 85,030	\$ 107,485			
Loss on disposals			1,184	1,184	5,871			
Depreciation, net	\$ 86,214	\$ 113,356						

Quarters Ended - December 31, 2004 versus December 31, 2003

AMERCO and its consolidated entities reported revenues of \$460.5 million for the third quarter of fiscal year 2005. This compares with revenues of \$502.6 million for the third quarter of fiscal year 2004. During the first quarter of this year, we sold 78 self-storage properties to U.H. Storage DE, a W.P. Carey affiliate (See Footnote 9 for a more detailed discussion of the W.P. Carey Transaction). This reduced storage revenues approximately \$8.1 million in the third quarter of fiscal year 2005, compared with the third quarter of last year. Moving equipment rentals and storage revenues at U-Haul, adjusted for the effect of the W.P. Carey Transaction, increased approximately 4% in the third quarter of fiscal year 2005, compared with the same period a year ago. Also, we deconsolidated 281 SAC Holding Corporation storage properties during the fourth quarter of last year, and they are excluded from our fiscal year 2005 results. Included in the third quarter of last year were \$26.5 million of revenues for these deconsolidated properties. Revenues at RepWest were \$16.6 million lower in the third quarter of this year compared with the same period a year ago. This decline reflects the impact of our strategy to exit unprofitable non U-Haul lines of business. At Oxford, revenue decreased in the third quarter by 8%, primarily as a result of the lingering effects of its rating downgrade by A. M. Best in 2003.

Earnings from operations were \$0.3 million in the third quarter of fiscal year 2005 compared with a loss of \$1.0 million for the same period last year. Earnings from operations, at U-Haul were \$3.7 million in the third quarter of fiscal year 2005. This reflects an increase of \$14.1 million, compared with the third quarter of fiscal year 2004, and is attributable to stronger truck and trailer rentals and to the timing of recognizing current year insurance expense to better match revenues with expenses. Losses from operations at Oxford were \$3.4 million in the third quarter of this year, compared with earnings of \$4.4 million in the third quarter of last year. The decrease is primarily due to the accrual for the Kocher litigation (see Footnote 10 for a more complete discussion of this loss contingency) as well as the continuing slow down in premiums resulting from lost distributions following Oxford's rating downgrade by A. M. Best in 2003. At RepWest, the run-off of our non-U-Haul insurance business is progressing as planned. Losses related to the hurricanes that hit the southeastern U. S. of approximately \$8.5 million, before taxes, were charged to earnings during the third quarter. As a result, losses from operations at RepWest were \$9.2 million in the third quarter of this year, compared with a loss from operations of \$7.4 million for the same period last year.

Interest expense for the third quarter of fiscal year 2005 was \$16.9 million. This compares with \$31.2 million in the third quarter of fiscal year 2004. The reduction in interest expense is due to the deconsolidation of SAC Holding Corporation, lower borrowings and lower borrowing costs. During the third quarter of fiscal year 2005, the Company settled its litigation against its former auditor and received a settlement (net of attorney's fees and costs) of \$51.3 million before taxes. The settlement had the effect of increasing, on a non-recurring basis, net earnings and earnings per share for the quarter ended December 31, 2004 by \$32.5 million and \$1.56, respectively. The Company does not expect to obtain any material settlement or recovery in any other pending litigation matter. Income tax expense was \$13.2 million in the third quarter of fiscal year 2005 compared with a benefit of \$10.5 million in the third quarter of fiscal year 2004, and reflects higher earnings before taxes. Preferred stock dividends were unchanged, at \$3.2 million for both periods. As a result of the above mentioned items, net income available to common shareholders was \$18.3 million in the third quarter of fiscal year 2005, compared with a loss of \$24.9 million for the same period last year. Earnings per share were \$0.88 in the third quarter of fiscal year 2005, compared with a loss per share of \$1.20 for the same period last year.

Nine months Ended - December 31, 2004 versus December 31, 2003

AMERCO and its consolidated entities reported revenues of \$1,589.8 million for the first nine months of fiscal year 2005. This compares with revenues of \$1,710.2 million for the first nine months of fiscal year 2004. As previously mentioned, we deconsolidated 281 SAC Holding Corporation storage properties during the fourth quarter of last year, and they are excluded from our fiscal year 2005 results. Included in the first nine months of last year were \$78.1 million of revenues for these deconsolidated properties. The W.P. Carey transaction had the effect of reducing storage revenues approximately \$23.5 million in the first nine months of fiscal year 2005. Moving equipment rentals and storage revenues at U-Haul, adjusted for the effect of the W. P. Carey Transaction, increased approximately 5% in the first nine months of fiscal year 2005, compared with the same period a year ago. Revenues at RepWest were \$61.5 million lower for the first nine months of 2004, compared with the same period a year ago. This decline reflects the impact of its strategy to exit unprofitable non U-Haul lines of business. At Oxford, revenue decreased 10% for the first nine months of 2004, primarily as a result of the lingering effects of its rating downgrade by A. M. Best in 2003.

Earnings from operations were \$195.7 million for the first nine months of fiscal year 2005, compared with \$173.5 million for the same period last year. Earnings from operations, at U-Haul, were \$172.7 million for the first nine months of fiscal year 2005. This reflects an improvement of \$19.0 million, or 12%, compared with the same period last year and is attributable to strong truck and storage rentals, along with increased fleet productivity. Earnings from operations at Oxford were \$2.7 million for the first nine months of 2004, compared with \$7.8 million for the same period last year. The decrease is due primarily to the accrual for the Kocher litigation, partially offset by improved investment income, and positive loss experience in the Medicare supplement and credit insurance segments. At RepWest, the run-off of our non-U-Haul insurance business is progressing as planned. Including the above mentioned charges related to hurricane losses in the third quarter, losses from operations at RepWest were \$8.7 million in the first nine months of 2004, compared with \$21.8 million for the same period last year.

Interest expense for the first nine months of fiscal year 2005 was \$54.0 million. This compares with \$92.8 million in the same period last year. The reduction in interest expense is due to the deconsolidation of SAC Holding Corporation, lower borrowings and lower borrowing costs. Litigation settlement proceeds were \$51.3 million, as mentioned above. Income tax expense was \$74.0 million for the first nine months of fiscal year 2005, compared with \$30.6 million in the same period last year, and reflects higher earnings before taxes. Preferred stock dividends were unchanged, at \$9.7 million for both periods. As a result of the above mentioned items, net income available to common shareholders was \$109.3 million for the first nine months of fiscal year 2005, compared with \$40.4 million for the same period last year. Earnings per share were \$5.25 for the first nine months of fiscal year 2005.

Moving and Self-Storage

The following tables set forth net revenue and certain consolidated statements of income data for the periods indicated:

	Quarter Ended December 31,		Changes	Changes
	2004	2003	Dollar	Percentage
U-Haul International				
	(In thousands)			
Rental revenue	\$ 362,427	\$ 356,803	\$ 5,624	2%
Net sales	39,404	36,655	2,749	7%
Net investment and interest income	5,270	6,908	(1,638)	-24%
Total revenues	407,101	400,366	6,735	2%
Operating expenses	276,504	283,936	(7,432)	-3%
Commission expenses	41,286	38,123	3,163	8%
Cost of sales	19,254	19,684	(430)	-2%
Lease expense	38,656	36,224	2,432	7%
Depreciation, net (a)	27,725	32,799	(5,074)	-15%
Total costs and expense	403,425	410,766	(7,341)	-2%
Earnings (losses) from operations	3,676	(10,400)	14,076	-135%
Interest expense, net	(6,354)	(2,868)	(3,486)	122%
Pretax earnings (loss)	10,030	(7,532)	17,562	-233%
Income tax benefit (expense)	(3,665)	3,238	(6,903)	-213%
Net earnings (loss)	\$ 6,365	\$ (4,294)	\$ 10,659	-248%

(a) Depreciation is shown net of (gains)/losses on the disposal of fixed assets:

	Quarter Ended December 31,		(Unaudited) (In thousands)
	2004	2003	
Depreciation expense	\$ 25,937	\$ 30,992	
Loss on disposals	1,788	1,807	
Depreciation, net	\$ 27,725	\$ 32,799	

	Nine Months Ended December 31,		Changes Dollar	Changes Percentage
	2004	2003		
U-Haul International				
Rental revenue	\$ 1,253,643	\$ 1,220,036	\$ 33,607	3%
Net sales	149,844	142,375	7,469	5%
Net investment and interest income	16,569	22,740	(6,171)	-27%
Total revenues	1,420,056	1,385,151	34,905	3%
Operating expenses	832,195	817,768	14,427	2%
Commission expenses	145,233	139,065	6,168	4%
Cost of sales	72,489	70,099	2,390	3%
Lease expense	115,823	110,758	5,065	5%
Depreciation, net (a)	81,576	93,693	(12,117)	-13%
Total costs and expense	1,247,316	1,231,383	15,933	1%
Earnings from operations	172,740	153,768	18,972	12%
Interest expense, net	(13,258)	(8,018)	(5,240)	65%
Pretax earnings	185,998	161,786	24,212	15%
Income tax benefit (expense)	(70,554)	(58,184)	(12,370)	21%
Net earnings	\$ 115,444	\$ 103,602	\$ 11,842	11%

(a) Depreciation is shown net of (gains)/losses on the disposal of fixed assets:

	Nine Months Ended December 31,	
	2004	2003
	(Unaudited) (In thousands)	
Depreciation expense	\$ 77,086	\$ 86,472
Loss on disposals	4,490	7,221
Depreciation, net	\$ 81,576	\$ 93,693

	Quarter Ended December 31,		Changes Dollar	Changes Percentage
	2004	2003		
SAC Holdings *				
Rental revenue	\$ 6,875	\$ 43,257	\$ (36,382)	-84%
Net sales	3,231	10,542	(7,311)	-69%
Total revenues	10,106	53,799	(43,693)	-81%
Operating expenses	5,226	24,926	(19,700)	-79%
Cost of sales	2,115	4,219	(2,104)	-50%
Depreciation, net	627	5,147	(4,520)	-88%
Total costs and expenses	7,968	34,292	(26,324)	-77%
Earnings from operations	2,138	19,507	(17,369)	-89%
Interest expense	3,710	20,052	(16,342)	-81%
Pretax income (loss)	(1,572)	(545)	(1,027)	-188%
Income tax benefit	667	761	(94)	-12%
Net earnings (loss)	\$ (905)	\$ 216	\$ (1,121)	519%

* SAC Holdings II for quarter ended December 2004 and SAC Holdings I & II for 2003

	Nine Months Ended December 31,		Changes Dollar	Changes Percentage
	2004	2003		
SAC Holdings *				
Rental revenue	\$ 21,389	\$ 127,415	\$ (106,026)	-83%
Net sales	11,839	39,621	(27,782)	-70%
Total revenues	33,228	167,036	(133,808)	-80%
Operating expenses	16,615	81,541	(64,926)	-80%
Cost of sales	5,128	16,903	(11,775)	-70%
Depreciation, net	1,887	16,007	(14,120)	-88%
Total costs and expenses	23,630	114,451	(90,821)	-79%
Earnings from operations	9,598	52,585	(42,987)	-82%
Interest expense	10,941	61,273	(50,332)	-82%
Pretax loss	(1,343)	(8,688)	7,345	85%
Income tax benefit	515	2,877	(2,362)	-82%
Net earnings (loss)	\$ (828)	\$ (5,811)	\$ 4,983	86%

* SAC Holdings II for nine months ended December 2004 and SAC Holdings I & II for 2003

	Quarter Ended December 31,		Changes Dollar	Changes Percentage
	2004	2003		
Amerco Real Estate				
Rental revenue	\$ 14,136	\$ 15,404	\$ (1,268)	-8%
Net sales	(15)	15	(30)	-200%
Net investment and interest income	22	2,017	(1,995)	-99%
Total revenues	14,143	17,436	(3,293)	-19%
Operating expenses	1,657	1,972	(315)	-16%
Cost of sales	(8)	5	(13)	-260%
Lease expense	4	124	(120)	-97%
Depreciation, net (a)	63	926	(863)	-93%
Total costs and expenses	1,716	3,027	(1,311)	-43%
Earnings from operations	12,427	14,409	(1,982)	-14%
Interest expense	4,013	8,127	(4,114)	-51%
Pretax earnings	8,414	6,282	2,132	34%
Income tax expense	(3,298)	(2,557)	(741)	29%
Net earnings	\$ 5,116	\$ 3,725	\$ 1,391	37%

(a) Depreciation is shown net of (gains)/losses on the disposal of fixed assets:

	Quarter Ended December 31,	
	2004	2003
	(Unaudited) (In thousands)	
Depreciation expense	\$ 2,144	2,151
Gain on disposals	(2,081)	(1,225)
Depreciation, net	\$ 63	926

	Nine Months Ended December 31,		Changes Dollar	Changes Percentage
	2004	2003		
Amerco Real Estate				
Rental revenue	\$ 43,499	\$ 45,544	\$ (2,045)	-4%
Net sales	-	52	(52)	-100%
Net investment and interest income	76	6,012	(5,936)	-99%
Total revenues	43,575	51,608	(8,033)	-16%
Operating expenses	5,304	5,615	(311)	-6%
Cost of sales	-	21	(21)	-100%
Lease expense	31	399	(368)	-92%
Depreciation, net (a)	3,147	5,092	(1,945)	-38%
Total costs and expenses	8,482	11,127	(2,645)	-24%
Earnings from operations	35,093	40,481	(5,388)	-13%
Interest expense	10,637	23,965	(13,328)	-56%
Pretax earnings	24,456	16,516	7,940	48%
Income tax expense	(9,678)	(6,781)	(2,897)	43%
Net earnings	\$ 14,778	\$ 9,735	\$ 5,043	52%

(a) Depreciation is shown net of (gains)/losses on the disposal of fixed assets:

	Nine Months Ended December 31,	
	2004	2003
	(Unaudited) (In thousands)	
Depreciation expense	\$ 6,453	6,442
Gain on disposals	(3,306)	(1,350)
Depreciation, net	\$ 3,147	5,092

Quarters Ended - December 31, 2004 versus December 31, 2003

Rental revenues at U-Haul were \$362.4 million for the third quarter of fiscal year 2005 compared with \$356.8 million for the same period last year. This represents an increase of \$5.6 million, or 2%, and was driven by a combination of factors, including increased equipment rentals, better price realization and product mix, net of lower storage revenues resulting from the sale of property pursuant to the W.P. Carey Transaction. Moving equipment rentals and storage revenues at U-Haul, adjusted for the effect of the W. P. Carey Transaction, increased approximately 4% in the third quarter of fiscal year 2005, compared with the same period a year ago. Rental revenues at the SAC entities were \$6.9 million for the third quarter of fiscal year 2005, compared with \$43.3 million for the same period last year. This represents a reduction of \$36.4 million, or 84%, and reflects the deconsolidation of SAC Holding Corporation. Rental revenues at Real Estate were \$14.1 million for the third quarter of fiscal year 2005 and \$15.4 million for the same period last year.

Net sales of moving and self-storage related products and services at U-Haul were \$39.4 million for the third quarter of fiscal year 2005, compared with \$36.7 million for the same period last year. This represents an increase of \$2.7 million, or 7%, and was driven by increased rental activity and improved pricing. Net sales of moving and self-storage related products and services at the SAC entities were \$3.2 million for the third quarter of fiscal year 2005, compared with \$10.5 million for the same period last year. This represents a reduction of \$7.3 million, and reflects the deconsolidation of SAC Holding Corporation.

Net investment and interest income at U-Haul was \$5.3 million for the third quarter of fiscal year 2005, compared with \$6.9 million for the same period last year. The reduction in interest income is directly related to lower average investment balances in SAC Holdings notes. Net investment and interest income at Real Estate decreased \$2.0 million in the third quarter of fiscal year 2005, compared with the same period last year. The reduction in interest income is directly related to lower investments in mortgage notes, which decreased as a result of lower investment balances in SAC Holdings notes.

Operating expenses at U-Haul were \$276.5 million for the third quarter of fiscal year 2005, compared with \$283.9 million for the same period last year. This represents a decrease of \$7.4 million, or 3%, and was the result of lower insurance expense due to a change in the method of allocating annual expenses to better match revenues, higher payroll, maintenance and other expenses. Operating expenses at the consolidated SAC entities were \$5.2 million for the third quarter of fiscal year 2005, compared with \$24.9 million for the same period last year. This represents a reduction of \$19.7 million, and reflects the deconsolidation of SAC Holding Corporation. Operating expenses at Real Estate were \$1.7 million for the third quarter of fiscal year 2005, compared with \$2.0 million for the same period last year.

Dealer commissions at U-Haul were \$41.3 million for the third quarter of fiscal year 2005, compared with \$38.1 million for the same period last year. This represents an increase of \$3.2 million, or 8%, and was driven by increased equipment rentals at our independent dealers.

Lease expense at U-Haul was \$38.7 million for the third quarter of fiscal year 2005, compared with \$36.2 million for the same period last year. This represents an increase of \$2.5 million, or 7%, and reflects an increase in the amount of rental equipment we leased.

Depreciation expense at U-Haul was \$27.7 million for the third quarter of fiscal year 2005, compared with \$32.8 million for the same period last year. Depreciation expense at SAC Holdings was \$0.6 million during the third quarter of fiscal year 2005, compared with \$5.1 million for the same period last year. This represents a reduction of \$4.5 million and reflects the deconsolidation of SAC Holding Corporation. Depreciation expense at Real Estate was \$0.8 million less than last year due to better gains on asset disposals.

Earnings from operations at U-Haul were \$3.7 million during the third quarter of fiscal year 2005, compared with a loss of \$10.4 million for the same period last year. This represents an increase of \$14.1 million, compared with the third quarter of fiscal year 2004, and is attributable to stronger truck and trailer rentals and to the timing of recognizing current year insurance expense to better match revenues with expenses. Earnings from operations at SAC Holdings were \$2.1 million in the third quarter of fiscal year 2005, compared with \$19.5 million for the same period last year. This represents a reduction of \$17.4 million, and reflects the deconsolidation of SAC Holding Corporation. Earnings from operations at Real Estate were \$12.4 million during the third quarter of fiscal year 2005, compared with \$14.4 million for the same period last year. This represents a reduction of \$2.0 million, and reflects lower interest income from investments in mortgage notes, partially offset by gains on real estate sales.

Nine months Ended - December 31, 2004 versus December 31, 2003

Rental revenues at U-Haul were \$1,253.6 million for the first nine months of fiscal year 2005, compared with \$1,220.0 million for the same period last year. This represents an increase of \$33.6 million, or 3%, and was driven by a combination of factors, including increased equipment rentals, better price realization and product mix, net of lower storage revenues resulting from the sale of property pursuant to the W. P. Carey Transaction. Moving equipment rentals and storage revenues at U-Haul, adjusted for the effect of the W. P. Carey Transaction, increased approximately 5% in the first nine months of fiscal year 2005, compared with the same period a year ago. Rental revenues at the SAC entities were \$21.4 million for the first nine months of fiscal year 2005, compared with \$127.4 million for the same period last year. This represents a reduction of \$106.0 million, and reflects the deconsolidation of SAC Holding Corporation. Rental revenues at Real Estate were \$43.5 million for the first nine months of fiscal year 2005, and \$45.5 million for the same period last year.

Net sales of moving and self-storage related products and services at U-Haul were \$149.8 million for the first nine months of fiscal year 2005, compared with \$142.4 million for the same period last year. This represents an increase of \$7.4 million, or 5%, and was driven by increased rental activity and improved pricing. Net sales of moving and self-storage related products and services at the SAC entities were \$11.8 million for the first nine months of fiscal year 2005, compared with \$39.6 million for the same period last year. This represents a reduction of \$27.8 million, and reflects the deconsolidation of SAC Holding Corporation.

Net investment and interest income at U-Haul was \$16.6 million for the first nine months of fiscal year 2005 compared with \$22.7 million for the same period last year. The reduction in interest income is directly related to lower average investment balances in SAC Holdings notes. Net investment and interest income at Real Estate was \$5.9 million lower for the first nine months of fiscal year 2005, compared with the same period last year. The reduction in interest income is directly related to lower investments in mortgage notes, which decreased as a result of lower investment balances in SAC Holdings notes.

Operating expenses at U-Haul were \$832.2 million for the first nine months of fiscal year 2005, compared with \$817.8 million for the same period last year. This represents an increase of \$14.4 million, or 2%, and was the result of increases in payroll and equipment maintenance, partially offset by lower other operating costs. Increases in payroll and maintenance were driven by increases in volume and inflation. Operating expenses at the consolidated SAC entities were \$16.6 million for the first nine months of fiscal year 2005, compared with \$81.5 million for the same period last year. This represents a reduction of \$64.9 million, and reflects the deconsolidation of SAC Holding Corporation. Operating expenses at Real Estate were \$5.3 million for the first nine months of fiscal year 2005, compared with \$5.6 million for the same period last year.

Dealer commissions at U-Haul were \$145.2 million for the first nine months of fiscal year 2005, compared with \$139.1 million for the same period last year. This represents an increase of \$6.1 million, or 4%, and was driven by increased equipment rentals at our independent dealers.

Lease expense at U-Haul was \$115.8 million for the first nine months of fiscal year 2005, compared with \$110.8 million for the same period last year. This represents an increase of \$5.0 million, or 5%, and reflects an increase in the amount of rental equipment we leased.

Depreciation expense at U-Haul was \$81.6 million for the first nine months of fiscal year 2005, compared with \$93.7 million for the same period last year. Depreciation expense at SAC Holdings was \$1.9 million during the first nine months of fiscal year 2005, compared with \$16.0 million for the same period last year. This represents a reduction of \$14.1 million and reflects the deconsolidation of SAC Holding Corporation. Depreciation expense at Real Estate was \$3.1 million during the first nine months of fiscal year 2005, compared with \$5.1 million for the same period last year, and includes a gain of \$3.3 million from asset disposals this year.

Earnings from operations at U-Haul were \$172.7 million during the first nine months of fiscal year 2005, compared with \$153.8 million for the same period last year. This represents an increase of \$18.9 million, or 12%, and reflects strong truck and storage rentals during the first nine months of fiscal 2005, which along with increased fleet productivity, were major contributors to the increase in operating profitability at U-Haul. Earnings from operations at SAC Holdings were \$9.6 million in the first nine months of fiscal year 2005, compared with \$52.6 million for the same period last year. This represents a reduction of \$43.0 million, and reflects the deconsolidation of SAC Holding Corporation. Earnings from operations at Real Estate were \$35.1 million during the first nine months of fiscal year 2005, compared with \$40.5 million for the same period last year. This represents a reduction of \$5.4 million, and reflects lower interest income from investments in mortgage notes, partially offset by gains on real estate sales.

Oxford Life Insurance Company

The following table sets forth net revenue and certain consolidated statements of income data for the periods indicated:

	Quarter Ended September 30,		Changes Dollar	Changes Percentage
	2004	2003		
Life Insurance				
Premiums	\$ 31,603	\$ 36,427	\$ (4,824)	-13%
Net investment income	6,299	4,743	1,556	33%
Total revenue	37,902	41,170	(3,268)	-8%
Operating expenses	12,656	6,020	6,636	110%
Benefits and losses	22,683	24,359	(1,676)	-7%
Amortization of deferred policy acquisition costs	6,003	6,351	(348)	-5%
Total expenses	41,342	36,730	4,612	13%
Earnings (loss) from operations	(3,440)	4,440	(7,880)	-177%
Income tax benefit (loss)	1,119	(2,058)	3,177	-154%
Net earnings (loss)	\$ (2,321)	\$ 2,382	\$ (4,703)	-197%

Net premiums were \$31.6 million and \$36.4 million for the quarters ended September 30, 2004 and 2003, respectively. Medicare supplement premiums decreased by \$2.1 million due to lapses on closed lines being greater than new business written on active lines. Credit insurance premiums decreased \$1.8 million for the quarter due to fewer accounts. Life and annuity premiums decreased \$0.9 million.

Net investment income was \$6.3 million and \$4.7 million for the quarters ended September 30, 2004 and 2003, respectively. The increase was due primarily to fewer realized losses and more realized gains.

Benefits incurred were \$22.7 million and \$24.4 million for the quarters ended September 30, 2004 and 2003, respectively. Medicare supplement incurred claims decreased \$0.9 million due to reduced exposure. Credit insurance benefits decreased \$0.6 million due to reduced exposure. Other lines had decreases totaling \$0.2 million.

Amortization of deferred acquisition costs (DAC) and the value of business acquired (VOBA) was \$6.0 million and \$6.4 million for the quarters ended September 30, 2004 and 2003, respectively. These costs are amortized for life and health policies as the premium is earned over the term of the policy; and for deferred annuities, amortized in relation to interest spreads. Amortization associated with credit insurance lines decreased \$0.5 million due to decreased new business volume. Other segments had net increases of \$0.1 million.

Operating expenses were \$12.7 million and \$6.0 million for the quarters ended September 30, 2004 and 2003. Oxford accrued for loss contingencies related to the Kocher litigation in the quarter, which accounted for the majority of the variance from the prior year.

Earnings (loss) from operations was \$(3.4) million and \$4.4 for the quarters ended September 30, 2004 and 2003, respectively. The decrease from 2003 is due primarily to the accrual for the Kocher litigation.

	Nine Months Ended September 30,			Changes Dollar	Changes Percentage
	2004	2003			
	(In thousands)				
Life Insurance					
Premiums	\$ 97,640	\$ 112,852	\$ (15,212)		-13%
Net investment income	17,960	15,420	2,540		16%
Total revenue	115,600	128,272	(12,672)		-10%
Operating expenses	23,907	23,173	734		3%
Benefits and losses	70,377	80,207	(9,830)		-12%
Amortization of deferred policy acquisition costs	18,586	17,044	1,542		9%
Total expenses	112,870	120,424	(7,554)		-6%
Earnings from operations	2,730	7,848	(5,118)		-65%
Income tax expense	1,033	2,876	(1,843)		-64%
Net earnings	\$ 1,697	\$ 4,972	\$ (3,275)		-66%

Net premiums were \$97.6 million and \$112.9 million for the nine months ended September 30, 2004 and 2003, respectively. Medicare supplement premiums decreased by \$6.5 million due to lapses on closed lines being greater than new business written on active lines. Credit insurance premiums decreased \$5.0 million due to fewer accounts. Life, other health, and annuity premiums decreased \$3.8 million as a result of fewer sales and annuitizations.

Net investment income was \$18.0 million and \$15.4 million for the nine months ended September 30, 2004 and 2003, respectively. The increase was primarily due to interest received from the maturity of certain investments, fewer realized losses and more realized gains.

Benefits incurred were \$70.4 million and \$80.2 million for the nine months ended September 30, 2004 and 2003, respectively. Medicare supplement benefits decreased \$5.3 million due primarily to reduced exposure. Credit insurance benefits decreased \$2.3 million due to reduced exposure and improved disability experience. All other lines had decreases of \$2.2 million.

Amortization of deferred acquisition costs (DAC) and the value of business acquired (VOBA) was \$18.6 million and \$17.0 million for the nine months ended September 30, 2004 and 2003, respectively. These costs are amortized for life and health policies as the premium is earned over the term of the policy; and for deferred annuities in relation to interest spreads. Annuity amortization increased \$3.0 million from 2003 primarily due to increased surrender activity. Other segments had decreases of \$1.4 from 2003 due to decreased new business volume.

Operating expenses were \$23.9 million and \$23.2 million for the nine months ended September 30, 2004 and 2003, respectively. The above mentioned accrual related to the Kocher litigation net of reductions in non-deferrable commissions as a result of decreased sales of Medicare supplement and life products, accounted for this variance.

Earnings from operations were \$2.7 million and \$7.8 for the nine months ended September 30, 2004 and 2003, respectively. The decrease from 2003 is due primarily to the accrual for the Kocher litigation offset by improved investment income, and positive loss experience in the Medicare supplement and credit insurance segments.

Republic Western Insurance Company

The following table sets forth net revenue and certain consolidated statements of income data for the periods indicated:

	Quarter Ended September 30,		Changes Dollar	Changes Percentage
	2004	2003		
Property and Casualty Insurance				
Premiums	\$ 3,975	\$ 20,106	\$ (16,131)	-80%
Net investment income	6,827	7,258	(431)	-6%
Total revenues	10,802	27,364	(16,562)	-61%
Operating expenses	3,824	3,460	364	11%
Benefits and losses	15,920	26,597	(10,677)	-40%
Amortization of deferred policy acquisition costs	276	4,676	(4,400)	-94%
Total expenses	20,020	34,733	(14,713)	-42%
Loss from operations	(9,218)	(7,369)	(1,849)	25%
Income tax benefit	3,219	2,573	646	25%
Net earnings (loss)	\$ (5,999)	\$ (4,796)	\$ (1,203)	25%

Premium revenues were \$4.0 million and \$20.1 million for the quarters ended September 30, 2004 and 2003, respectively. The decrease in 2004 is the result of RepWest shifting its operating focus away from non-affiliated and unprofitable lines of business.

Net investment income was \$6.8 million and \$7.3 million for the quarters ended September 30, 2004 and 2003, respectively. The decrease in 2004 is attributable to RepWest exiting non U-Haul lines which resulted in an overall decrease in invested assets. This reduction will continue until reserves associated from the exited lines are run-off. This decrease was offset by the realization of \$3.1 million in deferred gains in the third quarter of 2004 from the sale of two real estate properties.

Benefits and losses incurred were \$15.9 million and \$26.6 million for the quarters ended September 30, 2004 and 2003, respectively. The decrease in 2004 is due to RepWest terminating its non U-Haul related programs. In the third quarter of 2004, RepWest incurred approximately \$8.5 million in losses on its mobile home business as the result of the hurricanes that hit the southeastern United States.

Net operating expenses, which are offset by claims handling fees, were \$3.8 million and \$3.5 million for the quarters ended September 30, 2004 and 2003, respectively.

Losses from operations were \$9.2 million and \$7.4 million for the quarters ended September 30, 2004 and 2003, respectively. The loss in 2004 is due to the approximately \$8.5 million in losses on the hurricanes that hit the southeastern United States primarily in the third quarter of 2004.

	Nine Months Ended September 30,		Changes Dollar	Changes Percentage
	2004	2003		
	(In thousands)			
Property and Casualty Insurance				
Premiums	\$ 20,815	\$ 78,247	\$ (57,432)	-73%
Net investment income	15,063	19,180	(4,117)	-21%
Total revenues	35,878	97,427	(61,549)	-63%
Operating expenses	5,381	17,761	(12,380)	-70%
Benefits and losses	33,817	89,594	(55,777)	-62%
Amortization of deferred policy acquisition costs	5,429	11,842	(6,413)	-54%
Total expenses	44,627	119,197	(74,570)	-63%
Loss from operations	(8,749)	(21,770)	13,021	-60%
Income tax benefit	3,062	7,619	(4,557)	-60%
Net earnings (loss)	\$ (5,687)	\$ (14,151)	\$ 8,464	-60%

Premium revenues were \$20.8 million and \$78.2 million for the nine months ended September 30, 2004 and 2003, respectively. The decrease in 2004 is the result of RepWest shifting its operating focus away from non-affiliated and unprofitable lines of business. Premiums from terminated programs were \$2.8 million and \$58.5 million for the nine months ended September 30, 2004 and 2003, respectively.

Net investment income was \$15.1 million and \$19.2 million for the nine months ended September 30, 2004 and 2003, respectively. The decrease in 2004 is attributable to RepWest exiting non U-Haul lines which resulted in an overall decrease in invested assets. This reduction will continue until reserves associated from these exited lines are run-off. This decrease was offset by the realization of \$3.1 million in deferred gains in the third quarter of 2004 from the sale of two real estate properties.

Benefits and losses incurred were \$33.8 million and \$89.6 million for the nine months ended September 30, 2004 and 2003, respectively. The decrease in 2004 is primarily due to RepWest terminating its non U-Haul related programs. However, the decrease was offset in the third quarter of 2004 when RepWest incurred approximately \$8.5 million in losses on its mobile home business as the result of the hurricanes that hit the southeastern United States.

Operating expenses, which are offset by claims handling fees, were \$5.4 million and \$17.8 million for the nine months ended September 30, 2004 and 2003, respectively. The reduction in 2004 is due to decreased commissions and reduced general and administrative expenses.

Losses from operations were \$8.7 million and \$21.8 million for the nine months ended September 30, 2004 and 2003, respectively. The decrease from 2004 is the result of the elimination of unprofitable programs, offset by losses incurred on the hurricanes that hit the southeastern United States in the third quarter of 2004.

Liquidity and Capital Resources

Our financial condition remains strong. At December 31, 2004, cash and short-term investments totaled \$80.2 million, compared with \$81.6 million at March 31, 2004. Total short-term and long-term debt was \$696.0 million and represented 1.1 times stockholders' equity at December 31, 2004. Total short-term and long-term debt, plus capital lease obligations was \$962.0 million and represented 1.9 times stockholders' equity at March 31, 2004.

For the first nine months of fiscal year 2005, cash provided by operating activities was \$223.7 million, compared with \$149.1 million for the first nine months of fiscal year 2004. Cash was provided by net income adjusted for non-cash related items and reductions in working capital requirements. Our inventory levels were higher by 1.9% at the end of the third quarter of fiscal year 2005 compared to March 2004. Uses of cash included reductions in insurance policy liabilities and deferred insurance policy acquisition costs.

We provided \$123.0 million in net cash from investing activities during the first nine months of fiscal year 2005, primarily as a result of the W. P. Carey Transactions, compared with using \$43.5 million during the first nine months of fiscal year 2004. Gross capital expenditures increased to \$172.5 million in the first nine months of fiscal year 2005 from \$147.3 million in the first nine months of fiscal year 2004 as we continued to invest in rental equipment.

We used \$348.1 million in net cash for financing activities in the first nine months of fiscal year 2005, compared with \$35.6 million in the first nine months of fiscal year 2004. The major financing use of cash was to pay down borrowings under our revolving credit agreement (\$182 million in fiscal year 2005 and \$56 million in fiscal year 2004) and to pay off \$100 million of capital leases related to the W. P. Carey Transaction in fiscal year 2005.

Additional financing uses of cash in the first nine months of fiscal year 2005 included payments of dividends. In November 2004, our Board of Directors approved the payment of all dividend arrearages on our Series A Preferred Stock. Regular quarterly cash dividends have been paid on a current basis since February 2004. Therefore, our dividend payments were \$25 million higher in the first nine months of fiscal year 2005, compared with the first nine months of fiscal year 2004. Financing sources of cash were primarily borrowings under our revolving credit agreements (\$37 million in fiscal year 2005 and \$50 million in fiscal year 2004).

We believe our current capital structure will allow us to achieve our operational plans and goals, support our preferred stock dividend program and provide us with sufficient liquidity for the next 3-5 years. The majority of our debt obligations currently in place mature at the end of fiscal year 2009. The senior subordinated notes mature at the end of fiscal year 2011. This will allow us to focus on our operations and business to further improve our liquidity in the long term. We believe these improvements will enhance our access to capital markets. However, there is no assurance that future cash flows will be sufficient to meet our outstanding obligations or our future capital needs. Also, the terms of our secured indebtedness place financial and operational restrictions on AMERCO and its subsidiaries and limit our ability to incur additional indebtedness and other obligations.

Liquidity and Capital Resources and Requirements of Our Operating Segments

Moving and Self-Storage

To meet the needs of our customers, U-Haul maintains a large fleet of rental equipment. Historically, capital requirements have primarily reflected new rental equipment acquisitions. The capital to fund these requirements has historically been obtained through internally generated funds from operations, lease financing and sales of used equipment. Going forward, we anticipate that a substantial portion of our internally generated funds will be used to enhance liquidity by paying down existing indebtedness. During each of the fiscal years ended March 31, 2005, 2006 and 2007, U-Haul estimates that net capital expenditures will average approximately \$150 million to maintain our fleet at current levels. Financial covenants contained in our loan agreements limit the amount of capital expenditures we can make in fiscal years 2005, 2006, and 2007, net of dispositions, to \$185 million, \$245 million and \$195 million, respectively. Management estimates that U-Haul will fund its fleet expansion requirements from leasing and from the proceeds from the sale of trucks. We intend to focus our growth on expanding our independent dealer network, which does not require a substantial amount of capital resources. Gross capital outlays were \$170 million but were netted against proceeds, producing a net capital outlay of \$55.3 million, the majority of which reflects the cost of residual lease buy outs.

Real Estate has traditionally financed the acquisition of self-storage properties to support U-Haul's growth through lease and debt financing. U-Haul's growth plan in self-storage is focused on eMove, which does not require acquisition or construction of self-storage properties by the Company. Therefore, Real Estate will not require substantial capital for its future plans.

SAC Holdings operations are funded by various mortgage loans and secured and unsecured notes. SAC Holdings does not utilize revolving lines of credit to finance its operations or acquisitions. Certain of SAC Holdings' loan agreements contain restrictive covenants and restrictions on incurring additional subsidiary indebtedness. Oxford Life Insurance Company.

Oxford Life Insurance Company

As of September 30, 2004, Oxford had no notes and loans payable in less than one year and its accounts payable and accrued expenses total \$1.7 million. Oxford's financial assets (cash, receivables, short-term investments, other investments, fixed maturities, and related party assets) at September 30, 2004 were approximately \$785.9 million. State insurance regulations restrict the amount of dividends that can be paid to stockholders of insurance companies. As a result, Oxford's funds are generally not available to satisfy the claims of AMERCO or its legal subsidiaries.

Oxford's primary sources of cash are premiums, receipts from interest-sensitive products, and investment income. The primary uses of cash are operating costs and benefit payments to policyholders. Matching the investment portfolio to the cash flow demands of the types of insurance being written is an important consideration. Benefit and claim statistics are continually monitored to provide projections of future cash requirements.

Cash provided by operating activities was \$7.8 million and \$11.8 million for the nine months ended September 30, 2004 and 2003, respectively. Cash flows used by financing activities were \$59.6 million and \$36.0 million for the quarters ended September 30, 2004 and 2003, respectively. Cash flows from deferred annuity sales are a component of financing activities. Investment contract deposits increase cash flows while surrenders of these policies are a use of funds. The decrease in investment contract deposits over 2003 is due to a reduction in new contract sales and an increase in contract surrenders; both due to Oxford's decreased ratings.

In addition to cash flows from operating and financing activities, a substantial amount of liquid funds is available through Oxford's short-term portfolio. At September 30, 2004 and 2003, short-term investments amounted to \$100.2 million and \$122.9 million, respectively. Management believes that the overall sources of liquidity will continue to meet foreseeable cash needs.

Oxford's stockholder's equity was \$119.1 million and \$117.2 million at September 30, 2004 and 2003, respectively. Increases from earnings were offset by decreases in unrealized gains resulting from the change in interest rates.

Applicable laws and regulations of the State of Arizona require the Company's insurance subsidiaries to maintain minimum capital and surplus determined in accordance with statutory accounting practices. With respect to Oxford, the amount is \$0.4 million. In addition, the amount of dividends that can be paid to shareholders by insurance companies domiciled in the State of Arizona is limited. Any dividend in excess of the limit requires prior regulatory approval. At September 30, 2004, Oxford cannot distribute any of its statutory surplus as dividends without regulatory approval. These restrictions are not expected to have a material adverse effect on the ability of the Company to meet its cash obligations.

Property and Casualty Insurance

As of September 30, 2004, RepWest had no notes or loans due in less than one year and its accounts payable, accrued expenses, and other payables were \$18.1 million. RepWest's financial assets (cash, receivables, short-term investments, and related party assets) at September 30, 2004 were approximately \$395.7 million.

State insurance regulations restrict the amount of dividends that can be paid to stockholders of insurance companies. As a result, RepWest's funds are generally not available to satisfy the claims of AMERCO or its legal subsidiaries. In addition, AMERCO's loan agreements prohibit any loans, capital contributions or other advances to RepWest by AMERCO.

The primary sources of cash for RepWest include invested assets, premiums and investment income. The primary uses of cash are operating costs and benefit payments to policyholders. Matching the investment portfolio to the cash flow demands of the types of insurance written is an important consideration. Benefit and claim statistics are continually monitored to provide projections of future cash requirements.

RepWest's cash and cash equivalents and short-term investment portfolio were \$79.1 million and \$62.1 million at September 30, 2004 and 2003, respectively. This balance reflects funds in transition from maturity proceeds to long term investments. This level of liquid assets, combined with budgeted cash flow, is adequate to meet periodic needs.

Cash Provided from Operating Activities by Operating Segments

Moving and Self-Storage

Cash provided by operating activities from U-Haul was \$32.3 million and \$115.8 million for the first nine months of fiscal years 2005 and 2004, respectively. Cash provided/(used) by operating activities for Real Estate was \$3.3 million and \$(3.9) million for the first nine months of fiscal years 2005 and 2004, respectively. Cash provided from operating activities for SAC Holdings was \$0.6 million and \$1.2 million for the first nine months of fiscal years 2005 and 2004, respectively. The cash provided by U-Haul operations, before intercompany transfers, for the first nine months ended December 31, 2004 was approximately \$189 million and approximately \$145 million for the same period last year.

Life Insurance

Cash provided by operating activities was \$7.8 million, and \$11.8 million for the first nine months ended September 30, 2004, and 2003 respectively

Property and Casualty Insurance

Cash flows used by operating activities were \$18.6 million and \$55.6 million for the nine months ended September 30, 2004 and 2003, respectively. The cash used by operating activities is the result of RepWest exiting the assumed reinsurance and non U-Haul related lines. As RepWest adjudicates the claims in these lines there will be a continued use of its portfolio and a corresponding decrease in insurance reserves.

Summary

We believe we have the financial resources needed to meet our business requirements including capital expenditures for the expansion and modernization of our rental fleet, rental equipment and rental storage space and working capital requirements.

For a more detailed discussion of our long-term debt and borrowing capacity, please see footnote 5 "Borrowings" to the "Notes to the Condensed Consolidated Financial Statements."

Disclosures about Contractual Obligations and Commercial Commitments

AMERCO uses certain equipment and occupies certain facilities under operating lease commitments with terms expiring through 2034, with the exception of one land lease expiring in 2079. In the event of a shortfall in proceeds from the sale of the underlying assets, AMERCO has guaranteed approximately \$154.0 million of residual values at December 31, 2004 for these assets at the end of the respective lease terms. AMERCO has been leasing equipment since 1987. Thus far, we have experienced no residual value shortfalls. (See details related to operating lease commitments in footnote 9 "Contingent Liabilities and Commitments" to the "Notes to the Condensed Consolidated Financial Statements.")

Off Balance Sheet Arrangements

We currently manage the self-storage properties owned by SAC Holdings pursuant to a standard form of management agreement with each SAC Holdings subsidiary, pursuant to which we receive a management fee ranging from 4% to 10% of the gross receipts from the properties plus reimbursement for certain expenses. We received management fees from SAC Holdings, exclusive of expenses, of \$9.0 million during the first nine months of fiscal year 2005. This management fee is consistent with the fees received for other properties we manage.

Certain subsidiaries of SAC Holdings act as U-Haul independent dealers. The financial and other terms of the dealership contracts with subsidiaries of SAC Holdings are substantially identical to the terms of those with our independent dealers. During the first nine months of fiscal year 2005, we paid subsidiaries of SAC Holdings \$24.5 million in commissions pursuant to such dealership contracts.

During the first nine months of fiscal year 2005, the Company leased space for marketing company offices, vehicle repair shops and hitch installation centers from subsidiaries of SAC Holdings. Total lease payments pursuant to such leases were \$1.7 million. 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.

During the first nine months of fiscal 2005, a subsidiary of the Company held various junior unsecured notes of SAC Holdings. The Company recorded interest income of \$16.3 million and received cash payments of \$10.2 million during the first nine months of fiscal year 2005.

Business Outlook

As we look ahead to the remainder of fiscal year 2005, we believe the momentum in our moving and self-storage segments will continue, adjusted for the deconsolidation of SAC Holding Corporation and the W.P. Carey Transaction. During fiscal year 2004, we reported approximately \$101.9 million of revenues, \$26.5 million of earnings from operations, \$37.8 million of interest expense, and a net loss of \$8.6 million related to the 281 SAC Holdings properties which were deconsolidated March 31, 2004. We reported approximately \$29.2 million of storage revenues during fiscal year 2004 at the 78 self-storage properties that were recently sold to W.P. Carey (UH Storage DE).

U-Haul is expected to continue to benefit from the initiatives mentioned earlier, including positive sales increases and maintenance and repair cost improvements associated with our fleet replacement program.

Oxford is in the process of rebuilding its distribution that was impacted by the AMERCO restructuring. Prior to the restructuring, Oxford was rated B++ by A.M. Best. The rating was reduced to C+ during the restructuring. In March 2004 the rating was upgraded to B-. In October 2004, the rating was upgraded to B with a continued positive outlook. Continued improvement in the rating will be a key factor in the success of Oxford's marketing programs including annuities, life insurance, Medicare supplement, and credit life and disability. Oxford's statutory capital measurements continue to strengthen and existing business is expected to continue to perform profitably.

RepWest expects to realize the benefits of its changed business plan. During fiscal 2004, we successfully discontinued the majority of the unprofitable direct and assumed reinsurance lines. U-Haul related lines have historically been profitable and we expect to see the results of the new business plan during fiscal year 2005. We believe that RepWest's statutory capital measurements will continue to strengthen as the reserves of the discontinued lines are being run off. We are working with the Arizona Department of Insurance regarding the supervision order and expect it to be resolved in the future.

The Company has variable interests in variable interest entities. We have adopted FIN 46R, Accounting for Variable Interest Entities, effective with the March 2004 reporting period. At that time and based on changes made by SAC Holding Corporation, we no longer were considered the primary beneficiary of this variable interest entity or its subsidiaries, and we deconsolidated SAC Holding Corporation effective with the March 2004 reporting period. SAC Holding II is a variable interest entity and we are its primary beneficiary. Consequently, we continue to consolidate SAC Holding II in our financial statements.

It is possible that SAC Holding Corporation could take actions that would require us to re-determine whether we have become the primary beneficiary of SAC Holding Corporation. Should this occur, we could be required to re-consolidate some or all of SAC Holding Corporation with our financial statements. Similarly, SAC Holding II could take actions that would require us to re-determine whether we continue to be the primary beneficiary of our variable interest in SAC Holding II. Should we cease to be the primary beneficiary, we would be required to de-consolidate some or all of our variable interest in SAC Holding II from our financial statements.

Risk Factors

We operate in a highly competitive industry .

The truck rental industry is highly competitive and includes a number of significant national and hundreds of regional and local competitors. Competition is generally based on price, product quality, convenience, availability, brand name recognition and service. In our truck rental business, we face competition from Budget Car and Truck Rental Company and Penske Truck Leasing. Some of our competitors may have greater financial resources than we have. We cannot assure you that we will not be forced to reduce our rental prices or delay price increases.

We compete with national and regional self-storage operators as well as local operators. Competition in the market areas in which we operate is significant and affects the occupancy levels, rental rates and operating expenses of our facilities. Competition might cause us to experience a decrease in occupancy levels, limit our ability to increase rental rates and compel us to offer discounted rental rates which could have a material adverse effect on our operating results.

Entry into the self-storage business through acquisition of existing facilities is possible for persons or institutions with the required initial capital. Development of new self-storage facilities is more difficult, however, due to zoning, environmental and other regulatory requirements. The self-storage industry has in the past experienced overbuilding in response to perceived increases in demand. We cannot assure you that we will be able to successfully compete in existing markets or expand into new markets.

Control of AMERCO remains in the hands of a small contingent.

As of December 31, 2004, Edward J. Shoen, Chairman of the Board of Directors and President of AMERCO, James P. Shoen, a director of AMERCO, and Mark V. Shoen, an executive officer of AMERCO, collectively own 8,790,170 shares (approximately 41.3%) of the outstanding common shares of AMERCO. Accordingly, Edward J. Shoen, Mark V. Shoen and James P. Shoen will be in a position to continue to influence the election of the members of the Board of Directors and approval of significant transactions. In addition, 2,192,400 shares (approximately 10.3%) of the outstanding common shares of AMERCO, including shares allocated to employees and unallocated shares are held by our Employee Savings and Employee Stock Ownership Trust.

Our operations subject us to numerous environmental regulations and the possibility that environmental liability in the future could adversely affect our operations.

Compliance with environmental requirements of federal, state and local governments significantly affects our business. 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. Under environmental laws, we can be held strictly liable for hazardous substances that are found on real property we have owned or operated. We are aware of issues regarding hazardous substances on some of our real estate and we have put in place a remedial plan at each site where we believe such a plan is necessary. We regularly make capital and operating expenditures to stay in compliance with environmental laws. In particular, we have managed a testing and removal program since 1988 for our underground storage tanks. Under this program, we spent \$44.0 million between April 1988 and December 31, 2004. Despite these compliance efforts, risk of environmental liability is part of the nature of our business.

Environmental laws and regulations are complex, change frequently and could become more stringent in the future. We cannot assure you that future compliance with these regulations or future environmental liabilities will not have a material adverse effect on our business.

Our business is seasonal.

Our business is seasonal and our results of operations and cash flows fluctuate significantly from quarter to quarter. Historically, revenues have been stronger in our first and second fiscal quarters due to the overall increase in moving activity during the spring and summer months. Our fourth fiscal quarter is generally weakest, when there is a greater potential for adverse weather conditions.

We obtain our rental trucks from a limited number of manufacturers.

In the past ten years, we purchased most of our rental trucks from Ford and General Motors. Although we believe that we have alternative sources of supply for our rental trucks, termination of one or both of our relationships with these suppliers could have a material adverse effect on our business, financial condition or results of operations.

Our property and casualty insurance business has suffered extensive losses.

Since January 2000, our property and casualty insurance business, RepWest, reported losses totaling approximately \$158.2 million. These losses are primarily attributable to business lines that were unprofitable as underwritten. To restore profitability in RepWest, we have exited all non-U-Haul related lines and have strengthened the reserves on the lines being eliminated. Although we believe the terminated lines are adequately reserved, we cannot assure you that there will not be future adverse loss development.

Our life insurance businesses have been downgraded by A.M. Best due to the events surrounding the restructuring.

A.M. Best downgraded Oxford and its subsidiaries during the restructuring to C+. Upon emergence from bankruptcy in March 2004 Oxford and its subsidiaries were upgraded to B-. The ratings were again upgraded in October 2004, to B. A.M. Best has indicated the rating outlook for our life insurance companies is positive. Prior to AMERCO's restructuring Oxford was rated B++. Financial strength ratings are important external factors that can affect the success of Oxford's business plans. Accordingly, if Oxford's ratings, relative to its competitors, do not continue to improve, Oxford may not be able to retain and attract business as currently planned.

Notes receivable from SAC Holdings are a significant portion of AMERCO'S total assets.

At December 31, 2004, we held approximately \$203.8 million of notes due from SAC Holdings. We have significant economic exposure to SAC Holdings. SAC Holdings is highly leveraged with significant indebtedness to others. We hold various junior unsecured notes of SAC Holdings. If SAC Holdings is unable to meet its obligations to its senior lenders, it could trigger a default on its obligations to us. In such an event of default, we could suffer a significant loss. We cannot assure you that SAC Holdings will not default on its loans to their senior lenders or that the value of SAC Holdings' assets upon liquidation would be sufficient to repay us in full.

We face risks related to an SEC investigation and securities litigation.

The SEC has issued a formal order of investigation to determine whether we have violated the federal securities laws. Although we have cooperated with the SEC in this matter and intend to continue to cooperate, the SEC may determine that we have violated federal securities laws. We cannot predict when this investigation will be completed or its outcome. If the SEC makes a determination that we have violated federal securities laws, we may face sanctions, including, but not limited to, significant monetary penalties and injunctive relief.

In addition, the Company has been named a defendant in a number of class action and related lawsuits. The findings and outcome of the SEC investigation may affect the class-action lawsuits that are pending. We are generally obliged, to the extent permitted by law, to indemnify our directors and officers who are named defendants in some of these lawsuits. We are unable to estimate what our liability in these matters may be, and we may be required to pay judgments or settlements and incur expenses in aggregate amounts that could have a material adverse effect on our financial condition or results of operations.

RepWest has consented to an Order of Supervision issued by the Arizona Department of Insurance.

On May 20, 2003, RepWest consented to an Order for Supervision issued by the Arizona Department of Insurance ("DOI"). The DOI determined that RepWest's level of risk based capital (RBC) allowed for regulatory control. Pursuant to this order and Arizona law, during the period of supervision, RepWest may not engage in any of the following activities without the prior approval of the DOI:

- a. dispose of, convey or encumber any of its assets or its business in force;
- b. withdraw any of its bank accounts;
- c. lend any of its funds;
- d. invest any of its funds;
- e. transfer any of its property;
- f. incur any debt, obligation or liability including the issuance of all new and renewal business;
- g. merge or consolidate with another company;
- h. enter into any new reinsurance contract or treaty; or
- i. enter into any affiliate transactions.

In order to abate the DOI's order, RepWest must establish that it possesses surplus in compliance with Arizona law and as the Director of Insurance may require based on type, volume or nature of its business pursuant to Arizona law and establish that certain credit risks associated with the exposures to AMERCO and its affiliates have been eliminated.

If RepWest fails to satisfy the DOI's concerns, the DOI may take further action, including, but not limited to, commencing a conservatorship.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

We are exposed to financial market risks, including changes in interest rates and currency exchange rates. To mitigate these risks, we may utilize derivative financial instruments, among other strategies. We do not use derivative financial instruments for speculative purposes.

Interest rate risk

The exposure to market risk for changes in interest rates relates primarily to our variable rate debt obligations. Interest rate cap contracts represent non-linear derivative instruments which protect the holder from rises in short-term interest rates by making a payment to the holder when an underlying interest rate (the index or reference interest rate) exceeds a specified strike rate (the cap rate). During the first quarter of fiscal year 2005, the Company entered into separate interest rate cap contracts for \$200.0 million of its variable rate debt obligations for a two year term and for \$50.0 million of its variable rate debt obligations for a three year term. At December 31, 2004, the Company had approximately \$347.4 million of variable rate debt obligations. A fluctuation in interest rates of 100 basis points would change interest expense for the Company by approximately \$3.5 million annually to the extent that the three month LIBOR is below 3.0% and by \$1.0 million to the extent that the three month LIBOR exceeds 3.0%.

Foreign Currency Exchange Rate Risk

The exposure to market risk for changes in foreign currency exchange rates relates primarily to our Canadian business. Approximately 2% of our revenue is generated in Canada. The result of a 10% change in the value of the U.S. dollar relative to the Canadian dollar would not be material. We typically do not hedge any foreign currency risk since the exposure is not considered material.

Item 4. Controls and Procedures

We conducted an evaluation of the effectiveness of the design and operation of our "disclosure controls and procedures" (Disclosure Controls) as of the end of the period covered by this Quarterly Report. The controls evaluation was done under the supervision and with the participation of management, including the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO).

Definition of Disclosure Controls

Disclosure Controls are controls and procedures designed to assure that information required to be disclosed in our reports filed under the Exchange Act, such as this Quarterly Report, is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission. Disclosure Controls include controls and procedures designed to ensure that such information is accumulated and communicated to our management, including the CEO and the CFO, as appropriate to allow timely decisions regarding required disclosure. Our Disclosure Controls include components of our internal control over financial reporting, which consists of control processes designed to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of financial statements in accordance with generally accepted accounting principles in the U.S. To the extent that components of our internal control over financial reporting are included within Disclosure Controls, they are included in the scope of our quarterly controls evaluation.

Limitations on the Effectiveness of Controls

The management of the Company, including the CEO and the CFO, does not expect that our Disclosure Controls or our internal control over financial reporting will prevent all error or fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system will be met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision making can be faulty and that breakdowns can occur because of simple error or mistake. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls is based in part on certain assumptions about the likelihood of certain future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures. Because of the inherent limitations in a cost effective control system, misstatements due to error or fraud may occur and not be detected.

Scope of the Controls Evaluation

The evaluation of our Disclosure Controls included a review of the objectives and design of the controls, the implementation of the controls by the Company and the effect of the controls on the information generated for use in this Quarterly Report. In the course of the controls evaluation, we sought to identify data errors, control problems or acts of fraud and confirm that appropriate corrective action, including process improvements, were being undertaken. This type of evaluation is performed on a quarterly basis so that the conclusions of management, including the CEO and the CFO, concerning the effectiveness of the controls can be reported in our Quarterly Reports on Form 10-Q and to supplement our disclosures made in our Annual Report on Form 10-K. Many of the components of our Disclosure Controls are evaluated on an on-going basis by personnel in our finance department, as well as our independent auditors who evaluate them in connection with determining their auditing procedures related to their report on our annual financial statements. The overall goals of these various evaluation activities are to monitor our Disclosure Controls, and to modify them as necessary. Our intent is to maintain the Disclosure Controls as dynamic systems that change as conditions warrant.

Among other matters, we also considered whether our evaluation identified any “significant deficiencies” or “material weaknesses” in our internal control over financial reporting, and whether the Company had identified any acts of fraud involving personnel with a significant role in our internal control over financial reporting. This information was important both for the controls evaluation generally, and because item 5 of the certifications of the CEO and the CFO requires that the CEO and the CFO disclose that information to the Audit Committee of our Board and the independent auditors. In the professional auditing literature, “significant deficiencies” are referred to as “reportable conditions,” which are deficiencies in the design or operation of controls that could adversely affect our ability to record, process, summarize and report financial data in the financial statements. Auditing literature defines “material weakness” as a particularly serious reportable condition in which the internal control does not reduce to a relatively low level the risk that misstatements caused by error or fraud may occur in amounts that would be material in relation to the financial statements and the risk that such misstatements would not be detected within a timely period by employees in the normal course of performing their assigned functions. Based upon our evaluation of the effectiveness of the Company’s internal controls, management has concluded that there was a deficiency in the design and operation of internal controls that adversely affected our ability to record, process and summarize and report financial data related to the unreconciled intercompany balances with SAC Holding corporations. This deficiency was considered to be a material weakness under the standards established by the American Institute of Certified Public Accountants. As a result of the conclusions discussed above, under the direction of the Audit Committee and the Board of Directors, we have taken corrective action to strengthen our internal controls and procedures to ensure information required to be disclosed in the reports we file or submit under the Securities Exchange Act of 1934 is recorded, processed, summarized and accurately reported, within the time periods specified in the SEC’s rules and forms. We also sought to address other controls matters in the controls evaluation, and in each case if a problem was identified, we considered what revision, improvement and/or correction to make in accordance with our on-going procedures.

Conclusions

Based upon the controls evaluation, our CEO and CFO have concluded that, subject to the limitations noted above, as of the end of the period covered by this Quarterly Report, our Disclosure Controls were effective to provide assurance that material information relating to AMERCO and its consolidated subsidiaries is made known to management, including the CEO and the CFO, particularly during the period when our periodic reports are being prepared.

Changes in Internal Control over Financial Reporting

During the fiscal quarter covered by this report we made no change in our internal control over financial reporting which materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

Kocher

On July 20, 2000, Charles Kocher (Kocher) filed suit in Wetzel County, West Virginia, Civil Action No. 00-C-51-K, entitled Charles Kocher v. Oxford Life Insurance Co. (Oxford) seeking compensatory and punitive damages for breach of contract, bad faith and unfair claims settlement practices arising from an alleged failure of Oxford to properly and timely pay a claim under a disability and dismemberment policy. On March 22, 2002, the jury returned a verdict of \$5 million in compensatory damages and \$34 million in punitive damages. On November 5, 2002, the trial court entered an Order affirming the \$39 million jury verdict and denying Oxford's motion for New Trial Or, in The Alternative, Remittitur. Oxford appealed the case to the West Virginia Supreme Court. On June 17, 2004 the West Virginia Supreme Court reversed and vacated the punitive damages award and remanded the case for a new trial on punitive damages. On July 15, 2004 Oxford filed a petition for a re-hearing with the West Virginia Supreme Court on the matter of compensatory damages and on September 9, 2004 the West Virginia Supreme Court denied the petition. The Company has accrued for this potential loss. The new trial on punitive damages is set for April 8, 2005. The Company has notified its E & O carrier of the West Virginia Supreme Court's ruling. The E&O carrier is disputing coverage.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Not applicable.

Item 3. Defaults upon Senior Securities

Not applicable.

Item 4. Submission of Matters to a Vote of Security Holders

Not applicable.

Item 5. Other Information

For inclusion in the proxy statement and form of proxy relating to the 2005 Annual Meeting of Stockholders, a proposal intended for presentation at that meeting must be submitted in accordance with the applicable rules of the Securities and Exchange Commission and received by the Secretary of AMERCO, c/o U-Haul International, Inc., 2721 North Central Avenue, Phoenix, Arizona 85004, on or before March 25, 2005. Proposals to be presented at the 2005 Annual Meeting of Stockholders that are not intended for inclusion in the proxy statement and form of proxy must be submitted by that date and in accordance with the applicable provisions of the Company's By-Laws, a copy of which is available upon written request, delivered to the Secretary of AMERCO at the address in the preceding sentence. The Company suggests that proponents submit their proposals to the Secretary of AMERCO by Certified Mail-Return Receipt Requested.

Item 6. Exhibits The following documents are filed as part of this report:

Exhibit Number

Description	Page or Method of Filing
2.1Joint Plan of Reorganization of AMERCO and Amerco Real Estate Company	Incorporated by reference to AMERCO's Current Report on Form 8-K filed October 20, 2003, file no. 1-11255
2.2Disclosure Statement Concerning the Debtors' Joint Plan of Reorganization	Incorporated by reference to AMERCO's Current Report on Form 8-K filed October 20, 2003, file no. 1-11255
2.3Amended Joint Plan of Reorganization of AMERCO and Amerco Real Estate Company	Incorporated by reference to AMERCO's Quarterly Report on Form 10-Q for the quarter ended December 31, 2003, file No. 1-11255
3.1Restated Articles of Incorporation of AMERCO	Incorporated by reference to AMERCO's Registration Statement on form S-4 filed March 30, 2004, file number 1-11255
3.2Restated By-Laws of AMERCO	Incorporated by reference to AMERCO's Quarterly Report on Form 10-Q for the quarter ended September 30, 1996, file No. 1-11255
3.3Restated Articles of Incorporation of U-Haul International, Inc.	Incorporated by reference to AMERCO's Annual Report on Form 10-K for the year ended March 31, 2003, file no. 1-11255
3.4Bylaws of U-Haul International, Inc.	Incorporated by reference to AMERCO's Annual Report on Form 10-K for the year ended March 31, 2003, file no. 1-11255
10.1Settlement and Release Agreement among PricewaterhouseCoopers LLP, AMERCO, and SAC Holding Corporation	Filed herewith *
10.2Property Management Agreement among subsidiaries of U-Haul International and Galaxy Storage Two, L.P.	Filed herewith
31.1Rule 13a-14(a)/15d-14(a) Certificate of Edward J. Shoen, President and Chairman of the Board of AMERCO and U-Haul International, Inc.	Filed herewith
31.2Rule 13a-14(a)/15d-14(a) Certificate of Jack A. Peterson, Chief Financial Officer of AMERCO	Filed herewith
31.3Rule 13a-14(a)/15d-14(a) Certification of Robert T. Peterson, Chief Financial Officer of U-Haul International, Inc.	Filed herewith
32.1Certificate of Edward J. Shoen, President and Chairman of the Board of AMERCO and U-Haul International, Inc. pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Filed herewith
32.2Certificate of Jack A. Peterson, Chief Financial Officer of AMERCO pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Filed herewith
32.3Certificate of Robert T. Peterson, Chief Financial Officer of U-Haul International, Inc. pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Filed herewith

* A portion of this exhibit has been omitted pursuant to a request for confidential treatment.

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.

AMERCO

Date: February 9, 2005

/s/ Edward J. Shoen

Edward J. Shoen
President and Chairman of the Board
(Duly Authorized Officer)

Date: February 9, 2005

/s/ Jack A. Peterson

Jack A. Peterson
Chief Financial Officer
(Principal Financial Officer)

INTERNATIONAL, INC.

U-HAUL

Date: February 9, 2005

/s/ Edward J. Shoen

Edward J. Shoen
President and Chairman of the Board
(Duly Authorized Officer)

Date: February 9, 2005

/s/ Robert T. Peterson

Robert T. Peterson
Chief Financial Officer
(Principal Financial Officer)

Settlement And Release Agreement

I. PRELIMINARY STATEMENT.

A. **Parties**. The Parties to this Confidential Settlement and Release Agreement (“Agreement”) are PwC (as defined in Section I.B.), on the one hand, and AMERCO and the SAC Entities (as defined in Section I.B.), on the other hand (collectively the “Parties”).

B. Definitions .

1. “AMERCO” shall be defined herein to include AMERCO, U-Haul International, Inc., AMERCO Real Estate Company, Republic Western Insurance Company, Oxford Life Insurance Company, Edward J. Shoen, Sylvia Shoen, Mark V. Shoen, Charlene J. Shoen, James P. Shoen, Mary K. Shoen, Charles J. Bayer, Sally Bayer, John P. Brogan, Margaret Brogan, John M. Dodds, Barbara Edstrom, James J. Grogan, Mary Joe Grogan, M. Frank Lyons, William Carty, Mary Carty, Richard Herrera, Gary Horton, Richard Amoroso, and any of their predecessors, parents, co-parties, subsidiaries, affiliates and alter egos, and each of their respective officers, employees, directors, partners, agents, attorneys, insurers, accountants, heirs, executors, administrators, conservators, successors and assigns.
2. “SAC Entities” shall be defined to include SAC Holdings Corporation, SAC Holdings II Corporation, SAC Self Storage Corporation, Two SAC Self Storage Corporation, Three SAC Self Storage Corporation, Four SAC Self Storage Corporation, Five SAC Self Storage Corporation, Six SAC Self Storage Corporation, Seven SAC Self Storage Corporation, Eight SAC Self Storage Corporation, Nine SAC Self Storage Corporation, Ten SAC Self Storage Corporation, Eleven SAC Self Storage Corporation, Twelve SAC Self Storage Corporation, Thirteen SAC Self Storage Corporation, Fourteen SAC Self Storage Corporation, Fifteen SAC Self Storage Corporation, Sixteen SAC Self Storage Corporation, Seventeen SAC Self Storage Corporation, Eighteen SAC Self Storage Corporation, Nineteen SAC Self Storage Corporation, Twenty SAC Self Storage Corporation, Twenty One SAC Self Storage Corporation, Twenty Two SAC Self Storage Corporation, Twenty Three SAC Self Storage Corporation, Twenty Four SAC Self Storage Corporation, Twenty Five SAC Self Storage Corporation, Twenty Six SAC Self Storage Corporation, Twenty Seven SAC Self Storage Corporation, Blackwater Investments, Mark V. Shoen, and any of their predecessors, parents, co-parties, subsidiaries, affiliates and alter egos, and each of their respective officers, employees, directors, partners, agents, attorneys, insurers, accountants, heirs, executors, administrators, conservators, and successors and assigns.
3. “PwC” shall be defined to include PricewaterhouseCoopers LLP (“PwC LLP”), Michael O. Gagnon, Joseph A. Gross, Carol L. Brosgart, M.D., Terri M. Hulse, Gary R. Hulse, Randal S. Vallen, and Juli Vallen, and any of their predecessors, parents, co-parties, subsidiaries, affiliates and alter egos, and each of their respective officers, employees, directors, partners, agents, attorneys, insurers, accountants, heirs, executors, administrators, conservators, and successors and assigns.

C. Actions Resolved . This Agreement shall cover and mutually release any and all acts that occurred during the entire historical relationship between AMERCO and the SAC Entities on the one hand and PwC on the other hand, including the lawsuits by and against the Parties currently pending in the Superior Court of the State of Arizona, Maricopa County bearing case captions: *AMERCO et al. v. PricewaterhouseCoopers LLP et al., No. CV 2003-011032 (“AMERCO v. PwC”)* and *PricewaterhouseCoopers LLP et al. v. Shoen et al., No. CV 2004-013075 (“PwC v. Shoen”)* .

D. Recitals . This Agreement is entered into with respect to the following facts:

1. PwC LLP and its predecessor Price Waterhouse LLP served as AMERCO's independent public accountant and performed accounting and audit functions for AMERCO and its subsidiaries, including Republic Western Insurance Company and Oxford Life Insurance Company, and related entities from 1978 through January 2003.

2. PwC LLP also performed accounting and audit functions for and related to certain SAC entities.
3. In or about June 2003, AMERCO filed the *AMERCO v. PwC* lawsuit, alleging multiple acts of negligent and intentional misconduct by PwC and its personnel, allegedly occurring between 1993 and 2003.
4. In or about December 2003, PwC filed the *PwC v. Shoen* lawsuit, alleging multiple acts of intentional misconduct against Edward J. Shoen, Sylvia Shoen, Mark V. Shoen, Charlene J. Shoen, SAC Self-Storage Corporation, Two SAC Self-Storage Corporation, Three SAC Self-Storage Corporation, Six SAC Self-Storage Corporation, SAC Holding Corporation, and SAC Holding II Corporation, James P. Shoen, Mary K. Shoen, Charles J. Bayer, Sally Bayer, John P. Brogan, John M. Dodds, Barbara Edstrom, James J. Grogan, Mary Joe Grogan, and M. Frank Lyons.
5. In or about November 2003, an amended consolidated class action complaint was filed by AMERCO shareholders against AMERCO and PwC, captioned *In Re AMERCO Securities Class Action*, CV-N-03-0050-ECR (RAM) (“Shareholder Action”).
6. To avoid the expense, inconvenience, and distraction of further litigation, and without any acknowledgment of any liability, the Parties have agreed to compromise and settle their claims as specified in this Agreement.

II.

SETTLEMENT OF CLAIMS .

In consideration of the promises and obligations set forth in this Agreement:

- A. The effective date of this Agreement (the "Effective Date") shall be the date on which the last of the signatories listed on the signature pages hereto has executed this Agreement.
- B. Within nine (9) days of the Effective Date (and if such day is not a business day, on the immediately following business day): (i) the Parties shall simultaneously file stipulated dismissals, with prejudice, of the *AMERCO v. PwC* and *PwC v. Shoen* lawsuits, and (ii) immediately upon such filings, PwC LLP shall pay to AMERCO the total sum of **** comprised of \$51,341,288.36 plus attorneys' fees and costs (the “Settlement Amount”) by wire transfer in immediately available funds to the following account:

Bank One of Arizona
Phoenix, Arizona
ABA # 122100024
For the benefit of AMERCO
Account No. 01740588

**** The amount has been omitted pursuant to a request for confidential treatment and the omitted information has been filed with the Securities and Exchange Commission separately.

- C. AMERCO shall be responsible for ascertainment and payment of any and all taxes, fees, duties, levies, and other charges imposed with respect to the Settlement Amount.

III.

RELEASES .

Except as to the rights and obligations of the Parties pursuant to the provisions of this Agreement, and in further

consideration for the execution of this Agreement:

- A. **AMERCO and the SAC Entities' Release of All Claims Against PwC**. AMERCO and the SAC Entities, on behalf of themselves, their officers, employees, directors, parents, subsidiaries, shareholders, alter egos, affiliates, partners, agents, attorneys, insurers, accountants, heirs, executors, administrators, conservators, successors, and assigns, hereby fully and forever release and discharge PwC and each of PwC's respective officers, employees, directors, parents, subsidiaries, shareholders, alter egos, affiliates, partners, agents, attorneys, insurers, accountants, heirs, executors, administrators, conservators, successors, and assigns from any and all claims, rights, demands, causes of action, obligations, orders, damages, expenses, debts, costs, attorneys fees, judgments and liabilities of whatever kind or nature in law, equity or otherwise, whether now known or unknown, suspected or unsuspected, and whether or not concealed or hidden, which have existed or may have existed, or which do exist or which hereafter can, shall or may exist, based on any facts, events, or omissions occurring from the beginning of time to the date of this Agreement.
- B. **PwC's Release of All Claims Against AMERCO and the SAC Entities**. PwC, on behalf of themselves, their officers, employees, directors, parents, subsidiaries, shareholders, alter egos, affiliates, partners, agents, attorneys, insurers, accountants, heirs, executors, administrators, conservators, successors, and assigns, hereby fully and forever release and discharge AMERCO and the SAC Entities and each of AMERCO's and the SAC Entities' respective officers, employees, directors, parents, subsidiaries, shareholders, alter egos, affiliates, partners, agents, attorneys, insurers, accountants, heirs, executors, administrators, conservators, successors, and assigns from any and all claims, rights, demands, causes of action, obligations, orders, damages, expenses, debts, costs, attorneys fees, judgments and liabilities of whatever kind or nature in law, equity or otherwise, whether now known or unknown, suspected or unsuspected, and whether or not concealed or hidden, which have existed or may have existed, or which do exist or which hereafter can, shall or may exist, based on any facts, events, or omissions occurring from the beginning of time to the date of this Agreement.
- C. **Waiver of Other Claims**. The Parties acknowledge that there is a possibility that after the execution of this Agreement, they may discover facts, claims or defenses which were unknown or unsuspected at the time this Agreement was executed, and which if known by them at that time may have materially affected their decision to execute this Agreement. The Parties each acknowledge and agree that by reason of this Agreement, and the releases contained in the preceding two paragraphs, they are assuming any risk of such unknown facts and such unknown and unsuspected claims.
- D. **Shareholder Action**. AMERCO and PwC have both been named as defendants in a consolidated putative class action lawsuit brought by AMERCO shareholders captioned In Re AMERCO Securities Class Action, CV-N-03-0050-ECR (RAM) ("Shareholder Action"). On October 8, 2004, the Shareholder Action was transferred to the United States District Court, District of Arizona. AMERCO and the SAC Entities on the one hand and PwC on the other hand, agree that they shall not assert against the other any right to indemnification, contribution, cross-claim, or counter claim arising out of the Shareholder Action in federal or state court. The Parties agree that nothing in this Agreement is intended to waive the ability of a Party to prove up its own proportionate fault under the Private Securities Litigation Reform Act ("PSLRA") or under any other applicable law, or to assert any other defense provided by law. The Parties also agree to cooperate in the defense of the Shareholder Action. In furtherance of such cooperation, the Parties agree that no Party shall make any agreement with the Shareholder Action's plaintiffs to assist them in any way in prosecuting the Shareholder Action except as required by law or court order.
- E. **Derivative Action**. AMERCO, the SAC Entities, and certain of their officers and directors have been named as defendants in a derivative action captioned Paul F. Shoen v. SAC Holding Corp. et al., CV02-

05602, which was consolidated with Ron Belec v. William E. Carty et al., CV02-06331, M.S. Management Company, Inc. v. William E. Carty, et al., CV03-00386, and two additional derivative suits alleging substantially the same claims (collectively “Derivative Action”). The Parties agree that nothing in this Agreement is intended to waive the ability of the AMERCO defendants to assert any and all defenses available to them in law or equity, including, but not limited to, their ability to prove up their own proportionate fault. AMERCO and the SAC Entities on the one hand and PwC on the other hand agree that they shall not assert against the other any right to indemnification, contribution, cross-claim, or counter claim arising out of the Derivative Action.

F. **Other Actions**. AMERCO and the SAC Entities on the one hand and PwC on the other hand agree that they shall not assert against the other any right to indemnification, contribution, cross-claim, or counter claim in any other action arising out of any conduct related to AMERCO’s and PwC’s historic relationship in which a Party is named as a defendant.

IV.

ADDITIONAL PROVISIONS

A. **Confidentiality**. The Parties and their attorneys agree that the terms and conditions of this Agreement shall remain confidential and they shall not disclose such terms or conditions to any other person, other than such persons whose knowledge is necessary to carry out its provisions (and who shall be advised of its confidentiality and agree to be bound by this provision), and except: (1) to the extent such disclosure is required for its enforcement, or (2) as otherwise required by federal or state law, including pursuant to any discovery procedures authorized by such laws.

If disclosure of the settlement and Settlement Amount is required to be made in any filing by AMERCO with the United States Securities and Exchange Commission (the “SEC”), AMERCO shall only report the Settlement Amount net of attorneys’ fees and costs unless otherwise required by law.

Neither Party shall issue press releases regarding the settlement. If media inquiries are made of any Party to this Agreement regarding this Agreement and related settlement, such inquiries may be responded to with the following statement only: “The disputes between the parties have been resolved and the parties have agreed not to discuss the terms of the settlement and to keep them confidential. A description of the material terms of the settlement may be found in AMERCO’s SEC filings.”

Any other disclosure with respect to this Agreement shall be made only pursuant to a court order protecting the confidentiality of the Agreement, its terms, and its conditions, or following the denial of such an order, and only to such persons and/or agencies authorized to receive such information under such order.

- B. **Disclaimer Of Liability**. While this Agreement resolves all issues between the Parties regarding the AMERCO v. PwC and PwC v. Shoen lawsuits, as well as any acts or omissions by either Party during their entire relationship, it does not constitute an admission by any Party of any of the matters alleged in any of the complaints filed, or of any liability or wrongdoing whatsoever. Nothing in this Agreement or any related document shall be construed or admissible in any proceeding as evidence of liability or wrongdoing by any of the Parties. The Parties hereto agree that this Agreement is the result of a compromise within the provisions of Rule 408 of the Arizona Rules of Evidence and Rule 408 of the Federal Rules of Evidence.
- C. **Additional Documentation And Cooperation With Further Proceedings**. The Parties agree to execute whatever additional documentation and cooperate in further proceedings if necessary to effectuate the terms of this Agreement without charge or other consideration to any other Party.
- D. Integration and Representations.
 - 1. This document constitutes the entire agreement and understanding between the Parties concerning the releases and dismissals described herein, and supersedes and replaces all prior negotiations, proposed agreements and agreements, written and oral, relating thereto. This is a fully integrated document.
 - 2. Each of the Parties hereto acknowledges that no other Party hereto, or any agent or attorney of any other Party hereto, has made any promise, representation or warranty whatever, express or implied, not contained herein concerning the subject matter hereof, to induce it to execute this document, and acknowledges that it has not executed this instrument in reliance on any such promise, representation, or warranty not contained herein.
 - 3. Each of the Parties hereto has read this Agreement and understands the contents thereof.
 - 4. Each of the Parties hereto acknowledges that it has been represented by legal counsel of its own choice throughout all negotiations that preceded the execution of this document.
 - 5. Each of the Parties hereto acknowledges and represents that it has not assigned or transferred any claim covered by this Agreement that any Party has, had, may have, or may have had against any other.
- E. **No Oral Modifications**. This Agreement may not be altered, amended or modified in any respect whatsoever, except by a writing duly executed by authorized representatives of each of the Parties.
- F. **Authority to Sign**. Each person signing this Agreement represents and warrants to each other Party that he or she has all requisite power and authority to execute this Agreement and that this Agreement when executed and delivered will be a binding obligation of, and enforceable against, such Party in accordance with its terms.
- G. **Predecessors, Successors, and Assigns**. This Agreement shall bind and inure to the benefit of the

Parties hereto and their respective successors and assigns (and their respective predecessors to the fullest extent permitted by law). Notwithstanding the foregoing, this Agreement is not intended to inure to the benefit of any third parties, except as such third parties are specifically identified herein and only to the extent specifically provided herein.

- H. **Headings**. Section and paragraph headings contained in this Agreement are for convenience and shall not be considered for any purpose in construing this Agreement.
- I. **Execution By Facsimile and In Counterparts**. This Agreement may be executed by facsimile and in any number of counterparts, which together shall constitute one instrument.
- J. **Severability**. In the event that any provision of this Agreement is held to be invalid, void, unenforceable, or illegal by any court of competent jurisdiction, it shall be deemed severable from the remainder of the Agreement and shall in no way affect, impair, or invalidate any other provision of this Agreement, unless the severed portion was essential to the intended purpose of the Agreement.
- K. **Notices**. Any required notices shall be delivered in writing, by facsimile, with a copy sent by United States Postal Service, first-class service to:

AMERCO:

Larry De Respino, Esq.
U-Haul International, Inc.
2721 North Central Avenue
Phoenix, Arizona 85004
Telephone: (602) 263-6977

PwC:

Joseph A. Gross, Esq.
PricewaterhouseCoopers LLP
555 California Street
San Francisco, California 94014
Telephone: (415) 393-8728
Facsimile: (415) 291-4012

With a copy to:

Linda J. Smith, Esq.
O'Melveny & Myers LLP
1999 Avenue of the Stars, Ste. 700
Los Angeles, California 90067
Telephone: (310) 553-6700
Facsimile: (310) 246-6779

The SAC Entities :

Mark V. Shoen
715 S. Country Club Drive
Mesa, Arizona 85210

No notice will be deemed to have been duly given unless and until it is actually received by an individual at the intended recipient's address (or delivery is refused by such person).

L. **Dispute Resolution**. Judge Mark A. Armstrong has agreed to retain jurisdiction over the Agreement. Accordingly, any controversy or claim arising out of or relating to this Agreement (whether sounding in contract, tort, or otherwise), or the breach thereof, shall be adjudicated by him. The Parties submit and agree that Judge Armstrong shall have exclusive and binding authority over this Agreement. In the event of any dispute arising out of this Agreement, each party shall, within twenty-four (24) hours thereof, present such dispute for final and binding resolution to Judge Armstrong.

The prevailing Party in any dispute under this Agreement may be entitled to an award of its reasonable costs, including attorneys' fees, as determined by Judge Armstrong at his sole discretion.

To the extent that Judge Armstrong is unable to fulfill this role, a nominee shall be designated by Judge Armstrong. Such nominee shall be subject to approval by both parties within twenty-four (24) hours, which approval shall not be unreasonably withheld.

M. **Waiver of Terms**. A waiver of any term or condition of this Agreement will not be deemed to be, and may not be construed as, a waiver of any other term or condition hereof.

N. **Neutral Construction**. This Agreement shall not be construed against the Party or Parties preparing it, but shall be construed as if all Parties jointly prepared it, and any uncertainty or ambiguity shall not be interpreted against any one Party.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the Effective Date.

DATED: November 23, 2004
SHOEN

EDWARD J.

On Behalf of
AMERCO

By: /s/ Edward J. Shoen

Edward J. Shoen

DATED: November 23, 2004
SHOEN

EDWARD J.

On Behalf of

INC.

U-HAUL INTERNATIONAL,

DATED: November 23, 2004
SHOEN

By: /s/ Edward J. Shoen

Edward J. Shoen

EDWARD J.

On Behalf of Himself

By: /s/ Edward J. Shoen

Edward J. Shoen

MARK V.

DATED: November 19, 2004
SHOEN

On Behalf of
BLACKWATER

INVESTMENTS AND

THE SAC ENTITIES

By: /s/ Mark V. Shoen

Mark V. Shoen

MARK V.

DATED: November 19, 2004
SHOEN

On Behalf of Himself

By: /s/ Mark V. Shoen

Mark V. Shoen

RICHARD M.

DATED: November 23, 2004
AMOROSO

On Behalf of
REPUBLIC WESTERN LIFE

INSURANCE

By: /s/ Richard M. Amoroso

Richard M. Amoroso

RICHARD M.

DATED: November 23, 2004
AMOROSO

On Behalf of Himself

By: /s/ Richard M. Amoroso

Richard M. Amoroso

DATED: November 30, 2004

By: /s/ Richard Herrera

Richard Herrera

DATED: November 23, 2004

By: /s/ Sylvia Shoen

Sylvia Shoen

DATED: November 19, 2004

By: /s/ Charlene J.

Shoen

Charlene J. Shoen

DATED: November 23, 2004

By: /s/ James P. Shoen

James P. Shoen

DATED: November 23, 2004

By: /s/ Mary K. Shoen

Mary K. Shoen

DATED: November 19, 2004

By: /s/ Charles J.

Bayer

Charles J. Bayer

DATED: November 19, 2004

By: /s/ Sally Bayer

Sally Bayer

DATED: November __, 2004

By: /s/ John P. Brogan

John P. Brogan

DATED: November __, 2004

By: /s/ Margaret Brogan

Margaret Brogan

DATED: November 19, 2004

By: /s/ John M. Dodds

John M. Dodds

DATED: November 19, 2004

By: /s/Barbara Edstrom

Barbara Edstrom

DATED: November 19, 2004

By: /s/ James J. Grog

James J. Grogan

DATED: November 19, 2004

By: /s/ Mary Joe Grogan

Mary Joe Grogan

DATED: November 19, 2004

By: /s/ M. Frank Lyons

M. Frank Lyons

DATED: November 19, 2004

By: /s/ William E. Carty

William E. Carty

DATED: November 19, 2004

By: /s/ Mary Carty

Mary Carty

DATED: November __, 2004

By: /s/ Gary B. Horton

Gary B. Horton

DATED: November 24, 2004

PRICEWATERHOUSECOOPERS LLP

By: /s/ Rodman W. Benedict

Rodman W. Benedict, Deputy General

Counsel

DATED: November 29, 2004

By: /s/ Michael O. Gagnon

Michael O. Gagnon

DATED: November 23, 2004

By: /s/ Joseph A. Gross

Joseph A. Gross

DATED: November 23, 2004

M.D.

By: /s/ Carol L. Brosgart,

Carol L. Brosgart, M.D.

DATED: November 24, 2004

By: /s/ Terri M. Hulse

Terri M. Hulse

DATED: November 24, 2004

By: /s/ Gary R. Hulse

Gary R. Hulse

DATED: November __, 2004

By: /s/ Randal S. Vallen

Randal S. Vallen

DATED: November , 2004

By: /s/ Juli Vallen

Juli Vallen

PROPERTY MANAGEMENT AGREEMENT

THIS PROPERTY MANAGEMENT AGREEMENT (this " Agreement ") is entered into as of November 16, 2004 among Galaxy Storage Two, L.P., a Nevada limited partnership (" Owner "), and the subsidiaries of U-Haul International, Inc. set forth on the signature block hereto (" Manager ").

RECITALS

A. Owner owns the real property and self-storage related improvements thereon located at the street addresses identified on Exhibit A hereto (hereinafter, collectively the "Property").

B. Owner intends that the Property be rented on a space-by-space retail basis to corporations, partnerships, individuals and/or other entities for use as self-storage facilities.

C. Owner desires that U-Haul manage the Property and U-Haul desires to act as the property manager for the Property, all in accordance with the terms and conditions of this Agreement and as more specifically designated on Exhibit A hereto.

NOW, THEREFORE, in consideration of the mutual covenants herein contained, the parties hereto hereby agree as follows.

1. Employment.

(a) Owner hereby retains Manager, and Manager agrees to act as manager of the Property upon the terms and conditions hereinafter set forth.

(b) Owner acknowledges that Manager, and/or Manager affiliates, is in the business of managing self-storage facilities and businesses conducted thereat, including, but not limited to, the sale of packing supplies and rental of trucks and equipment, both for its own account and for the account of others. It is hereby expressly agreed that notwithstanding this Agreement, Manager and such affiliates may continue to engage in such activities, may manage facilities other than those presently managed by Manager and its affiliates (whether or not such other facilities may be in direct or indirect competition with Owner) and may in the future engage in other business which may compete directly or indirectly with activities of Owner.

(c) In the performance of its duties under this Agreement, Manager shall occupy the position of an independent contractor with respect to Owner. Nothing contained herein shall be construed as making the parties hereto (or any of them) partners or joint venturers, nor construed as making Manager an employee of Owner.

2. Duties and Authority of Manager.

Subject to the terms and conditions of this Agreement:

(a) **General Duties and Authority** . Manager shall have the sole and exclusive duty and authority to fully manage the Property and supervise and direct the business and affairs associated or related to the daily operation thereof, to collect on behalf of Owner all revenues related to the Property, to pay on behalf of Owner all expenses of the Property (including payment of all debt service to the mortgage lender with respect to the Property) and to execute on behalf of Owner such documents and instruments as, in the sole judgment of Manager, are reasonably necessary or advisable under the circumstances in order to fulfill Manager's duties hereunder. Such duties and authority shall include, without limitation, those set forth below.

(b) **Renting of the Property** . Manager shall establish policies and procedures for the marketing activities for the Property, and shall advertise the Property through such media as Manager deems advisable, including, without limitation, advertising with the Yellow Pages. Manager's marketing activities for the Property shall be consistent with the scope and quality implemented by Manager and its affiliates at any other properties managed by Manager or its affiliates. Manager shall have the sole discretion, which discretion shall be exercised in good faith, to establish the terms and conditions of occupancy by the Owners of the Property, and Manager is hereby authorized to enter into rental agreements on behalf and for the account of Owner with such Owners and to collect rent from such Owners on behalf and for the account of Owner. Manager may jointly advertise the Property with other properties owned or managed by Manager or its Affiliates, and in that event, Manager shall reasonably allocate the cost of such advertising among such properties.

(c) **Repair, Maintenance and Improvements** . Manager shall make, execute, supervise and have control over the making and executing of all decisions concerning the acquisition of furniture, fixtures and supplies for the Property, and may purchase, lease or otherwise acquire the same on behalf of Owner. Manager shall make and execute, or supervise and have control over the making and executing of all decisions concerning the maintenance, repair, and landscaping of the Property, provided, however, that such maintenance, repair and landscaping shall be consistent with the maintenance, repair and landscaping implemented by Manager and its affiliates at any other properties managed by Manager or its affiliates. Manager shall, on behalf of Owner, negotiate and contract for and supervise the installation of all capital improvements related to the Property; provided, however, that Manager agrees to secure the prior written approval of Owner on all such expenditures in excess of any threshold amounts set forth in any loan documents relating to the Property (collectively, "Loan Documents") for any one item, except monthly or recurring operating charges and/or emergency repairs if in the opinion of Manager such emergency-related expenditures are necessary to protect the Property from damage or to maintain services to the Owners or self-storage licensees as called for in their respective leases or self-storage agreements.

(d) **Personnel** . Manager shall select all vendors, suppliers, contractors, subcontractors and employees with respect to the Property and shall hire, discharge and supervise all labor and employees required for the operation and maintenance of the Property. Any employees so hired shall be employees of Manager, and shall be carried on the payroll of Manager. Employees may include, but need not be limited to, on-site resident managers, on-site assistant managers, and relief managers located, rendering services, or performing activities on the Property in connection with its operation and management. The cost of employing such persons shall not exceed prevailing rates for comparable persons performing the same or similar services with respect to real estate similar to the Property in the general vicinity of each respective Property. Manager shall be responsible for all legal and insurance requirements relating to its employees.

(e) **Service Agreements** . Manager shall negotiate and execute on behalf of Owner such agreements which Manager deems necessary or advisable for the furnishing of utilities, services, concessions and supplies, for the maintenance, repair and operation of the Property and such other agreements which may benefit the Property or be

incidental to the matters for which Manager is responsible hereunder.

(f) **Other Decisions** . Manager shall make the decisions in connection with the day-to-day operations of the Property.

(g) **Regulations and Permits** . Manager shall comply in all respects with any statute, ordinance, law, rule, regulation or order of any governmental or regulatory body, having jurisdiction over the Property (collectively, "Laws"), respecting the use of the Property or the maintenance or operation thereof, the non-compliance with which could reasonably be expected to have a material adverse effect on Owner or any Property. Manager shall apply for and obtain and maintain, on behalf of Owner, all licenses and permits required or advisable (in the reasonable judgment of Manager) in connection with the management and operation of the Property. Notwithstanding the foregoing, Manager shall be permitted to contest any Applicable Laws to the extent and pursuant to the same conditions that Owner is permitted to contest any Laws under the Loan Documents.

(h) **Records and Reports of Disbursements and Collections** . Manager shall establish, supervise, direct and maintain the operation of a system of record keeping and bookkeeping with respect to all receipts and disbursements in connection with the management and operation of the Property. The books, records and accounts shall be maintained at the Manager's office or at Owner's office, or at such other location as Manager and Owner shall determine, and shall be available and open to examination and audit quarterly by Owner, its representatives, and, subject to the terms of the Loan Documents, any mortgagee of the Property, and such mortgagee's representative. On or before sixty (60) days after the close of each quarter, Manager shall cause to be prepared and delivered to Owner a monthly statement on a per-Property basis, of receipts, expenses and charges, together with a statement, on a per-Property basis, of the disbursements made by Manager during such period on Owner's behalf.

(i) **Collection** . Manager shall be responsible for the billing and collection of all accounts receivable and for payment of all accounts payable with respect to the Property and shall be responsible for establishing policies and procedures to minimize the amount of bad debts.

(j) **Legal Actions** . Manager shall cause to be instituted, on behalf and in its name or in the name of Owner as appropriate, any and all legal actions or proceedings Manager deems necessary or advisable to collect charges, rent or other income due to Owner with respect to the Property and to oust or dispossess Owners or other persons unlawfully in possession under any lease, license, concession agreement or otherwise, and to collect damages for breach thereof or default thereunder by such Owner, licensee, concessionaire or occupant.

(k) **Insurance** . Manager shall obtain and maintain (or cause to be obtained and maintained) in full force and effect the insurance with respect to the Property and the operation of Owner's and Manager's business operations thereat, and Manager's employees, as required by the Loan Documents.

(l) **Taxes** . During the term of this Agreement, Manager shall pay on behalf of Owner, prior to delinquency, all real estate taxes, personal property taxes, and all other taxes assessed to, or levied upon, the Property. If required by the holder of any note secured by the Property, Manager will set aside, from Owner's funds, a reserve from each month's rent and other income collected, in an amount required by said holder for purposes of payment of real property taxes.

(m) **Limitations on Manager Authority** . Notwithstanding anything to the contrary set forth in this Section 2, Manager shall not, without obtaining the prior written consent of Owner, (i) rent storage space in the Property by written lease or agreement for a stated term in excess of one year unless such lease or agreement is terminable by the giving of not more than thirty (30) days written notice, (ii) alter the building or other structures of the Property in violation of the Loan Documents; (iii) make any other agreements which exceed a term of one year and are not terminable on thirty day's notice at the will of Owner, without penalty, payment or surcharge; (iv) act in violation of any Law, or (v) violate any term or condition of the Loan Documents.

(n) **Shared Expenses** . Owner acknowledges that certain economies may be achieved with respect to certain expenses to be incurred by Manager on behalf of Owner hereunder if materials, supplies, insurance or services are purchased by Manager in quantity for use not only in connection with Owner's business at the Property but in connection with other properties owned or managed by Manager or its affiliates. Manager shall have the right to purchase such materials, supplies, insurance and/or services in its own name and charge Owner a pro rata allocable share of the cost of the foregoing; provided, however, that the pro rata cost of such purchase to Owner shall not result in expenses that are either inconsistent with the expenses of other "U-Haul branded" locations in the general vicinity of the applicable Property or greater than would otherwise be incurred at competitive prices and terms available in the area where the Property is located; and provided further, Manager shall give Owner access to records (at no cost to Owner) so Owner may review any such expenses incurred.

(o) **Deposit of Gross Revenues** . All Gross Revenues (as hereinafter defined) shall be deposited into a bank account maintained by U-Haul (or its parent company) as for the benefit of the Owner. To the extent that the Gross Revenues are deposited into a collective account maintained by U-Haul (or its parent company) for the benefit of multiple property owners, U-Haul (or its parent company) shall reconcile such account daily and maintain such records as shall clearly identify each day the respective interest of each owner in such collective account. Gross Revenues of the Owner shall be applied first to the repayment of Owner's senior debt with respect to the Property, and then to U-Haul in reimbursement of expenses and for management fees as provided under Section 4 below.

(p) **Obligations under Loan Documents and other Material Contracts** . Manager shall take such actions as are necessary or appropriate under the circumstances to ensure that Owner is in compliance with the terms of the Loan Documents and any other material agreement relating to the Property to which Owner is a party. Nothing herein contained shall be deemed to obligate Manager to fund from its own resources any payments owed by Owner under the Loan Documents or otherwise be deemed to make Manager a direct obligor under the Loan Documents, except as may otherwise be expressly provided therein.

(q) **Obligations notwithstanding other Tenancy at the Property** . Manager shall perform all of its obligations under this Agreement in a professional manner consistent with the standards it employs at all of its managed locations.

3. Duties of Owner.

Owner shall cooperate with Manager in the performance of Manager's duties under this Agreement and to that end, upon the request of Manager, to provide, at such rental charges, if any, as are deemed appropriate, reasonable office space for Manager employees on the premises of the Property (to the extent available) and to give Manager access to all files, books and records of Owner relevant to the Property. Owner shall not unreasonably withhold or delay any consent or authorization to Manager required or appropriate under this Agreement.

4. Compensation of Manager.

(a) **Reimbursement of Expenses** . Manager shall be entitled to reimbursement, on a quarterly basis, for all out-of-pocket reasonable and customary expenses actually incurred by Manager in the discharge of its duties hereunder. Such reimbursement shall be the obligation of Owner, whether or not Gross Revenues are sufficient to pay such amounts. If and to the extent Gross Revenue for any fiscal quarter shall be in excess of the amounts necessary to pay current expenses (after payment of all obligations under the Loan Documents), at Owner's option the Manager shall hold all or a portion of such excess in an interest-bearing escrow account to be applied at Owner's direction to cover future expenses. Any interest earned thereon shall be added to and treated as part of such account.

(b) **Management Fee** . Owner shall pay to Manager as the full amount due for the services herein provided a quarterly fee (the "Management Fee") which shall be four percent (4%) of the Property's trailing twelve

month Gross Revenue divided by four (4) ("Base Fee"), plus an annual incentive fee (the "Incentive Fee") based upon the performance of the Property as set forth on Exhibit B hereto. For purposes of this Agreement, the term "Gross Revenue" shall mean all receipts (excluding security deposits unless and until Owner recognizes the same as income) of Manager or Owner (whether or not received by Manager on behalf or for the account of Owner) arising from the operation of Owner's business at the Property, including without limitation, rental payments of self-storage customers at the Property, vending machine or concessionaire revenues, maintenance charges, if any, paid by the Owners of the Property in addition to basic rent and parking fees, if any. Gross Revenue shall be determined on a cash basis. Subject to the terms of Sections 2(o), the Management Fee shall be paid promptly, in arrears, within thirty (30) days of Owner's receipt of the invoice therefor, which invoice shall be sent from Manager to Owner following the end of each calendar quarter. Such invoice shall be itemized and shall include reasonable detail.

Except as provided in this Section 4, it is further understood and agreed that Manager shall not be entitled to additional compensation of any kind in connection with the performance by it of its duties under this Agreement.

(c) **Inspection of Books and Records** . Owner shall have the right, upon prior reasonable notice to Manager, to inspect Manager's books and records with respect to the Property, to assure that proper fees and charges are assessed hereunder. Manager shall cooperate with any such inspection. Owner shall bear the cost of any such inspection; provided, however, that if it is ascertained that Manager has overcharged Owner by more than 5% in any given quarter, the cost of such inspection shall be borne by Manager. Manager shall promptly reimburse Owner for any overpayment.

5. Use of Trademarks, Service Marks and Related Items.

Owner acknowledges the significant value of the "U-Haul" name in the operations of Owner's property and it is therefore understood and agreed that the name, trademark and service mark "U-Haul", and related marks, slogans, caricatures, designs and other trade or service items (the " Manager Trade Marks ") shall be utilized for the non-exclusive benefit of Owner in the rental and operation of the Property, and in comparable operations elsewhere. It is further understood and agreed that this name and all such marks, slogans, caricatures, designs and other trade or service items shall remain and be at all times the property of Manager and its affiliates, and that, except as expressly provided in this Agreement, Owner shall have no right whatsoever therein. Owner agrees that during the term of this agreement the sign faces at the property will have the name "U-Haul." The U-Haul sign faces will be paid for by Owner. Unless Owner has elected to continue to use the Manager Trade Marks as provided in Section 6 of this Agreement, upon termination of this agreement at any time for any reason, all such use by and for the benefit of Owner of any such name, mark, slogan, caricature, design or other trade or service item in connection with the Property shall be terminated and any signs bearing any of the foregoing shall be removed from view and no longer used by Owner. In addition, upon termination of this Agreement at any time for any reason, Owner shall not enter into any new leases of Property using the Manager lease form or use other forms prepared by Manager. It is understood and agreed that Manager will use and shall be unrestricted in its use of such name, mark, slogan, caricature, design or other trade or service item in the management and operation of other storage facilities both during and after the expiration or termination of the term of this Agreement.

6. Default; Termination.

(a) Any material failure by Manager or Owner (a " Defaulting Party ") to perform their respective duties or obligations hereunder (other than a default by Owner under Section 4 of this Agreement), which material failure is not cured within thirty (30) calendar days after receipt of written notice of such failure from the non-defaulting party, shall constitute an event of default hereunder; provided, however, the foregoing shall not constitute an event of default hereunder in the event the Defaulting Party commences cure of such material failure within such thirty (30) day period and diligently prosecutes the cure of such material failure thereafter but in no event shall such extended cure period exceed ninety (90) days from the date of receipt by the non-defaulting party of written notice of such

material default; provided further, however, that in the event such material failure constitutes a default under the terms of the Loan Documents and the cure period for such matter under the Loan Documents is shorter than the cure period specified herein, the cure period specified herein shall automatically shorten such that it shall match the cure period for such matter as specified under the Loan Documents. In addition, following notice to Manager of the existence of any such material failure by Manager, Owner shall each have the right to cure any such material failure by Manager, and any sums so expended in curing shall be owed by Manager to such curing party and may be offset against any sums owed to Manager under this Agreement.

(b) Any material failure by Owner to perform its duties or obligations under Section 4, which material failure is not cured within ten (10) calendar days after receipt of written notice of such failure from Manager, shall constitute an event of default hereunder.

(c) Owner shall have the right to terminate this Agreement, with or without cause, by giving not less than thirty (30) days' written notice to Manager pursuant to Section 14 hereof. Manager shall have the right to terminate this Agreement, with or without cause, by giving not less than ninety (90) days' written notice to Owner pursuant to Section 14 hereof.

(d) Upon termination of this Agreement, (x) Manager shall promptly return to Owner all monies, books, records and other materials held by Manager for or on behalf of Owner and shall otherwise cooperate with Owner to promote and ensure a smooth transition to the new manager and (y) Manager shall be entitled to receive its Management Fee and reimbursement of expenses through the effective date of such termination, including the reimbursement of any prepaid expenses for periods beyond the date of termination (such as Yellow Pages advertising).

7. Indemnification.

Manager hereby agrees to indemnify, defend and hold Owner, all persons and companies affiliated with Owner, and all officers, shareholders, directors, employees and agents of Owner and of any affiliated companies or persons (collectively, the "Indemnified Persons") harmless from any and all costs, expenses, attorneys' fees, suits, liabilities, judgments, damages, and claims in connection with the management of the Property and operations thereon (including the loss of use thereof following any damage, injury or destruction), arising from any cause or matter whatsoever, including, without limitation, any environmental condition or matter, except to the extent attributable to the willful misconduct or gross negligence on the part of the Indemnified Persons.

8. Assignment.

Manager shall not assign this Agreement to any party without the consent of Owner.

9. Standard for Property Manager's Responsibility.

Manager agrees that it will perform its obligations hereunder according to industry standards, in good faith, and in a commercially reasonable manner.

10. Estoppel Certificate.

Each of Owner and Manager agree to execute and deliver to one another, from time to time, within ten (10) business days of the requesting party's written request, a statement in writing certifying, to the extent true, that this Agreement is in full force and effect, and acknowledging that there are not, to such parties knowledge, any uncured defaults or specifying such defaults if they are claimed and any such other matters as may be reasonably requested by such requesting party.

11. Term; Scope.

Subject to the provisions hereof, this Agreement shall have an initial term (such term, as extended or renewed in accordance with the provisions hereof, being called the " Term ") commencing on the date hereof (the " Commencement Date ") and ending on the last day of the one hundred and twentieth (120th) calendar month next following the date hereof (the " Expiration Date "), provided however, the Term shall expire with respect to any individual Property as to which the Loan Documents have terminated in accordance with the terms of the Loan Documents (for instance due to a significant casualty or condemnation).

12. Headings.

The headings contained herein are for convenience of reference only and are not intended to define, limit or describe the scope or intent of any provision of this Agreement.

13. Governing Law.

The validity of this Agreement, the construction of its terms and the interpretation of the rights and duties of the parties shall be governed by the internal laws of the State of Arizona.

14. Notices.

Any notice required or permitted herein shall be in writing and shall be personally delivered or mailed first class postage prepaid or delivered by an overnight delivery service to the respective addresses of the parties set forth above on the first page of this Agreement, or to such other address as any party may give to the other in writing. Any notice required by this Agreement will be deemed to have been given when personally served or one day after delivery to an overnight delivery service or five days after deposit in the first class mail. Any notice to Owner shall be to the attention of President, c/o Jones Vargas, 100 West Liberty Street, 12th Floor, Reno, Nevada 89504. Any notice to Manager shall be to the attention of c/o U-Haul International, Inc. Legal Dept, 2721 North Central Avenue, Phoenix, AZ 85004, Attn: General Counsel.

15. Severability.

Should any term or provision hereof be deemed invalid, void or unenforceable either in its entirety or in a particular application, the remainder of this Agreement shall nonetheless remain in full force and effect and, if the subject term or provision is deemed to be invalid, void or unenforceable only with respect to a particular application, such term or provision shall remain in full force and effect with respect to all other applications.

16. Successors.

This Agreement shall be binding upon and inure to the benefit of the respective parties hereto and their permitted assigns and successors in interest.

17. Attorneys' Fees.

If it shall become necessary for any party hereto to engage attorneys to institute legal action for the purpose of enforcing their respective rights hereunder or for the purpose of defending legal action brought by the other party hereto, the party or parties prevailing in such litigation shall be entitled to receive all costs, expenses and fees (including reasonable attorneys' fees) incurred by it in such litigation (including appeals).

18. Counterparts.

This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the undersigned execute this Agreement as of the date set forth above.

Owner:

Galaxy Storage Two, L.P.

By: Galaxy Storage Two GP Corporation

By: /s/ Mark V. Shoen
Mark V. Shoen, President

Manager:

U-Haul Co. of Arizona, Inc.

By: /s/ Jennifer M. Settles
Secretary

U-Haul Co. of Rhode Island, Inc.

By: /s/ Jennifer M. Settles
Secretary

U-Haul Co. of Missouri, Inc.

By: /s/ Jennifer M. Settles
Secretary

U-Haul Co. of Florida, Inc.

By: /s/ Jennifer M. Settles
Secretary

Exhibit A

882058U-HAUL STORAGE SUNSPLASH	125 WEST HAMPTON AVENUE	MESA	Arizona	85210
796049U-HAUL CENTER PAWTUCKET	EXIT 26 I-95/LONSDALE AVE	PAWTUCKET	Rhode Island	2860
884086U-HAUL STORAGE MEXICO ROAD	7440 MEXICO ROAD	SAINT PETERS	Missouri	63376
882067U-HAUL STORAGE E 32ND STREET	1175 E 32ND STREET	YUMA	Arizona	85365
786055U-HAUL CENTER WESTCHASE	11401 WEST HILLSBOROUGH AVENUE	TAMPA	Florida	33635

Exhibit B
Management Fee Incentives

The following Incentive Fee shall be calculated and, if and to the extent earned, paid, annually after the end of each fiscal year of Owner:

In the event that net operating income of the Property equals or exceeds 110% (but less than 120%) of principal and interest under the Loan Documents ("P&I") for the prior fiscal year being calculated, the Incentive Fee for such quarter shall be 1% of the Property's Gross Revenue for such fiscal year.

In the event that net operating income of the Property equals or exceeds 120% (but less than 130%) of P&I for the prior fiscal year being calculated, the Incentive Fee for such quarter shall be 2% of the Property's Gross Revenue for such fiscal year.

In the event that net operating income of the Property equals or exceeds 130% (but less than 140%) of P&I for the prior fiscal year being calculated, the Incentive Fee for such quarter shall be 3% of the Property's Gross Revenue for such fiscal year.

In the event that net operating income of the Property equals or exceeds 140% (but less than 150%) of P&I for the prior fiscal year being calculated, the Incentive Fee for such quarter shall be 4% of the Property's Gross Revenue for such fiscal year.

In the event that net operating income of the Property equals or exceeds 150% of P&I for the prior fiscal year being calculated, the Incentive Fee for such quarter shall be 6% of the Property's Gross Revenue for such fiscal year.

EXHIBIT 31.1

RULE 13a-14(a)/15d-14(a) CERTIFICATION

I, Edward J. Shoen, certify that:

1. I have reviewed this quarterly report on Form 10-Q of AMERCO and U-Haul International, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Edward J. Shoan

Edward J. Shoan
President and Chairman of the
Board of AMERCO and U-Haul
International, Inc.

Date: February 9, 2005

EXHIBIT 31.2

RULE 13a-14(a)/15d-14(a) CERTIFICATION

I, Jack A. Peterson, certify that:

1. I have reviewed this quarterly report on Form 10-Q of AMERCO and U-Haul International, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over

financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Jack A. Peterson

Jack A. Peterson
Chief Financial Officer of AMERCO

Date: February 9, 2005

EXHIBIT 31.3

RULE 13a-14(a)/15d-14(a) CERTIFICATION

I, Robert T. Peterson, certify that:

1. I have reviewed this quarterly report on Form 10-Q of AMERCO and U-Haul International, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Robert T. Peterson

Robert T. Peterson
Chief Financial Officer of U-Haul International, Inc.

Date: February 9, 2005

EXHIBIT 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of AMERCO and U-Haul International, Inc. (together, the "Registrant") on Form 10-Q for the period ending December 31, 2004, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Edward J. Shoen, President and Chairman of the Board of AMERCO and U-Haul International, Inc. certify, to the best of my knowledge, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

AMERCO,
a Nevada corporation

/s/ Edward J. Shoen
Edward J. Shoen
President and Chairman of the Board

Date: February 9, 2005

U-HAUL INTERNATIONAL, INC.,
a Nevada corporation

/s/ Edward J. Shoen
Edward J. Shoen
President and Chairman of the Board

Date: February 9, 2005

EXHIBIT 32.2

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of AMERCO and U-Haul International, Inc. (together, the "Registrant") on Form 10-Q for the period ending December 31, 2004, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jack A. Peterson, Chief Financial Officer of AMERCO and U-Haul International, Inc. certify, to the best of my knowledge, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

AMERCO,
a Nevada corporation

/s/ Jack A. Peterson

Jack A. Peterson
Chief Financial Officer

Date: February 9, 2005

EXHIBIT 32.3

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of AMERCO and U-Haul International, Inc. (together, the "Registrant") on Form 10-Q for the period ending December 31, 2004, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Robert T. Peterson, Chief Financial Officer of U-Haul International, Inc. certify, to the best of my knowledge, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

U-HAUL INTERNATIONAL, INC.,
a Nevada corporation

/s/ Robert T. Peterson
Robert T. Peterson
Chief Financial Officer

Date: February 9, 2005

End of Filing

