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BODY:

Corporate Participants

* Jennifer Flachman AMERCO - Dir. of IR * Joe Shoen AMERCO - Chairman, President * Jason Berg AMERCO - Principal Accounting Officer * Rocky Wardrip AMERCO - Assistant Treasurer

Conference Call Participants

* Ian Gilson Granite Financial Group - Analyst * Jim Barrett C.L. King & Assoc. - Analyst * Ross Haberman Haberman Value Fund - Analyst * Simon Willis NCB Stockbrokers - Analyst

Presentation

OPERATOR: Good morning, my name is Andrea and I will be your conference operator today. At this time I would like to welcome everyone to the AMERCO third-quarter fiscal 2008 investor conference call. All lines have been placed on mute to prevent any background noise. After the speakers' remarks there will be a question-and-answer session. (OPERATOR INSTRUCTIONS). Ms. Flachman, you may begin your conference.

JENNIFER FLACHMAN, DIR. OF IR, AMERCO: Thank you for joining us today and welcome to the AMERCO third-quarter fiscal 2008 investor call. Before we begin I would like to remind everyone that certain of the statements during this call regarding general revenues, income and general growth of our business constitute forward-looking

JASON BERG: No, not exactly. We won't be showing any of their future income. Now we still have to consolidate their activity through October 31st, so you're going to see those numbers remain in the financial statements as long as those historical periods are shown. But going forward any new activity will not be consolidated.

IAN GILSON: You have no financial interest in SAC II?

JASON BERG: No, we no longer consolidate SAC II. We still have junior notes with them, interest income and we also manage their storage properties for them. We will receive management fees from them which will show up in the U-Haul financial statements as management fee income.

JOE SHOEN: Which is precisely what the economic relationship has been, but the accounting presentation has been subject to certain accounting conventions that aren't always dead on what the economic relation should be. And now these two are going to mirror each other more closely and so the -- including them in our gross revenue is confusing, but including them in our interest income which we do get actual interest income, management fee income. And of course to the extent they're U-Haul dealers or they do U-Haul revenue of course we see all that revenue. So there's still a lot of flows, but the flows are presented on an income statement basis which is really where the economic interest is.

IAN GILSON: Okay. Since you do get the benefit of the U-Haul dealer on the storage side, is SAC II growing, stable, declining? Can you give us an idea of what that U-Haul revenue stream might look like?

JASON BERG: The U-Haul revenue stream that we receive from them as management fees --.

JOE SHOEN: No, he means the truck --.

IAN GILSON: The truck rental from the sites they're in, the SAC II and other SAC profiters.

JOE SHOEN: They very much mirror the entire company. So I can't give you -- I don't have it in my command, their actual quarter results. They're going to be very much -- mirror the whole company, so in other words they were flat for the quarter or maybe up a tiny percent or something. There's no prospect of them diminishing, Ian. But I would expect them to grow at or below the companies overall because SAC is not adding locations in the -- going ahead as we add a location, the intent is to add it at the U-Haul level and not at the SAC level. So you would see hopefully more growth at the U-Haul level.

prudent although it's costing us money because you can obviously take on average cost of debt or incremental cost of debt and put it up against the preferred and it's having a negative income statement effect every quarter.

ROSS HABERMAN: I greatly appreciate your conservatism. I guess I'm just asking if you do decide to buy back whatever you do, at some point does the preferred become a better, more compelling buy than the common and that's what I'm trying to get a feel for?

JOE SHOEN: I think that's a real issue and we don't have a -- right now the buyback is only on the common, but I think you're addressing a real issue and it has its proponent by the Company, but we don't have -- there's nothing I have to announce or I don't want to imply an announcement is coming tomorrow or something. But you're hitting the nail on the head.

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So we have to go and every market where they're really not competing with us or every size of truck where they're really not competing we need to try to get a fair price and which I think we did an okay job of that in the third quarter and so we got a little teeny bit of revenue, but overall pricing is probably still down year-to-year all in, but I couldn't tell you it's 3% or 7%. We are sensitive to 1%, as you know. So if I got a 1% price increase it would be let's rent a ballroom and have a party at this end. It would be a big deal.

So we're pushing for it we're going to continue to push for it. I believe the customer wants us to push for it. In the near-term however my focus is on we're going to be competitive on price. We'll match at the counter in all cases. So if you come to the counter and you say I just quoted Budget and he was whatever -- ex dollars less, my guy at the counter has full authority to say we're in and get the rental but we're not publishing at that rate. I think that's a reasonable thing.

And then I'm focusing my people on the overall customer service issues. Okay, what can we do to justify a price difference given that in many cases we're going to be above them? But it's not that hard in the economy to justify 3 or 5% with service in my believe. Now you have to really do it, but I believe we have it and I believe we can really do it. And so that's where I'm driving my people who are delivering the product.

I'm not driving them hard on match, match, match. Okay? They have the power to do it and they're doing it based on their discretion. If they think that they're going to lose the rental at the counter I'm fairly confident they're going to match a rate if they think the rate is at all real. And sometimes that will be below our cost of providing the service and that's just how the cookie is going to crumble.

But I think we -- I'm sure that we have room to do a better job with our customer in the overall customer service experience. I believe if we tomorrow could patch that we'd see overall increase. And of course I see very detailed data -- every day I see locations that are up solidly in both transactions and revenue and these are just simply people who are managing better, Jim.

So that becomes my challenge is to get the whole group to manage better. Because we're competing for the customer's dollar in the economy and you know as much about that as anybody -- the customer has choices, but still people still put a premium on service. And if they come away -- it's small things; did you help carry the boxes to the car for the customer? Well, that's a pain but over time that means something to people.

We're doing a lot on the sustainability front trying to help the customer with fuel economy given that you can only do a -- it's a finite amount of help you can give them, but we're trying to help them on fuel economy. We're working with them on things like our cardboard -- I believe that the customer responds to that and is willing to overlook $15 or $20 on the price in many instances if they just see that the whole thing is just -- they're winning in so many other ways that they don't have to just beat us to death on price.

But when the price is $200 different or $300 different, well that's a tougher deal for my guy or gal at the counter to say our products are all biodegradable; therefore, you should pay $200 more. I don't think that goes down so easy. So that is causing issues inside of length of rental and size of truck issues. And it makes their strategy more viable on a $1300 rental than it is on a $150 rental.

JIM BARRETT: How would you characterize Penske's behavior in all of this?

JOE SHOEN: Penske's behavior is that they are doing Penske's game, which is typically what they have always done. And they have always priced off a different rationale than we have; closer to a yield management or a -- I'd say closer to a yield management type thing. So their price could vary 100% in a two-week period.

We have for more than 20 years stayed off of those kind of swings, believing that in the long run they alienate the customer. However, Penske has picked share up off of budget more than likely with that strategy. Now we have picked share up off of budget with our strategy. Penske is a little different, and they often will do a rate -- and I can't quote you a rate that is current out of Florida -- but they often done a rate which is $175 out of Northern Florida to any location in

Long Island.

A fair cost of that rental, your real cost is $400 or $500 at least. So they are doing that -- they are losing $300 every time they rent a truck, and we ordinarily will not follow that rate. But Penske does that, and they are very much -- I think have the belief that if they can move the truck immediately, and of course, I don't see their books, so I don't see what really happens; but if they can move the truck immediately, they will rent it for $300 less than their true cost, believing they are going to pick it up on the return.

Our experience is on the return, we never get the full $300 back, and it is not a zero sum game, it is a declining sum game. And we as a general rule do not do those wide fluctuations in pricing.

JIM BARRETT: Actually, to touch upon what you just said, considering that Florida, Southern Cal, Arizona and Nevada are ground zero for what is happening, at least in new housing, are you seeing any change in rental behavior in those markets?

JOE SHOEN: Well, California has been a lot of spikes and valleys for us. The North and the South are totally

JIM BARRETT: Thank you very much. That helps.

OPERATOR: (OPERATOR INSTRUCTIONS). Simon Willis, NCB Stockbrokers.

SIMON WILLIS, ANALYST, NCB STOCKBROKERS: Before you mentioned that the U-Haul environment is currently tough and you also said though that transactions year-over-year are up about 1%. Just in general, when you think about a tough environment, what type of range would you put on for transactions in terms of growth year-over-year?

JOE SHOEN: I'd say somewheres plus or minus 1.5%. Right now I think we're running a little bit on the plus side. There are a lot of components inside that number and I seldom see it in the aggregate, but that's kind of where you're stuck with having to deal with it. So plus or minus 1.5%.

Then the question is immediately what impact does that have on revenue? If pricing was stable you'd see 1.5% at least change there, but pricing has not been as stable. Now I'm continuing to work that and we've invested a lot of energy and time and expensed all that energy and time by the way. but that could reap a reward and I fully intend for it to and I have some pretty talented people who think we're going to see it. But I'm not going to the bank on it.

SIMON WILLIS: Okay. How would you think of a normal environment versus a tough environment, what type of range in terms of year-over-year transactions?

JOE SHOEN: I think you're going to see that transactions are going to reflect overall demographics and not so much share movement, assuming we don't see a competitor either exit or enter the marketplace. And so what's overall demographics for moving a 5% range I would say. Now inside of that we do other things. As you know, we sell products which when we're doing a good job we've outpaced that on the sale of products, although we didn't this year or haven't so far. We also rent self storage and we've outpaced that on the self storage front consistently. And so that takes the whole top-line number and moves it ahead of the demographic number. But I think that's somewhat correct what I'm saying.

SIMON WILLIS: Okay. Would you describe the current pricing environment as more competitive than usual or kind of within line of the natural competitiveness of the market?

JOE SHOEN: I think it's silly because -- we're running below cost in lots of markets. And I didn't bring a bunch of quotes to me, but I think two or three calls ago we quoted like 20 prices and by just -- without having any inside information at all you could deduce they were below the cost of this vehicle ownership. And we haven't for long said you can't lose money here and count on making it there. We don't believe that that's a fundamental good approach because you may have a competitor who's only really active in the market where you think you're going to make the money and they're going to force prices to a normal level.

So when you do something like rent a truck from Florida to Long Island for $129 or $159, you just threw $300 at least right down the gutter. And to say you're going to get that $300 premium for every rental going the other way I think is a very short sighted view. I don't think that that's proven itself to be a fact. Now everybody is entitled to their strategies, but that's our position is that's not a fact. You rent that thing for that low price, it does a lot of (technical difficulty) one of the biggest things is it confuses the customers to what is a fair price. Because the -- let's say $159 is a fair price or is your normal price of $700 or $800 a fair price? And so they don't know if they're getting a good deal or getting gouged.

So when they then encounter this $700 price going the other way our experience is they just scream bloody murder. And statistically the person most likely to go from point A to point B is the person who just went from point B to point A. So they actually do know those prices. You wouldn't think they would, but enough of the customer base knows it, maybe 20% or so, but, boy, they scream bloody murder and that's demoralizing even at the point of sale because our people at the point of sale are human beings and they're not rip-off artists. And if they think we're trying to rip the

JOE SHOEN: I think the biggest thing is trying to knock people's socks off with improved service. And like a lot of people at the home office, I see lots and lots of the complaints. And every time I see a complaint -- the standard one is that person tells 10 people and you wish to God you'd never made them mad. So I'm focusing on that saying if we could.

We're bringing customers in at some kind of a steady rate I believe. I believe the differential is how many we're retaining if that makes sense. And if we up the retention we'll up the gross. And so I'm focusing on that and, again, I don't have a simple table that will show me arithmetically that I've achieved it. But I see a tremendous level of detail and I can see in the same market a location up 10 and one down 10 and it's not the market. They're identical markets. I mean, these are locations within 10 miles of each other in the same basic demos.

So it has to do with fundamental management like in every business and so I'm focusing on that. I don't see a magic wand or a campaign I can just produce and that's going to give me ex percent. So right now I'm focused very hard and have been for some period on, okay, let's simply make the existing customer happier and statistically we're going to do better. How to do that is a whole bunch of very minor moves, there's no magic wand but it's are your trucks cleaner. I believe our trucks are cleaner than they were last year at this time. And that's a big part of the experience, honest to God, is was the truck clean. And they're getting made filthy every day and there's a whole bunch of macro issues.

Truck washing, which is a mundane subject, becomes much less mundane if you're in my job because there are all kinds of market that won't even let you wash the truck in. You can't turn the hose on and run the water, they won't let you do it. But the customer still has the expectation, and you'd darn well better meet their expectation, so let's learn how to do it. I was alluding to some of that; in my prepared remarks I talked about these macro issues like sustainability. This is only getting -- it's bearing down worse.

I got an estimate from somebody the other day and in their estimate they gave me at least 10 lines on what they're doing for sustainability. That's how much they perceive -- it was a small business -- it's how much they perceive it's