

AMERCO /NV/
Form 10-Q
November 02, 2011

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 September 30, 2011

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

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 has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

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

19,607,788 shares of AMERCO Common Stock, \$0.25 par value, were outstanding at November 1, 2011.

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PART I FINANCIAL INFORMATION

ITEM 1. Financial Statements

AMERCO AND CONSOLIDATED ENTITIES

CONDENSED CONSOLIDATED BALANCE SHEETS

	September 30, 2011	March 31, 2011
	(Unaudited)	
	(In thousands, except share data)	
ASSETS		
Cash and cash equivalents	\$448,159	\$375,496
Reinsurance recoverables and trade receivables, net	227,750	205,371
Inventories, net	57,759	59,942
Prepaid expenses	48,900	57,624
Investments, fixed maturities and marketable equities	694,150	659,809
Investments, other	227,935	201,868
Deferred policy acquisition costs, net	55,626	52,870
Other assets	107,499	166,633
Related party assets	296,016	301,968
	2,163,794	2,081,581
Property, plant and equipment, at cost:		
Land	251,307	239,177
Buildings and improvements	1,052,203	1,024,669
Furniture and equipment	304,403	310,671
Rental trailers and other rental equipment	254,522	249,700
Rental trucks	1,739,993	1,611,763
	3,602,428	3,435,980
Less: Accumulated depreciation	(1,363,085)	(1,341,407)
Total property, plant and equipment	2,239,343	2,094,573
Total assets	\$4,403,137	\$4,176,154
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Accounts payable and accrued expenses	\$330,671	\$304,006
Notes, loans and leases payable	1,478,581	1,397,842
Policy benefits and losses, claims and loss expenses payable	961,514	927,376
Liabilities from investment contracts	238,116	246,717
Other policyholders' funds and liabilities	5,583	8,727
Deferred income	31,674	27,209
Deferred income taxes	350,656	271,257
Total liabilities	3,396,795	3,183,134
Commitments and contingencies (notes 4, 8, 9 and 10)		
Stockholders' equity:		

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Series preferred stock, with or without par value, 50,000,000 shares authorized:		
Series A preferred stock, with no par value, 6,100,000 shares authorized;		
6,100,000 and 5,791,700 shares issued and none and 5,791,700 outstanding as of		
September 30 and March 31, 2011	-	-
Series B preferred stock, with no par value, 100,000 shares authorized; none		
issued and outstanding as of September 30 and March 31, 2011	-	-
Series common stock, with or without par value, 150,000,000 shares authorized:		
Series A common stock of \$0.25 par value, 10,000,000 shares authorized;		
none issued and outstanding as of September 30 and March 31, 2011	-	-
Common stock of \$0.25 par value, 150,000,000 shares authorized; 41,985,700		
issued as of September 30 and March 31, 2011	10,497	10,497
Additional paid-in capital	432,127	425,212
Accumulated other comprehensive loss	(66,221)	(46,467)
Retained earnings	1,310,415	1,140,002
Cost of common shares in treasury, net (22,377,912 shares as of September 30 and		
March 31, 2011)	(525,653)	(525,653)
Cost of preferred shares in treasury, net (6,100,000 shares as of September 30 and		
308,300 shares as of March 31, 2011)	(151,997)	(7,189)
Unearned employee stock ownership plan shares	(2,826)	(3,382)
Total stockholders' equity	1,006,342	993,020
Total liabilities and stockholders' equity	\$4,403,137	\$4,176,154

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

AMERCO AND CONSOLIDATED ENTITIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	Quarter Ended September 30,	
	2011	2010
	(Unaudited)	
	(In thousands, except share and per share amounts)	
Revenues:		
Self-moving equipment rentals	\$ 511,626	\$ 467,128
Self-storage revenues	34,008	30,647
Self-moving and self-storage products and service sales	59,768	56,821
Property management fees	4,826	4,580
Life insurance premiums	46,197	40,022
Property and casualty insurance premiums	8,749	8,300
Net investment and interest income	15,901	12,874
Other revenue	22,106	16,604
Total revenues	703,181	636,976
Costs and expenses:		
Operating expenses	294,340	270,259
Commission expenses	64,049	57,613
Cost of sales	32,446	29,603
Benefits and losses	44,462	37,383
Amortization of deferred policy acquisition costs	2,675	1,876
Lease expense	32,712	37,964
Depreciation, net of (gains) on disposals of ((\$7,917) and (\$8,921), respectively)	48,064	44,157
Total costs and expenses	518,748	478,855
Earnings from operations	184,433	158,121
Interest expense	(22,963)	(21,788)
Pretax earnings	161,470	136,333
Income tax expense	(60,459)	(51,114)
Net earnings	101,011	85,219
Less: Excess of redemption value over carrying value of preferred shares redeemed	-	(140)
Less: Preferred stock dividends	164	(3,101)
Earnings available to common shareholders	\$ 101,175	\$ 81,978
Basic and diluted earnings per common share	\$ 5.20	\$ 4.22
Weighted average common shares outstanding: Basic and diluted	19,470,948	19,427,595

Related party revenues for the second quarter of fiscal 2012 and 2011, net of eliminations, were \$11.1 million and \$10.8 million, respectively.

Related party costs and expenses for the second quarter of fiscal 2012 and 2011, net of eliminations, were \$12.6 million and \$12.0 million, respectively.

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

AMERCO AND CONSOLIDATED ENTITIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	Six Months Ended September 30,	
	2011	2010
	(Unaudited)	
	(In thousands, except share and per share amounts)	
Revenues:		
Self-moving equipment rentals	\$ 958,174	\$ 886,591
Self-storage revenues	65,836	58,874
Self-moving and self-storage products and service sales	124,146	120,111
Property management fees	9,561	9,116
Life insurance premiums	97,196	77,825
Property and casualty insurance premiums	15,647	14,479
Net investment and interest income	33,164	26,229
Other revenue	42,422	29,698
Total revenues	1,346,146	1,222,923
Costs and expenses:		
Operating expenses	566,315	523,393
Commission expenses	121,001	109,782
Cost of sales	65,224	61,268
Benefits and losses	94,392	72,805
Amortization of deferred policy acquisition costs	7,050	4,069
Lease expense	66,946	76,630
Depreciation, net of (gains) on disposals of ((\$17,627) and (\$17,309), respectively)	92,422	88,746
Total costs and expenses	1,013,350	936,693
Earnings from operations	332,796	286,230
Interest expense	(45,596)	(43,252)
Pretax earnings	287,200	242,978
Income tax expense	(107,966)	(91,257)
Net earnings	179,234	151,721
Less: Excess of redemption value over carrying value of preferred shares redeemed	(5,908)	(171)
Less: Preferred stock dividends	(2,913)	(6,257)
Earnings available to common shareholders	\$ 170,413	\$ 145,293
Basic and diluted earnings per common share	\$ 8.75	\$ 7.48
Weighted average common shares outstanding: Basic and diluted	19,465,530	19,421,205

Related party revenues for the first six months of fiscal 2012 and 2011, net of eliminations, were \$22.0 million and \$21.4 million, respectively.

Related party costs and expenses for the first six months of fiscal 2012 and 2011, net of eliminations, were \$23.9 million and \$22.6 million, respectively.

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

AMERCO AND CONSOLIDATED ENTITIES

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

Quarter Ended September 30, 2011	Pre-tax	Tax (Unaudited)	Net
		(In thousands)	
Comprehensive income:			
Net earnings	\$ 161,470	\$(60,459)	\$ 101,011
Other comprehensive income (loss):			
Foreign currency translation	(6,749)	-	(6,749)
Unrealized loss on investments	(1,373)	741	(632)
Change in fair value of cash flow hedges	(12,250)	4,655	(7,595)
Total comprehensive income	\$ 141,098	\$(55,063)	\$ 86,035
Quarter Ended September 30, 2010	Pre-tax	Tax (Unaudited)	Net
		(In thousands)	
Comprehensive income:			
Net earnings	\$ 136,333	\$(51,114)	\$ 85,219
Other comprehensive income (loss):			
Foreign currency translation	2,097	-	2,097
Unrealized gain on investments	5,575	(1,927)	3,648
Change in fair value of cash flow hedges	(7,485)	2,844	(4,641)
Total comprehensive income	\$ 136,520	\$(50,197)	\$ 86,323
Six Months Ended September 30, 2011	Pre-tax	Tax (Unaudited)	Net
		(In thousands)	
Comprehensive income:			
Net earnings	\$ 287,200	\$(107,966)	\$ 179,234
Other comprehensive income (loss):			
Foreign currency translation	(5,757)	-	(5,757)
Unrealized loss on investments	(6,751)	2,742	(4,009)
Change in fair value of cash flow hedges	(16,110)	6,122	(9,988)
Total comprehensive income	\$ 258,582	\$(99,102)	\$ 159,480
Six Months Ended September 30, 2010	Pre-tax	Tax (Unaudited)	Net
		(In thousands)	
Comprehensive income:			
Net earnings	\$ 242,978	\$(91,257)	\$ 151,721
Other comprehensive income (loss):			
Foreign currency translation	(1,779)	-	(1,779)
Unrealized gain on investments	6,763	(2,249)	4,514
Change in fair value of cash flow hedges	(19,568)	7,436	(12,132)
Total comprehensive income	\$ 228,394	\$(86,070)	\$ 142,324

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

AMERCO AND CONSOLIDATED ENTITIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six Months Ended September 30,	
	2011	2010
	(Unaudited)	
	(In thousands)	
Cash flow from operating activities:		
Net earnings	\$179,234	\$151,721
Adjustments to reconcile net earnings to cash provided by operations:		
Depreciation	110,049	106,055
Amortization of deferred policy acquisition costs	7,050	4,069
Change in allowance for losses on trade receivables	(16)	(24)
Change in allowance for inventory reserves	2,008	840
Net gain on sale of real and personal property	(17,627)	(17,309)
Net gain on sale of investments	(4,880)	(1,329)
Deferred income taxes	89,129	57,091
Net change in other operating assets and liabilities:		
Reinsurance recoverables and trade receivables	(22,360)	(5,969)
Inventories	177	(3,662)
Prepaid expenses	8,702	4,975
Capitalization of deferred policy acquisition costs	(9,010)	(7,377)
Other assets	21,973	766
Related party assets	5,644	6,710
Accounts payable and accrued expenses	11,327	20,102
Policy benefits and losses, claims and loss expenses payable	35,676	39,452
Other policyholders' funds and liabilities	(3,144)	(1,531)
Deferred income	4,558	2,399
Related party liabilities	293	693
Net cash provided by operating activities	418,783	357,672
Cash flows from investing activities:		
Purchases of:		
Property, plant and equipment	(348,331)	(274,240)
Short term investments	(138,457)	(109,785)
Fixed maturities investments	(137,121)	(122,504)
Equity securities	(9,056)	(9,043)
Preferred stock	(1,633)	(11,902)
Real estate	(5,146)	(1,784)
Mortgage loans	(65,612)	(1,308)
Proceeds from sale of:		
Property, plant and equipment	110,289	122,157
Short term investments	154,026	178,461
Fixed maturities investments	97,010	56,841
Equity securities	10,210	133
Preferred stock	1,252	-
Real estate	109	683

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Mortgage loans	29,722	1,421
Net cash used by investing activities	(302,738)	(170,870)
Cash flows from financing activities:		
Borrowings from credit facilities	178,267	134,556
Principal repayments on credit facilities	(99,102)	(209,420)
Debt issuance costs	(1,316)	(89)
Capital lease payments	(3,505)	(8,369)
Leveraged Employee Stock Ownership Plan - repayments from loan	556	592
Securitization deposits	38,428	-
Preferred stock redemption paid	(144,289)	-
Preferred stock dividends paid	(2,913)	(6,257)
Contribution to related party	(518)	-
Investment contract deposits	6,070	5,875
Investment contract withdrawals	(14,671)	(17,409)
Net cash used by financing activities	(42,993)	(100,521)
Effects of exchange rate on cash	(389)	(569)
Increase (decrease) in cash and cash equivalents	72,663	85,712
Cash and cash equivalents at the beginning of period	375,496	244,118
Cash and cash equivalents at the end of period	\$448,159	\$329,830

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

AMERCO AND CONSOLIDATED ENTITIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Presentation

AMERCO, a Nevada corporation (“AMERCO”), has a second fiscal quarter that ends on the 30th of September for each year that is referenced. Our insurance company subsidiaries have a second quarter that ends on the 30th of June for each year that is referenced. They have been consolidated on that basis. Our insurance companies’ financial reporting processes conform to calendar year reporting as required by state insurance departments. Management believes that consolidating their calendar year into our fiscal year financial statements does not materially affect the financial position or results of operations. The Company discloses any material events occurring during the intervening period. Consequently, all references to our insurance subsidiaries’ years 2011 and 2010 correspond to fiscal 2012 and 2011 for AMERCO.

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

The condensed consolidated balance sheet as of September 30, 2011 and the related condensed consolidated statements of operations and comprehensive income for the second quarter and the first six months and the cash flows for the first six months ended fiscal 2012 and 2011 are unaudited.

In our opinion, all adjustments necessary for the fair presentation of such condensed consolidated financial statements have been included. Such adjustments consist only of normal recurring items. Interim results are not necessarily indicative of results for a full year. The information in this Quarterly Report on Form 10-Q should be read in conjunction with Management’s Discussion and Analysis and financial statements and notes thereto included in our Annual Report on Form 10-K for the fiscal year ended March 31, 2011.

Intercompany accounts and transactions have been eliminated.

Description of Legal Entities

AMERCO is the holding company for:

U-Haul International, Inc. (“U-Haul”),

Amerco Real Estate Company (“Real Estate”),

Repwest Insurance Company (“Repwest”), and

Oxford Life Insurance Company (“Oxford”).

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

Description of Operating Segments

AMERCO has three reportable segments. They are Moving and Storage, Property and Casualty Insurance and Life Insurance.

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

The Property and Casualty Insurance operating segment includes Repwest and its wholly-owned subsidiaries and ARCOA risk retention group (“ARCOA”). Property and Casualty Insurance provides loss adjusting and claims handling for U-Haul through regional offices across North America. Property and Casualty Insurance also underwrites components of the Safemove, Safetow, Super Safemove and Safestor protection packages to U-Haul customers. The business plan for the Property and Casualty Insurance operating segment includes offering property and casualty products in other U-Haul related programs. ARCOA is a captive insurer owned by the Company whose purpose is to provide insurance products related to the moving and storage business.

AMERCO AND CONSOLIDATED ENTITIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

The Life Insurance operating segment includes Oxford and its wholly-owned subsidiaries. Oxford provides life and health insurance products primarily to the senior market through the direct writing or reinsuring of life insurance, Medicare supplement and annuity policies.

2. Earnings per Share

Net earnings for purposes of computing earnings per common share are net earnings less preferred stock dividends paid, adjusted for the price paid by us for the redemption of our preferred stock less its carrying value on our balance sheet. Preferred stock dividends include accrued dividends of AMERCO. Preferred stock dividends paid to or accrued for entities that are part of the consolidated group are eliminated in consolidation.

The weighted average common shares outstanding exclude post-1992 shares of the employee stock ownership plan that have not been committed to be released. The unreleased shares, net of shares committed to be released, were 131,483 and 173,803 as of September 30, 2011 and September 30, 2010, respectively.

On June 1, 2011, the Company redeemed all 6,100,000 shares of its issued and outstanding Series A 8½% Preferred Stock (“Series A Preferred”) at a redemption price of \$25 per share plus accrued dividends through that date. Pursuant to Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 260 – Earnings Per Share (“ASC 260”), for earnings per share purposes, we recognize the deficit of the carrying amount of the Series A Preferred over the consideration paid to redeem the shares.

The Series A Preferred was recorded in our Additional Paid-In Capital account, net of original issue costs at \$146.3 million prior to the redemption. The Company paid \$152.5 million to redeem the shares on June 1, 2011 of which \$7.7 million was paid to our insurance subsidiaries in exchange for their holdings. The difference between what was paid to redeem the shares less their carrying amount on our balance sheet, reduced by our insurance subsidiaries holdings is \$5.9 million. This amount was recognized as a reduction to our earnings available to our common shareholders for the purposes of computing earnings per share for the first six months of fiscal 2012.

From January 1, 2009 through March 31, 2011, our insurance subsidiaries purchased 308,300 shares of our Series A Preferred on the open market for \$7.2 million. Pursuant to ASC 260, we recognized a \$0.2 million charge to net earnings in the first six months of fiscal 2011 in connection with these purchases.

3. Investments

Expected maturities may differ from contractual maturities as borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

The Company deposits bonds with insurance regulatory authorities to meet statutory requirements. The adjusted cost of bonds on deposit with insurance regulatory authorities was \$14.4 million at September 30, 2011.

AMERCO AND CONSOLIDATED ENTITIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

Available-for-Sale Investments

Available-for-sale investments at September 30, 2011 were as follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses More than 12 Months (Unaudited) (In thousands)	Gross Unrealized Losses Less than 12 Months	Estimated Market Value
U.S. treasury securities and government obligations	\$28,550	\$1,941	\$(19)	\$-	\$30,472
U.S. government agency mortgage-backed securities	50,646	4,390	(1)	-	55,035
Obligations of states and political subdivisions	116,559	2,648	(70)	(917)	118,220
Corporate securities	424,478	24,123	(676)	(892)	447,033
Mortgage-backed securities	6,017	213	(70)	-	6,160
Redeemable preferred stocks	24,371	1,012	(459)	(34)	24,890
Common stocks	27,736	12	(14,055)	(1,353)	12,340
	\$678,357	\$34,339	\$(15,350)	\$(3,196)	\$694,150

The table above includes gross unrealized losses that are not deemed to be other-than-temporarily impaired, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position.

The Company sold available-for-sale securities with a fair value of \$122.0 million during the first six months of fiscal 2012. The gross realized gains on these sales totaled \$5.2 million. The gross realized losses on these sales totaled \$0.1 million.

The unrealized losses of more than twelve months in the available-for-sale table are considered temporary declines. The Company tracks each investment with an unrealized loss and evaluates them on an individual basis for other-than-temporary impairments including obtaining corroborating opinions from third party sources, performing trend analysis and reviewing management's future plans. Certain of these investments may have declines determined by management to be other-than-temporary and the Company recognizes these write-downs through earnings. The Company's insurance subsidiaries recognized \$0.1 million in other-than-temporary impairments for the second quarter and first six months of fiscal 2012. There were no write downs in the second quarter or for the first six months of fiscal 2011.

The investment portfolio primarily consists of corporate securities and U.S. government securities. The Company believes it monitors its investments as appropriate. The Company's methodology of assessing other-than-temporary impairments is based on security-specific analysis as of the balance sheet date and considers various factors including

the length of time to maturity, the extent to which the fair value has been less than the cost, the financial condition and the near-term prospects of the issuer, and whether the debtor is current on its contractually obligated interest and principal payments. Nothing has come to management's attention that would lead to the belief that each issuer would not have the ability to meet the remaining contractual obligations of the security, including payment at maturity. The Company has the ability and intent not to sell its fixed maturity and common stock investments for a period of time sufficient to allow the Company to recover its costs.

The portion of other-than-temporary impairment related to a credit loss is recognized in earnings. The significant inputs utilized in the evaluation of mortgage backed securities credit losses include ratings, delinquency rates, and prepayment activity. The significant inputs utilized in the evaluation of asset backed securities credit losses include the time frame for principal recovery and the subordination and value of the underlying collateral.

AMERCO AND CONSOLIDATED ENTITIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

Credit losses recognized in earnings for which a portion of an other-than-temporary impairment was recognized in other comprehensive income were as follows:

	Credit Loss (Unaudited) (In thousands)
Balance at March 31, 2011	\$ 552
Additions:	
Other-than-temporary impairment not previously recognized	-
Balance at September 30, 2011	\$ 552

The adjusted cost and estimated market value of available-for-sale investments at September 30, 2011, by contractual maturity, were as follows:

	Amortized Cost (Unaudited) (In thousands)	Estimated Market Value (Unaudited) (In thousands)
Due in one year or less	\$ 39,532	\$ 40,213
Due after one year through five years	150,925	159,268
Due after five years through ten years	173,671	183,302
Due after ten years	256,105	267,977
	620,233	650,760
Mortgage backed securities	6,017	6,160
Redeemable preferred stocks	24,371	24,890
Equity securities	27,736	12,340
	\$ 678,357	\$ 694,150

AMERCO AND CONSOLIDATED ENTITIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

4. Borrowings

Long-Term Debt

Long-term debt was as follows:

	2012 Rate (a)	Maturities	September 30, 2011 (Unaudited)	March 31, 2011
(In thousands)				
Real estate loan (amortizing term)	6.93	% 2018	\$250,000	\$255,000
Real estate loan (revolving credit)	-	2018	-	-
Real estate loan (amortizing term)	2.13	% 2016	25,899	11,222
Real estate loan (revolving credit)	1.72	% 2012	23,599	-
Senior mortgages	5.47% - 5.75	% 2015	466,375	476,783
Working capital loan (revolving credit)	-	2012	-	-
Fleet loans (amortizing term)	3.52% - 7.95	2012 - % 2018	403,938	325,591
Fleet loans (securitization)	4.90% - 5.56	2014 - % 2017	244,127	271,290
Other obligations	3.00% - 9.50	2011 - % 2031	66,648	57,956
Less: Other obligations held by subsidiaries			(2,005)	-
Total notes, loans and leases payable			\$1,478,581	\$1,397,842

(a) Interest rate as of September 30, 2011, including the effect of applicable hedging instruments.

Real Estate Backed Loans

Real Estate Loan

Amerco Real Estate Company and certain of its subsidiaries and U-Haul Company of Florida are borrowers under a Real Estate Loan. The loan has a final maturity date of August 2018. The loan is comprised of a term loan facility with initial availability of \$300.0 million and a revolving credit facility with a current availability of \$198.8 million. As of September 30, 2011, the outstanding balance on the Real Estate Loan was \$250.0 million and the Company had the full \$198.8 million available to be drawn. U-Haul International, Inc. is a guarantor of this loan.

The amortizing term portion of the Real Estate Loan requires monthly principal and interest payments, with the unpaid loan balance and accrued and unpaid interest due at maturity. The revolving credit portion of the Real Estate Loan requires monthly interest payments when drawn, with the unpaid loan balance and any accrued and unpaid

interest due at maturity. The Real Estate Loan is secured by various properties owned by the borrowers.

The interest rate for the amortizing term portion, per the provisions of the amended Loan Agreement, is the applicable London Inter-Bank Offer Rate (“LIBOR”) plus the applicable margin. At September 30, 2011, the applicable LIBOR was 0.23% and the applicable margin was 1.50%, the sum of which was 1.73%. The rate on the term facility portion of the Real Estate Loan is hedged with an interest rate swap fixing the rate at 6.93% based on current margin.

The interest rate for the revolving credit facility, per the provision of the amended Loan Agreement, is the applicable LIBOR plus the applicable margin. The margin ranges from 1.50% to 2.00%.

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

Amerco Real Estate Company and a subsidiary of U-Haul International, Inc. entered into a revolving credit construction loan effective June 29, 2006. This loan was modified and extended on June 27, 2011. The loan is now comprised of a term loan facility with initial availability of \$26.1 million and a final maturity of June 30, 2016. As of September 30, 2011, the outstanding balance was \$25.9 million.

AMERCO AND CONSOLIDATED ENTITIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

This Real Estate Loan requires monthly principal and interest payments, with the unpaid loan balance and any accrued and unpaid interest due at maturity. The interest rate, per the provision of the Loan Agreement, is the applicable LIBOR plus a margin of 1.90%. At September 30, 2011, the applicable LIBOR was 0.23% and the margin was 1.90%, the sum of which was 2.13%. U-Haul International, Inc. and AMERCO are guarantors of this loan. The default provisions of the loan include non-payment of principal or interest and other standard reporting and change-in-control covenants.

On April 29, 2011, Amerco Real Estate Company and U-Haul Company of Florida entered into a revolving credit agreement for \$100.0 million. This agreement has a maturity of April 2012 with an option for a one year extension. As of September 30, 2011, the Company had \$76.4 million available to be drawn. The interest rate is the applicable LIBOR plus a margin of 1.50%. At September 30, 2011, the applicable LIBOR was 0.22% and the margin was 1.50%, the sum of which was 1.72%. AMERCO and U-Haul International, Inc. are guarantors of this facility. The default provisions of the loan include non-payment of principal or interest and other standard reporting and change-in-control covenants.

Senior Mortgages

Various subsidiaries of Amerco Real Estate Company and U-Haul International, Inc. are borrowers under certain senior mortgages. These senior mortgage loan balances as of September 30, 2011 were in the aggregate amount of \$415.0 million and are due July 2015. The Senior Mortgages require average monthly principal and interest payments of \$3.0 million with the unpaid loan balance and accrued and unpaid interest due at maturity. These senior mortgages are secured by certain properties owned by the borrowers. The interest rates, per the provisions of these senior mortgages, are 5.68% and 5.52% per annum. Amerco Real Estate Company and U-Haul International, Inc. have provided limited guarantees of these senior mortgages. The default provisions of these senior mortgages include non-payment of principal or interest and other standard reporting and change-in-control covenants. There are limited restrictions regarding our use of the funds.

Various subsidiaries of the Company are borrowers under the mortgage backed loans that we also classify as senior mortgages. These loans are secured by certain properties owned by the borrowers. The loan balance of these notes totals \$51.4 million as of September 30, 2011. These loans mature in 2015. Rates for these loans range from 5.47% to 5.75%. The loans require monthly principal and interest payments with the balances due upon maturity. The default provisions of the loans include non-payment of principal or interest and other standard reporting and change-in-control covenants. There are limited restrictions regarding our use of the funds.

Working Capital Loans

Amerco Real Estate Company is a borrower under an asset backed working capital loan. The maximum amount that can be drawn at any one time is \$25.0 million. At September 30, 2011, the Company had the full \$25.0 million available to be drawn. The loan is secured by certain properties owned by the borrower. The loan agreement provides for revolving loans, subject to the terms of the loan agreement with final maturity in November 2012. The loan requires monthly interest payments with the unpaid loan balance and accrued and unpaid interest due at maturity. U-Haul International, Inc. and AMERCO are the guarantors of this loan. The default provisions of the loan include non-payment of principal or interest and other standard reporting and change-in-control covenants. The interest rate, per the provision of the Loan Agreement, is the applicable LIBOR plus a margin of 1.50%.

Fleet Loans

Rental Truck Amortizing Loans

U-Haul International, Inc. and several of its subsidiaries are borrowers under amortizing term loans. The balance of the loans as of September 30, 2011 was \$308.9 million with the final maturities between April 2012 and September 2018.

The Amortizing Loans require monthly principal and interest payments, with the unpaid loan balance and accrued and unpaid interest due at maturity. These loans were used to purchase new trucks. The interest rates, per the provision of the Loan Agreements, are the applicable LIBOR plus a margin between 0.90% and

AMERCO AND CONSOLIDATED ENTITIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

2.63%. At September 30, 2011, the applicable LIBOR was between 0.22% and 0.23% and applicable margins were between 1.13% and 2.63%. The interest rates are hedged with interest rate swaps fixing the rates between 3.85% and 7.32% based on current margins. Additionally, \$11.8 million of these loans are carried at a fixed rate of 7.95%.

AMERCO and U-Haul International, Inc. are guarantors of these loans. The default provisions of these loans include non-payment of principal or interest and other standard reporting and change-in-control covenants.

On December 31, 2009 a subsidiary of U-Haul International, Inc. entered into an \$85.0 million term note that was used to fund cargo van and pickup acquisitions for the past two years. This term note was amended on August 26, 2011. The amount of the term note was increased to \$95 million and the final maturity of the note was extended to August 2016. The agreement contains options to extend the maturity through May 2017. The note is secured by the purchased equipment and the corresponding operating cash flows associated with their operation. This note has a fixed interest rate of 3.52%.

AMERCO and U-Haul International, Inc. are guarantors of this loan. The default provisions of these loans include non-payment of principal or interest and other standard reporting and change-in-control covenants.

Rental Truck Securitizations

U-Haul S Fleet and its subsidiaries (collectively, "USF") issued a \$217.0 million asset-backed note ("2007 Box Truck Note") on June 1, 2007. USF is a bankruptcy-remote special purpose entity wholly-owned by U-Haul International, Inc. The net proceeds from the securitized transaction were used to finance new box truck purchases throughout fiscal 2008. U.S. Bank, NA acts as the trustee for this securitization.

The 2007 Box Truck Note has a fixed interest rate of 5.56% with an estimated final maturity of February 2014. At September 30, 2011, the outstanding balance was \$106.3 million. The note is secured by the box trucks that were purchased and the corresponding operating cash flows associated with their operation.

The 2007 Box Truck Note has the benefit of a financial guaranty insurance policy which guarantees the timely payment of interest on and the ultimate payment of the principal of this note.

2010 U-Haul S Fleet and its subsidiaries (collectively, "2010 USF") issued a \$155.0 million asset-backed note ("2010 Box Truck Note") on October 28, 2010. 2010 USF is a bankruptcy-remote special purpose entity wholly-owned by U-Haul International, Inc. The net proceeds from the securitized transaction were used to finance new box truck purchases. U.S. Bank, NA acts as the trustee for this securitization.

The 2010 Box Truck Note has a fixed interest rate of 4.90% with an estimated final maturity of October 2017. At September 30, 2011, the outstanding balance was \$137.8 million. The note is secured by the box trucks being purchased and the corresponding operating cash flows associated with their operation.

The 2007 Box Truck Note and 2010 Box Truck Note are subject to certain covenants with respect to liens, additional indebtedness of the special purpose entities, the disposition of assets and other customary covenants of bankruptcy-remote special purpose entities. The default provisions of these notes include non-payment of principal or interest and other standard reporting and change-in-control covenants.

Other Obligations

The Company entered into capital leases for new equipment between April 2008 and September 2011, with terms of the leases between 3 and 7 years. At September 30, 2011, the balance of these leases was \$59.7 million.

In January 2010, the Company entered into a \$0.5 million premium financing arrangement for two years expiring in December 2011 with a fixed rate of 3.37%. At September 30, 2011, the outstanding balance was \$0.1 million.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

In February 2011, the Company and US Bank, National Association (the “Trustee”) entered into the U-Haul Investors Club Indenture. The Company and the Trustee entered into this indenture to provide for the issuance of notes (“U-Notes”) by the Company directly to investors over our proprietary website, uhaulinvestorsclub.com. The U-Notes are secured by various types of collateral including rental equipment and real estate. U-Notes are issued in smaller series that vary as to principal amount, interest rate and maturity. U-Notes are obligations of the Company and secured by the associated collateral; they are not guaranteed by any of the Company’s affiliates or subsidiaries.

At September 30, 2011 the aggregate outstanding principal balance of the U-Notes issued was \$6.8 million with interest rates between 3.00% and 8.00% and maturity dates between 2013 and 2031.

Annual Maturities of Notes, Loans and Leases Payable

The annual maturities of long-term debt as of September 30, 2011 for the next five years and thereafter are as follows:

	Year Ending September 30,					
	2012	2013	2014	2015	2016	Thereafter
	(Unaudited)					
	(In thousands)					
Notes, loans and leases payable, secured	\$226,513	\$112,910	\$167,231	\$474,254	\$250,700	\$246,973

Interest on Borrowings

Interest Expense

Components of interest expense include the following:

	Quarter Ended September 30,	
	2011	2010
	(Unaudited)	
	(In thousands)	
Interest expense	\$16,040	\$14,586
Capitalized interest	(46)	(122)
Amortization of transaction costs	1,058	1,049
Interest expense resulting from derivatives	5,911	6,275
Total interest expense	\$22,963	\$21,788

	Six Months Ended September 30,	
	2011	2010
	(Unaudited)	
	(In thousands)	

Interest expense	\$31,879	\$29,011
Capitalized interest	(78)	(269)
Amortization of transaction costs	2,094	2,154
Interest expense resulting from derivatives	11,701	12,356
Total interest expense	\$45,596	\$43,252

Interest paid in cash including payments related to derivative contracts, amounted to \$20.6 million and \$19.2 million for the second quarter of fiscal 2012 and 2011, respectively and \$40.9 million and \$38.8 million for the first six months of fiscal 2012 and 2011, respectively.

AMERCO AND CONSOLIDATED ENTITIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

Interest Rates

Interest rates and Company borrowings were as follows:

	Revolving Credit Activity Quarter Ended September 30,			
	2011		2010	
	(Unaudited)			
	(In thousands, except interest rates)			
Weighted average interest rate during the quarter	1.65	%	1.82	%
Interest rate at the end of the quarter	1.72	%	-	
Maximum amount outstanding during the quarter	\$38,599		\$75,000	
Average amount outstanding during the quarter	\$21,717		\$33,804	
Facility fees	\$100		\$57	

	Revolving Credit Activity Six Months Ended September 30,			
	2011		2010	
	(Unaudited)			
	(In thousands, except interest rates)			
Weighted average interest rate during the first six months	1.68	%	1.81	%
Interest rate at the end of the first six months	1.72	%	-	
Maximum amount outstanding during the first six months	\$38,599		\$111,000	
Average amount outstanding during the first six months	\$18,049		\$59,585	
Facility fees	\$307		\$113	

5. Derivatives

The Company manages exposure to changes in market interest rates. The Company's use of derivative instruments is limited to highly effective interest rate swaps to hedge the risk of changes in cash flows (future interest payments) attributable to changes in LIBOR swap rates, the designated benchmark interest rate being hedged on certain of our LIBOR indexed variable rate debt. The interest rate swaps effectively fix the Company's interest payments on certain LIBOR indexed variable rate debt. The Company monitors its positions and the credit ratings of its counterparties and does not currently anticipate non-performance by the counterparties. Interest rate swap agreements are not entered into for trading purposes.

AMERCO AND CONSOLIDATED ENTITIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

Original variable rate debt amount		Agreement Date	Effective Date	Expiration Date	Designated cash flow hedge date
			(Unaudited)		
			(In millions)		
\$ 142.3	(a),	11/15/2005	5/10/2006	4/10/2012	5/31/2006
50.0	(b)	6/21/2006	7/10/2006	7/10/2013	6/9/2006
144.9	(a),	6/9/2006	10/10/2006	10/10/2012	6/9/2006
300.0	(b)	8/16/2006	8/18/2006	8/10/2018	8/4/2006
30.0	(a)	2/9/2007	2/12/2007	2/10/2014	2/9/2007
20.0	(a)	3/8/2007	3/12/2007	3/10/2014	3/8/2007
20.0	(a)	3/8/2007	3/12/2007	3/10/2014	3/8/2007
19.3	(a),	4/8/2008	8/15/2008	6/15/2015	3/31/2008
19.0	(b)	8/27/2008	8/29/2008	7/10/2015	4/10/2008
30.0	(a)	9/24/2008	9/30/2008	9/10/2015	9/24/2008
15.0	(a),	3/24/2009	3/30/2009	4/15/2016	3/25/2009
14.7	(b)	7/6/2010	8/15/2010	7/15/2017	7/6/2010
25.0	(a),	4/26/2011	6/1/2011	6/1/2018	7/1/2011
50.0	(b)	7/29/2011	8/15/2011	8/15/2018	7/29/2011
20.0	(a),	8/3/2011	9/12/2011	9/10/2018	8/3/2011
	(b)				

(a) interest rate swap agreement
(b) forward swap

As of September 30, 2011, the total notional amount of the Company's variable interest rate swaps was \$555.7 million.

The derivative fair values located in accounts payable and accrued expenses in the balance sheets were as follows:

	Liability Derivatives Fair Value as of	
	September 30,	March 31, 2011
	2011	
	(Unaudited)	
	(In thousands)	
Interest rate contracts designated as hedging instruments	\$ 66,816	\$ 51,052

The Effect of Interest Rate Contracts on the
Statements of Operations

	September 30, 2011	September 30, 2010
	(Unaudited)	
	(In thousands)	
Loss recognized in income on interest rate contracts	\$ 11,701	\$ 12,356
(Gain) loss recognized in AOCI on interest rate contracts (effective portion)	\$ 16,110	\$ 19,568
Loss reclassified from AOCI into income (effective portion)	\$ 12,048	\$ 12,509
(Gain) loss recognized in income on interest rate contracts (ineffective portion and amount excluded from effectiveness testing)	\$ (347)	\$ (153)

AMERCO AND CONSOLIDATED ENTITIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

Gains or losses recognized in income on derivatives are recorded as interest expense in the statements of operations. At September 30, 2011, the Company expects to reclassify \$21.1 million of net losses on interest rate contracts from accumulated other comprehensive income to earnings that will offset interest payments over the next twelve months.

6. Stockholders' Equity

From January 1, 2009 through March 31, 2011, our insurance subsidiaries purchased 308,300 shares of Series A Preferred on the open market for \$7.2 million. Pursuant to ASC 260, we recognized a \$0.2 million charge to net earnings for the first six months of fiscal 2011 in connection with these entities.

On June 1, 2011, the Company redeemed all 6,100,000 shares of its issued and outstanding Series A Preferred at a redemption price of \$25 per share plus accrued dividends through that date. Pursuant to ASC 260, for earnings per share purposes, we recognize the deficit of the carrying amount of the Series A Preferred over the consideration paid to redeem the shares.

The Series A Preferred was recorded in our Additional Paid-In Capital account, net of original issue costs at \$146.3 million prior to the redemption. The Company paid \$152.5 million to redeem the shares on June 1, 2011 of which \$7.7 million was paid to our insurance subsidiaries in exchange for their holdings. The difference between what was paid to redeem the shares less their carrying amount on our balance sheet, reduced by our insurance subsidiaries holdings is \$5.9 million. This amount was recognized as a reduction to our earnings available to our common shareholders for the purposes of computing earnings per share for the first six months of fiscal 2012.

7. Comprehensive Income (Loss)

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

	Foreign Currency Translation	Unrealized Gain on Investments	Fair Market Value of Cash Flow Hedges	Postretirement Benefit Obligation Gain	Accumulated Other Comprehensive Income (Loss)
(Unaudited)					
(In thousands)					
Balance at March 31, 2011	\$ (26,028)	\$ 10,861	\$ (32,438)	\$ 1,138	\$ (46,467)
Foreign currency translation	(5,757)	-	-	-	(5,757)
Unrealized gain on investments	-	(4,009)	-	-	(4,009)
Change in fair value of cash flow hedges	-	-	(9,988)	-	(9,988)
Balance at September 30, 2011	\$ (31,785)	\$ 6,852	\$ (42,426)	\$ 1,138	\$ (66,221)

8. 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 2018, with the exception of one land lease expiring in 2034. As of September 30, 2011, AMERCO has guaranteed \$143.1 million of residual values for these rental equipment assets at the end of the respective lease terms. Certain leases contain renewal and fair market value purchase options as well as mileage and other restrictions. At the expiration of the lease, the Company has the option to renew the lease, purchase the asset for fair market value, or sell the asset to a third party on behalf of the lessor. AMERCO has been leasing equipment since 1987 and has experienced no material losses relating to these types of residual value guarantees.

AMERCO AND CONSOLIDATED ENTITIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

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

	Property, Plant and Equipment	Rental Equipment (Unaudited)	Total
	(In thousands)		
Year-ended September 30:			
2012	\$ 14,584	\$ 102,047	\$ 116,631
2013	13,459	82,465	95,924
2014	8,847	63,315	72,162
2015	676	39,926	40,602
2016	550	9,707	10,257
Thereafter	5,139	4,022	9,161
Total	\$43,255	\$301,482	\$344,737

9. Contingencies

Shoen

In September 2002, Paul F. Shoen filed a shareholder derivative lawsuit in the Second Judicial District Court of the State of Nevada, Washoe County, captioned Paul F. Shoen vs. SAC Holding Corporation et al., CV 02-05602, 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 as a nominal Defendant in the case. 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 prior to the filing of the complaint. The complaint seeks a declaration that such transfers are void as well as unspecified damages. In October 2002, the Defendants filed motions to dismiss the complaint. Also in October 2002, Ron Belec filed a derivative action in the Second Judicial District Court of the State of Nevada, Washoe County, captioned Ron Belec vs. William E. Carty, et al., CV 02-06331 and in January 2003, M.S. Management Company, Inc. filed a derivative action in the Second Judicial District Court of the State of Nevada, Washoe County, captioned M.S. Management Company, Inc. vs. William E. Carty, et al., CV 03-00386. Two additional derivative suits were also filed against these parties. Each of these suits is substantially similar to the Paul F. Shoen case. The Court consolidated the five cases and thereafter dismissed these actions in May 2003, concluding that the AMERCO Board of Directors had the requisite level of independence required in order to have these claims resolved by the Board. Plaintiffs appealed this decision and, in July 2006, the Nevada Supreme Court reversed the ruling of the trial court and remanded the case to the trial court for proceedings consistent with its ruling, allowing the Plaintiffs to file an amended complaint and plead in addition to substantive claims, demand futility.

In November 2006, the Plaintiffs filed an amended complaint. In December 2006, the Defendants filed motions to dismiss, based on various legal theories. In March 2007, the Court denied AMERCO's motion to dismiss regarding the issue of demand futility, stating that "Plaintiffs have satisfied the heightened pleading requirements of demand futility

by showing a majority of the members of the AMERCO Board of Directors were interested parties in the SAC transactions.” The Court heard oral argument on the remainder of the Defendants’ motions to dismiss, including the motion (“Goldwasser Motion”) based on the fact that the subject matter of the lawsuit had been settled and dismissed in earlier litigation known as Goldwasser v. Shoen, C.V.N.-94-00810-ECR (D.Nev), Washoe County, Nevada. In addition, in September and October 2007, the Defendants filed Motions for Judgment on the Pleadings or in the Alternative Summary Judgment, based on the fact that the stockholders of the Company had ratified the underlying transactions at the 2007 annual meeting of stockholders of AMERCO. In December 2007, the Court denied this motion. This ruling does not preclude a renewed motion for summary judgment after discovery and further proceedings on these issues.

AMERCO AND CONSOLIDATED ENTITIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

On April 7, 2008, the litigation was dismissed, on the basis of the Goldwasser Motion. On May 8, 2008, the Plaintiffs filed a notice of appeal of such dismissal to the Nevada Supreme Court. On May 20, 2008, AMERCO filed a cross appeal relating to the denial of its Motion to Dismiss in regard to demand futility.

On May 12, 2011, the Nevada Supreme Court affirmed in part, reversed in part, and remanded the case for further proceedings. First, the Court ruled that the Goldwasser settlement did not release claims that arose after the agreement and, therefore, reversed the trial court's dismissal of the Complaint on that ground. Second, the Court affirmed the district court's determination that the in pari delicto defense is available in a derivative suit and reversed and remanded to the district court to determine if the defense applies to this matter. Third, the Court remanded to the district court to conduct an evidentiary hearing to determine whether demand upon the AMERCO Board was, in fact, futile. Fourth, the Court invited AMERCO to seek a ruling from the district court as to the legal effect of the AMERCO Shareholders' 2008 ratification of the underlying AMERCO/SAC transactions.

Last, as to individual claims for relief, the Court affirmed the district court's dismissal of the breach of fiduciary duty of loyalty claims as to all defendants except Mark Shoen. The Court affirmed the district court's dismissal of the breach of fiduciary duty: ultra vires Acts claim as to all defendants. The Court reversed the district court's dismissal of aiding and abetting a breach of fiduciary duty and unjust enrichment claims against the SAC entities. The Court reversed the trial court's dismissal of the claim for wrongful interference with prospective economic advantage as to all defendants.

On remand, on July 22, 2011, AMERCO filed a Motion for Summary Judgment based upon the Shareholder's Ratification of the SAC transactions. In addition, on August 29, 2011, certain defendants filed a Motion to Dismiss Plaintiffs' Claim for Wrongful Interference with Prospective Economic Advantage. On August 31, 2011, the trial court held a status conference and entered an order setting forth the briefing schedule for the two motions.

Environmental

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

Based upon the information currently available to Real Estate, compliance with the environmental laws and its share of the costs of investigation and cleanup of known hazardous waste sites are not expected to result in a material adverse effect on AMERCO's financial position or results of operations.

Other

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

10. Related Party Transactions

As set forth in the Audit Committee Charter and consistent with Nasdaq Listing Rules, the Company's Audit Committee (the "Audit Committee") reviews and maintains oversight over related party transactions which are required to be disclosed under the Securities and Exchange Commission ("SEC") rules and regulations. Accordingly, all such related party transactions are submitted to the Audit Committee for ongoing review and oversight. The Company's internal processes ensure that the Company's legal and finance departments identify and monitor potential related party transactions which may require disclosure and Audit Committee oversight.

AMERCO AND CONSOLIDATED ENTITIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

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

SAC Holding Corporation and SAC Holding II Corporation, (collectively "SAC Holdings") were established in order to acquire self-storage properties. These properties are being managed by the Company pursuant to management agreements. In the past, the Company has sold various self-storage properties to SAC Holdings, and such sales provided significant cash flows to the Company.

Management believes that the sales of self-storage properties to SAC Holdings has provided a unique structure for the Company to earn moving equipment rental revenues and property management fee revenues from the SAC Holdings self-storage properties that the Company manages.

Related Party Revenue

	Quarter Ended September 30,	
	2011	2010
	(Unaudited)	
	(In thousands)	
U-Haul interest income revenue from SAC Holdings	\$4,858	\$4,815
U-Haul interest income revenue from Private Mini	1,366	1,374
U-Haul management fee revenue from SAC Holdings	3,821	3,598
U-Haul management fee revenue from Private Mini	554	543
U-Haul management fee revenue from Mercury	451	438
	\$11,050	\$10,768

	Six Months Ended September 30,	
	2011	2010
	(Unaudited)	
	(In thousands)	
U-Haul interest income revenue from SAC Holdings	\$9,674	\$9,585
U-Haul interest income revenue from Private Mini	2,719	2,738
U-Haul management fee revenue from SAC Holdings	7,550	7,157
U-Haul management fee revenue from Private Mini	1,106	1,083
U-Haul management fee revenue from Mercury	905	875
	\$21,954	\$21,438

During the first six months of fiscal 2012, subsidiaries of the Company held various junior unsecured notes of SAC Holdings. Substantially all of the equity interest of SAC Holdings is controlled by Blackwater Investments, Inc. ("Blackwater"). Blackwater is wholly-owned by Mark V. Shoen, a significant shareholder and executive officer of

AMERCO. The Company does not have an equity ownership interest in SAC Holdings. The Company received cash interest payments of \$10.0 million and \$8.8 million, from SAC Holdings during the first six months of fiscal 2012 and 2011, respectively. The largest aggregate amount of notes receivable outstanding during the first six months of fiscal 2012 was \$196.2 million and the aggregate notes receivable balance at September 30, 2011 was \$195.8 million. In accordance with the terms of these notes, SAC Holdings may prepay the notes without penalty or premium at any time. The scheduled maturities of these notes are between 2019 and 2024.

Interest accrues on the outstanding principal balance of junior notes of SAC Holdings that the Company holds at a 9.0% rate per annum. A fixed portion of that basic interest is paid on a monthly basis. Additional interest can be earned on notes totaling \$122.2 million of principal depending upon the amount of remaining basic interest and the cash flow generated by the underlying property. This amount is referred to as the “cash flow-based calculation.”

AMERCO AND CONSOLIDATED ENTITIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

To the extent that this cash flow-based calculation exceeds the amount of remaining basic interest, contingent interest would be 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 a portion of the appreciation realized upon, among other things, the sale of such property by SAC Holdings. To date, no excess cash flows related to these arrangements have been earned or paid.

During the first six months of fiscal 2012, AMERCO and U-Haul held various junior notes issued by Private Mini Storage Realty, L.P. (“Private Mini”). The equity interests of Private Mini are ultimately controlled by Blackwater. The Company received cash interest payments of \$2.7 million and \$2.8 million from Private Mini during the first six months of fiscal 2012 and 2011, respectively. The largest aggregate amount outstanding during the first six months of fiscal 2012 was \$66.7 million and the aggregate notes receivable balance at September 30, 2011 was \$66.5 million.

The Company currently manages the self-storage properties owned or leased by SAC Holdings, Mercury Partners, L.P. (“Mercury”), Four SAC Self-Storage Corporation (“4 SAC”), Five SAC Self-Storage Corporation (“5 SAC”), Galaxy Investments, L.P. (“Galaxy”) and Private Mini pursuant to a standard form of management agreement, under which the Company receives a management fee of between 4% and 10% of the gross receipts plus reimbursement for certain expenses. The Company received management fees, exclusive of reimbursed expenses, of \$13.5 million from the above mentioned entities during the first six months of fiscal 2012 and 2011. This management fee is consistent with the fee received for other properties the Company previously managed for third parties. SAC Holdings, 4 SAC, 5 SAC, Galaxy and Private Mini are substantially controlled by Blackwater. Mercury is substantially controlled by Mark V. Shoen. James P. Shoen, a significant shareholder and director of AMERCO, has an interest in Mercury.

Related Party Costs and Expenses

	Quarter Ended September 30,	
	2011	2010
	(Unaudited)	
	(In thousands)	
U-Haul lease expenses to SAC Holdings	\$503	\$622
U-Haul commission expenses to SAC Holdings	11,379	10,628
U-Haul commission expenses to Private Mini	763	724
	\$12,645	\$11,974

	Six Months Ended September 30,	
	2011	2010
	(Unaudited)	
	(In thousands)	
U-Haul lease expenses to SAC Holdings	\$1,126	\$1,245

U-Haul commission expenses to SAC Holdings	21,382	20,044
U-Haul commission expenses to Private Mini	1,406	1,340
	\$23,914	\$22,629

The Company leases space for marketing company offices, vehicle repair shops and hitch installation centers from subsidiaries of SAC Holdings, 5 SAC and Galaxy. The terms of the leases are similar to the terms of leases for other properties owned by unrelated parties that are leased to the Company.

AMERCO AND CONSOLIDATED ENTITIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

At September 30, 2011, subsidiaries of SAC Holdings, 4 SAC, 5 SAC, Galaxy and Private Mini acted as U-Haul independent dealers. The financial and other terms of the dealership contracts with the aforementioned companies and their subsidiaries are substantially identical to the terms of those with the Company's other independent dealers whereby commissions are paid by the Company based upon equipment rental revenues

These agreements and notes with subsidiaries of SAC Holdings, 4 SAC, 5 SAC, Galaxy and Private Mini, excluding Dealer Agreements, provided revenues of \$21.1 million, expenses of \$1.1 million and cash flows of \$23.9 million during the first six months of fiscal 2012. Revenues and commission expenses related to the Dealer Agreements were \$108.1 million and \$22.8 million, respectively during the first six months of fiscal 2012.

The Company adopted Accounting Standards Update 2009-17 ("ASU 2009-17"), which amends the FASB ASC for the issuance of FASB Statement 167, Amendments to FASB Interpretation 46(R), as of April 1, 2010. Management determined that the junior notes of SAC Holdings and Private Mini and the management agreements with SAC Holdings, Mercury, 4 SAC, 5 SAC, Galaxy, and Private Mini represent potential variable interests for the Company. Management evaluated whether it should be identified as the primary beneficiary of one or more of these variable interest entity's ("VIE's") using a two step approach in which management (i) identified all other parties that hold interests in the VIE's, and (ii) determined if any variable interest holder has the power to direct the activities of the VIE's that most significantly impact their economic performance.

Management determined that they do not have a variable interest in the holding entities Mercury, 4 SAC, 5 SAC, or Galaxy through management agreements which are with the individual operating entities or through the issuance of junior debt; therefore, the Company is precluded from consolidating these entities, which is consistent with the accounting treatment immediately prior to adopting ASU 2009-17.

The Company has junior debt with the holding entities SAC Holding Corporation, SAC Holding II Corporation, and Private Mini which represents a variable interest in each individual entity. Though the Company has certain protective rights within these debt agreements, the Company has no present influence or control over these holding entities unless their protective rights become exercisable, which management considers unlikely based on their payment history. As a result, the Company has no basis under ASC 810 - Consolidation ("ASC 810") to consolidate these entities, which is consistent with the accounting treatment immediately prior to adopting ASU 2009-17.

The Company does not have the power to direct the activities that most significantly impact the economic performance of the individual operating entities which have management agreements with U-Haul. Through control of the holding entities assets, and its ability and history of making key decisions relating to the entity and its assets, Blackwater, and its owner, are the variable interest holder with the power to direct the activities that most significantly impact each of the individual holding entities and the individual operating entities' performance. As a result, the Company has no basis under ASC 810 to consolidate these entities, which is consistent with the accounting treatment immediately prior to adopting ASU 2009-17.

AMERCO AND CONSOLIDATED ENTITIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

The Company has not provided financial or other support explicitly or implicitly during the first six months ended September 30, 2011 to any of these entities that it was not previously contractually required to provide. The carrying amount and classification of the assets and liabilities in the Company's balance sheets that relate to the Company's variable interests in the aforementioned entities are as follows, which approximate the maximum exposure to loss as a result of the Company's involvement with these related party entities:

Related Party Assets

	September 30, 2011 (Unaudited)	March 31, 2011
	(In thousands)	
U-Haul notes, receivables and interest from Private Mini	\$69,344	\$69,201
U-Haul notes receivable from SAC Holdings	195,831	196,191
U-Haul interest receivable from SAC Holdings	16,816	17,096
U-Haul receivable from SAC Holdings	12,645	16,346
U-Haul receivable from Mercury	2,529	3,534
Other (a)	(1,149)	(400)
	\$296,016	\$301,968

(a) Timing differences for intercompany balances with insurance subsidiaries.

From January 1, 2009 through March 31, 2011, our insurance subsidiaries purchased 308,300 shares of our Series A Preferred on the open market for \$7.2 million.

11. Consolidating Financial Information by Industry Segment

AMERCO's three reportable segments are:

- Moving and Storage, comprised of AMERCO, U-Haul, and Real Estate and the subsidiaries of U-Haul and Real Estate,
- Property and Casualty Insurance, comprised of Repwest and its subsidiaries and ARCOA, and
- Life Insurance, comprised of Oxford and its subsidiaries.

Management tracks revenues separately, but does not report any separate measure of the profitability for rental vehicles, rentals of self-storage spaces and sales of products that are required to be classified as a separate operating segment and accordingly does not present these as separate reportable segments. Deferred income taxes are shown as liabilities on the condensed consolidating statements.

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

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

AMERCO AND CONSOLIDATED ENTITIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

11. Financial Information by Consolidating Industry Segment:

Consolidating balance sheets by industry segment as of September 30, 2011 are as follows:

	Moving & Storage				AMERCO Legal Group			
	AMERCO	U-Haul	Real Estate	Eliminations	Moving & Storage Consolidated (Unaudited)	Property & Casualty Insurance (a)	Life Insurance (a)	Eliminations
(In thousands)								
Assets:								
Cash and cash equivalents	\$289,563	\$131,044	\$818	\$-	\$421,425	\$16,812	\$9,922	\$-
Reinsurance recoverables and trade receivables, net	-	26,401	-	-	26,401	181,613	19,738	(2)
Inventories, net	-	57,759	-	-	57,759	-	-	-
Prepaid expenses	5,426	43,088	386	-	48,900	-	-	-
Investments, fixed maturities and marketable equities	10,880	-	-	-	10,880	118,816	564,454	-
Investments, other	-	8,409	32,706	-	41,115	102,141	85,429	(750)
Deferred policy acquisition costs, net	-	-	-	-	-	-	55,626	-
Other assets	695	77,839	28,125	-	106,659	502	338	-
Related party assets	1,072,200	241,951	96	(1,015,373) (c)	298,874	3,455	-	(6,313)
	1,378,764	586,491	62,131	(1,015,373)	1,012,013	423,339	735,507	(7,065)
Investment in subsidiaries	(640)	-	-	355,025 (b)	354,385	-	-	(354,385)
Property, plant and equipment, at cost:								
Land	-	51,451	199,856	-	251,307	-	-	-
Buildings and improvements	-	158,789	893,414	-	1,052,203	-	-	-
Furniture and equipment	167	285,885	18,351	-	304,403	-	-	-
	-	254,522	-	-	254,522	-	-	-

Rental trailers and
other rental
equipment

Rental trucks	-	1,739,993	-	-	1,739,993	-	-	-
	167	2,490,640	1,111,621	-	3,602,428	-	-	-
Less: Accumulated depreciation	(142)	(1,011,475)	(351,468)	-	(1,363,085)	-	-	-
Total property, plant and equipment	25	1,479,165	760,153	-	2,239,343	-	-	-
Total assets	\$1,378,149	\$2,065,656	\$822,284	\$(660,348)	\$3,605,741	\$423,339	\$735,507	\$(361,450)

(a) Balances as of
June 30, 2011(b) Eliminate
investment in
subsidiaries(c) Eliminate
intercompany
receivables and
payables

AMERCO AND CONSOLIDATED ENTITIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

Consolidating balance sheets by industry segment as of September 30, 2011 are as follows:

	Moving & Storage				AMERCO Legal Group				
	AMERCO	U-Haul	Real Estate	Eliminations	Moving & Storage Consolidated (Unaudited) (In thousands)	Casualty Insurance (a)	Life Insurance (a)	Eliminations	
Liabilities:									
Accounts payable and accrued expenses	\$929	\$319,772	\$3,873	\$-	\$324,574	\$-	\$6,115	\$(18)(c)\$
Notes, loans and leases payable	-	752,425	728,161	-	1,480,586	-	-	(2,005)(c)
Policy benefits and losses, claims and loss expenses payable	-	391,316	-	-	391,316	289,970	280,228	-	
Liabilities from investment contracts	-	-	-	-	-	-	238,116	-	
Other policyholders' funds and liabilities	-	-	-	-	-	2,973	2,610	-	
Deferred income	-	31,674	-	-	31,674	-	-	-	
Deferred income taxes	368,052	-	-	-	368,052	(28,553)	11,157	-	
Related party liabilities	-	776,654	241,916	(1,015,373)(c)	3,197	1,653	192	(5,042)(c)
Total liabilities	368,981	2,271,841	973,950	(1,015,373)	2,599,399	266,043	538,418	(7,065)
Stockholders' equity:									
Series preferred stock:	-	-	-	-	-	-	-	-	

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Series A preferred stock									
Series B preferred stock	-	-	-	-	-	-	-	-	-
Series A common stock	-	-	-	-	-	-	-	-	-
Common stock	10,497	540	1	(541)	(b)	10,497	3,301	2,500	(5,801)
Additional paid-in capital	432,337	121,230	147,941	(269,171)	(b)	432,337	89,620	26,271	(116,101)
Accumulated other comprehensive income (loss)	(66,221)	(73,073)	-	73,073	(b)	(66,221)	2,695	13,246	(15,941)
Retained earnings (deficit)	1,310,205	(252,056)	(299,608)	551,664	(b)	1,310,205	61,680	155,072	(216,542)
Cost of common shares in treasury, net	(525,653)	-	-	-		(525,653)	-	-	-
Cost of preferred shares in treasury, net	(151,997)	-	-	-		(151,997)	-	-	-
Unearned employee stock ownership plan shares	-	(2,826)	-	-		(2,826)	-	-	-
Total stockholders' equity (deficit)	1,009,168	(206,185)	(151,666)	355,025		1,006,342	157,296	197,089	(354,385)
Total liabilities and stockholders' equity	\$1,378,149	\$2,065,656	\$822,284	\$(660,348)		\$3,605,741	\$423,339	\$735,507	\$(361,450)

(a) Balances as of June 30, 2011

(b) Eliminate investment in subsidiaries

(c) Eliminate intercompany receivables and payables

(d) Eliminate intercompany preferred stock investment

AMERCO AND CONSOLIDATED ENTITIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

Consolidating balance sheets by industry segment as of March 31, 2011 are as follows:

	Moving & Storage				AMERCO Legal Group			
	AMERCO	U-Haul	Real Estate	Eliminations	Moving & Storage Consolidated	Property & Casualty Insurance (a)	Life Insurance (a)	Eliminations
(In thousands)								
Assets:								
Cash and cash equivalents	\$250,104	\$72,634	\$757	\$-	\$323,495	\$14,700	\$37,301	\$-
Reinsurance recoverables and trade receivables, net	-	19,210	-	-	19,210	173,256	12,905	-
Inventories, net	-	59,942	-	-	59,942	-	-	-
Prepaid expenses	15,966	41,533	125	-	57,624	-	-	-
Investments, fixed maturities and marketable equities	22,946	-	-	-	22,946	126,240	518,620	(7,997)
Investments, other	-	10,385	18,605	-	28,990	90,615	82,263	-
Deferred policy acquisition costs, net	-	-	-	-	-	-	52,870	-
Other assets	2,863	134,330	28,251	-	165,444	877	312	-
Related party assets	1,146,296	247,024	72	(1,089,457) (c)	303,935	2,801	-	(4,768)
	1,438,175	585,058	47,810	(1,089,457)	981,586	408,489	704,271	(12,765)
Investment in subsidiaries	(138,714)	-	-	482,025 (b)	343,311	-	-	(343,311)
Property, plant and equipment, at cost:								
Land	-	46,651	192,526	-	239,177	-	-	-
Buildings and improvements	-	150,585	874,084	-	1,024,669	-	-	-
Furniture and equipment	203	292,242	18,226	-	310,671	-	-	-
Rental trailers and other rental equipment	-	249,700	-	-	249,700	-	-	-
Rental trucks	-	1,611,763	-	-	1,611,763	-	-	-

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	203	2,350,941	1,084,836	-	3,435,980	-	-	-
Less: Accumulated depreciation	(176)	(996,192)	(345,039)	-	(1,341,407)	-	-	-
Total property, plant and equipment	27	1,354,749	739,797	-	2,094,573	-	-	-
Total assets	\$1,299,488	\$1,939,807	\$787,607	\$(607,432)	\$3,419,470	\$408,489	\$704,271	\$(356,076)

(a) Balances as of December 31, 2010

(b) Eliminate investment in subsidiaries

(c) Eliminate intercompany receivables and payables

(d) Eliminate intercompany preferred stock investment

AMERCO AND CONSOLIDATED ENTITIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

Consolidating balance sheets by industry segment as of March 31, 2011 are as follows:

	Moving & Storage				AMERCO Legal Group			
					Property & Moving & Storage Consolidated	Casualty Insurance (a)	Life Insurance (a)	Eliminations
	AMERCO	U-Haul	Real Estate	Eliminations				
(In thousands)								
Liabilities:								
Accounts payable and accrued expenses	\$854	\$294,387	\$3,729	\$-	\$298,970	\$-	\$5,036	\$-
Notes, loans and leases payable	-	693,801	704,041	-	1,397,842	-	-	-
Policy benefits and losses, claims and loss expenses payable	-	397,381	-	-	397,381	276,726	253,269	-
Liabilities from investment contracts	-	-	-	-	-	-	246,717	-
Other policyholders' funds and liabilities	-	-	-	-	-	4,820	3,907	-
Deferred income	-	27,209	-	-	27,209	-	-	-
Deferred income taxes	294,518	-	-	-	294,518	(29,519)	6,541	(283)
Related party liabilities	-	858,655	233,618	(1,089,457) (c)	2,816	1,816	136	(4,768) (c)
Total liabilities	295,372	2,271,433	941,388	(1,089,457)	2,418,736	253,843	515,606	(5,051)
Stockholders' equity:								
Series preferred stock:								
Series A preferred stock	-	-	-	-	-	-	-	-

Series B preferred stock	-	-	-	-	-	-	-	-	-
Series A common stock	-	-	-	-	-	-	-	-	-
Common stock	10,497	540	1	(541)	(b)	10,497	3,301	2,500	(5,801)
Additional paid-in capital	432,611	121,230	147,941	(269,171)	(b)	432,611	89,620	26,271	(123,290)
Accumulated other comprehensive income (loss)	(45,942)	(57,328)	-	57,328	(b)	(45,942)	2,707	9,951	(13,183)
Retained earnings (deficit)	1,139,792	(392,686)	(301,723)	694,409	(b)	1,139,792	59,018	149,943	(208,751)
Cost of common shares in treasury, net	(525,653)	-	-	-		(525,653)	-	-	-
Cost of preferred shares in treasury, net	(7,189)	-	-	-		(7,189)	-	-	-
Unearned employee stock ownership plan shares	-	(3,382)	-	-		(3,382)	-	-	-
Total stockholders' equity (deficit)	1,004,116	(331,626)	(153,781)	482,025		1,000,734	154,646	188,665	(351,025)
Total liabilities and stockholders' equity	\$1,299,488	\$1,939,807	\$787,607	\$(607,432)		\$3,419,470	\$408,489	\$704,271	\$(356,076)

(a) Balances as of December 31, 2010

(b) Eliminate investment in subsidiaries

(c) Eliminate intercompany receivables and payables

(d) Eliminate intercompany preferred stock investment

AMERCO AND CONSOLIDATED ENTITIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

Consolidating statement of operations by industry segment for the quarter ended September 30, 2011 are as follows:

	Moving & Storage				AMERCO Legal Group				AMERCO Consolidated
	AMERCO	U-Haul	Real Estate	Eliminations	Moving & Storage Consolidated (Unaudited)	Property & Casualty Insurance (a)	Life Insurance (a)	Eliminations	
(In thousands)									
Revenues:									
Self-moving equipment rentals	\$-	\$512,073	\$-	\$-	\$512,073	\$-	\$-	\$(447) (c)	\$511,626
Self-storage revenues	-	33,710	298	-	34,008	-	-	-	34,008
Self-moving and self-storage products and service sales	-	59,768	-	-	59,768	-	-	-	59,768
Property management fees	-	4,826	-	-	4,826	-	-	-	4,826
Life insurance premiums	-	-	-	-	-	-	46,197	-	46,197
Property and casualty insurance premiums	-	-	-	-	-	8,749	-	-	8,749
Net investment and interest income	1,549	5,150	110	-	6,809	2,924	6,662	(494) (b,e)	15,901
Other revenue	-	23,517	19,894	(21,277) (b)	22,134	-	333	(361) (b)	22,106
Total revenues	1,549	639,044	20,302	(21,277)	639,618	11,673	53,192	(1,302)	703,181
Costs and expenses:									
Operating expenses	1,862	302,481	2,339	(21,277) (b)	285,405	3,620	6,115	(800) (b,c)	294,340
Commission expenses	-	64,049	-	-	64,049	-	-	-	64,049

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Cost of sales	-	32,446	-	-	32,446	-	-	-	32,446
Benefits and losses	-	-	-	-	-	5,856	38,606	-	44,462
Amortization of deferred policy acquisition costs	-	-	-	-	-	-	2,675	-	2,675
Lease expense	21	32,990	7	-	33,018	-	-	(306) (b)	32,712
Depreciation, net of (gains) losses on disposals	2	44,620	3,442	-	48,064	-	-	-	48,064
Total costs and expenses	1,885	476,586	5,788	(21,277)	462,982	9,476	47,396	(1,106)	518,748
Equity in earnings of subsidiaries	86,685	-	-	(81,495) (d)	5,190	-	-	(5,190) (d)	-
Earnings from operations	86,349	162,458	14,514	(81,495)	181,826	2,197	5,796	(5,386)	184,433
Interest income (expense)	23,716	(34,131)	(12,573)	-	(22,988)	-	-	25 (b)	(22,963)
Pretax earnings	110,065	128,327	1,941	(81,495)	158,838	2,197	5,796	(5,361)	161,470
Income tax expense	(8,883)	(47,881)	(892)	-	(57,656)	(769)	(2,034)	-	(60,459)
Net earnings	101,182	80,446	1,049	(81,495)	101,182	1,428	3,762	(5,361)	101,011
Less: Excess of redemption value over carrying value of preferred shares redeemed	-	-	-	-	-	-	-	-	-
Less: Preferred stock dividends	-	-	-	-	-	-	-	164 (e)	164
Earnings available to common shareholders	\$101,182	\$80,446	\$1,049	\$(81,495)	\$101,182	\$1,428	\$3,762	\$(5,197)	\$101,175
(a) Balances for the quarter ended June 30, 2011									
(b) Eliminate intercompany									

lease / interest
income

(c) Eliminate
intercompany
premiums

(d) Eliminate
equity in
earnings of
subsidiaries

(e) Eliminate
preferred
stock
dividends
paid to
affiliates

AMERCO AND CONSOLIDATED ENTITIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

Consolidating statements of operations by industry for the quarter ended September 30, 2010 are as follows:

	Moving & Storage				AMERCO Legal Group				AMERCO Consolidated
	AMERCO	U-Haul	Real Estate	Eliminations	Moving & Storage Consolidated (Unaudited) (In thousands)	Property & Casualty Insurance (a)	Life Insurance (a)	Eliminations	
Revenues:									
Self-moving equipment rentals	\$-	\$467,797	\$-	\$-	\$467,797	\$-	\$-	\$(669) (c)	\$467,128
Self-storage revenues	-	30,282	365	-	30,647	-	-	-	30,647
Self-moving and self-storage products and service sales	-	56,821	-	-	56,821	-	-	-	56,821
Property management fees	-	4,580	-	-	4,580	-	-	-	4,580
Life insurance premiums	-	-	-	-	-	-	40,022	-	40,022
Property and casualty insurance premiums	-	-	-	-	-	8,300	-	-	8,300
Net investment and interest income	1,283	5,142	-	-	6,425	2,096	4,789	(436) (b,e)	12,874
Other revenue	-	17,841	19,286	(20,765) (b)	16,362	-	588	(346) (b)	16,604
Total revenues	1,283	582,463	19,651	(20,765)	582,632	10,396	45,399	(1,451)	636,976
Costs and expenses:									
Operating expenses	1,816	276,725	2,328	(20,765) (b)	260,104	4,154	7,007	(1,006) (b,c)	270,259

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Commission expenses	-	57,613	-	-	57,613	-	-	-	57,613
Cost of sales	-	29,603	-	-	29,603	-	-	-	29,603
Benefits and losses	-	-	-	-	-	4,235	33,148	-	37,383
Amortization of deferred policy acquisition costs	-	-	-	-	-	-	1,876	-	1,876
Lease expense	22	38,246	1	-	38,269	-	-	(305) (b)	37,964
Depreciation, net of (gains) losses on disposals	2	40,971	3,184	-	44,157	-	-	-	44,157
Total costs and expenses	1,840	443,158	5,513	(20,765)	429,746	8,389	42,031	(1,311)	478,855
Equity in earnings of subsidiaries	73,125	-	-	(69,567) (d)	3,558	-	-	(3,558) (d)	-
Earnings from operations	72,568	139,305	14,138	(69,567)	156,444	2,007	3,368	(3,698)	158,121
Interest income (expense)	20,288	(31,076)	(11,000)	-	(21,788)	-	-	-	(21,788)
Pretax earnings	92,856	108,229	3,138	(69,567)	134,656	2,007	3,368	(3,698)	136,333
Income tax expense	(7,497)	(40,400)	(1,400)	-	(49,297)	(702)	(1,115)	-	(51,114)
Net earnings	85,359	67,829	1,738	(69,567)	85,359	1,305	2,253	(3,698)	85,219
Less: Excess of redemption value over carrying value of preferred shares redeemed	-	-	-	-	-	-	-	(140)	(140)
Less: Preferred stock dividends	(3,241)	-	-	-	(3,241)	-	-	140 (e)	(3,101)
Earnings available to common shareholders	\$82,118	\$67,829	\$1,738	\$(69,567)	\$82,118	\$1,305			