AMERCO /NV/
Form 10-Q
February 08, 2012

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

Form 10-Q

(Mark One)
R QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.
For the quarterly period ended December 31, 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 R 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 R 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 R Non-accelerated filer £ (Do not check if a smaller reporting company) Smaller reporting company £

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

19,607,788 shares of AMERCO Common Stock, $0.25 par value, were outstanding at February 1, 2012.

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PART I FINANCIAL INFORMATION

ITEM 1. Financial Statements

AMERCO AND CONSOLIDATED ENTITIES

CONDENSED CONSOLIDATED BALANCE SHEETS

	December 31, 2011	March 31, 2011
	(Unaudited)	
	(In thousands)	
ASSETS		
Cash and cash equivalents	$438,277	$375,496
Reinsurance recoverables and trade receivables, net	351,828	205,371
Inventories, net	56,766	59,942
Prepaid expenses	54,941	57,624
Investments, fixed maturities and marketable equities	724,456	659,809
Investments, other	242,539	201,868
Deferred policy acquisition costs, net	62,384	52,870
Other assets	124,264	166,633
Related party assets	297,513	301,968
	2,352,968	2,081,581
Property, plant and equipment, at cost:		
Land	281,144	239,177
Buildings and improvements	1,058,932	1,024,669
Furniture and equipment	309,050	310,671
Rental trailers and other rental equipment	253,791	249,700
Rental trucks	1,766,847	1,611,763
	3,669,764	3,435,980
Less: Accumulated depreciation	(1,388,730)	(1,341,407)
Total property, plant and equipment	2,281,034	2,094,573
Total assets	$4,634,002	$4,176,154
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Accounts payable and accrued expenses	$344,205	$304,006
Notes, loans and leases payable	1,507,976	1,397,842
Policy benefits and losses, claims and loss expenses payable	1,148,074	927,376
Liabilities from investment contracts	236,805	246,717
Other policyholders' funds and liabilities	5,382	8,727
Deferred income	28,218	27,209
Deferred income taxes	362,164	271,257
Total liabilities	3,632,824	3,183,134
Commitments and contingencies (notes 4, 9, 10 and 11)		
Stockholders' equity:		
Series preferred stock, with or without par value, 50,000,000 shares authorized:		

Series A preferred stock, with no par value, 6,100,000 shares authorized;		
6,100,000 and 5,791,700 shares issued and none and 5,791,700 outstanding as of December 31 and March 31, 2011	-	-
Series B preferred stock, with no par value, 100,000 shares authorized; none issued and outstanding as of December 31 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 December 31 and March 31, 2011	-	-
Common stock of $0.25 par value, 150,000,000 shares authorized; 41,985,700 issued as of December 31 and March 31, 2011	10,497	10,497
Additional paid-in capital	432,846	425,212
Accumulated other comprehensive loss	(53,619)	(46,467)
Retained earnings	1,291,659	1,140,002
Cost of common shares in treasury, net (22,377,912 shares as of December 31 and March 31, 2011)	(525,653)	(525,653)
Cost of preferred shares in treasury, net (6,100,000 shares as of December 31 and 308,300 shares as of March 31, 2011)	(151,997)	(7,189)
Unearned employee stock ownership plan shares	(2,555)	(3,382)
Total stockholders' equity	1,001,178	993,020
Total liabilities and stockholders' equity	$4,634,002	$4,176,154

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

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AMERCO AND CONSOLIDATED ENTITIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	Quarter Ended December 31,	
	2011	2010
	(Unaudited)	
	(In thousands, except share and per share amounts)	
Revenues:		
Self-moving equipment rentals	$ 375,744	$ 342,953
Self-storage revenues	33,846	30,638
Self-moving and self-storage products and service sales	43,206	41,533
Property management fees	5,368	5,129
Life insurance premiums	132,643	74,306
Property and casualty insurance premiums	9,429	8,998
Net investment and interest income	15,234	13,213
Other revenue	17,619	13,212
Total revenues	633,089	529,982
Costs and expenses:		
Operating expenses	269,834	252,986
Commission expenses	47,864	42,367
Cost of sales	24,505	22,586
Benefits and losses	173,748	70,312
Amortization of deferred policy acquisition costs	3,666	2,480
Lease expense	32,325	37,159
Depreciation, net of (gains) on disposals of (($699) and ($1,655), respectively)	56,274	50,815
Total costs and expenses	608,216	478,705
Earnings from operations	24,873	51,277
Interest expense	(22,744)	(22,236)
Pretax earnings	2,129	29,041
Income tax expense	(1,401)	(10,433)
Net earnings	728	18,608
Less: Preferred stock dividends	-	(3,079)
Earnings available to common shareholders	$ 728	$ 15,529
Basic and diluted earnings per common share	$ 0.04	$ 0.80
Weighted average common shares outstanding: Basic and diluted	19,481,614	19,439,622

Related party revenues for the third quarter of fiscal 2012 and 2011, net of eliminations, were $11.6 million and $11.3 million, respectively.

Related party costs and expenses for the third quarter of fiscal 2012 and 2011, net of eliminations, were $11.0 million and $8.8 million, respectively.

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

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AMERCO AND CONSOLIDATED ENTITIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	Nine Months Ended December 31,	
	2011	2010
	(Unaudited)	
	(In thousands, except share and per share amounts)	
Revenues:		
Self-moving equipment rentals	$ 1,333,918	$ 1,229,544
Self-storage revenues	99,682	89,512
Self-moving and self-storage products and service sales	167,352	161,644
Property management fees	14,929	14,245
Life insurance premiums	229,839	152,131
Property and casualty insurance premiums	25,076	23,477
Net investment and interest income	48,398	39,442
Other revenue	60,041	42,910
Total revenues	1,979,235	1,752,905
Costs and expenses:		
Operating expenses	836,149	776,379
Commission expenses	168,865	152,149
Cost of sales	89,729	83,854
Benefits and losses	268,140	143,117
Amortization of deferred policy acquisition costs	10,716	6,549
Lease expense	99,271	113,789
Depreciation, net of (gains) on disposals of (($18,326) and ($18,964), respectively)	148,696	139,561
Total costs and expenses	1,621,566	1,415,398
Earnings from operations	357,669	337,507
Interest expense	(68,340)	(65,488)
Pretax earnings	289,329	272,019
Income tax expense	(109,367)	(101,690)
Net earnings	179,962	170,329
Less: Excess of redemption value over carrying value of preferred shares redeemed	(5,908)	(171)
Less: Preferred stock dividends	(2,913)	(9,336)
Earnings available to common shareholders	$ 171,141	$ 160,822
Basic and diluted earnings per common share	$ 8.79	$ 8.28
Weighted average common shares outstanding: Basic and diluted	19,470,886	19,427,294

Related party revenues for the first nine months of fiscal 2012 and 2011, net of eliminations, were $33.5 million and $32.8 million, respectively.

Related party costs and expenses for the first nine months of fiscal 2012 and 2011, net of eliminations, were $34.9 million and $31.5 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 December 31, 2011	Pre-tax	Tax	Net
		(Unaudited)	
		(In thousands)	
Comprehensive income:			
Net earnings	$2,129	$(1,401)	$728
Other comprehensive income (loss):			
Foreign currency translation	1,578	-	1,578
Unrealized gain on investments	14,079	(4,901)	9,178
Change in fair value of cash flow hedges	2,977	(1,131)	1,846
Total comprehensive income	$20,763	$(7,433)	$13,330

Quarter Ended December 31, 2010	Pre-tax	Tax	Net
		(Unaudited)	
		(In thousands)	
Comprehensive income:			
Net earnings	$29,041	$(10,433)	$18,608
Other comprehensive income (loss):			
Foreign currency translation	3,317	-	3,317
Unrealized gain on investments	14,537	(5,149)	9,388
Change in fair value of cash flow hedges	15,862	(6,027)	9,835
Total comprehensive income	$62,757	$(21,609)	$41,148

Nine Months Ended December 31, 2011	Pre-tax	Tax	Net
		(Unaudited)	
		(In thousands)	
Comprehensive income:			
Net earnings	$289,329	$(109,367)	$179,962
Other comprehensive income (loss):			
Foreign currency translation	(4,179)	-	(4,179)
Unrealized gain on investments	7,328	(2,159)	5,169
Change in fair value of cash flow hedges	(13,133)	4,991	(8,142)
Total comprehensive income	$279,345	$(106,535)	$172,810

Nine Months Ended December 31, 2010	Pre-tax	Tax	Net
		(Unaudited)	
		(In thousands)	
Comprehensive income:			
Net earnings	$272,019	$(101,690)	$170,329
Other comprehensive income (loss):			
Foreign currency translation	1,538	-	1,538
Unrealized gain on investments	21,300	(7,398)	13,902
Change in fair value of cash flow hedges	(3,706)	1,409	(2,297)
Total comprehensive income	$291,151	$(107,679)	$183,472

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

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AMERCO AND CONSOLIDATED ENTITIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Nine Months Ended December 31,	
	2011	2010
	(Unaudited)	
	(In thousands)	
Cash flow from operating activities:		
Net earnings	$ 179,962	$ 170,329
Adjustments to reconcile net earnings to cash provided by operations:		
Depreciation	167,022	158,525
Amortization of deferred policy acquisition costs	10,716	6,549
Change in allowance for losses on trade receivables	(89)	26
Change in allowance for inventory reserves	3,005	1,271
Net gain on sale of real and personal property	(18,326)	(18,964)
Net gain on sale of investments	(5,454)	(1,546)
Deferred income taxes	94,581	59,628
Net change in other operating assets and liabilities:		
Reinsurance recoverables and trade receivables	(146,365)	(34,547)
Inventories	173	(8,809)
Prepaid expenses	2,666	9,784
Capitalization of deferred policy acquisition costs	(19,072)	(20,584)
Other assets	3,623	40,239
Related party assets	(7,362)	1,136
Accounts payable and accrued expenses	7,428	14,687
Policy benefits and losses, claims and loss expenses payable	221,750	84,779
Other policyholders' funds and liabilities	(3,345)	804
Deferred income	1,070	903
Related party liabilities	(267)	219
Net cash provided by operating activities	491,716	464,429
Cash flows from investing activities:		
Purchases of:		
Property, plant and equipment	(421,743)	(337,510)
Short term investments	(167,308)	(172,451)
Fixed maturities investments	(174,575)	(155,242)
Equity securities	(9,048)	(11,247)
Preferred stock	(1,617)	(11,391)
Real estate	(5,201)	(145)
Mortgage loans	(94,111)	(20,992)
Proceeds from sale of:		
Property, plant and equipment	139,852	149,351
Short term investments	186,893	213,172
Fixed maturities investments	116,609	97,015
Equity securities	10,210	1,198
Preferred stock	1,252	-
Real estate	146	190

Mortgage loans	40,883	8,797
Net cash used by investing activities	(377,758)	(239,255)
Cash flows from financing activities:		
Borrowings from credit facilities	239,799	306,687
Principal repayments on credit facilities	(166,615)	(248,884)
Debt issuance costs	(1,788)	(1,987)
Capital lease payments	(5,962)	(9,852)
Leveraged Employee Stock Ownership Plan - repayments from loan	827	881
Securitizaton deposits	40,500	(87,719)
Preferred stock redemption paid	(144,289)	-
Preferred stock dividends paid	(2,913)	(9,336)
Dividend from related party	-	3,303
Contribution to related party	(518)	-
Investment contract deposits	10,567	8,503
Investment contract withdrawals	(20,479)	(25,749)
Net cash used by financing activities	(50,871)	(64,153)
Effects of exchange rate on cash	(306)	179
Increase in cash and cash equivalents	62,781	161,200
Cash and cash equivalents at the beginning of period	375,496	244,118
Cash and cash equivalents at the end of period	$438,277	$405,318

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

AMERCO AND CONSOLIDATED ENTITIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

1. Basis of Presentation

AMERCO, a Nevada corporation ("AMERCO"), has a third fiscal quarter that ends on the 31st of December for each year that is referenced. Our insurance company subsidiaries have a third quarter that ends on the 30th of September for each year that is referenced. They have been consolidated on that basis. 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.

During the Property and Casualty segment's fourth quarter (October 2011 to December 2011) an adjustment was made to strengthen excess workers' compensation reserves. Due to the materiality of this adjustment and its timing in relation to AMERCO's third quarter reporting, the adjustment was recorded into the Property and Casualty third quarter fiscal 2012 results as presented herein.

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 December 31, 2011 and the related condensed consolidated statements of operations and comprehensive income for the third quarter and the first nine months and the cash flows for the first nine 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 of Financial Condition and Results of Operations 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 lega 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

AMERCO AND CONSOLIDATED ENTITIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

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.

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 and 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 120,725 and 164,035 as of December 31, 2011 and December 31, 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 recognized 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 nine 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 nine 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 December 31, 2011.

AMERCO AND CONSOLIDATED ENTITIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

Available-for-Sale Investments

Available-for-sale investments at December 31, 2011 were as follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses More than 12 Months	Gross Unrealized Losses Less than 12 Months	Estimated Market Value
			(Unaudited)		
			(In thousands)		
U.S. treasury securities and government obligations	$27,128	$2,990	$(18)	$-	$30,100
U.S. government agency mortgage-backed securities	51,155	5,151	(1)	(30)	56,275
Obligations of states and political subdivisions	129,145	8,703	-	(15)	137,833
Corporate securities	422,704	32,884	(776)	(1,645)	453,167
Mortgage-backed securities	12,708	235	(62)	(62)	12,819
Redeemable preferred stocks	24,370	903	(1,724)	(144)	23,405
Common stocks	27,736	11	(16,304)	(586)	10,857
	$694,946	$50,877	$(18,885)	$(2,482)	$724,456

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 $132.6 million during the first nine months of fiscal 2012. The gross realized gains on these sales totaled $5.8 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 first nine months of fiscal 2012. There were no write downs in the third quarter of fiscal 2012 and 2011 or for the first nine 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 December 31, 2011	$ 552

The adjusted cost and estimated market value of available-for-sale investments at December 31, 2011, by contractual maturity, were as follows:

	Amortized Cost	Estimated Market Value
	(Unaudited)	
	(In thousands)	
Due in one year or less	$ 41,597	$ 42,051
Due after one year through five years	153,462	161,091
Due after five years through ten years	171,083	183,771
Due after ten years	263,990	290,462
	630,132	677,375
Mortgage backed securities	12,708	12,819
Redeemable preferred stocks	24,370	23,405
Equity securities	27,736	10,857
	$ 694,946	$ 724,456

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	December 31, 2011	March 31, 2011
			(Unaudited)	
			(In thousands)	
Real estate loan (amortizing term)	6.93%	2018	$247,500	$255,000
Real estate loan (revolving credit)	-	2018	-	-
Real estate loan (amortizing term)	2.17%	2016	25,675	11,222
Real estate loan (revolving credit)	1.77%	2012	23,920	-
Senior mortgages	5.47%-5.75%	2015	463,138	476,783
Working capital loan (revolving credit)	-	2012	-	-
Fleet loans (amortizing term)	3.52%-7.95%	2012-2018	406,751	325,591
Fleet loans (securitization)	4.90%-5.56%	2014-2017	235,038	271,290
Other obligations	3.00%-9.50%	2012-2031	111,191	57,956
Less: Other obligations held by subsidiaries			(5,237)	-
Total notes, loans and leases payable			$1,507,976	$1,397,842

(a) Interest rate as of December 31, 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 December 31, 2011, the outstanding balance on the Real Estate Loan was $247.5 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 December 31, 2011, the applicable LIBOR was 0.28% and the applicable margin was 1.50%, the sum of which was 1.78%. 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 AND CONSOLIDATED ENTITIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

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 December 31, 2011, the outstanding balance was $25.7 million.

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 December 31, 2011, the applicable LIBOR was 0.27% and the margin was 1.90%, the sum of which was 2.17%. 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 December 31, 2011, the Company had $76.1 million available to be drawn. The interest rate is the applicable LIBOR plus a margin of 1.50%. At December 31, 2011, the applicable LIBOR was 0.27% and the margin was 1.50%, the sum of which was 1.77%. 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 December 31, 2011 were in the aggregate amount of $463.1 million and mature in 2015. The senior mortgages require average monthly principal and interest payments 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, range between 5.47% and 5.75%. 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.

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 December 31, 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 December 31, 2011 was $291.8 million with the final maturities between April 2012 and December 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 2.63%. At December 31, 2011, the applicable LIBOR was between 0.27% and 0.28% and applicable margins were between 0.90% and 2.63%. The interest rates are hedged with interest rate swaps fixing the rates between 3.85% and 7.07% based on current margins. Additionally, $6.0 million of these loans are carried at a fixed rate of 7.95%.

AMERCO AND CONSOLIDATED ENTITIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

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 $95.0 million. On December 22, 2011, the Company entered into another term loan for $20.0 million. The final maturity date of these notes is August 2016. The agreements contain options to extend the maturity through May 2017. These notes are secured by the purchased equipment and the corresponding operating cash flows associated with their operation. These notes have fixed interest rates between 3.52% and 3.53%.

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 expected final maturity of February 2014. At December 31, 2011, the outstanding balance was $102.3 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 expected final maturity of October 2017. At December 31, 2011, the outstanding balance was $132.7 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 December 2011, with terms of the leases between 3 and 7 years. At December 31, 2011, the balance of these leases was $100.1 million.

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 December 31, 2011 the aggregate outstanding principal balance of the U-Notes issued was $11.1 million with interest rates between 3.00% and 8.00% and maturity dates between 2013 and 2031.

AMERCO AND CONSOLIDATED ENTITIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

Annual Maturities of Notes, Loans and Leases Payable

The annual maturities of long-term debt as of December 31, 2011 for the next five years and thereafter are as follows:

	Year Ended December 31,					
	2012	2013	2014	2015	2016	Thereafter
	(Unaudited)					
	(In thousands)					
Notes,loans and leases payable,secured	$213,687	$102,624	$169,917	$492,398	$260,735	$268,615

Interest on Borrowings

Interest Expense

Components of interest expense include the following:

	Quarter Ended December 31,	
	2011	2010
	(Unaudited)	
	(In thousands)	
Interest expense	$16,009	$15,453
Capitalized interest	(76)	(80)
Amortization of transaction costs	1,198	1,046
Interest expense resulting from derivatives	5,613	5,817
Total interest expense	$22,744	$22,236

	Nine Months Ended December 31,	
	2011	2010
	(Unaudited)	
	(In thousands)	
Interest expense	$47,888	$44,464
Capitalized interest	(154)	(349)
Amortization of transaction costs	3,292	3,200
Interest expense resulting from derivatives	17,314	18,173
Total interest expense	$68,340	$65,488

Interest paid in cash including payments related to derivative contracts, amounted to $19.8 million and $19.7 million for the third quarter of fiscal 2012 and 2011, respectively and $60.7 million and $58.5 million for the first nine 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 December 31,			
	2011		2010	
	(Unaudited)			
	(In thousands, except interest rates)			
Weighted average interest rate during the quarter	1.80	%	1.69	%
Interest rate at the end of the quarter	1.77	%	0.00	%
Maximum amount outstanding during the quarter	$38,920		$15,000	
Average amount outstanding during the quarter	$37,779		$14,185	
Facility fees	$109		$57	

	Revolving Credit Activity Nine Months Ended December 31,			
	2011		2010	
	(Unaudited)			
	(In thousands, except interest rates)			
Weighted average interest rate during the first nine months	1.72	%	1.77	%
Interest rate at the end of the first nine months	1.77	%	0.00	%
Maximum amount outstanding during the first nine months	$38,920		$111,000	
Average amount outstanding during the first nine months	$24,685		$44,396	
Facility fees	$416		$170	

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.

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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),(b)	11/15/2005	5/10/2006	4/10/2012	5/31/2006
50.0	(a)	6/21/2006	7/10/2006	7/10/2013	6/9/2006
144.9	(a),(b)	6/9/2006	10/10/2006	10/10/2012	6/9/2006
300.0	(a)	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),(b)	4/8/2008	8/15/2008	6/15/2015	3/31/2008
19.0	(a)	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),(b)	3/24/2009	3/30/2009	3/30/2016	3/25/2009
14.7	(a),(b)	7/6/2010	8/15/2010	7/15/2017	7/6/2010
25.0	(a),(b)	4/26/2011	6/1/2011	6/1/2018	6/1/2011
50.0	(a),(b)	7/29/2011	8/15/2011	8/15/2018	7/29/2011
20.0	(a),(b)	8/3/2011	9/12/2011	9/10/2018	8/3/2011

(a)interest rate swap agreement
(b)forwardswap

As of December 31, 2011, the total notional amount of the Company's variable interest rate swaps was $522.1 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	
	December 31, 2011	March 31, 2011
	(Unaudited)	
	(In thousands)	
Interest rate contracts designated as hedging instruments	$ 63,515	$ 51,052

	The Effect of Interest Rate Contracts on the Statements of Operations	
	December 31, 2011	December 31, 2010
	(Unaudited)	
	(In thousands)	
Loss recognized in income on interest rate contracts	$ 17,314	$ 18,173

(Gain) loss recognized in AOCI on interest rate contracts (effective portion)	$	13,133	$	3,706
Loss reclassified from AOCI into income (effective portion)	$	17,984	$	18,697
(Gain) loss recognized in income on interest rate contracts (ineffective portion and amount excluded from effectiveness testing)	$	(670)	$	(524)

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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 December 31, 2011, the Company expects to reclassify $19.9 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

On December 7, 2011, the Company declared a special cash dividend on its Common Stock of $1.00 per share to holders of record on December 23, 2011. The dividend was paid on January 3, 2012.

Although the Board of Directors (the "Board") decided to pay cash dividends to common stockholders, this is not necessarily indicative of the ability of the Company to pay (or the future willingness of the Board to declare the advisability of) cash dividends to our common stockholders on a consistent basis or at all in the future.

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 recognized 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 nine months of fiscal 2012.

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 nine months of fiscal 2011 in connection with these entities.

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	(4,179)	-	-	-	(4,179)
Unrealized gain on investments	-	5,169	-	-	5,169

Change in fair value of cash flow hedges	-	-	(8,142)	-	(8,142)
Balance at December 31, 2011	$ (30,207)	$ 16,030	$ (40,580)	$ 1,138	$ (53,619)

8. Change in Excess Workers' Compensation Reserves Estimate

The Company's policy is to regularly review the adequacy of loss reserves associated with the lines of business of its insurance subsidiaries. A current review of the underlying claims of Repwest's excess workers' compensation business indicated that claims have been developing more adversely than previously anticipated based on a combination of issues including medical inflation, additional treatments, longer claim terms and changes in ceding entity and third party administrator reporting practices. As a result, Repwest adjusted its estimate for excess workers' compensation reserves. The effect of this change increased benefits and losses expense by $48.3 million and decreased net earnings by $31.4 million, or $1.61 per share, for the third quarter ended fiscal 2012.

AMERCO AND CONSOLIDATED ENTITIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

9. Contingent Liabilities and Commitments

The Company leases a portion of its rental equipment and certain of its facilities under operating leases with terms that expire at various dates substantially through 2018, with the exception of one land lease expiring in 2034. As of December 31, 2011, AMERCO has guaranteed $139.4 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.

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

	Property, Plant and Equipment	Rental Equipment	Total
		(Unaudited)	
		(In thousands)	
Year-ended December 31:			
2012	$14,630	$99,412	$114,042
2013	13,154	81,764	94,918
2014	5,801	58,274	64,075
2015	653	34,139	34,792
2016	509	9,447	9,956
Thereafter	4,894	6,744	11,638
Total	$39,641	$289,780	$329,421

10. 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.

AMERCO AND CONSOLIDATED ENTITIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

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. 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. On December 23, 2011, the trial court denied AMERCO’s motion for summary judgment and certain defendants’ motion to dismiss. The court has set a discovery schedule on the limited issue of demand futility. An evidentiary hearing on demand futility is scheduled for August 20, 2012.

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.

AMERCO AND CONSOLIDATED ENTITIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

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.

11. 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 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 December 31,	
	2011	2010
	(Unaudited)	
	(In thousands)	
U-Haul interest income revenue from SAC Holdings	$4,863	$4,832
U-Haul interest income revenue from Private Mini	1,364	1,372
U-Haul management fee revenue from SAC Holdings	3,440	3,261
U-Haul management fee revenue from Private Mini	558	544
U-Haul management fee revenue from Mercury	1,370	1,324
	$11,595	$11,333

	Nine Months Ended December 31,	
	2011	2010
	(Unaudited)	
	(In thousands)	
U-Haul interest income revenue from SAC Holdings	$14,537	$14,417
U-Haul interest income revenue from Private Mini	4,083	4,111
U-Haul management fee revenue from SAC Holdings	10,990	10,418
U-Haul management fee revenue from Private Mini	1,664	1,627
U-Haul management fee revenue from Mercury	2,275	2,199
	$33,549	$32,772

AMERCO AND CONSOLIDATED ENTITIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

During the first nine 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 $13.4 million and $12.2 million, from SAC Holdings during the first nine months of fiscal 2012 and 2011, respectively. The largest aggregate amount of notes receivable outstanding during the first nine months of fiscal 2012 was $196.2 million and the aggregate notes receivable balance at December 31, 2011 was $195.6 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."

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 nine 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 $4.0 million and $4.1 million from Private Mini during the first nine months of fiscal 2012 and 2011, respectively. The largest aggregate amount outstanding during the first nine months of fiscal 2012 was $66.7 million and the aggregate notes receivable balance at December 31, 2011 was $66.4 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 $18.0 million and $17.8 million from the above mentioned entities during the first nine months of fiscal 2012 and 2011, respectively. This management fee is consistent with the fee received for other properties the Company previously managed for third parties. SAC Holdings, 4 SAC, 5 SAC, Galaxy and Private Mini are substantially controlled by Blackwater. Mercury is substantially controlled by Mark V. Shoen. James P. Shoen, a significant shareholder and director of AMERCO, has an interest in Mercury.

Related Party Costs and Expenses

	Quarter Ended December 31,	
	2011	2010
	(Unaudited)	
	(In thousands)	
U-Haul lease expenses to SAC Holdings	$636	$623
U-Haul commission expenses to SAC Holdings	9,764	7,676
U-Haul commission expenses to Private Mini	592	523
	$10,992	$8,822

AMERCO AND CONSOLIDATED ENTITIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

	Nine Months Ended December 31,	
	2011	2010
	(Unaudited)	
	(In thousands)	
U-Haul lease expenses to SAC Holdings	$ 1,762	$ 1,868
U-Haul commission expenses to SAC Holdings	31,146	27,720
U-Haul commission expenses to Private Mini	1,998	1,862
	$ 34,906	$ 31,450

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.

At December 31, 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 $31.3 million, expenses of $1.8 million and cash flows of $32.2 million during the first nine months of fiscal 2012. Revenues and commission expenses related to the Dealer Agreements were $154.9 million and $33.1 million, respectively during the first nine 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 nine months ended December 31, 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

	December 31, 2011	March 31, 2011
	(Unaudited)	
	(In thousands)	
U-Haul notes, receivables and interest from Private Mini	$71,788	$69,201
U-Haul notes receivable from SAC Holdings	195,630	196,191
U-Haul interest receivable from SAC Holdings	18,273	17,096
U-Haul receivable from SAC Holdings	18,159	16,346
U-Haul receivable from Mercury	3,301	3,534
Other (a)	(9,638)	(400)
	$297,513	$301,968

(a) Timing differences for intercompany balances with insurance subsidiaries. The December 31, 2011 difference includes a dividend of property received by AMERCO from Repwest in the amount of $6.8 million and $3.2 million in timing difference for other obligations.

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.

12. 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)

12. Financial Information by Consolidating Industry Segment:

Consolidating balance sheets by industry segment as of December 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)	Eliminatio
				(Unaudited) (In thousands)					
Assets:									
Cash and cash equivalents	$289,497	$115,999	$767	$-		$406,263	$19,285	$12,729	$-
Reinsurance recoverables and trade receivables, net	-	31,696	-	-		31,696	238,058	82,074	-
Inventories, net	-	56,766	-	-		56,766	-	-	-
Prepaid expenses	12,899	41,650	392	-		54,941	-	-	-
Investments, fixed maturities and marketable equities	9,965	-	-	-		9,965	128,303	586,188	-
Investments, other	-	9,620	41,773	-		51,393	96,076	97,075	(2,005
Deferred policy acquisition costs, net	-	-	-	-		-	-	62,384	-
Other assets	320	87,436	35,950	-		123,706	357	201	-
Related party assets	1,106,280	251,840	96	(1,049,339)	(c)	308,877	3,205	3	(14,572
	1,418,961	595,007	78,978	(1,049,339)		1,043,607	485,284	840,654	(16,577
Investment in subsidiaries	(6,836)	-	-	340,225	(b)	333,389	-	-	(333,38
Property, plant and equipment, at cost:									
Land	-	70,466	210,678	-		281,144	-	-	-
Buildings and improvements	-	155,270	903,662	-		1,058,932	-	-	-
Furniture and equipment	167	290,492	18,391	-		309,050	-	-	-
Rental trailers and other rental	-	253,791	-	-		253,791	-	-	-

equipment								
Rental trucks	-	1,766,847	-	-	1,766,847	-	-	-
	167	2,536,866	1,132,731	-	3,669,764	-	-	-
Less: Accumulated depreciation	(144)	(1,033,694)	(354,892)	-	(1,388,730)	-	-	-
Total property, plant and equipment	23	1,503,172	777,839	-	2,281,034	-	-	-
Total assets	$1,412,148	$2,098,179	$856,817	$(709,114)	$3,658,030	$485,284	$840,654	$(349,96

(a) Balances as of September 30, 2011

(b) Eliminate investment in subsidiaries

(c) Eliminate intercompany receivables and payables

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AMERCO AND CONSOLIDATED ENTITIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

Consolidating balance sheets by industry segment as of December 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	
	(Unaudited) (In thousands)									
Liabilities:										
Accounts payable and accrued expenses	$20,127	$315,478	$4,159	$-		$339,764	$-	$4,488	$(47)	(c
Notes, loans and leases payable	-	790,592	722,621	-		1,513,213	-	-	(5,237)	(c
Policy benefits and losses, claims and loss expenses payable	-	384,576	-	-		384,576	395,647	367,851	-	
Liabilities from investment contracts	-	-	-	-		-	-	236,805	-	
Other policyholders' funds and liabilities	-	-	-	-		-	3,104	2,278	-	
Deferred income	-	28,218	-	-		28,218	-	-	-	
Deferred income taxes	388,288	-	-	-		388,288	(43,886)	17,762	-	
Related party liabilities	-	771,623	280,509	(1,049,339)	(c)	2,793	1,598	113	(4,504)	(c
Total liabilities	408,415	2,290,487	1,007,289	(1,049,339)		2,656,852	356,463	629,297	(9,788)	
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	)	(b)
Additional paid-in capital	433,056	121,230	147,941	(269,171	) (b)	433,056	89,620	26,271	(116,101	)	(b
Accumulated other comprehensive income (loss)	(53,619)	(69,649)	-	69,649	(b)	(53,619)	2,458	23,229	(25,687	)	(b)
Retained earnings (deficit)	1,291,449	(241,874)	(298,414)	540,288	(b)	1,291,449	33,442	159,357	(192,589	)	(b
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	-	(2,555)	-	-		(2,555)	-	-	-		
Total stockholders' equity (deficit)	1,003,733	(192,308)	(150,472)	340,225		1,001,178	128,821	211,357	(340,178	)	
Total liabilities and stockholders' equity	$1,412,148	$2,098,179	$856,817	$(709,114	)	$3,658,030	$485,284	$840,654	$(349,966	)	

(a) Balances as of September 30, 2011

(b) Eliminate investment in subsidiaries

(c) Eliminate intercompany receivables and payables

(d) Eliminate intercompany preferred stock investment