
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended March 31, 2007

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: 333-128688

AHERN RENTALS, INC.

(Exact name of registrant as specified in its charter)

Nevada
(State or other jurisdiction of
incorporation or organization)

88-0381960
(I.R.S. Employer
Identification No.)

4241 South Arville Street
Las Vegas, Nevada
(Address of principal executive offices)

89103
(Zip Code)

(702) 362-0623
(Registrant's telephone number, including area code)

None
(Former name, former address and former fiscal year, if changed since last report)

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 a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes

No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at May 15, 2007
Common Stock, no par value per share	1,000 shares

Forward-Looking Statements

In addition to historical information, this Quarterly Report on Form 10-Q contains forward-looking statements which involve risks and uncertainties that could cause actual results to differ materially. Factors that might cause or contribute to such differences include, but are not limited to, those discussed in this report under "Part II. Item 1A - Risk Factors." You should carefully review the risks described in this report and in other documents we file from time to time with the Securities and Exchange Commission. When used in this report, the words "expects," "could," "would," "may," "anticipates," "intends," "plans," "believes," "seeks," "targets," "estimates," "looks for," "looks to," and similar expressions, as well as statements regarding our focus for the future, are generally intended to identify forward-looking statements. You should not place undue reliance on these forward-looking statements, which speak only as of the date of this report. We undertake no obligation to publicly release any revisions to the forward-looking statements or reflect events or circumstances after the date of this report.

AHERN RENTALS, INC.

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PART I FINANCIAL INFORMATION

ITEM 1. CONDENSED FINANCIAL STATEMENTS

AHERN RENTALS, INC.
Balance Sheets
March 31, 2007 and December 31, 2006

	<u>MARCH 31,</u> <u>2007</u>	<u>DECEMBER 31,</u> <u>2006</u>
ASSETS		
Cash	\$ 1,487,748	\$ 1,684,467
Accounts receivable, net of allowance of \$1,629,679 and \$1,777,843	40,730,187	43,881,043
Inventories	22,162,467	22,877,734
Rental equipment, net	409,917,323	392,084,311
Other property and equipment, net	39,340,237	35,735,561
Debt issuance costs, net of amortization	10,768,753	9,218,931
Other	3,082,412	4,045,890
	<u>\$ 527,489,127</u>	<u>\$ 509,527,937</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities		
Revolving credit facility	\$ 136,999,995	\$ 201,191,138
Accounts payable	39,458,041	42,231,691
Accrued expenses	14,025,877	17,345,029
Note payable	2,102,266	2,137,616
Second priority senior secured notes	293,268,195	200,000,000
	<u>485,854,374</u>	<u>462,905,474</u>
Stockholders' Equity		
Common stock, no par, 25,000 shares authorized, 1,000 shares issued and outstanding	5,915,214	5,915,214
Retained earnings	35,719,539	40,707,249
	<u>41,634,753</u>	<u>46,622,463</u>
	<u>\$ 527,489,127</u>	<u>\$ 509,527,937</u>

See notes to financial statements.

AHERN RENTALS, INC.
Statements of Income and Retained Earnings (Unaudited)
Three-Month Periods Ended March 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
REVENUES		
Equipment rentals and related	\$ 63,524,684	\$ 49,554,578
Sales of rental equipment	4,230,304	3,187,899
Other	<u>3,406,861</u>	<u>2,839,133</u>
Total	<u>71,161,849</u>	<u>55,581,610</u>
COST OF REVENUES		
Cost of equipment rental operations, excluding depreciation, including related party rent expense of \$832,024 and \$620,859	25,424,188	20,116,410
Depreciation, rental equipment	16,451,416	11,823,037
Cost of rental equipment sold	2,866,538	2,059,384
Other	<u>2,531,242</u>	<u>2,136,506</u>
Total	<u>47,273,384</u>	<u>36,135,337</u>
GROSS PROFIT	<u>23,888,465</u>	<u>19,446,273</u>
OPERATING EXPENSES		
Selling, general, and administrative, including related party rent expense of \$467,157 and \$310,653	10,105,780	7,605,446
Non-rental equipment depreciation and amortization	<u>1,687,470</u>	<u>1,362,703</u>
Total	<u>11,793,250</u>	<u>8,968,149</u>
OPERATING INCOME	<u>12,095,215</u>	<u>10,478,124</u>
OTHER INCOME (EXPENSE)		
Interest expense	(9,595,823)	(6,926,766)
Other, net	<u>22,516</u>	<u>64,754</u>
NET INCOME	<u>\$ 2,521,908</u>	<u>\$ 3,616,112</u>
RETAINED EARNINGS, BEGINNING OF PERIOD	\$ 40,707,249	\$ 24,001,518
Net income	2,521,908	3,616,112
Distributions	(7,509,618)	(3,391,636)
RETAINED EARNINGS, END OF PERIOD	<u>\$ 35,719,539</u>	<u>\$ 24,225,994</u>

See notes to financial statements.

AHERN RENTALS, INC.
Statements of Cash Flows (Unaudited)
Three-Month Periods Ended March 31, 2007 and 2006

	2007	2006
OPERATING ACTIVITIES:		
Net income	\$ 2,521,908	\$ 3,616,112
Adjustments to reconcile net income to net cash provided by operating activities:		
Gross profit on disposition of rental equipment and other property and equipment	(1,359,744)	(1,156,127)
Depreciation and amortization of property and equipment	18,138,886	13,185,740
Amortization of debt issuance costs	479,531	488,477
Amortization of premium on senior secured notes	(106,805)	—
Bad debts	(137,615)	71,472
Changes in operating assets and liabilities:		
Accounts receivable	3,288,471	2,834,188
Inventories	715,267	(716,611)
Other	963,478	377,698
Accounts payable	(2,773,650)	7,709,379
Accrued expenses	(3,319,152)	(5,230,547)
Net cash provided by operating activities	<u>18,410,575</u>	<u>21,179,754</u>
INVESTING ACTIVITIES:		
Purchases of property and equipment	(42,679,518)	(39,782,536)
Proceeds from sales of property and equipment	4,462,688	3,263,983
Net cash used in investing activities	<u>(38,216,830)</u>	<u>(36,518,553)</u>
FINANCING ACTIVITIES:		
Proceeds from borrowings	201,997,495	81,074,176
Repayment of borrowings	(172,848,988)	(63,049,785)
Debt issuance costs paid	(2,029,353)	—
Dividends	(7,509,618)	(3,391,636)
Net cash provided by financing activities	<u>19,609,536</u>	<u>14,632,755</u>
NET DECREASE IN CASH	(196,719)	(706,044)
CASH, BEGINNING OF PERIOD	<u>1,684,467</u>	<u>1,695,531</u>
CASH, END OF PERIOD	<u>\$ 1,487,748</u>	<u>\$ 989,487</u>

See notes to financial statements.

AHERN RENTALS, INC.
NOTES TO THE FINANCIAL STATEMENTS
THREE MONTHS ENDED MARCH 31, 2007 AND 2006 (UNAUDITED)

1. Basis of presentation

The accompanying unaudited interim financial statements are prepared in accordance with the accounting policies described in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2006 (the "2006 Form 10-K") and the interim reporting requirements of Form 10-Q. Accordingly, certain information and note disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. In the opinion of management, all necessary adjustments have been made to present fairly, in all material respects, the financial position, results of operations and cash flows of the Company at March 31, 2007, and for all periods presented. These unaudited financial statements should be read in conjunction with the Company's 2006 Form 10-K from which the balance sheet information as of December 31, 2006 is derived. Interim operating results are not necessarily indicative of operating results to be expected for the full year.

2. Related party transactions

During the three-month periods ended March 31, 2007 and 2006, the Company purchased approximately \$10.8 million and \$5.8 million of equipment, respectively, from Xtreme Manufacturing, LLC, an entity controlled by the Company's principal executive officer and majority shareholder.

On March 31, 2007, the Company paid a dividend of \$7,509,618 to its shareholders.

3. Registered Second Priority Senior Secured Notes

On January 17, 2007, the Company issued in a private placement \$90 million aggregate principal amount of 9 1/4 % Second Priority Senior Secured Notes due 2013 under its August 18, 2005 indenture. The net proceeds from this transaction of approximately \$91.4 million, after deducting fees and expenses of approximately \$2 million, were used to repay a portion of amounts outstanding under the Company's revolving credit facility. On April 6, 2007, the Company completed a registered exchange offer pursuant to which all of the privately placed notes were exchanged for identical notes registered under the Securities Act of 1933.

4. Contingencies

The Company is a defendant in legal proceedings arising in the ordinary course of business. The outcome of these proceedings is not subject to estimation at this time but is not expected to have a material adverse effect on the future financial condition, results of operations or cash flows of the Company, and, therefore, no estimated losses are accruable as of March 31, 2007.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the financial statements and notes thereto included in Item 1 of Part I of this quarterly report and the audited financial statements and notes thereto and Management's Discussion and Analysis of Financial Condition and Results of Operations for the year ended December 31, 2006 contained in our 2006 Form 10-K.

Overview

Through our network of 39 equipment rental branches, we rent a full range of equipment, sell our used rental equipment, new equipment, parts, supplies and related merchandise, and provide maintenance, repair and other services that supplement our rental activities. The types of equipment we rent range from a fleet of high reach and earth engaging units to hand tools. Accordingly, our business is capital intensive, and our profitability and cash flows depend upon the availability and terms of financing. See "Liquidity and Capital Resources."

Our revenues are affected primarily by changes in the level of investment in new equipment for our rental fleet, openings of new branch locations and the relative strength of the economies in the geographic regions in which we operate. For financial reporting purposes, our revenues are divided into three categories:

- *Equipment rentals and related* includes revenues from renting equipment and related revenues such as the fees we charge for equipment delivery, damage waivers, repair of rental equipment and fuel. For the quarter ended March 31, 2007, revenues from equipment rentals and related accounted for approximately 89% of our total revenues. Of equipment rentals and related revenues in that period, 68% were attributable to rentals of high reach equipment, 20% to rentals of general rental equipment, including ground engaging equipment, and 12% to rental related revenues.
- *Sales of rental equipment* includes revenues from the sale of our used rental equipment. For the quarter ended March 31, 2007, these revenues accounted for approximately 6% of our total revenues.
- *Other* is primarily revenues from the sale of new equipment, merchandise and supplies. For the quarter ended March 31, 2007, these revenues accounted for approximately 5% of our total revenues.

Equipment rental revenues are affected by several factors including general economic conditions and conditions in the non-residential construction industry in particular, the amount and quality of equipment available for rent, rental rates, the mix and percentage of equipment rented, length of time the equipment is on rent, and weather. One metric we use to measure the interaction of changes in rental rates, product mix, average length of rental, and time utilization is "dollar utilization." Dollar utilization is the annualized ratio (expressed as a percentage) of equipment rentals and related revenues on our entire fleet of rental equipment for a period to the average original cost of equipment in our rental fleet during that period. Revenues from the sale of used equipment are affected by price, general economic conditions, the amount and type of equipment available in the marketplace, and the condition and age of the equipment. Consequently, the age and mix of equipment in our rental fleet has a direct impact on these revenues. Other revenues, including revenues from the sale of new equipment and from the sale of parts, supplies and maintenance and repair services, are affected by price and general economic conditions.

For financial reporting purposes, our cost of revenues is divided into four categories.

- *Cost of equipment rental operations, excluding depreciation* includes branch personnel costs, the cost of repairing and maintaining rental equipment and our service and delivery vehicles, fuel costs, occupancy costs and supply costs for our rental locations, and historically, operating lease payments relating to our rental equipment.
- *Depreciation on rental equipment.*
- *Cost of rental equipment sold*, which represents the net book value of rental equipment sold.

- *Other* includes the cost of the items we sell, including new equipment, parts, merchandise and supplies.

Operating expenses include all selling, general and administrative expenses (“SG&A”) and depreciation and amortization on non-rental equipment. SG&A expenses include primarily sales force compensation, administrative payroll, marketing costs, professional fees, and property and casualty insurance. Non-rental equipment is comprised of all non-rental property and other equipment and includes items such as our fleet of service and delivery trucks.

Our cost of revenues and operating expenses also include lease expense for rental branches and other facilities, several of which we lease from affiliates.

Our operating results are subject to annual and seasonal variations resulting from a variety of factors, including overall economic conditions, construction activity in the geographic regions we serve, the competitive supply of rental equipment, the number of our significant competitors and, to a lesser extent, seasonal rental patterns resulting from lower activity by our customers during the winter. The expansion or contraction of our network of rental branches also causes fluctuations in our revenues and operating results, particularly as a result of the timing of new branch openings and expenditures related to those openings. Thus, the results of any period may not be indicative of the results for any future period.

Recent Developments

In April 2007, we opened our 39th branch, located in Richfield, Utah. We lease the real property on which this branch is located from DFA, LLC, an entity controlled by Don F. Ahern, our chief executive officer and majority shareholder.

Results of Operations

Three Months Ended March 31, 2007 (“2007”) Compared to the Three Months Ended March 31, 2006 (“2006”).

Revenues

Revenues in 2007 increased 28%, or \$15.6 million, over 2006. The primary factors contributing to the change are discussed below.

Equipment rentals and related revenues. Equipment rentals and related revenues in 2007 increased 28%, or \$14.0 million, over 2006. These revenues accounted for 89% of total revenues in both 2007 and 2006. The increased revenues were the result of an increase in the number of units available for rent as a result of capital expenditures that increased the average original cost of our rental fleet to \$580 million in 2007 from \$411 million in 2006, offset slightly by a decrease in our average dollar utilization to 44% in 2007 from 48% in 2006. Although average rental rates increased 1%, average time utilization of our high reach equipment decreased to 67% in 2007 compared to 69% in 2006.

Sales of rental equipment. Sales of rental equipment in 2007 increased 33%, or \$1.0 million, over 2006. This increase is attributed to the growth in our rental fleet as well as the strong retail and secondary market demand for rental equipment.

Other revenues. Other revenues in 2007 increased 20%, or \$0.6 million, over 2006 due to increases in warranty income and in sales of parts and merchandise due to the increased size of our rental fleet.

Cost of Revenues

Cost of revenues in 2007 increased 31%, or \$11.1 million, over 2006. As a percentage of revenues, cost of revenues was 66% in 2007 and 65% in 2006. The primary factors contributing to the change are described below.

Cost of equipment rental operations, excluding depreciation. Cost of equipment rental operations, excluding depreciation, in 2007 increased 26%, or \$5.3 million, over 2006 due mainly to increased payroll costs, repairs and maintenance, fuel and vehicle expenses in support of the increased size of our fleet. As a percentage of equipment rentals and related revenues, cost of equipment rental operations was 40% in 2007 and 41% in 2006 due mainly to economies of scale realized in payroll costs, and repairs and maintenance costs related to the branch locations.

Depreciation, rental equipment. Depreciation, rental equipment in 2007 increased 39%, or \$4.6 million, over 2006 due to the increased investment in our rental fleet described previously under the caption “–Revenues –Equipment rentals and related revenues.”

Cost of rental equipment sales. Cost of rental equipment sales in 2007 increased 39%, or \$0.8 million, over 2006 principally as a result of the 33% increase in sales of rental equipment described under the caption “–Revenues –Sales of rental equipment.” However, the main cost of rental equipment sales is the net carrying value of the sold equipment, which averaged 68% and 65% of the selling price in 2007 and 2006, respectively.

Other. Other cost of revenues in 2007 increased 18%, or \$0.4 million, over 2006. This increase is principally related to the increase in other revenues described under the caption “–Revenues –Other.”

Selling, General and Administrative

SG&A in 2007 increased 33%, or \$2.5 million, over 2006. The increase relates to payroll costs, travel and entertainment costs, legal fees, and other miscellaneous administrative costs. However, as a percentage of total revenues, SG&A was the same for both 2007 and 2006 at 14%.

Non-Rental Equipment Depreciation and Amortization

Non-rental equipment depreciation and amortization in 2007 increased 24%, or \$0.3 million, over 2006. This is due to an increased investment in non-rental equipment to an average original cost of \$62 million in 2007 compared to \$48 million in 2006.

Other Expense, Net

Other expense, net in 2007 increased 40%, or \$2.7 million, from 2006 due almost entirely to interest expense due to a modest increase in average interest rates and higher average debt balances to fund the growth in our fleet of rental and non-rental equipment. Average debt balances increased to approximately \$427 million in 2007 compared to \$303 million in 2006. Our weighted average interest rate increased to 8.6% in 2007 compared to 8.5% in 2006. See “—Liquidity and Capital Resources.”

Liquidity and Capital Resources

Indebtedness

Credit Facility. We have a \$250 million revolving credit facility secured by a first priority interest in substantially all of our existing and future acquired assets. As of March 31, 2007, we had \$137.0 million outstanding and \$112.7 million of unused availability under the credit facility. This credit facility is used to finance ongoing working capital needs, capital expenditures, and general corporate purposes. Cash flow from operations and net proceeds from the sale of our used rental equipment are applied to reduce borrowings under our credit facility, and our expenditures for rental equipment and other property and equipment increase borrowings under our credit facility. As of March 31, 2007, the credit facility had a weighted average interest rate of 7.1% per annum. The credit facility matures August 21, 2011.

Second Priority Senior Secured Notes. At March 31, 2007, we had outstanding \$290 million principal amount of 9 1/4% Second Priority Senior Secured Notes (the “Second Priority Notes”). These notes are due August 15, 2013 and are secured on a second priority basis, behind the credit facility, by substantially all of our existing and future acquired assets.

As of March 31, 2007, our weighted average interest rate was approximately 8.6% and our debt totaled \$429.1 million.

Adequacy of Capital Resources

Our business is capital intensive. We purchase new equipment both to expand the size and maintain the age of our rental fleet. For the three months ended March 31, 2007 and 2006, we had total expenditures on new rental equipment of \$37.1 million and \$36.8 million, respectively. If demand for rental equipment from our customers remains strong, we expect the rate of expenditures to purchase new rental equipment, replace used rental equipment, and purchase transportation equipment will remain constant or increase.

We manage our liquidity using cash management practices that project our future sources and uses of cash taking into consideration the contractual requirements of our financing agreements. Our principal existing sources of cash are generated from operations and from the sale of rental equipment and borrowings under our credit facility. Our current and expected long-term cash requirements consist primarily of expenditures to fund operating activities and working capital, to purchase new rental equipment, and to meet debt service obligations.

On January 17, 2007, we issued \$90 million aggregate principal amount of Second Priority Notes. The net proceeds from this transaction of approximately \$91.4 million, after deducting fees and expenses of approximately \$2 million, were used to repay a portion of amounts outstanding under our revolving credit facility.

We believe our existing sources of liquidity will be sufficient to meet the cash requirements of our operations for at least the next twelve months. To the extent the sources of liquidity described above are not sufficient to fund our operations, we may require additional debt or equity financing. Our ability to access these sources of capital is restricted by the indenture governing our notes and the terms of the agreements governing our credit facility. See "Item 1A — Risk Factors."

Sources and uses of cash. During the three months ended March 31, 2007, we generated cash from operations of \$18.4 million, cash from sales of rental equipment and other property of \$4.5 million, and proceeds from borrowings of \$202.0 million. We used cash of \$42.7 million during this period principally to purchase rental equipment and other property, we repaid borrowings of \$172.8 million, paid debt issuance costs of \$2.0 million and we made dividend distributions to our shareholders of \$7.5 million.

Non-GAAP Financial Measures

The Company presents EBITDA because it believes EBITDA is a useful analytical tool for assessing the Company's financial performance, including its ability to meet future debt service obligations and capital expenditure and working capital requirements. EBITDA is defined as earnings before interest, taxes, depreciation, and amortization. EBITDA is not, however, a measure of financial performance or liquidity under U.S. generally accepted accounting principles. Accordingly, EBITDA should not be considered a substitute for net income or cash flows as an indicator of the Company's operating performance or liquidity. EBITDA margin is EBITDA as a percentage of total revenues. For purposes of the following, debt includes line of credit payable, notes payable and capital lease obligations, and the Second Priority Notes.

	Three Months Ended	
	March 31	
	2007	2006
EBITDA	\$ 30,256,617	\$ 23,728,618
EBITDA margin	42.5%	42.7%

**Twelve Months
Ended
March 31, 2007**

EBITDA	\$ 122,988,360
EBITDA margin	43.7 %
Debt to EBITDA ratio	3.49 x

The tables below provide reconciliations of net income and EBITDA for the periods indicated.

**Three Months Ended
March 31**

	<u>2007</u>	<u>2006</u>
Net income	\$ 2,521,908	\$ 3,616,112
Interest expense	9,595,823	6,926,766
Depreciation, rental equipment	16,451,416	11,823,037
Non-rental equipment depreciation and amortization	1,687,470	1,362,703
EBITDA	<u>\$ 30,256,617</u>	<u>\$ 23,728,618</u>

**Twelve Months Ended
March 31, 2007**

Net income	\$ 24,081,301
Interest expense	33,821,400
Depreciation, rental equipment	58,811,845
Non-rental equipment depreciation and amortization	6,273,814
EBITDA	<u>\$ 122,988,360</u>

Recent Accounting Pronouncements

In June 2006, the FASB issued Financial Interpretation No. 48 (FIN48), "Accounting for Uncertainty in Income Taxes, and Interpretation of FASB Statement No. 109," which deals with the accounting for uncertainty in income taxes. FIN 48 is effective for the quarter ended March 31, 2007. Although FIN 48 applies in some respects to "flow-through" entities such as the Company, it does not have any effect on our financial position or results of operations.

In June 2006, the FASB ratified the consensus reached on EITF Issue No. 06-03, "How Sales Taxes Collected from Customers and Remitted to Governmental Authorities Should Be Presented in the Income Statement (that is, Gross Versus Net Presentation)" ("EITF 06-03"). The EITF reached a consensus that the presentation of taxes on either a gross or net basis is an accounting policy decision that requires disclosure. EITF 06-03 is effective for our fiscal year beginning January 1, 2007. Sales tax amounts collected from customers have been recorded on a net basis. The adoption of EITF 06-03 did not have any effect on our financial position or results of operations.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The fair market value of long-term fixed interest rate debt is subject to interest rate risk. Generally, the fair market value of fixed interest rate debt will increase as interest rates fall and decrease as interest rates rise. The estimated fair market value of our long-term fixed interest rate debt at March 31, 2007 was \$302.7 million; its carrying value was \$290.0 million. Fair market values were determined from quoted market prices.

The interest on borrowings under our credit facility is at variable rates based on a financial performance test. Borrowings under the credit facility bear interest at a rate equal to an applicable margin percentage plus either LIBOR or the prime rate. The applicable margin percentage varies from 175 to 225 basis points for LIBOR-based loans and zero to 50 basis points for prime rate loans. In addition, our credit facility has an annual unused line fee of 25 basis points for each lender's unused commitments under the revolving credit line. An increase in interest of 100 basis points would increase our annual interest expense by \$1.4 million based on \$137.0 million, which was the amount outstanding under our credit facility as of March 31, 2007.

ITEM 4. CONTROLS AND PROCEDURES

(a) **Evaluation of disclosure controls and procedures.** Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of our disclosure controls and procedures, as such term is defined under Rule 13a-15(e) promulgated under the Securities Exchange Act of 1934 (the "Exchange Act"). Based on this evaluation, our principal executive officer and our principal financial officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this quarterly report.

(b) **Changes in internal controls over financial reporting.** There were no changes in our internal controls over financial reporting that occurred during the first quarter that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

PART II OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We are party to various litigation matters in the ordinary course of our business. We cannot estimate our ultimate legal and financial liability with respect to our pending litigation matters at this time. However, we believe, based on our examination of such matters, that our ultimate liability will not have a material adverse effect on our financial position, results of operations or cash flows.

ITEM 1A. RISK FACTORS

Our business, our Second Priority Notes (our "notes") and our financial performance are subject to the following risks. If any of the circumstances described in these risk factors occurs, our business, results of operations or financial condition would likely suffer and the value of our outstanding notes could be adversely affected.

Decreases in construction, industrial activities or the convention business could adversely affect our revenues and operating results by decreasing the demand for our equipment or the rental rates or prices we can charge.

Our products and services are used primarily in non-residential construction activity and, to a lesser extent, in residential construction activity, industrial activity and the convention business. Weakness in our end markets, such as a decline in construction, industrial activity or the convention business, has led in the past and may in the future lead to a decrease in the demand for our equipment or the rental rates or prices we can charge. For example, in 2002 and 2003, non-residential construction activity declined significantly from prior periods, which had an adverse effect on our results in 2002 and 2003. Further declines in the construction industry could adversely affect our operating results by decreasing our revenues and gross profit margins.

Certain factors that may cause weakness in the construction industry include:

- weakness in the economy or the onset of a recession;
- an increase in interest rates;
- reductions in corporate spending for plants and facilities or government spending for infrastructure projects;
- adverse weather conditions or natural disasters;
- terrorism or hostilities involving the United States; and
- an increase in the cost of construction materials.

Our operating results are highly dependent on the strength of the Las Vegas economy. In 2004, 2005 and 2006, the percentage of our total revenues attributable to our Las Vegas operations was 37.8%, 37.4%, and 35.0%, respectively. For the three months ended March 31, 2007, 35.9% of our total revenues were attributable to our Las Vegas operations. Any weakness in the Las Vegas economy could have a material adverse effect on our operations.

We depend on key personnel whom we may not be able to retain.

Our future performance depends on the continued contributions of key management personnel. A loss of one or more of these key people, our inability to attract and retain additional key management personnel, including qualified rental store managers, or the inability of these personnel to manage our operations successfully could harm our business and prevent us from implementing our business strategy. We do not maintain “key man” life insurance on the lives of any of our key employees. We also do not have employment agreements with any of our key employees.

The equipment rental industry is highly competitive, and competition could lead to a decrease in our market share or in the rental rates and prices we charge.

The equipment rental industry is highly fragmented and competitive. Our competitors include:

- small independent businesses with one or two rental locations;
- regional competitors that operate in one or more states;
- large national companies, including public companies and divisions of public companies; and
- equipment manufacturers and dealers that both sell and rent equipment directly to customers.

Many of our competitors are significantly larger and have greater financial and marketing resources than we have, are more geographically diverse than we are and have greater name recognition than we do. We may in the future encounter increased competition in the equipment rental market or in the equipment repair and services market from existing competitors or from new market entrants.

Competition could adversely affect our revenues and operating results by decreasing our market share or depressing the rental rates and prices we can charge. We believe rental rates are one of the primary competitive factors in the equipment rental industry. From time to time, we or our competitors may attempt to compete aggressively by lowering rental rates or prices. To the extent we lower rental rates or prices to attempt to increase or regain market share, our operating margins would be adversely impacted. In some cases, we may not be able to or may choose not to match a competitor’s rate or price reductions. If we do not, we may lose market share, resulting in decreased revenues and cash flow, which could have a material adverse effect on our business.

Disruptions in our information technology systems could adversely affect our operating results by limiting our capacity to effectively monitor and control our operations.

Our information technology systems help us monitor and control our operations to adjust to changing market conditions, including management of our floating fleet. Any disruptions in our information technology systems or the failure of these systems to operate as expected could adversely affect our operating results.

The nature of our business exposes us to liability claims, which may exceed the level of our insurance.

Our business exposes us to claims for personal injury, death or property damage resulting from the use of the equipment we rent, sell, service or repair and from injuries caused in motor vehicle accidents in which our personnel are involved. Our business also exposes us to worker compensation claims and other employment-related claims. We carry comprehensive insurance, subject to deductibles, at levels we believe are sufficient to cover existing and future claims. Although we have not experienced any material losses that were not covered by insurance, claims have been made against us which, on their face, far exceeded the level of our insurance. Future claims may exceed the level of our insurance, and our insurance may not continue to be available on economically reasonable terms, or at all. In addition, certain types of claims, such as claims for punitive damages, are not covered by our insurance.

We must comply with numerous environmental and occupational health and safety regulations that may subject us to unanticipated liabilities.

Our facilities and operations are subject to federal, state and local environmental and occupational safety and health requirements, including those relating to discharges of substances into the air, water and land, the handling, storage, use and disposal of hazardous materials and wastes and the cleanup of properties affected by pollutants. We do not anticipate any material adverse effect on our business, financial condition or competitive position as a result of our efforts to comply with these requirements. However, if we violate environmental laws or regulations, we may be held liable for damages and the costs of remedial actions, and could be subject to fees and penalties. We may violate or incur liability under environmental laws and regulations in the future as a result of human error, newly discovered noncompliance, contamination or other causes. These violations or liabilities could have a material adverse effect on our business, financial condition and results of operations.

Under some environmental laws and regulations, an owner or operator of a site or facility may be liable for the costs of removal or remediation of hazardous substances located on or emanating from the site or facility. These laws and regulations often impose strict and, under certain circumstances, joint and several liability without regard to whether the owner or operator knew of, or was responsible for, the presence of hazardous substances.

Some of our business operations at existing and former branches use, or have used, substances which are or may be considered hazardous or otherwise are subject to applicable environmental requirements. As a result, we may incur liability in connection with the use, management and disposal of these substances. We use hazardous materials such as petroleum products for fueling our rental equipment and vehicles and solvents to clean and maintain rental equipment and vehicles. We incur expenses associated with using, storing and managing these materials in compliance with environmental requirements. We also generate and must manage in accordance with applicable environmental laws and regulations certain used or spent materials such as used motor oil, radiator fluid and solvents. We often seek to reuse, recycle or dispose of these spent materials at offsite disposal facilities in accordance with environmental laws and regulations. We may be liable under various federal, state and local laws and regulations for environmental contamination at off-site facilities where our waste has been disposed of, regardless of whether the waste was disposed of in compliance with environmental requirements.

Environmental and safety requirements may become stricter or be interpreted and applied more strictly in the future. In addition, we may be required to indemnify other parties for adverse environmental conditions that are now unknown to us. These future changes or interpretations, or the indemnification for such adverse environmental conditions, could result in environmental compliance or remediation costs not anticipated by us, which could have a material adverse effect on our business, financial condition or results of operations.

We may encounter substantial competition in our efforts to expand our operations.

A key element of our growth strategy is to continue to expand by opening new rental branches. The success of our growth strategy depends in part on identifying sites for new branches at attractive prices. Zoning restrictions often prevent us from being able to open new branches at sites we have identified. We may also encounter substantial competition in our efforts to acquire new sites or in any efforts we may make to acquire other equipment rental companies, which may limit the number of acquisition opportunities and lead to higher acquisition costs. We may not have the financial resources necessary to open any new branches or complete any acquisitions in the future or the ability to obtain the necessary funds on satisfactory terms or at all.

In the past when we have opened new branches, we have attracted talented salespeople who have terminated their employment with other rental companies to work for us. We believe there has been a trend recently for equipment rental companies to seek non-competition agreements when they hire salespeople. This trend may hinder our ability to attract talented salespeople to work at new branches, which could prevent us from opening new branches at sites we have identified or result in our failure to realize the expected benefits from any new branch we open.

If we are unable to obtain additional capital as required, we may be unable to fund the capital outlays required for the success of our business, including those relating to purchasing equipment and to new rental branches. If we are successful in our efforts to expand our operations, it may result in significant transaction expenses and risks associated with entering new markets.

Our ability to compete, sustain our growth and expand our operations through new branches largely depends on access to capital. If the cash we generate from our business, together with cash on hand and cash that we may borrow under our credit facility, is not sufficient to implement our growth strategy and meet our capital needs, we will require additional financing. However, we may not succeed in obtaining additional financing on terms that are satisfactory to us or at all. In addition, our ability to obtain additional financing is restricted by both the indenture governing our notes and the agreements governing our revolving credit facility. If we are unable to obtain sufficient additional capital in the future, we may be unable to fund the capital outlays required for the success of our business, including those relating to purchasing equipment and to new rental branches. Furthermore, any additional indebtedness that we do incur may make us more vulnerable to economic downturns and may limit our ability to withstand competitive pressures.

The opening of any new branches or the completion of any future acquisitions of other equipment rental companies may result in significant start-up or transaction expenses and risks associated with entering new markets in which we have limited or no experience. New rental branches, in particular, require significant capital expenditures and may initially have a negative impact on our results of operations. New branches may not become profitable when projected or ever. Our ability to realize the expected benefits from any future acquisitions of other equipment rental companies depends in large part on our ability to integrate and consolidate the new operations with our existing operations in a timely and effective manner. In addition, we may fail or be unable to discover certain liabilities of any acquired business, including liabilities relating to noncompliance with environmental and occupational health and safety laws and regulations. Any significant diversion of management's attention from our existing operations, the loss of key employees or customers of any acquired business, or any major difficulties encountered in opening new branches or integrating new operations could have a material adverse effect on our business, financial condition or results of operations.

We are controlled by one shareholder. His interests may conflict with the interests of the holders of our notes.

Don F. Ahern, our President and Chief Executive Officer, beneficially owns 97% of our outstanding common stock. John Paul Ahern, Jr., Don F. Ahern's brother, owns the remaining 3% of our outstanding common stock. As a result, Don F. Ahern controls the outcome of matters submitted to a shareholder vote. Circumstances may occur in which the interests of Don F. Ahern, as our majority shareholder, could conflict with the interests of our creditors.

We purchase a significant amount of our equipment from a small number of manufacturers. Termination of our relationship with any of those manufacturers could have a material adverse effect on our business because we may be unable to obtain adequate rental and sales equipment from other sources in a timely manner or at all.

We purchase most of our rental and sales equipment from a small number of original equipment manufacturers. For example, we acquired from JLG Industries, Inc. more than 20% of all rental equipment we purchased in 2006. Although we believe we have alternative sources of supply for the rental and sales equipment we purchase in each of our principal product categories, termination of our relationship with any of these major suppliers could have a material adverse effect on our business, financial condition or results of operations if we were unable to obtain adequate rental and sales equipment from other sources in a timely manner or at all.

Our rental fleet is subject to residual value risk upon disposition.

The market value of any piece of rental equipment could be less than its depreciated value at the time it is sold, in which case, that sale would result in a loss. The market value of used rental equipment depends on several factors, including:

- the market price for new equipment of a like kind;
- wear and tear on the equipment relative to its age;
- the time of year that it is sold (generally prices are higher during the construction season);
- worldwide and domestic demand for used equipment; and
- general economic conditions.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

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

None.

ITEM 5. OTHER INFORMATION

None.

ITEM 6.**EXHIBITS**

<u>Exhibit No.</u>	<u>Description</u>
31.1	Certification of Chief Executive Officer Pursuant to Rule 13a-14(a), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Chief Financial Officer Pursuant to Rule 13a-14(a), as Adopted Pursuant to Section 302 of the Sarbanes Oxley Act of 2002
32.1	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

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, on May 15, 2007.

AHERN RENTALS, INC.

By: /s/ Howard L. Brown

Howard L. Brown

Chief Financial Officer and Director

(Principal Financial and Accounting Officer)

I, Don F. Ahern, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Ahern Rentals, 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)) 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. [Reserved];
 - c. 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
 - d. 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.

Date: May 15, 2007

/s/ Don F. Ahern
Don F. Ahern
Chief Executive Officer

I, Howard L. Brown, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Ahern Rentals, 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)) 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. [Reserved];
 - c. 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
 - d. 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.

Date: May 15, 2007

/s/ Howard L. Brown
Howard L. Brown
Chief Financial Officer

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Don F. Ahern, Chief Executive Officer, in connection with the Quarterly Report on Form 10-Q of Ahern Rentals, Inc. for the quarterly period ended March 31, 2007 (the "Report"), hereby certify in accordance with 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 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 Ahern Rentals, Inc.

/s/ Don F. Ahern

Don F. Ahern

Chief Executive Officer

Dated: May 15, 2007

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Howard L. Brown, Chief Financial Officer, in connection with the Quarterly Report on Form 10-Q of Ahern Rentals, Inc. for the quarterly period ended March 31, 2007 (the "Report"), hereby certify in accordance with 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 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 Ahern Rentals, Inc.

/s/ Howard L. Brown

Howard L. Brown
Chief Financial Officer
Dated: May 15, 2007
