

AMERCO /NV/
Form 10-Q
November 03, 2010

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, 2010

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 definition of a "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

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Large accelerated filer

Accelerated filer
Smaller reporting company

Non-accelerated filer

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

19,607,788 shares of AMERCO Common Stock, \$0.25 par value, were outstanding at November 1, 2010.

TABLE OF CONTENTS

	Page No.
PART I FINANCIAL INFORMATION	
Item 1. <u>Financial Statements</u>	
a) <u>Condensed Consolidated Balance Sheets as of September 30, 2010 (unaudited) and March 31, 2010</u>	1
b) <u>Condensed Consolidated Statements of Operations for the Quarters ended September 30, 2010 and 2009 (unaudited)</u>	2
c) <u>Condensed Consolidated Statements of Operations for the Six Months ended September 30, 2010 and 2009 (unaudited)</u>	3
d) <u>Condensed Consolidated Statements of Comprehensive Income for the Quarters and the Six Months ended September 30, 2010 and 2009 (unaudited)</u>	4
e) <u>Condensed Consolidated Statements of Cash Flows for the Six Months ended September 30, 2010 and 2009 (unaudited)</u>	5
f) <u>Notes to Condensed Consolidated Financial Statements (unaudited)</u>	6 – 35
Item 2. <u>Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	36 – 53
Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	53 – 54
Item 4. <u>Controls and Procedures</u>	54
PART II OTHER INFORMATION	
Item 1. <u>Legal Proceedings</u>	55
Item 1A. <u>Risk Factors</u>	55
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	55
Item 3. <u>Defaults Upon Senior Securities</u>	55
Item 4. <u>(Removed and Reserved)</u>	55
Item 5. <u>Other Information</u>	55
Item 6. <u>Exhibits</u>	55 – 56

PART I FINANCIAL INFORMATION

ITEM 1. Financial Statements

AMERCO AND CONSOLIDATED ENTITIES

CONDENSED CONSOLIDATED BALANCE SHEETS

	September 30, 2010 (Unaudited)	March 31, 2010
	(In thousands)	
ASSETS		
Cash and cash equivalents	\$ 329,830	\$ 244,118
Reinsurance recoverables and trade receivables, net	204,274	198,283
Notes and mortgage receivables, net	1,344	1,461
Inventories, net	55,659	52,837
Prepaid expenses	48,404	53,379
Investments, fixed maturities and marketable equities	643,351	549,318
Investments, other	159,795	227,486
Deferred policy acquisition costs, net	37,255	39,194
Other assets	145,304	145,864
Related party assets	294,733	302,126
	1,919,949	1,814,066
Property, plant and equipment, at cost:		
Land	226,238	224,904
Buildings and improvements	1,006,101	970,937
Furniture and equipment	330,786	323,334
Rental trailers and other rental equipment	242,455	244,131
Rental trucks	1,559,732	1,529,817
	3,365,312	3,293,123
Less: Accumulated depreciation	(1,345,861)	(1,344,735)
Total property, plant and equipment	2,019,451	1,948,388
Total assets	\$ 3,939,400	\$ 3,762,454
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Accounts payable and accrued expenses	\$ 328,761	\$ 296,057
Notes, loans and leases payable	1,278,555	1,347,635
Policy benefits and losses, claims and loss expenses payable	856,001	816,909
Liabilities from investment contracts	257,275	268,810
Other policyholders' funds and liabilities	6,624	8,155
Deferred income	27,596	25,207
Deferred income taxes	238,674	186,770
Total liabilities	2,993,486	2,949,543
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;		
5,796,000 and 5,992,800 shares issued and outstanding as of September 30 and March 31, 2010	-	-
Series B preferred stock, with no par value, 100,000 shares authorized; none issued and outstanding as of September 30 and March 31, 2010	-	-
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, 2010	-	-
Common stock of \$0.25 par value, 150,000,000 shares authorized; 41,985,700 issued as of September 30 and March 31, 2010	10,497	10,497
Additional paid-in capital	416,326	419,811
Accumulated other comprehensive loss	(65,604)	(56,207)
Retained earnings	1,114,310	969,017
Cost of common shares in treasury, net (22,377,912 shares as of September 30 and March 31, 2010)	(525,653)	(525,653)
Unearned employee stock ownership plan shares	(3,962)	(4,554)
Total stockholders' equity	945,914	812,911
Total liabilities and stockholders' equity	\$3,939,400	\$3,762,454

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,	
	2010	2009
	(Unaudited)	
	(In thousands, except share and per share amounts)	
Revenues:		
Self-moving equipment rentals	\$ 467,128	\$ 427,203
Self-storage revenues	30,647	27,412
Self-moving and self-storage products and service sales	56,821	55,522
Property management fees	4,580	4,478
Life insurance premiums	40,022	28,738
Property and casualty insurance premiums	8,300	7,046
Net investment and interest income	12,874	12,539
Other revenue	16,604	10,986
Total revenues	636,976	573,924
Costs and expenses:		
Operating expenses	270,259	273,730
Commission expenses	57,613	51,098
Cost of sales	29,603	28,359
Benefits and losses	37,383	25,807
Amortization of deferred policy acquisition costs	1,876	2,296
Lease expense	37,964	40,026
Depreciation, net of (gains) losses on disposals	44,157	56,790
Total costs and expenses	478,855	478,106
Earnings from operations	158,121	95,818
Interest expense	(21,788)	(23,938)
Pretax earnings	136,333	71,880
Income tax expense	(51,114)	(27,189)
Net earnings	85,219	44,691
Excess (loss) of carrying amount of preferred stock over consideration paid	(140)	48
Less: Preferred stock dividends	(3,101)	(3,212)
Earnings available to common shareholders	\$ 81,978	\$ 41,527
Basic and diluted earnings per common share	\$ 4.22	\$ 2.14
Weighted average common shares outstanding: Basic and diluted	19,427,595	19,382,101

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,	
	2010	2009
	(Unaudited)	
	(In thousands, except share and per share amounts)	
Revenues:		
Self-moving equipment rentals	\$ 886,591	\$ 800,144
Self-storage revenues	58,874	54,416
Self-moving and self-storage products and service sales	120,111	113,344
Property management fees	9,116	8,928
Life insurance premiums	77,825	56,342
Property and casualty insurance premiums	14,479	13,261
Net investment and interest income	26,229	26,219
Other revenue	29,698	21,929
Total revenues	1,222,923	1,094,583
Costs and expenses:		
Operating expenses	523,393	532,231
Commission expenses	109,782	95,509
Cost of sales	61,268	58,809
Benefits and losses	72,805	53,501
Amortization of deferred policy acquisition costs	4,069	4,213
Lease expense	76,630	79,299
Depreciation, net of (gains) losses on disposals	88,746	116,007
Total costs and expenses	936,693	939,569
Earnings from operations	286,230	155,014
Interest expense	(43,252)	(47,159)
Pretax earnings	242,978	107,855
Income tax expense	(91,257)	(40,732)
Net earnings	151,721	67,123
Excess (loss) of carrying amount of preferred stock over consideration paid	(171)	371
Less: Preferred stock dividends	(6,257)	(6,453)
Earnings available to common shareholders	\$ 145,293	\$ 61,041
Basic and diluted earnings per common share	\$ 7.48	\$ 3.15
Weighted average common shares outstanding: Basic and diluted	19,421,205	19,375,846

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

AMERCO AND CONSOLIDATED ENTITIES

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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
Quarter Ended September 30, 2009	Pre-tax	Tax (Unaudited)	Net
	(In thousands)		
Comprehensive income:			
Net earnings	\$ 71,880	\$(27,189)	\$ 44,691
Other comprehensive income (loss):			
Foreign currency translation	5,674	-	5,674
Unrealized gain on investments	12,790	(4,471)	8,319
Change in fair value of cash flow hedges	(5,395)	2,050	(3,345)
Total comprehensive income	\$ 84,949	\$(29,610)	\$ 55,339
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
Six Months Ended September 30, 2009	Pre-tax	Tax (Unaudited)	Net
	(In thousands)		
Comprehensive income:			
Net earnings	\$ 107,855	\$(40,732)	\$ 67,123
Other comprehensive income (loss):			
Foreign currency translation	9,903	-	9,903
Unrealized gain on investments	7,608	(2,662)	4,946
Change in fair value of cash flow hedges	16,974	(6,450)	10,524
Total comprehensive income	\$ 142,340	\$(49,844)	\$ 92,496

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,	
	2010	2009
	(Unaudited)	
	(In thousands)	
Cash flow from operating activities:		
Net earnings	\$151,721	\$67,123
Adjustments to reconcile net earnings to cash provided by operations:		
Depreciation	106,055	117,779
Amortization of deferred policy acquisition costs	4,069	4,213
Change in allowance for losses on trade receivables	(24)	397
Change in allowance for losses on mortgage notes	-	(6)
Change in allowance for inventory reserves	840	1,344
Net gain on sale of real and personal property	(17,309)	(1,772)
Net gain on sale of investments	(1,329)	(401)
Deferred income taxes	57,091	40,431
Net change in other operating assets and liabilities:		
Reinsurance recoverables and trade receivables	(5,969)	11,917
Inventories	(3,662)	7,334
Prepaid expenses	4,975	(2,928)
Capitalization of deferred policy acquisition costs	(7,377)	(6,533)
Other assets	649	6,998
Related party assets	6,710	7,481
Accounts payable and accrued expenses	20,102	(5,893)
Policy benefits and losses, claims and loss expenses payable	39,452	11,991
Other policyholders' funds and liabilities	(1,531)	(3,311)
Deferred income	2,399	(1,946)
Related party liabilities	693	(551)
Net cash provided by operating activities	357,555	253,667
Cash flows from investing activities:		
Purchases of:		
Property, plant and equipment	(274,240)	(175,827)
Short term investments	(109,785)	(144,306)
Fixed maturities investments	(122,504)	(77,106)
Equity securities	(9,043)	-
Preferred stock	(11,902)	-
Real estate	(1,784)	(466)
Mortgage loans	(1,308)	(525)
Proceeds from sale of:		
Property, plant and equipment	122,157	88,942
Short term investments	178,461	159,307
Fixed maturities investments	56,841	83,667
Equity securities	133	-
Preferred stock	-	2,236

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Real estate	683	-
Mortgage loans	1,421	4,053
Payments from notes and mortgage receivables	117	464
Net cash used by investing activities	(170,753)	(59,561)
Cash flows from financing activities:		
Borrowings from credit facilities	134,556	51,921
Principal repayments on credit facilities	(209,420)	(72,695)
Debt issuance costs	(89)	(277)
Capital lease payments	(8,369)	(1,168)
Leveraged Employee Stock Ownership Plan - repayments from loan	592	533
Preferred stock dividends paid	(6,257)	(6,453)
Investment contract deposits	5,875	5,564
Investment contract withdrawals	(17,409)	(28,417)
Net cash used by financing activities	(100,521)	(50,992)
Effects of exchange rate on cash	(569)	1,250
Increase in cash and cash equivalents	85,712	144,364
Cash and cash equivalents at the beginning of period	244,118	240,587
Cash and cash equivalents at the end of period	\$ 329,830	\$ 384,951

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 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 2010 and 2009 correspond to fiscal 2011 and 2010 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, 2010 and the related condensed consolidated statements of operations for the second quarter and the first six months and the cash flows for the first six months ended fiscal 2011 and 2010 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 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, 2010.

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”),

Republic Western 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.

Moving and Storage operations include 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. 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 or reinsuring of life insurance, Medicare supplement and annuity policies.

AMERCO AND CONSOLIDATED ENTITIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

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 our insurance companies for purchasing AMERCO 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 excluded.

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 173,803 and 219,432 as of September 30, 2010 and September 30, 2009, respectively.

5,796,000 and 6,033,900 shares of preferred stock have been excluded from the weighted average shares outstanding calculation as of September 30, 2010 and 2009, respectively because they are not common stock and they are not convertible into common stock.

From January 1, 2009 through March 31, 2010, our insurance subsidiaries purchased 166,000 shares of our Series A 8½% Preferred Stock (“Series A Preferred”) on the open market for \$3.6 million. Between April 1, 2010 and September 30, 2010 they acquired an additional 138,000 shares for \$3.5 million. Our insurance subsidiaries may make additional investments in shares of the Series A Preferred in the future. Pursuant to Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 260 - Earnings Per Share, for earnings per share purposes, we recognize the excess or deficit of the carrying amount of the Series A Preferred over the fair value of the consideration paid. In the first six months of fiscal 2011 this resulted in a \$0.2 million charge to net earnings as the amount paid by the insurance companies exceeded the carrying value, net of a prorated portion of original issue costs of the preferred stock. In the first six months of fiscal 2010 we recognized a \$0.4 million gain as the amount paid was less than our adjusted carrying value.

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 \$15.0 million at September 30, 2010.

Available-for-Sale Investments

Available-for-sale investments at September 30, 2010 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

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	(Unaudited)						
	(In thousands)						
U.S. treasury securities and government obligations	\$66,389	\$2,947	\$(47)	\$-	\$69,289	
U.S. government agency mortgage-backed securities	79,258	6,935	(3	)	(11	) 86,179
Obligations of states and political subdivisions	27,389	580	(988	)	(942	) 26,039
Corporate securities	386,103	24,477	(924	)	(792	) 408,864
Mortgage-backed securities	8,064	280	(304	)	-	8,040
Redeemable preferred stocks	30,626	1,139	(1,924	)	(191	) 29,650
Common stocks	27,290	2,204	-		(6,634	) 22,860
Less: Preferred stock of AMERCO held by subsidiaries	(7,079)	(491)	-	- (7,570)
	\$618,040	\$38,071	\$(4,190	)	\$(8,570	) \$643,351

AMERCO AND CONSOLIDATED ENTITIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

The table on the previous page 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 \$56.8 million during the first six months of fiscal 2011. The gross realized gains on these sales totaled \$1.4 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 had declines determined by management to be other-than-temporary and the Company recognized these write-downs through earnings in the amount \$0.3 million for the second quarter of fiscal 2010 and \$0.4 million for the first six months of fiscal 2010. 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.

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, 2010	\$ 552
Additions:	
Other-than-temporary impairment not previously recognized	-
Balance at June 30, 2010	\$ 552
Additions:	
Other-than-temporary impairment not previously recognized	-

Balance at September 30, 2010

\$ 552

8

AMERCO AND CONSOLIDATED ENTITIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

The adjusted cost and estimated market value of available-for-sale investments at September 30, 2010, by contractual maturity, were as follows:

	Amortized Cost	Estimated Market Value
	(Unaudited)	
	(In thousands)	
Due in one year or less	\$42,570	\$43,308
Due after one year through five years	177,498	185,834
Due after five years through ten years	125,538	133,933
Due after ten years	213,533	227,296
	559,139	590,371
Mortgage backed securities	8,064	8,040
Redeemable preferred stocks	30,626	29,650
Equity securities	27,290	22,860
Less: Preferred stock of AMERCO held by subsidiaries	(7,079)	(7,570)
	\$618,040	\$643,351

4. Borrowings

Long-Term Debt

Long-term debt was as follows:

	2011 Rate (a)	Maturities	September 30, 2010 (Unaudited)	March 31, 2010
			(In thousands)	
Real estate loan (amortizing term)	6.93	% 2018	\$260,000	\$265,000
Real estate loan (revolving credit)	-	2018	-	86,000
Real estate loan (amortizing term)	5.00	% 2011	11,420	31,865
Senior mortgages	5.47% -	2015 -	482,823	489,186
Working capital loan (revolving credit)	-	2011	-	15,000
	4.78% -	2012 -		
Fleet loans (amortizing term)	7.95	% 2017	345,810	276,222
Fleet loans (securitization)	5.56	% 2014	127,267	143,170
	3.25% -	2011 -		
Other obligations	9.50	% 2017	51,235	41,192

Total notes, loans and leases payable	\$1,278,555	\$1,347,635
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(a) Interest rate as of September 30, 2010, 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 an availability of \$200.0 million. As of September 30, 2010, the outstanding balance on the Real Estate Loan was \$260.0 million and the Company had the full \$200.0 million available to be drawn on the revolving credit facility. U-Haul International, Inc. is a guarantor of this loan.

AMERCO AND CONSOLIDATED ENTITIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

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, 2010, the applicable LIBOR was 0.26% and the applicable margin was 1.50%, the sum of which was 1.76%. The rate on the term facility portion of the 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 25, 2010. The loan is comprised of a term loan facility and a revolving credit facility with combined availability of \$20 million and a final maturity of June 2011. As of September 30, 2010, the outstanding balance was \$11.4 million.

This Real Estate Loan requires monthly principal and interest payments with the unpaid principal 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 3.00%. At September 30, 2010, the applicable LIBOR floor was 2.00% and the margin was 3.00%, the sum of which was 5.00%. 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.

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, 2010 were in the aggregate amount of \$426.8 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 \$56.0 million as of September 30, 2010. These loans mature in 2015 and 2016. Rates for these loans range from 5.47% to 6.13%. 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, 2010, 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 2011. 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%.

AMERCO AND CONSOLIDATED ENTITIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

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, 2010 was \$262.9 million with the final maturities between April 2012 and July 2017.

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 September 30, 2010, the applicable LIBOR was 0.26% and applicable margins were between 1.13% and 2.63%. The interest rates are hedged with interest rate swaps fixing the rates between 4.78% and 7.32% based on current margins. Additionally, \$20.2 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 will be used to fund cargo van and pickup acquisitions for the next three years. The loan has a final maturity of September 2013. The agreement contains options to extend the maturity. The note will be secured by the purchased equipment and the corresponding operating cash flows associated with their operation. At September 30, 2010, the applicable LIBOR was 0.29% and the applicable margin was 4.50%, the sum of which was 4.79%. At September 30, 2010 the Company had drawn \$82.9 million on this loan.

Rental Truck Securitizations

U-Haul S Fleet and its subsidiaries (collectively, “USF”) issued a \$217.0 million asset-backed note (“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 Box Truck Note has a fixed interest rate of 5.56% with an estimated final maturity of February 2014. At September 30, 2010, the outstanding balance was \$127.3 million. The note is secured by the box trucks that were purchased and the corresponding operating cash flows associated with their operation.

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

The Box Truck Note is 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 the note 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 July 2010, with terms of the leases between 3 and 7 years. At September 30, 2010, the balance of these leases was \$46.6 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%. The Company entered into \$7.5 million of premium financing arrangements for one year expiring in March and April 2011 at rates between 3.25% and 5.50%. At September 30, 2010, the outstanding balance was \$4.6 million.

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 September 30, 2010 for the next five years and thereafter are as follows:

	Year Ending September 30,					
	2011	2012	2013	2014	2015	Thereafter
	(Unaudited)					
	(In thousands)					
Notes, loans and leases payable, secured	\$98,380	\$162,003	\$161,140	\$147,804	\$450,220	\$259,008

5. Interest on Borrowings

Interest Expense

Components of interest expense include the following:

	Quarter Ended September 30,	
	2010	2009
	(Unaudited)	
	(In thousands)	
Interest expense	\$14,586	\$16,217
Capitalized interest	(122)	(142)
Amortization of transaction costs	1,049	1,224
Interest expense resulting from derivatives	6,275	6,639
Total interest expense	\$21,788	\$23,938

	Six Months Ended September 30,	
	2010	2009
	(Unaudited)	
	(In thousands)	
Interest expense	\$29,011	\$32,276
Capitalized interest	(269)	(293)
Amortization of transaction costs	2,154	2,409
Interest expense resulting from derivatives	12,356	12,767
Total interest expense	\$43,252	\$47,159

Interest paid in cash by AMERCO, including payments related to derivative contracts, amounted to \$19.2 million and \$21.4 million for the second quarter of fiscal 2011 and 2010, respectively and \$38.8 million and \$43.1 million for the first six months of fiscal 2011 and 2010, respectively.

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), (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	4/15/2016	3/25/2009
14.7	(a)	7/6/2010	8/15/2010	7/15/2017	7/6/2010

(a) interest rate swap agreement

(b) forward swap

As of September 30, 2010, the total notional amount of the Company's variable interest rate swaps was \$508.1 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 September 30, 2010	March 31, 2010
	(Unaudited)	
	(In thousands)	
Interest rate contracts designated as hedging instruments	\$ 73,654	\$ 54,239

	The Effect of Interest Rate Contracts on the Statements of Operations	
	September 30, 2010	September 30, 2009
	(Unaudited)	
	(In thousands)	
Loss recognized in income on interest rate contracts	\$ 12,356	\$ 12,767
(Gain) loss recognized in AOCI on interest rate contracts (effective portion)	\$ 19,568	\$ (16,973)
Loss reclassified from AOCI into income (effective portion)	\$ 12,509	\$ 13,602
	\$ (153)	\$ (835)

(Gain) loss recognized in income on interest rate contracts
(ineffective portion and amount excluded from effectiveness testing)

Gains or losses recognized in income on derivatives are recorded as interest expense in the statements of operations.

13

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,			
	2010		2009	
	(Unaudited)			
	(In thousands, except interest rates)			
Weighted average interest rate during the quarter	1.82	%	1.78	%
Interest rate at the end of the quarter	-		1.75	%
Maximum amount outstanding during the quarter	\$75,000		\$195,000	
Average amount outstanding during the quarter	\$33,804		\$186,033	
Facility fees	\$57		\$238	

	Revolving Credit Activity Six Months Ended September 30,			
	2010		2009	
	(Unaudited)			
	(In thousands, except interest rates)			
Weighted average interest rate during the first six months	1.81	%	1.84	%
Interest rate at the end of the first six months	-		1.75	%
Maximum amount outstanding during the first six months	\$111,000		\$207,280	
Average amount outstanding during the first six months	\$59,585		\$195,580	
Facility fees	\$113		\$480	

6. Stockholders Equity

On December 3, 2008, the Board of Directors (the “Board”) authorized us, using management’s discretion, to buy back shares from former employees who were participants in our Employee Stock Ownership Plan (“ESOP”). To be eligible for consideration, the employees’ respective ESOP account balances must be valued at more than \$1,000 at the then-prevailing market prices but have less than 100 shares. No such shares have been purchased.

Between January 1, 2009 and September 30, 2010, our insurance subsidiaries purchased 304,000 shares of Series A Preferred on the open market for \$7.1 million. Our insurance subsidiaries may make additional investments in shares of the Series A Preferred in the future.

AMERCO AND CONSOLIDATED ENTITIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

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 (Unaudited)	Postretirement Benefit Obligation Gain	Accumulated Other Comprehensive Income (Loss)
(In thousands)					
Balance at March 31, 2010	\$(29,142)	\$ 5,931	\$(33,933)	\$ 937	\$ (56,207)
Foreign currency translation	(1,779)	-	-	-	(1,779)
Unrealized gain on investments	-	4,514	-	-	4,514
Change in fair value of cash flow hedges	-	-	(12,132)	-	(12,132)
Balance at September 30, 2010	\$(30,921)	\$ 10,445	\$(46,065)	\$ 937	\$ (65,604)

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 2017, with the exception of one land lease expiring in 2034. As of September 30, 2010, AMERCO has guaranteed \$170.7 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 September 30:			
2011	\$ 14,800	\$ 113,164	\$ 127,964
2012	14,066	99,791	113,857
2013	13,359	80,128	93,487
2014	8,820	60,881	69,701
2015	669	37,413	38,082
Thereafter	5,672	8,862	14,534

Total	\$57,386	\$400,239	\$457,625
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AMERCO AND CONSOLIDATED ENTITIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

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. 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. The Nevada Supreme Court heard the case En Banc on July 7, 2010 and we are awaiting the ruling.

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. Real Estate expects to spend approximately \$2.6 million in total through fiscal 2011 to remediate these properties.

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.

10. Related Party Transactions

As set forth in the Audit Committee Charter and consistent with Nasdaq Listing Rules, 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 consummated on terms 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.

During the first six months of fiscal 2011, 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 recorded interest income of \$9.6 million and \$9.4 million, and received cash interest payments of \$8.8 million and \$6.8 million, from SAC Holdings during the first six months of fiscal 2011 and 2010, respectively. The largest aggregate amount of notes receivable outstanding during the first six months of fiscal 2011 was \$196.9 million and the aggregate notes receivable balance at September 30, 2010 was \$196.6 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 six months of fiscal 2011, 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 recorded interest income of \$2.7 million and \$2.6 million and received cash interest payments of \$2.8 million and \$2.6 million from Private Mini during the first six months of fiscal 2011 and 2010, respectively. The largest aggregate amount outstanding during the first six months of fiscal 2011 was \$67.3 million. The balance of notes receivable from Private Mini at September 30, 2010 was \$66.8 million.

AMERCO AND CONSOLIDATED ENTITIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

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 and \$14.3 million from the above mentioned entities during the first six months of fiscal 2011 and 2010, 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.

The Company leases space for marketing company offices, vehicle repair shops and hitch installation centers from subsidiaries of SAC Holdings, 5 SAC and Galaxy. Total lease payments pursuant to such leases were \$1.2 million in the first six months of fiscal 2011 and 2010. 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 September 30, 2010, 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. The Company paid the above mentioned entities \$21.4 million and \$19.6 million in commissions pursuant to such dealership contracts during the first six months of fiscal 2011 and 2010, respectively.

These agreements and notes with subsidiaries of SAC Holdings, 4 SAC, 5 SAC, Galaxy and Private Mini, excluding Dealer Agreements, provided revenues of \$21.4 million, expenses of \$1.2 million and cash flows of \$24.5 million during the first six months of fiscal 2011. Revenues and commission expenses related to the Dealer Agreements were \$101.4 million and \$21.4 million, respectively during the first six months of fiscal 2011.

Between January 1, 2009 and September 30, 2010, our insurance subsidiaries purchased 304,000 shares of Series A Preferred on the open market for \$7.1 million. Our insurance subsidiaries may make additional investments in shares of the Series A Preferred in the future.

The Company adopted Accounting Standards Update (“ASU”) 2009-17, which amends the FASB ASC for the issuance of FASB Statement No. 167, Amendments to FASB Interpretation No. 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 a) identified all other parties that hold interests in the VIE’s, and b) 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.

AMERCO AND CONSOLIDATED ENTITIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

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.

The Company has not provided financial or other support explicitly or implicitly during the first six months ended September 30, 2010 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 sheet 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 entities:

Related Party Assets

	September 30, 2010	March 31, 2010
	(Unaudited)	
	(In thousands)	
U-Haul notes, receivables and interest from Private Mini	\$69,407	\$69,867
U-Haul notes receivable from SAC Holdings	196,575	196,903
U-Haul interest receivable from SAC Holdings	14,559	13,775
U-Haul receivable from SAC Holdings	11,224	15,780
U-Haul receivable from Mercury	2,607	6,138
Other (a)	361	(337)
	\$294,733	\$302,126

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

11. Consolidating Financial Information by Industry Segment

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

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.

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, 2010 are as follows:

	Moving & Storage				AMERCO Legal Group			
	AMERCO	U-Haul	Real Estate	Eliminations	Moving & Storage Consolidated (Unaudited) (In thousands)	Property & Casualty Insurance (a)	Life Insurance (a)	Eliminations
Assets:								
Cash and cash equivalents	\$ 184,013	\$ 102,102	\$ 750	\$-	\$ 286,865	\$ 29,108	\$ 13,857	\$-
Reinsurance recoverables and trade receivables, net	-	20,229	-	-	20,229	171,711	12,334	-
Notes and mortgage receivables, net	-	335	1,009	-	1,344	-	-	-
Inventories, net	-	55,659	-	-	55,659	-	-	-
Prepaid expenses	-	47,787	617	-	48,404	-	-	-
Investments, fixed maturities and marketable equities	20,032	-	-	-	20,032	129,416	501,473	(7,570)
Investments, other	-	2,016	14,637	-	16,653	71,840	71,302	-
Deferred policy acquisition costs, net	-	-	-	-	-	-	37,255	-
Other assets	37,798	79,963	26,635	-	144,396	598	310	-
Related party assets	1,149,010	239,447	43	(1,092,184)(c)	296,316	3,564	-	(5,147)
	1,390,853	547,538	43,691	(1,092,184)	889,898	406,237	636,531	(12,717)
Investment in subsidiaries	(159,389)	-	-	497,926 (b)	338,537	-	-	(338,537)
Property, plant and equipment, at cost:								
Land	-	44,696	181,542	-	226,238	-	-	-
Buildings and improvements	1	171,011	835,089	-	1,006,101	-	-	-
	245	312,351	18,190	-	330,786	-	-	-

Furniture and equipment								
Rental trailers and other rental equipment	-	242,455	-	-	242,455	-	-	-
Rental trucks	-	1,559,732	-	-	1,559,732	-	-	-
	246	2,330,245	1,034,821	-	3,365,312	-	-	-
Less: Accumulated depreciation	(218)	(1,007,381)	(338,262)	-	(1,345,861)	-	-	-
Total property, plant and equipment	28	1,322,864	696,559	-	2,019,451	-	-	-
Total assets	\$1,231,492	\$1,870,402	\$740,250	\$(594,258)	\$3,247,886	\$406,237	\$636,531	\$(351,250)

(a) Balances as of June 30, 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 September 30, 2010 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)				
Liabilities:									
Accounts payable and accrued expenses	\$8,466	\$310,965	\$4,157	\$-	\$323,588	\$-	\$5,173	\$-	\$
Notes, loans and leases payable	-	563,282	715,273	-	1,278,555	-	-	-	
Policy benefits and losses, claims and loss expenses payable	-	396,298	-	-	396,298	275,310	184,393	-	
Liabilities from investment contracts	-	-	-	-	-	-	257,275	-	
Other policyholders' funds and liabilities	-	-	-	-	-	4,656	1,968	-	
Deferred income	-	27,596	-	-	27,596	-	-	-	
Deferred income taxes	265,752	-	-	-	265,752	(31,227)	4,321	(172)	(d)
Related party liabilities	-	917,793	177,176	(1,092,184)	(c) 2,785	2,256	106	(5,147)	(c)
Total liabilities	274,218	2,215,934	896,606	(1,092,184)	2,294,574	250,995	453,236	(5,319)	
Stockholders' equity:									
Series preferred stock:									
Series A preferred stock	-	-	-	-	-	-	-	-	

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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	423,622	121,230	147,941	(269,171)	(b) 423,622	89,620	26,271	(123,187)	(b,d)
Accumulated other comprehensive income (loss)	(65,285)	(76,049)	-	76,049	(b) (65,285)	1,594	11,315	(13,228)	(b,d)
Retained earnings (deficit)	1,114,093	(387,291)	(304,298)	691,589	(b) 1,114,093	60,727	143,209	(203,719)	(b,d)
Cost of common shares in treasury, net	(525,653)	-	-	-	(525,653)	-	-	-	
Unearned employee stock ownership plan shares	-	(3,962)	-	-	(3,962)	-	-	-	
Total stockholders' equity (deficit)	957,274	(345,532)	(156,356)	497,926	953,312	155,242	183,295	(345,935)	
Total liabilities and stockholders' equity	\$1,231,492	\$1,870,402	\$740,250	\$(594,258)	\$3,247,886	\$406,237	\$636,531	\$(351,254)	\$

(a) Balances as of June 30, 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, 2010 are as follows:

	Moving & Storage				AMERCO Legal Group Property & Moving & Storage Consolidated				Casualty Insurance (a)	Life Insurance (a)	Elimination
	AMERCO	U-Haul	Real Estate	Eliminations	Consolidated	(a)	(a)				
(In thousands)											
Assets:											
Cash and cash equivalents	\$ 100,460	\$ 107,241	\$ 4	\$-	\$ 207,705	\$ 22,126	\$ 14,287	\$-			
Reinsurance recoverables and trade receivables, net	-	17,797	-	-	17,797	168,119	12,367	-			
Notes and mortgage receivables, net	-	379	1,082	-	1,461	-	-	-			
Inventories, net	-	52,837	-	-	52,837	-	-	-			
Prepaid expenses	-	53,305	74	-	53,379	-	-	-			
Investments, fixed maturities and marketable equities	18,247	-	-	-	18,247	98,623	435,015	(2,567)			
Investments, other	-	2,626	12,990	-	15,616	106,334	105,536	-			
Deferred policy acquisition costs, net	-	-	-	-	-	-	39,194	-			
Other assets	37,800	79,228	27,407	-	144,435	912	517	-			
Related party assets	1,176,096	247,074	8	(1,118,983) (c)	304,195	2,446	-	(4,515)			
	1,332,603	560,487	41,565	(1,118,983)	815,672	398,560	606,916	(7,082)			
Investment in subsidiaries	(279,582)	-	-	604,478 (b)	324,896	-	-	(324,896)			
Property, plant and equipment, at cost:											
Land	-	44,525	180,379	-	224,904	-	-	-			
Buildings and improvements	-	157,073	813,864	-	970,937	-	-	-			
Furniture and equipment	248	304,926	18,160	-	323,334	-	-	-			
	-	244,131	-	-	244,131	-	-	-			

Rental trailers and
other rental
equipment

Rental trucks	-	1,529,817	-	-	1,529,817	-	-	-
	248	2,280,472	1,012,403	-	3,293,123	-	-	-
Less: Accumulated depreciation	(216)	(1,012,575)	(331,944)	-	(1,344,735)	-	-	-
Total property, plant and equipment	32	1,267,897	680,459	-	1,948,388	-	-	-
Total assets	\$1,053,053	\$1,828,384	\$722,024	\$(514,505)	\$3,088,956	\$398,560	\$606,916	\$(331,970)

(a) Balances as of
December 31, 2009

(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, 2010 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)									
Liabilities:									
Accounts payable and accrued expenses	\$12,496	\$275,150	\$4,212	\$-	\$291,858	\$-	\$4,199	\$-	\$
Notes, loans and leases payable	-	508,930	838,705	-	1,347,635	-	-	-	-
Policy benefits and losses, claims and loss expenses payable	-	385,520	-	-	385,520	272,438	158,951	-	-
Liabilities from investment contracts	-	-	-	-	-	-	268,810	-	-
Other policyholders' funds and liabilities	-	-	-	-	-	5,609	2,546	-	-
Deferred income	-	25,207	-	-	25,207	-	-	-	-
Deferred income taxes	220,659	-	-	-	220,659	(32,819)	(936)	(134)	(d)
Related party liabilities	-	1,081,278	40,438	(1,118,983)(c)	2,733	1,655	127	(4,515)	(c)
Total liabilities	233,155	2,276,085	883,355	(1,118,983)	2,273,612	246,883	433,697	(4,649)	
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	422,384	121,230	147,941	(269,171)	(b) 422,384	89,620	26,271	(118,464)	(b,c)
Accumulated other comprehensive income (loss)	(55,959)	(62,138)	-	62,138	(b) (55,959)	242	5,625	(6,115)	(b,c)
Retained earnings (deficit)	968,629	(502,779)	(309,273)	812,052	(b) 968,629	58,514	138,823	(196,949)	(b,c)
Cost of common shares in treasury, net	(525,653)	-	-	-	(525,653)	-	-	-	
Unearned employee stock ownership plan shares	-	(4,554)	-	-	(4,554)	-	-	-	
Total stockholders' equity (deficit)	819,898	(447,701)	(161,331)	604,478	815,344	151,677	173,219	(327,329)	
Total liabilities and stockholders' equity	\$1,053,053	\$1,828,384	\$722,024	\$(514,505)	\$3,088,956	\$398,560	\$606,916	\$(331,978)	\$
(a) Balances as of December 31, 2009									
(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, 2010 are as follows:

	Moving & Storage				AMERCO Legal Group				AMERCO Consolidated
	AMERCO	U-Haul	Real Estate	Eliminations	Moving & Storage Consolidated	Property & Casualty Insurance (a)	Life Insurance (a)	Eliminations	
	(Unaudited)								
	(In thousands)								
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
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

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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
Loss of carrying amount of preferred stock over consideration paid	-	-	-	-	-	-	-	(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	\$2,253	\$(3,698)	\$81,978

(a) Balances for the quarter ended June 30, 2010

(b) Eliminate intercompany lease income

(c) Eliminate intercompany premiums

(d) Eliminate equity in

earnings of
subsidiaries
(e) Eliminate
preferred stock
dividends paid
to affiliates

24

AMERCO AND CONSOLIDATED ENTITIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

Consolidating statements of operations by industry for the quarter ended September 30, 2009 are as follows:

	Moving & Storage				AMERCO Legal Group				AMERCO Consolidated
	AMERCO	U-Haul	Real Estate	Eliminations	Moving & Storage Consolidated	Property & Casualty Insurance (a)	Life Insurance (a)	Eliminations	
	(Unaudited)								
	(In thousands)								
Revenues:									
Self-moving equipment rentals	\$-	\$427,637	\$-	\$-	\$427,637	\$-	\$-	\$(434)	(c) \$427,203
Self-storage revenues	-	27,101	311	-	27,412	-	-	-	27,412
Self-moving and self-storage products and service sales	-	55,522	-	-	55,522	-	-	-	55,522
Property management fees	-	4,478	-	-	4,478	-	-	-	4,478
Life insurance premiums	-	-	-	-	-	-	28,738	-	28,738
Property and casualty insurance premiums	-	-	-	-	-	7,046	-	-	7,046
Net investment and interest income	1,080	5,741	-	-	6,821	1,813	4,230	(325)	(b,e) 12,539
Other revenue	-	11,977	18,439	(19,874)	(b) 10,542	-	767	(323)	(b) 10,986
Total revenues	1,080	532,456	18,750	(19,874)	532,412	8,859	33,735	(1,082)	573,924
Costs and expenses:									
Operating expenses	2,024	281,515	1,956	(19,874)	(b) 265,621	3,617	5,240	(748)	(b,c) 273,730
Commission expenses	-	51,098	-	-	51,098	-	-	-	51,098
Cost of sales	-	28,359	-	-	28,359	-	-	-	28,359
	-	-	-	-	-	3,619	22,188	-	25,807

Benefits and losses									
Amortization of deferred policy acquisition costs	-	-	-	-	-	-	2,296	-	2,296
Lease expense	22	40,306	3	-	40,331	-	-	(305)	(b) 40,026
Depreciation, net of (gains) losses on disposals	5	53,426	3,359	-	56,790	-	-	-	56,790
Total costs and expenses	2,051	454,704	5,318	(19,874)	442,199	7,236	29,724	(1,053)	478,106
Equity in earnings of subsidiaries	30,525	-	-	(26,849)	(d) 3,676	-	-	(3,676)	(d) -
Earnings from operations	29,554	77,752	13,432	(26,849)	93,889	1,623	4,011	(3,705)	95,818
Interest income (expense)	24,110	(39,504)	(8,544)	-	(23,938)	-	-	-	(23,938)
Pretax earnings	53,664	38,248	4,888	(26,849)	69,951	1,623	4,011	(3,705)	71,880
Income tax expense	(8,944)	(14,167)	(2,120)	-	(25,231)	(568)	(1,390)	-	(27,189)
Net earnings	44,720	24,081	2,768	(26,849)	44,720	1,055	2,621	(3,705)	44,691
Excess carrying amount of preferred stock over consideration paid	-	-	-	-	-	-	-	48	48
Less: Preferred stock dividends	(3,241)	-	-	-	(3,241)	-	-	29	(e) (3,212)
Earnings available to common shareholders	\$41,479	\$24,081	\$2,768	\$(26,849)	\$41,479	\$1,055	\$2,621	\$(3,628)	\$41,527

(a) Balances for the quarter ended June 30, 2009

(b) Eliminate intercompany lease income

(c) Eliminate intercompany premiums

(d) Eliminate
equity in
earnings of
subsidiaries

(e) Eliminate
preferred stock
dividends paid
to affiliate

25

AMERCO AND CONSOLIDATED ENTITIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

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

	Moving & Storage				AMERCO Legal Group				AMERCO Consolidated
	AMERCO	U-Haul	Real Estate	Eliminations	Moving & Storage Consolidated	Property & Casualty Insurance (a)	Life Insurance (a)	Eliminations	
	(Unaudited)								
	(In thousands)								
Revenues:									
Self-moving equipment rentals	\$-	\$887,677	\$-	\$-	\$887,677	\$-	\$-	\$(1,086)	(c) \$886,591
Self-storage revenues	-	58,197	677	-	58,874	-	-	-	58,874
Self-moving and self-storage products and service sales	-	120,111	-	-	120,111	-	-	-	120,111
Property management fees	-	9,116	-	-	9,116	-	-	-	9,116
Life insurance premiums	-	-	-	-	-	-	77,825	-	77,825
Property and casualty insurance premiums	-	-	-	-	-	14,479	-	-	14,479
Net investment and interest income	2,494	10,221	-	-	12,715	4,011	10,321	(818)	(b,e) 26,229
Other revenue	20	32,013	38,658	(41,394)	(b) 29,297	-	1,095	(694)	(b) 29,698
Total revenues	2,514	1,117,335	39,335	(41,394)	1,117,790	18,490	89,241	(2,598)	1,222,920
Costs and expenses:									
Operating expenses	3,895	537,382	4,591	(41,394)	(b) 504,474	6,972	13,710	(1,763)	(b,c) 523,393
Commission expenses	-	109,782	-	-	109,782	-	-	-	109,782
Cost of sales	-	61,268	-	-	61,268	-	-	-	61,268
Benefits and losses	-	-	-	-	-	8,114	64,691	-	72,805

Amortization of deferred policy acquisition costs	-	-	-	-	-	-	4,069	-	4,069
Lease expense	47	77,187	6	-	77,240	-	-	(610) (b)	76,630
Depreciation, net of (gains) losses on disposals	4	83,578	5,164	-	88,746	-	-	-	88,746
Total costs and expenses	3,946	869,197	9,761	(41,394)	841,510	15,086	82,470	(2,373)	936,693
Equity in earnings of subsidiaries	127,062	-	-	(120,463) (d)	6,599	-	-	(6,599) (d)	-
Earnings from operations	125,630	248,138	29,574	(120,463)	282,879	3,404	6,771	(6,824)	286,230
Interest income (expense)	41,568	(63,952)	(20,868)	-	(43,252)	-	-	-	(43,252)
Pretax earnings	167,198	184,186	8,706	(120,463)	239,627	3,404	6,771	(6,824)	242,978
Income tax expense	(15,252)	(68,698)	(3,731)	-	(87,681)	(1,191)	(2,385)	-	(91,257)
Net earnings	151,946	115,488	4,975	(120,463)	151,946	2,213	4,386	(6,824)	151,721
Loss of carrying amount of preferred stock over consideration paid	-	-	-	-	-	-	-	(171)	(171)
Less: Preferred stock dividends	(6,482)	-	-	-	(6,482)	-	-	225 (e)	(6,257)
Earnings available to common shareholders	\$145,464	\$115,488	\$4,975	\$(120,463)	\$145,464	\$2,213	\$4,386	\$(6,770)	\$145,293
(a) Balances for the six months ended June 30, 2010									
(b) Eliminate intercompany lease income									
(c) Eliminate intercompany premiums									
(d) Eliminate equity in									

earnings of
subsidiaries
(e) Eliminate
preferred stock
dividends paid
to affiliates

26

AMERCO AND CONSOLIDATED ENTITIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

Consolidating statements of operations by industry for the six months ended September 30, 2009 are as follows:

	Moving & Storage		AMERCO Legal Group						
						Property & Moving & Storage	Casualty Insurance	Life Insurance	
	AMERCO	U-Haul	Real Estate	Eliminations	Moving & Storage Consolidated (Unaudited) (In thousands)	(a)	(a)	Eliminations	AMERCO Consolidated
Revenues:									
Self-moving equipment rentals	\$-	\$800,892	\$-	\$-	\$800,892	\$-	\$-	\$(748)	(c) \$800,144
Self-storage revenues	-	53,759	657	-	54,416	-	-	-	54,416
Self-moving and self-storage products and service sales	-	113,344	-	-	113,344	-	-	-	113,344
Property management fees	-	8,928	-	-	8,928	-	-	-	8,928
Life insurance premiums	-	-	-	-	-	-	56,342	-	56,342
Property and casualty insurance premiums	-	-	-	-	-	13,261	-	-	13,261
Net investment and interest income	2,152	11,278	-	-	13,430	3,649	9,762	(622)	(b,e) 26,219
Other revenue	-	23,900	36,741	(39,566)	(b) 21,075	-	1,503	(649)	(b) 21,929
Total revenues	2,152	1,012,101	37,398	(39,566)	1,012,085	16,910	67,607	(2,019)	1,094,583
Costs and expenses:									
Operating expenses	4,710	547,106	4,197	(39,566)	(b) 516,447	6,879	10,285	(1,380)	(b,c) 532,231
Commission expenses	-	95,509	-	-	95,509	-	-	-	95,509
Cost of sales	-	58,809	-	-	58,809	-	-	-	58,809
	-	-	-	-	-	6,981	46,520	-	53,501

Benefits and losses									
Amortization of deferred policy acquisition costs	-	-	-	-	-	-	4,213	-	4,213
Lease expense	36	79,868	5	-	79,909	-	-	(610) (b)	79,299
Depreciation, net of (gains) losses on disposals	9	109,464	6,534	-	116,007	-	-	-	116,007
Total costs and expenses	4,755	890,756	10,736	(39,566)	866,681	13,860	61,018	(1,990)	939,569
Equity in earnings of subsidiaries	39,302	-	-	(33,040)(d)	6,262	-	-	(6,262) (d)	-
Earnings from operations	36,699	121,345	26,662	(33,040)	151,666	3,050	6,589	(6,291)	155,014
Interest income (expense)	47,521	(77,710)	(16,970)	-	(47,159)	-	-	-	(47,159)
Pretax earnings	84,220	43,635	9,692	(33,040)	104,507	3,050	6,589	(6,291)	107,855
Income tax expense	(17,068)	(16,079)	(4,208)	-	(37,355)	(1,068)	(2,309)	-	(40,732)
Net earnings	67,152	27,556	5,484	(33,040)	67,152	1,982	4,280	(6,291)	67,123
Excess carrying amount of preferred stock over consideration paid	-	-	-	-	-	-	-	371	371
Less: Preferred stock dividends	(6,482)	-	-	-	(6,482)	-	-	29	(e) (6,453)
Earnings available to common shareholders	\$60,670	\$27,556	\$5,484	\$(33,040)	\$60,670	\$1,982	\$4,280	\$(5,891)	\$61,041
(a) Balances for the six months ended June 30, 2009									
(b) Eliminate intercompany lease income									
(c) Eliminate intercompany premiums									

(d) Eliminate
equity in
earnings of
subsidiaries

(e) Eliminate
preferred stock
dividends paid
to affiliate

27

AMERCO AND CONSOLIDATED ENTITIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

Consolidating cash flow statements by industry segment for the six months ended September 30, 2010 are as follows:

	Moving & Storage		AMERCO Legal Group						AMERCO Consolidated
	AMERCO	U-Haul	Real Estate	Elimination	Moving & Storage Consolidated	Property & Casualty Insurance (a)	Life Insurance (a)	Elimination	
	(Unaudited)								
Cash flows from operating activities:	(In thousands)								
Net earnings	\$ 151,946	\$ 115,488	\$ 4,975	\$ (120,463)	\$ 151,946	\$ 2,213	\$ 4,386	\$ (6,824)	\$ 151,721
Earnings from consolidated entities	(127,062)	-	-	120,463	(6,599)	-	-	6,599	-
Adjustments to reconcile net earnings to the cash provided by operations:									
Depreciation	4	99,673	6,378	-	106,055	-	-	-	106,055
Amortization of deferred policy acquisition costs	-	-	-	-	-	-	4,069	-	4,069
Change in allowance for losses on trade receivables	-	(25)	-	-	(25)	-	1	-	(24)
Change in allowance for losses on mortgage notes	-	-	-	-	-	-	-	-	-
Change in allowance for inventory reserve	-	840	-	-	840	-	-	-	840
Net gain on sale of real	-	(16,095)	(1,214)	-	(17,309)	-	-	-	(17,309)

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and personal property									
Net gain on sale of investments	-	-	-	-	-	(36)	(1,293)	-	(1,329)
Deferred income taxes	54,034	-	-	-	54,034	864	2,193	-	57,091
Net change in other operating assets and liabilities:									
Reinsurance recoverables and trade receivables	-	(2,407)	-	-	(2,407)	(3,592)	30	-	(5,969)
Inventories	-	(3,662)	-	-	(3,662)	-	-	-	(3,662)
Prepaid expenses	-	5,518	(543)	-	4,975	-	-	-	4,975
Capitalization of deferred policy acquisition costs	-	-	-	-	-	-	(7,377)	-	(7,377)
Other assets	2	(646)	772	-	128	314	207	-	649
Related party assets	286	7,602	(35)	-	7,853	(1,143)	-	-	6,710
Accounts payable and accrued expenses	(2,792)	21,114	(52)	-	18,270	-	1,832	-	20,102
Policy benefits and losses, claims and loss expenses payable	-	11,139	-	-	11,139	2,872	25,441	-	39,452
Other policyholders' funds and liabilities	-	-	-	-	-	(953)	(578)	-	(1,531)
Deferred income	-	2,399	-	-	2,399	-	-	-	2,399
Related party liabilities	-	53	-	-	53	626	14	-	693
Net cash provided (used) by operating activities	76,418	240,991	10,281	-	327,690	1,165	28,925	(225)	357,555

Cash flows
from investing
activities:

Purchases of:

Property, plant and equipment	(1)	(251,606)	(22,633)	-	(274,240)	-	-	-	(274,240)
Short term investments	-	-	-	-	-	(38,243)	(71,542)	-	(109,785)
Fixed maturities investments	-	-	-	-	-	(24,350)	(98,154)	-	(122,504)
Equity securities	(5,746)	-	-	-	(5,746)	(3,297)	-	-	(9,043)
Preferred stock	-	-	-	-	-	(9,305)	(2,597)	-	(11,902)
Real estate	-	-	(1,647)	-	(1,647)	(56)	(81)	-	(1,784)
Mortgage loans	-	-	-	-	-	(1,297)	(11)	-	(1,308)

Proceeds from
sales of:

Property, plant and equipment	-	120,790	1,367	-	122,157	-	-	-	122,157
Short term investments	-	-	-	-	-	73,980	104,481	-	178,461
Fixed maturities investments	-	-	-	-	-	8,142	48,699	-	56,841
Equity securities	-	-	-	-	-	133	-	-	133
Real estate	-	610	-	-	610	73	-	-	683
Mortgage loans	-	-	-	-	-	37	1,384	-	1,421

Payments
from notes
and mortgage
receivables

Payments from notes and mortgage receivables	-	44	73	-	117	-	-	-	117
Net cash provided (used) by investing activities	(5,747)	(130,162)	(22,840)	-	(158,749)	5,817	(17,821)	-	(170,753)

(page 1 of 2)

(a) Balance
for the period
ended June
30, 2010

AMERCO AND CONSOLIDATED ENTITIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

Continuation of consolidating cash flow statements by industry segment for the six months ended September 30, 2010 are as follows:

	Moving & Storage		AMERCO Legal Group						AMERCO Consolidated
	AMERCO	U-Haul	Real Estate Elimination	Moving & Storage Consolidated (Unaudited)	Casualty Insurance (a)	Property & Life Insurance (a)	Elimination		
Cash flows from financing activities:	(In thousands)								
Borrowings from credit facilities	-	100,422	34,134	-	134,556	-	-	-	134,556
Principal repayments on credit facilities	-	(51,853)	(157,567)	-	(209,420)	-	-	-	(209,420)
Debt issuance costs	-	(89)	-	-	(89)	-	-	-	(89)
Capital lease payments	-	(8,369)	-	-	(8,369)	-	-	-	(8,369)
Leveraged Employee Stock Ownership Plan - repayments from loan	-	592	-	-	592	-	-	-	592
Proceeds from (repayment of) intercompany loans	19,364	(156,102)	136,738	-	-	-	-	-	-
Preferred stock dividends paid	(6,482)	-	-	-	(6,482)	-	-	225 (b)	(6,257)
Investment contract deposits	-	-	-	-	-	-	5,875	-	5,875
Investment contract withdrawals	-	-	-	-	-	-	(17,409)	-	(17,409)
Net cash provided (used)	12,882	(115,399)	13,305	-	(89,212)	-	(11,534)	225	(100,521)

by financing
activities

Effects of
exchange rate
on cash

-	(569)	-	-	(569)	-	-	-	(569)
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Increase
(decrease) in
cash and cash
equivalents

83,553	(5,139)	746	-	79,160	6,982	(430)	-	85,712
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Cash and cash
equivalents at
beginning of
period

100,460	107,241	4	-	207,705	22,126	14,287	-	244,118
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Cash and cash
equivalents at
end of period

\$ 184,013	\$ 102,102	\$ 750	\$ -	\$ 286,865	\$ 29,108	\$ 13,857	\$ -	\$ 329,830
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(page 2 of 2)

(a) Balance for
the period
ended June 30,
2010

(b) Eliminate
preferred stock
dividends paid
to affiliates

AMERCO AND CONSOLIDATED ENTITIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

Consolidating cash flow statements by industry segment for the six months ended September 30, 2009 are as follows:

	Moving & Storage				AMERCO Legal Group Property & Moving & Casualty Life Storage Insurance Insurance (a) (a)				AMERCO
	AMERCO	U-Haul	Real Estate	Elimination	Consolidated (Unaudited)	(a)	(a)	Elimination	Consolidated
Cash flows from operating activities:									
	(In thousands)								
Net earnings	\$67,152	\$27,556	\$5,484	\$(33,040)	\$67,152	\$1,982	\$4,280	\$(6,291)	\$67,123
Earnings from consolidated entities	(39,302)	-	-	33,040	(6,262)	-	-	6,262	-
Adjustments to reconcile net earnings to cash provided by operations:									
Depreciation	9	111,273	6,497	-	117,779	-	-	-	117,779
Amortization of deferred policy acquisition costs	-	-	-	-	-	-	4,213	-	4,213
Change in allowance for losses on trade receivables	-	398	-	-	398	-	(1)	-	397
Change in allowance for losses on mortgage notes	-	(6)	-	-	(6)	-	-	-	(6)
Change in allowance for inventory reserve	-	1,344	-	-	1,344	-	-	-	1,344
Net (gain) loss on sale of real	-	(1,809)	37	-	(1,772)	-	-	-	(1,772)

and personal property									
Net (gain) loss on sale of investments	-	-	-	-	-	27	(428)	-	(401)
Deferred income taxes	38,038	-	-	-	38,038	870	1,523	-	40,431
Net change in other operating assets and liabilities:									
Reinsurance recoverables and trade receivables	-	1,637	-	-	1,637	11,826	(1,546)	-	11,917
Inventories	-	7,334	-	-	7,334	-	-	-	7,334
Prepaid expenses	(660)	(1,842)	(426)	-	(2,928)	-	-	-	(2,928)
Capitalization of deferred policy acquisition costs	-	-	-	-	-	-	(6,533)	-	(6,533)
Other assets	(303)	6,439	804	-	6,940	131	(73)	-	6,998
Related party assets	339	6,945	(17)	-	7,267	214	-	-	7,481
Accounts payable and accrued expenses	(1,027)	3,589	(2,688)	-	(126)	-	(5,767)	-	(5,893)
Policy benefits and losses, claims and loss expenses payable	-	20,382	-	-	20,382	(13,652)	5,261	-	11,991
Other policyholders' funds and liabilities	-	-	-	-	-	(3,210)	(101)	-	(3,311)
Deferred income	-	(1,946)	-	-	(1,946)	-	-	-	(1,946)
Related party liabilities	-	(121)	-	-	(121)	(491)	61	-	(551)
Net cash provided (used) by operating activities	64,246	181,173	9,691	-	255,110	(2,303)	889	(29)	253,667

Cash flows
from investing
activities:

Purchases of:

Property, plant and equipment	(2)	(163,134)	(12,691)	-	(175,827)	-	-	-	(175,827)
Short term investments	-	-	-	-	-	(49,589)	(94,717)	-	(144,306)
Fixed maturities investments	-	-	-	-	-	(17,753)	(59,353)	-	(77,106)
Real estate	-	(204)	(308)	-	(512)	46	-	-	(466)
Mortgage loans	-	(424)	-	-	(424)	(50)	(51)	-	(525)

Proceeds from
sales of:

Property, plant and equipment	-	87,862	1,080	-	88,942	-	-	-	88,942
Short term investments	-	-	-	-	-	58,457	100,850	-	159,307
Fixed maturities investments	-	-	-	-	-	15,036	68,631	-	83,667
Preferred stock	-	-	-	-	-	1,724	512	-	2,236
Mortgage loans	-	-	-	-	-	35	4,018	-	4,053
Payments from notes and mortgage receivables	-	123	341	-	464	-	-	-	464

Net cash provided (used) by investing activities	(2)	(75,777)	(11,578)	-	(87,357)	7,906	19,890	-	(59,561)
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(page 1 of 2)

(a) Balance
for the period
ended June
30, 2009

AMERCO AND CONSOLIDATED ENTITIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

Continuation of consolidating cash flow statements by industry segment for the six months ended September 30, 2009 are as follows:

	Moving & Storage				AMERCO Legal Group				AMERCO Consolidated
	AMERCO	U-Haul	Real Estate	Elimination	Moving & Storage Consolidated (Unaudited)	Property & Casualty Insurance (a)	Life Insurance (a)	Elimination	
Cash flows from financing activities:	(In thousands)								
Borrowings from credit facilities	-	25,712	26,209	-	51,921	-	-	-	51,921
Principal repayments on credit facilities	-	(59,660)	(13,035)	-	(72,695)	-	-	-	(72,695)
Debt issuance costs	-	(100)	(177)	-	(277)	-	-	-	(277)
Capital lease payments	-	(1,168)	-	-	(1,168)	-	-	-	(1,168)
Leveraged Employee Stock Ownership Plan - repayments from loan	-	533	-	-	533	-	-	-	533
Proceeds from (repayment of) intercompany loans	(57,706)	68,816	(11,110)	-	-	-	-	-	-
Preferred stock dividends paid	(6,482)	-	-	-	(6,482)	-	-	29 (b)	(6,453)
Investment contract deposits	-	-	-	-	-	-	5,564	-	5,564
Investment contract withdrawals	-	-	-	-	-	-	(28,417)	-	(28,417)
Net cash provided (used) by financing activities	(64,188)	34,133	1,887	-	(28,168)	-	(22,853)	29	(50,992)

Effects of exchange rate on cash	-	1,250	-	-	1,250	-	-	-	1,250
Increase (decrease) in cash and cash equivalents	56	140,779	-	-	140,835	5,603	(2,074)	-	144,364
Cash and cash equivalents at beginning of period	38	213,040	-	-	213,078	19,197	8,312	-	240,587
Cash and cash equivalents at end of period	\$ 94	\$ 353,819	\$ -	\$ -	\$ 353,913	\$ 24,800	\$ 6,238	\$ -	\$ 384,951

(page 2 of 2)

(a) Balance for the period ended June 30, 2009

(b) Eliminate preferred stock dividends paid to affiliate

AMERCO AND CONSOLIDATED ENTITIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

12. Industry Segment and Geographic Area Data

	United States	Canada	Consolidated (Unaudited)
(All amounts are in thousands of U.S. \$'s)			
Quarter ended September 30, 2010			
Total revenues	\$596,037	\$40,939	\$ 636,976
Depreciation and amortization, net of (gains) losses on disposals	44,037	1,996	46,033
Interest expense	21,601	187	21,788
Pretax earnings	129,062	7,271	136,333
Income tax expense	48,972	2,142	51,114
Identifiable assets	3,804,861	134,539	3,939,400
Quarter ended September 30, 2009			
Total revenues	\$536,621	\$37,303	\$ 573,924
Depreciation and amortization, net of (gains) losses on disposals	57,548	1,538	59,086
Interest expense	23,784	154	23,938
Pretax earnings	66,458	5,422	71,880
Income tax expense	25,345	1,844	27,189
Identifiable assets	3,814,477	115,427	3,929,904
Six months ended September 30, 2010			
Total revenues	\$1,145,820	\$77,103	\$ 1,222,923
Depreciation and amortization, net of (gains) losses on disposals	89,074	3,741	92,815
Interest expense	42,911	341	43,252
Pretax earnings	228,944	14,034	242,978
Income tax expense	87,123	4,134	91,257
Identifiable assets	3,804,861	134,539	3,939,400
Six months ended September 30, 2009			
Total revenues	\$1,027,508	\$67,075	\$ 1,094,583
Depreciation and amortization, net of (gains) losses on disposals	116,935	3,285	120,220
Interest expense	46,865	294	47,159
Pretax earnings	99,529	8,326	107,855
Income tax expense	37,900	2,832	40,732
Identifiable assets	3,814,477	115,427	3,929,904

AMERCO AND CONSOLIDATED ENTITIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

13. Employee Benefit Plans

The components of the net periodic benefit costs with respect to postretirement benefits were as follows:

	Quarter Ended September 30,	
	2010	2009
	(Unaudited)	
	(In thousands)	
Service cost for benefits earned during the period	\$115	\$105
Interest cost on accumulated postretirement benefit	142	150
Other components	(10)	(26)
Net periodic postretirement benefit cost	\$247	\$229

	Six Months Ended September 30,	
	2010	2009
	(Unaudited)	
	(In thousands)	
Service cost for benefits earned during the period	\$230	\$210
Interest cost on accumulated postretirement benefit	284	301
Other components	(19)	(52)
Net periodic postretirement benefit cost	\$495	\$459

14. Fair Value Measurements

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

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

The Company has mortgage receivables, which potentially expose the Company to credit risk. The portfolio of notes is principally collateralized by mini-warehouse storage facilities and commercial properties. The Company has not

experienced any material losses related to the notes from individual or groups of notes in any particular industry or geographic area. The estimated fair values were determined using the discounted cash flow method and using interest rates currently offered for similar loans to borrowers with similar credit ratings.

The carrying amount of long term debt and short term borrowings are estimated to approximate fair value as the actual interest rate is consistent with the rate estimated to be currently available for debt of similar term and remaining maturity.

Other investments including short term investments are substantially current or bear reasonable interest rates. As a result, the carrying values of these financial instruments approximate fair value.

AMERCO AND CONSOLIDATED ENTITIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

Effective April 1, 2008, assets and liabilities recorded at fair value on the condensed consolidated balance sheets were measured and classified based upon a three tiered approach to valuation. ASC 820 - Fair Value Measurements and Disclosures (“ASC 820”) requires that financial assets and liabilities recorded at fair value be classified and disclosed in one of the following three categories:

Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 – Quoted prices for identical or similar financial instruments in markets that are not considered to be active, or similar financial instruments for which all significant inputs are observable, either directly or indirectly, or inputs other than quoted prices that are observable, or inputs that are derived principally from or corroborated by observable market data through correlation or other means;

Level 3 – Prices or valuations that require inputs that are both significant to the fair value measurement and are unobservable. These reflect management’s assumptions about the assumptions a market participant would use in pricing the asset or liability.

A financial instrument’s level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following table represents the financial assets and liabilities on the condensed consolidated balance sheet at September 30, 2010, that are subject to ASC 820 and the valuation approach applied to each of these items.

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
(Unaudited)				
(In thousands)				
Assets				
Short-term investments	\$319,017	\$319,017	\$-	\$ -
Fixed maturities - available for sale	598,411	438,133	157,264	3,014
Preferred stock	29,650	29,650	-	-
Common stock	22,860	22,860	-	-
Less: Preferred stock of AMERCO held by subsidiaries	(7,570)	(7,570)	-	-
Total	\$962,368	\$802,090	\$157,264	\$ 3,014
Liabilities				
Guaranteed residual values of TRAC leases	\$-	\$-	\$-	\$-
Derivatives	73,654	-	73,654	-

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Total	\$73,654	\$-	\$73,654	\$-
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34

AMERCO AND CONSOLIDATED ENTITIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

The following table represents the fair value measurements at September 30, 2010 using significant unobservable inputs (Level 3).

	Fixed Maturities		
	Auction Rate Securities	Asset Backed Securities	Total
		(Unaudited)	
		(In thousands)	
Balance at March 31, 2010	\$1,673	\$1,615	\$3,288
Transfers into Level 3 (a)	43	-	43
Fixed Maturities - Auction Rate Securities gain (unrealized)	2	-	2
Fixed Maturities - Asset Backed Securities loss (unrealized)	-	(160)	(160)
Securities called at par	-	(95)	(95)
Balance at June 30, 2010	\$1,718	\$1,360	\$3,078
Fixed Maturities - Auction Rate Securities loss (unrealized)	(24)	-	(24)
Fixed Maturities - Asset Backed Securities loss (unrealized)	-	(40)	(40)
Balance at September 30, 2010	\$1,694	\$1,320	\$3,014

(a) Reflects the transfer of auction rate securities for which no meaningful market rate bids are currently available. The valuation of these assets was based on a pricing matrix system as determined by the custodian of these securities.

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

General

We begin Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") with the overall strategy of AMERCO, followed by a description of and strategy related to, our operating segments to give the reader an overview of the goals of our businesses and the direction in which our businesses and products are moving. We then discuss our critical accounting policies and estimates that we believe are important to understanding the assumptions and judgments incorporated in our reported financial results. We then discuss our results of operations for the second quarter and first six months of fiscal 2011, compared with the second quarter and first six months of fiscal 2010, which is followed by an analysis of changes in our balance sheets and cash flows, and a discussion of our financial commitments in the sections entitled Liquidity and Capital Resources and Disclosures about Contractual Obligations and Commercial Commitments. We conclude this MD&A by discussing our outlook for the remainder of fiscal 2011.

This MD&A should be read in conjunction with the other sections of this Quarterly Report on Form 10-Q, including the Notes to Condensed Consolidated Financial Statements. The various sections of this MD&A contain a number of forward-looking statements, as discussed under the caption Cautionary Statements Regarding Forward-Looking Statements all of which are based on our current expectations and could be affected by the uncertainties and risk factors described throughout this filing or in our most recent Annual Report on Form 10-K for the year ended March 31, 2010. Our actual results may differ materially from these forward-looking statements.

The second fiscal quarter for AMERCO 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 2010 and 2009 correspond to fiscal 2011 and 2010 for AMERCO.

Overall Strategy

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

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

Property and Casualty Insurance is focused on providing and administering property and casualty insurance to U-Haul and its customers, its independent dealers and affiliates.

Life Insurance is focused on long-term capital growth through direct writing and reinsuring of life, Medicare supplement and annuity products in the senior marketplace.

Description of Operating Segments

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.

Moving and Storage Operating Segment

Our Moving and Storage operating segment consists of the rental of trucks, trailers, specialty rental items and self-storage spaces primarily to the household mover as well as sales of moving supplies, towing accessories and propane. Operations are conducted under the registered trade name U-Haul® throughout the United States and Canada.

With respect to our truck, trailer, specialty rental items and self-storage rental business, we are focused on expanding our dealer network, which provides added convenience for our customers and expanding the selection and availability of rental equipment to satisfy the needs of our customers.

U-Haul brand self-moving related products and services, such as boxes, pads and tape allow our customers to, among other things, protect their belongings from potential damage during the moving process. We are committed to providing a complete line of products selected with the “do-it-yourself” moving and storage customer in mind.

eMove® is an online marketplace that connects consumers to independent Moving Help™ service providers and over 5,300 independent Self-Storage Affiliates. Our network of customer rated affiliates provides pack and load help, cleaning help, self-storage and similar services, all over North America. Our goal is to further utilize our web-based technology platform to increase service to consumers and businesses in the moving and storage market.

For sixty five years, U-Haul has incorporated sustainable practices into its everyday operations. We believe that our basic business premise of equipment sharing helps reduce greenhouse gas emissions and reduces the need for total large capacity vehicles. We remain focused on reducing waste and are dedicated to manufacturing reusable components and recyclable products. We believe that our commitment to sustainability, through our products and services and everyday operations has helped us to reduce our impact on the environment.

Property and Casualty Insurance Operating Segment

Our Property and Casualty Insurance operating segment 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. We continue to focus on increasing the penetration of these products into the moving and storage market. The business plan for Property and Casualty Insurance includes offering property and casualty products in other U-Haul related programs.

Life Insurance Operating Segment

Our Life Insurance operating segment 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.

Critical Accounting Policies and Estimates

The Company’s financial statements have been prepared in accordance with the generally accepted accounting principles (“GAAP”) in the United States. The methods, estimates and judgments we use in applying our accounting policies can have a significant impact on the results we report in our financial statements. Certain accounting policies require us to make difficult and subjective judgments and assumptions, often as a result of the need to estimate matters that are inherently uncertain.

Below we have set forth, with a detailed description, the accounting policies that we deem most critical to us and that require management’s most difficult and subjective judgments. These estimates are based on historical experience, observance of trends in particular areas, information and valuations available from outside sources and on various other assumptions that are believed to be reasonable under the circumstances and which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual amounts may differ from these estimates under different assumptions and conditions; such differences may be material.

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

Principles of Consolidation

The Company applies ASC 810 in its principles of consolidation. ASC 810 addresses arrangements where a company does not hold a majority of the voting or similar interests of a VIE. A company is required to consolidate a VIE if it has determined it is the primary beneficiary. ASC 810 also addresses the policy when a company owns a majority of the voting or similar rights and exercises effective control.

As promulgated by ASC 810, a VIE is not self-supportive due to having one or both of the following conditions: (i) it has an insufficient amount of equity for it to finance its activities without receiving additional subordinated financial support or (ii) its owners do not hold the typical risks and rights of equity owners. This determination is made upon the creation of a variable interest and is re-assessed on an on-going basis should certain changes in the operations of a VIE, or its relationship with the primary beneficiary trigger a reconsideration under the provisions of ASC 810. After a triggering event occurs the most recent facts and circumstances are utilized in determining whether or not a company is a VIE, which other company(s) have a variable interest in the entity, and whether or not the company's interest is such that it is the primary beneficiary.

In fiscal 2003 and fiscal 2002, SAC Holdings were considered special purpose entities and were consolidated based on the provisions of Emerging Issues Task Force Issue 90-15, Impact of Nonsubstantive Lessors, Residual Value Guarantees and Other Provisions in Leasing Transactions. In fiscal 2004, the Company evaluated its interests in SAC Holdings and the Company concluded that SAC Holdings were VIE's and that the Company was the primary beneficiary. Accordingly, the Company continued to include SAC Holdings in its consolidated financial statements.

Triggering events in February and March of 2004 and November 2007 required AMERCO to reassess its involvement in specific SAC Holdings entities. During these reassessments it was concluded that AMERCO was no longer the primary beneficiary resulting in the deconsolidation of SAC Holding Corporation in fiscal 2004 and SAC Holding II Corporation in fiscal 2008.

It is possible that SAC Holdings could take actions that would require us to re-determine whether SAC Holdings has become a VIE or whether we have become the primary beneficiary of SAC Holdings. Should this occur, we could be required to consolidate some or all of SAC Holdings with our financial statements.

The condensed consolidated balance sheets as of September 30, 2010 and March 31, 2010 include the accounts of AMERCO and its wholly-owned subsidiaries. The September 30, 2010 and 2009 condensed consolidated statements of operations and cash flows include the accounts of AMERCO and its wholly-owned subsidiaries.

Recoverability of Property, Plant and Equipment

Property, plant and equipment are stated at cost. Interest expense incurred during the initial construction of buildings and rental equipment is considered part of cost. Depreciation is computed for financial reporting purposes using the straight-line or an accelerated method based on a declining balance formula over the following estimated useful lives: rental equipment 2-20 years and buildings and non-rental equipment 3-55 years. The Company follows the deferral method of accounting based on ASC 908 - Airlines for major overhauls in which engine overhauls are capitalized and amortized over five years and transmission overhauls are capitalized and amortized over three years. Routine maintenance costs are charged to operating expense as they are incurred. Gains and losses on dispositions of property, plant and equipment are netted against depreciation expense when realized. Equipment depreciation is recognized in amounts expected to result in the recovery of estimated residual values upon disposal, i.e., minimize gains or losses. In determining the depreciation rate, historical disposal experience, holding periods and trends in the market for vehicles are reviewed.

We regularly perform reviews to determine whether facts and circumstances exist which indicate that the carrying amount of assets, including estimates of residual value, may not be recoverable or that the useful life of assets are shorter or longer than originally estimated. Reductions in residual values (i.e., the price at which we ultimately expect to dispose of revenue earning equipment) or useful lives will result in an increase in depreciation expense over the life of the equipment. Reviews are performed based on vehicle class, generally subcategories of trucks and trailers. We assess the recoverability of our assets by comparing the projected undiscounted net cash flows associated with the related asset or group of assets over their estimated remaining lives against their respective carrying amounts. We consider factors such as current and expected future market price trends on used vehicles and the expected life of vehicles included in the fleet. Impairment, if any, is based on the excess of the carrying amount over the fair value of those assets. If asset residual values are determined to be recoverable, but the useful lives are shorter or longer than originally estimated, the net book value of the assets is depreciated over the newly determined remaining useful lives.

In fiscal 2006, management performed an analysis of the expected economic value of new rental trucks and determined that additions to the fleet resulting from purchase should be depreciated on an accelerated method based upon a declining formula. The salvage value and useful life assumptions of the rental truck fleet remain unchanged.

Under the declining balances method (2.4 times declining balance), the book value of a rental truck is reduced approximately 16%, 13%, 11%, 9%, 8%, 7%, and 6% during years one through seven, respectively and then reduced on a straight line basis an additional 10% by the end of year fifteen. Whereas, a standard straight line approach would reduce the book value by approximately 5.3% per year over the life of the truck. For the affected equipment, the accelerated depreciation was \$11.1 million and \$13.2 million greater than what it would have been if calculated under a straight line approach for the second quarter of fiscal 2011 and 2010, respectively and \$21.5 million and \$26.0 million for the first six months of fiscal 2011 and 2010, respectively.

Although we intend to sell our used vehicles for prices approximating book value, the extent to which we realize a gain or loss on the sale of used vehicles is dependent upon various factors including the general state of the used vehicle market, the age and condition of the vehicle at the time of its disposal and the depreciation rates with respect to the vehicle. We typically sell our used vehicles at our sales centers throughout North America, on our web site at uhaul.com/trucksales or by phone at 1-866-404-0355. Additionally, we sell a large portion of our pickup and cargo van fleet at automobile dealer auctions.

Insurance Reserves

Liabilities for life insurance and certain annuity and health policies are established to meet the estimated future obligations of policies in force, and are based on mortality, morbidity and withdrawal assumptions from recognized actuarial tables which contain margins for adverse deviation. In addition, liabilities for health, disability and other policies include estimates of payments to be made on insurance claims for reported losses and estimates of losses incurred, but not yet reported. Liabilities for annuity contracts consist of contract account balances that accrue to the benefit of the policyholders.

Insurance reserves for our Property and Casualty Insurance operating segment and U-Haul take into account losses incurred based upon actuarial estimates. These estimates are based on past claims experience and current claim trends as well as social and economic conditions such as changes in legal theories and inflation. Due to the nature of the underlying risks and the high degree of uncertainty associated with the determination of the liability for future policy benefits and claims, the amounts to be ultimately paid to settle liabilities cannot be precisely determined and may vary significantly from the estimated liability.

Due to the long tailed nature of the assumed reinsurance and the excess workers compensation lines of insurance that were written by RepWest, it may take a number of years for claims to be fully reported and finally settled.

Impairment of Investments

Investments are evaluated pursuant to guidance contained in ASC 320 - Investments - Debt and Equity Securities to determine if and when a decline in market value below amortized cost is other-than-temporary. Management makes certain assumptions or judgments in its assessment including but not limited to: ability and intent to hold the security, quoted market prices, dealer quotes or discounted cash flows, industry factors, financial factors, and issuer specific information such as credit strength. Other-than-temporary impairment in value is recognized in the current period operating results. The Company's insurance subsidiaries recognized \$0.3 million in other-than-temporary impairments for the second quarter of fiscal 2010 and \$0.4 million for the first six months of fiscal 2010. There were no write downs in the second quarter or for the first six months of fiscal 2011.

Income Taxes

The Company's tax returns are periodically reviewed by various taxing authorities. The final outcome of these audits may cause changes that could materially impact our financial results.

AMERCO files a consolidated tax return with all of its legal subsidiaries, except for Dallas General Life Insurance Company, a subsidiary of Oxford, which will file on a stand alone basis until 2012.

Fair Values

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

The Company's financial instruments that are exposed to concentrations of credit risk consist primarily of temporary cash investments, trade receivables, reinsurance recoverables and notes receivable. Limited credit risk exists on trade receivables due to the diversity of our customer base and their dispersion across broad geographic markets. The

Company places its temporary cash investments with financial institutions and limits the amount of credit exposure to any one financial institution.

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

The carrying amount of long term debt and short term borrowings are estimated to approximate fair value as the actual interest rate is consistent with the rate estimated to be currently available for debt of similar term and remaining maturity.

Other investments including short term investments are substantially current or bear reasonable interest rates. As a result, the carrying values of these financial instruments approximate fair value.

Subsequent Events

The Company has entered into a fleet securitized financing, as of October 31, 2010 of up to \$155.0 million in a private placement transaction exempt from registration under the Securities Act of 1933, as amended. The new special-purpose entities that will issue the notes will be indirect subsidiaries of AMERCO. These new special-purpose subsidiaries will use the net proceeds from the sale of the notes to finance the acquisition of rental trucks. These special-purpose subsidiaries will be consolidated into U-Haul's financial statements. The notes will be secured by the equipment purchased and the corresponding operating cash flows associated with their operation.

On November 1, 2010, the Board declared a regular quarterly cash dividend of \$0.53125 per share on the Company's Series A Preferred. The dividend will be payable December 1, 2010 to holders of record on November 16, 2010.

The Company's management has evaluated subsequent events occurring after September 30, 2010, the date of our most recent balance sheet, through the date our financial statements will be issued. Other than the Securitization and the Series A Preferred dividend, we do not believe any subsequent events have occurred that would require further disclosure or adjustment to our financial statements.

Adoption of New Accounting Pronouncements

ASU 2009-16 formally incorporates into the FASB Codification amendments to Statements of Financial Accounting Standards ("SFAS") 140 made by SFAS 166 primarily to (1) eliminate the concept of a qualifying special-purpose entity, (2) limit the circumstances under which a financial asset (or portion thereof) should be derecognized when the entire financial asset has not been transferred to a non-consolidated entity, (3) require additional information to be disclosed concerning a transferor's continuing involvement with transferred financial assets, and (4) require that all servicing assets and servicing liabilities be initially measured at fair value. The Company adopted the amendments to ASC 860-10 and ASC 860-50 in the first quarter of fiscal 2011 and they did not have a material impact on our financial statements.

ASU 2009-17 formally incorporates into the FASB Codification amendments to FIN 46(R) made by SFAS 167 to require that a comprehensive qualitative analysis be performed to determine whether a holder of variable interests in a variable interest entity also has a controlling financial interest in that entity. In addition, the amendments require that the same type of analysis be applied to entities that were previously designated as qualified special-purpose entities. The Company adopted the amendments to ASC 810-10 in the first quarter of fiscal 2011 and it did not have a material impact on our financial statements.

ASU 2010-06 formally incorporates into the FASB Codification amendments to SFAS 157. Entities will be required to provide enhanced disclosures about transfers in and out of Level 1 and 2 fair value classifications and separate disclosures about purchases, sales, issuances and settlements relating to the Level 3 fair value classification. The new guidance also clarifies existing fair value disclosures regarding the level of disaggregation of assets or liabilities and the valuation techniques and inputs used to measure fair value. The Company adopted the amendments to ASC 820-10 for Level 1 and 2 disclosures and for Level 3 disclosures in the first quarter of fiscal 2011 and they did not have a material impact on our financial statements.

Recent Accounting Pronouncements

ASU No. 2010-26 amends FASB ASC 944-30 to provide further guidance regarding the capitalization of costs relating to the acquisition or renewal of insurance contracts. Specifically, only qualifying costs associated with successful contract acquisitions are permitted to be deferred. The amended guidance is effective for fiscal years

beginning after December 15, 2011 (and for interim periods within such years), with early adoption permitted as of the beginning of the entity's annual reporting period. The amended guidance should be applied prospectively, but retrospective application for all prior periods is allowed. The Company does not believe that the adoption of this statement will have a material impact on our financial statements.

From time to time, new accounting pronouncements are issued by the FASB or the SEC that are adopted by the Company as of the specified effective date. Unless otherwise discussed, these ASU's entail technical corrections to existing guidance or affect guidance related to specialized industries or entities and therefore will have minimal, if any, impact on our financial position or results of operations upon adoption.

Results of Operations

AMERCO and Consolidated Entities

Quarter Ended September 30, 2010 compared with the Quarter Ended September 30, 2009

Listed below on a consolidated basis are revenues for our major product lines for the second quarter of fiscal 2011 and the second quarter of fiscal 2010:

	Quarter Ended September 30,	
	2010	2009
	(Unaudited)	
	(In thousands)	
Self-moving equipment rentals	\$467,128	\$427,203
Self-storage revenues	30,647	27,412
Self-moving and self-storage products and service sales	56,821	55,522
Property management fees	4,580	4,478
Life insurance premiums	40,022	28,738
Property and casualty insurance premiums	8,300	7,046
Net investment and interest income	12,874	12,539
Other revenue	16,604	10,986
Consolidated revenue	\$636,976	\$573,924

Self-moving equipment rental revenues increased \$39.9 million during the second quarter of fiscal 2011, compared with the second quarter of fiscal 2010. These increases were due to growth in transactions and average revenue per transaction for both In-Town and one-way moves. Factors contributing to the improvement in revenue per transaction were average miles driven, the mix of equipment rented and rental rates charged. We believe the growth in transactions was influenced by an increase in demand for our services as well as from enhancements to our customer service capabilities.

Self-storage revenues increased \$3.2 million during the second quarter of fiscal 2011, compared with the second quarter of fiscal 2010 due primarily to an increase in the number of rooms rented. Our portfolio of rooms available to rent grew by over 590,000 square feet on average during the second quarter of fiscal 2011 as compared to the same period last year. Our average occupancy during the second quarter of fiscal 2011 increased by just over 601,000 square feet compared to the second quarter of fiscal 2010.

Sales of self-moving and self-storage products and services increased \$1.3 million during the second quarter of fiscal 2011, compared with the second quarter of fiscal 2010. Both propane and hitches and towing accessories experienced increases during the quarter.

Life insurance premiums increased \$11.3 million during the second quarter of fiscal 2011, compared with the second quarter of fiscal 2010 primarily as a result of continued expansion of its single premium whole life product. These premiums are recognized when received and offset by an increase in life insurance reserves. Earnings related to these premiums are recognized over the life of the policies.

Property and casualty insurance premiums increased \$1.3 million during the second quarter of fiscal 2011, compared with the second quarter of fiscal 2010. A portion of RepWest's premiums are from policies sold in conjunction with U-Haul rental transactions. As moving transactions have increased this year so have the related premiums.

Other revenue increased \$5.6 million during the second quarter of fiscal 2011, compared with the second quarter of fiscal 2010 primarily from the expansion of new business initiatives including our U-BoxTM and College Box program.

As a result of the items mentioned above, revenues for AMERCO and its consolidated entities were \$637.0 million for the second quarter of fiscal 2011, compared with \$573.9 million for the second quarter of fiscal 2010.

Listed below are revenues and earnings from operations at each of our operating segments for the second quarter of fiscal 2011 and the second quarter of fiscal 2010. The insurance companies second quarters ended June 30, 2010 and 2009.

	Quarter Ended September 30,	
	2010	2009
	(Unaudited)	
	(In thousands)	
Moving and storage		
Revenues	\$582,632	\$532,412
Earnings from operations	156,444	93,889
Property and casualty insurance		
Revenues	10,396	8,859
Earnings from operations	2,007	1,623
Life insurance		
Revenues	45,399	33,735
Earnings from operations	3,368	4,011
Eliminations		
Revenues	(1,451)	(1,082)
Earnings from operations	(3,698)	(3,705)
Consolidated results		
Revenues	636,976	573,924
Earnings from operations	158,121	95,818

Total costs and expenses increased \$0.7 million during the second quarter of fiscal 2011, compared with the second quarter of fiscal 2010 due to increased benefit costs at the insurance companies. Operating expenses for Moving and Storage decreased \$5.5 million as a result of reduced liability costs associated with the rental equipment fleet. Liability costs have improved as expected losses from prior years continue to develop positively. Depreciation expense, primarily related to the rental equipment fleet, decreased \$12.6 million. Included in this decrease is a \$5.8 million improvement in the gain on disposal of property, plant and equipment. Cost of sales and commission expenses are increasing in relation to the associated revenues.

Total costs and expenses for Life Insurance increased \$12.3 million due to additional insurance reserves and commissions associated with the additional new single premium whole life business.

As a result of the above mentioned changes in revenues and expenses, earnings from operations increased to \$158.1 million for the second quarter of fiscal 2011, compared with \$95.8 million for the second quarter of fiscal 2010.

Interest expense for the second quarter of fiscal 2011 was \$21.8 million, compared with \$23.9 million for the second quarter of fiscal 2010.

Income tax expense was \$51.1 million for the second quarter of fiscal 2011, compared with \$27.2 million for the second quarter of fiscal 2010 due to higher pretax earnings for the second quarter of fiscal 2011.

Dividends accrued on our Series A Preferred were \$3.1 million and \$3.2 million for the second quarter of fiscal 2011 and 2010, respectively.

As a result of the above mentioned items, earnings available to common shareholders were \$82.0 million for the second quarter of fiscal 2011, compared with \$41.5 million for the second quarter of fiscal 2010.

Basic and diluted earnings per share for the second quarter of fiscal 2011 were \$4.22, compared with \$2.14 for the second quarter of fiscal 2010.

The weighted average common shares outstanding basic and diluted were 19,427,595 for the second quarter of fiscal 2011, compared with 19,382,101 for the second quarter of fiscal 2010.

Moving and Storage

Quarter Ended September 30, 2010 compared with the Quarter Ended September 30, 2009

Listed below are revenues for the major product lines at our Moving and Storage operating segment for the second quarter of fiscal 2011 and the second quarter of fiscal 2010:

	Quarter Ended September 30,	
	2010	2009
	(Unaudited)	
	(In thousands)	
Self-moving equipment rentals	\$467,797	\$427,637
Self-storage revenues	30,647	27,412
Self-moving and self-storage products and service sales	56,821	55,522
Property management fees	4,580	4,478
Net investment and interest income	6,425	6,821
Other revenue	16,362	10,542
Moving and Storage revenue	\$582,632	\$532,412

Self-moving equipment rental revenues increased \$40.2 million during the second quarter of fiscal 2011, compared with the second quarter of fiscal 2010. These increases were due to growth in transactions and average revenue per transaction for both In-Town and one-way moves. Factors contributing to the improvement in revenue per transaction were average miles driven, the mix of equipment rented and rental rates charged. We believe the growth in transactions was influenced by an increase in demand for our services as well as from enhancements to our customer service capabilities.

Self-storage revenues increased \$3.2 million during the second quarter of fiscal 2011, compared with the second quarter of fiscal 2010 due primarily to an increase in the number of rooms rented. Our portfolio of rooms available to rent grew by over 590,000 square feet on average during the second quarter of fiscal 2011 as compared to the same period last year. Our average occupancy during the second quarter of fiscal 2011 increased by just over 601,000 square feet compared to the second quarter of fiscal 2010.

Sales of self-moving and self-storage products and services increased \$1.3 million during the second quarter of fiscal 2011, compared with the second quarter of fiscal 2010. Both propane and hitches and towing accessories experienced increases during the quarter.

Other revenue increased \$5.8 million during the second quarter of fiscal 2011, compared with the second quarter of fiscal 2010 primarily from the expansion of new business initiatives including our U-Box™ and College Box program.

The Company owns and manages self-storage facilities. Self-storage revenues reported in the consolidated financial statements represent Company-owned locations only. Self-storage data for our owned storage locations follows:

	Quarter Ended September 30,	
	2010	2009

	(Unaudited)			
	(In thousands, except occupancy rate)			
Room count as of September 30	148		141	
Square footage as of September 30	12,032		11,412	
Average number of rooms occupied	115		108	
Average occupancy rate based on room count	77.9	%	77.2	%
Average square footage occupied	9,576		8,975	

Total costs and expenses decreased \$12.5 million during the second quarter of fiscal 2011, compared with the second quarter of fiscal 2010. Operating expenses for Moving and Storage decreased \$5.5 million as a result of reduced liability costs associated with the rental equipment fleet. Liability costs have improved as expected losses from prior years continue to develop positively. Depreciation expense, primarily related to the rental equipment fleet, decreased \$12.6 million. Included in this decrease is a \$5.8 million improvement in the gain on disposal of property, plant and equipment. Cost of sales and commission expenses are increasing in relation to the associated revenues.

Equity in the earnings of AMERCO's insurance subsidiaries decreased \$0.1 million for the second quarter of fiscal 2011, compared with the second quarter of fiscal 2010.

As a result of the above mentioned changes in revenues and expenses, earnings from operations increased to \$156.4 million for the second quarter of fiscal 2011, compared with \$93.9 million for the second quarter of fiscal 2010.

Property and Casualty Insurance

Quarter Ended June 30, 2010 compared with the Quarter Ended June 30, 2009

Net premiums were \$8.3 million and \$7.0 million for the second quarters ended June 30, 2010 and 2009, respectively. A portion of RepWest's premiums are from policies sold in conjunction with U-Haul rental transactions. As moving transactions have increased this year so have the related premiums.

Net investment income was \$2.1 million and \$1.8 million for the second quarters ended June 30, 2010 and 2009, respectively. The increase was a result of reinvesting some short term portfolios into longer term investments.

Net operating expenses were \$4.2 million and \$3.6 million for the second quarters ended June 30, 2010 and 2009, respectively.

Benefits and losses incurred were \$4.2 million and \$3.6 million for the second quarters ended June 30, 2010 and 2009, respectively. The increase was primarily due to increased losses in the additional liability program and other terminated lines.

As a result of the above mentioned changes in revenues and expenses, pretax earnings from operations were \$2.0 million and \$1.6 million for the second quarters ended June 30, 2010 and 2009, respectively.

Life Insurance

Quarter Ended June 30, 2010 compared with the Quarter Ended June 30, 2009

Net premiums were \$40.0 million and \$28.7 million for the second quarters ended June 30, 2010 and 2009, respectively. Life insurance premiums increased by \$12.2 million primarily as a result of sales of the Company's single premium life product. This was offset by a decrease in Medicare supplement premiums of \$1.2 million due to decrements in excess of new sales and premium rate increases.

Net investment income was \$4.8 million and \$4.2 million for the second quarters ended June 30, 2010 and 2009, respectively. The increase was due to gains on the sale of securities.

Net operating expenses were \$7.0 million and \$5.2 million for the second quarters ended June 30, 2010 and 2009, respectively. The increase was a result of increased life commissions paid on expanded sales of the single premium life product. This was partially offset by a reduction of Medicare supplement commissions.

Benefits and losses incurred were \$33.1 million and \$22.2 million for the second quarters ended June 30, 2010 and 2009, respectively. Life insurance benefits increased \$10.7 million due to the increase in reserves from expanded sales of the Company's single premium life product and additional claims on a larger volume of inforce life insurance business.

Amortization of deferred acquisition costs (“DAC”) and the value of business acquired (“VOBA”) was \$1.9 million and \$2.3 million for the second quarters ended June 30, 2010 and 2009, respectively.

As a result of the above mentioned changes in revenues and expenses, pretax earnings from operations were \$3.4 million and \$4.0 million for the second quarters ended June 30, 2010 and 2009, respectively.

AMERCO and Consolidated Entities

Six Months Ended September 30, 2010 compared with the Six Months Ended September 30, 2009

Listed below on a consolidated basis are revenues for our major product lines for the first six months of fiscal 2011 and the first six months of fiscal 2010:

	Six Months Ended September 30,	
	2010	2009
	(Unaudited)	
	(In thousands)	
Self-moving equipment rentals	\$886,591	\$800,144
Self-storage revenues	58,874	54,416
Self-moving and self-storage products and service sales	120,111	113,344
Property management fees	9,116	8,928
Life insurance premiums	77,825	56,342
Property and casualty insurance premiums	14,479	13,261
Net investment and interest income	26,229	26,219
Other revenue	29,698	21,929
Consolidated revenue	\$1,222,923	\$1,094,583

Self-moving equipment rental revenues increased \$86.4 million during the first six months of fiscal 2011, compared with the first six months of fiscal 2010. The increase was due to growth in both the number of transactions and average revenue per transaction for In-Town and one-way moves. Factors contributing to the improvement in revenue per transaction were average miles driven, the mix of equipment rented and rental rates charged. We believe the growth in the number of transactions was influenced by an increase in demand for our services as well as from enhancements to our customer service capabilities.

Self-storage revenues increased \$4.5 million during the first six months of fiscal 2011, compared with the first six months of fiscal 2010 due primarily to an increase in the number of rooms rented. Over the last twelve months we have added over 620,000 of net rentable square feet to the storage portfolio. Our average occupancy during the first six months of fiscal 2011 increased by 562,000 square feet compared to the first six months of fiscal 2010.

Sales of self-moving and self-storage products and services increased \$6.8 million during the first months of fiscal 2011, compared with the first six months of fiscal 2010. We had increases in each of our three major product categories including propane, hitches and towing accessories and moving supplies.

Life insurance premiums increased \$21.5 million during the first six months of fiscal 2011, compared with the first six months of fiscal 2010 primarily as a result of continued expansion of its single premium whole life product.

Property and casualty insurance premiums increased \$1.2 million during the first six months of fiscal 2011, compared with the first six months of fiscal 2010. A portion of RepWest's premiums are from policies sold in conjunction with U-Haul rental transactions. As moving transactions have increased this year so have the related premiums.

Other revenue increased \$7.8 million during the first six months of fiscal 2011, compared with the first six months of fiscal 2010 primarily from the expansion of new business initiatives including our U-Box™ program.

As a result of the items mentioned above, revenues for AMERCO and its consolidated entities were \$1,222.9 million for the first six months of fiscal 2011, as compared with \$1,094.6 million for the first six months of fiscal 2010.

Listed below are revenues and earnings from operations at each of our operating segments for the first six months of fiscal 2011 and the first six months of fiscal 2010. The insurance companies first six months ended June 30, 2010 and 2009.

	Six Months Ended September 30,	
	2010	2009
	(Unaudited)	
	(In thousands)	
Moving and storage		
Revenues	\$1,117,790	\$1,012,085
Earnings from operations	282,879	151,666
Property and casualty insurance		
Revenues	18,490	16,910
Earnings from operations	3,404	3,050
Life insurance		
Revenues	89,241	67,607
Earnings from operations	6,771	6,589
Eliminations		
Revenues	(2,598)	(2,019)
Earnings from operations	(6,824)	(6,291)
Consolidated results		
Revenues	1,222,923	1,094,583
Earnings from operations	286,230	155,014

Total costs and expenses decreased \$2.9 million during the first six months of fiscal 2011, compared with the first six months of fiscal 2010. Operating expenses for Moving and Storage decreased \$12.0 million as a result of improvements in maintenance and repair costs and reduced liability costs associated with the rental equipment fleet. Maintenance and repair has been positively influenced by the retirement of older equipment from the truck fleet. Liability costs have improved as expected losses from prior years continue to develop positively. Depreciation expense, primarily related to the rental equipment fleet, decreased \$27.3 million. Included in this decrease is a \$15.5 million improvement in the gain on disposal of property, plant and equipment. Cost of sales and commission expenses are increasing in relation to the associated revenues.

Total costs and expenses for Life Insurance increased \$21.5 million due to additional insurance reserves and commissions associated with the increase in new business.

As a result of the above mentioned changes in revenues and expenses, earnings from operations increased to \$286.2 million for the first six months of fiscal 2011, as compared with \$155.0 million for the first six months of fiscal 2010.

Interest expense for the first six months of fiscal 2011 was \$43.3 million, compared with \$47.2 million for the first six months of fiscal 2010.

Income tax expense was \$91.3 million for the first six months of fiscal 2011, compared with \$40.7 million for first six months of fiscal 2010 due to higher pretax earnings for the first six months of fiscal 2011.

Dividends accrued on our Series A Preferred were \$6.3 million and \$6.5 million for the first six months of fiscal 2011 and 2010, respectively.

As a result of the above mentioned items, earnings available to common shareholders were \$145.3 million for the first six months of fiscal 2011, compared with \$61.0 million for the first six months of fiscal 2010.

Basic and diluted earnings per common share for the first six months of fiscal 2011 were \$7.48, compared with \$3.15 for the first six months of fiscal 2010.

The weighted average common shares outstanding basic and diluted were 19,421,205 for the first six months of fiscal 2011, compared with 19,375,846 for the first six months of fiscal 2010.

Moving and Storage

Six Months Ended September 30, 2010 compared with the Six Months Ended September 30, 2009

Listed below are revenues for the major product lines at our Moving and Storage operating segment for the first six months of fiscal 2011 and the first six months of fiscal 2010:

	Six Months Ended September 30,	
	2010	2009
	(Unaudited)	
	(In thousands)	
Self-moving equipment rentals	\$887,677	\$800,892
Self-storage revenues	58,874	54,416
Self-moving and self-storage products and service sales	120,111	113,344
Property management fees	9,116	8,928
Net investment and interest income	12,715	13,430
Other revenue	29,297	21,075
Moving and Storage revenue	\$1,117,790	\$1,012,085

Self-moving equipment rental revenues increased \$86.8 million during the first six months of fiscal 2011, compared with the first six months of fiscal 2010. The increase was due to growth in both the number transactions and average revenue per transaction for In-Town and one-way moves. Factors contributing to the improvement in revenue per transaction were average miles driven, the mix of equipment rented and rental rates charged. We believe the growth in the number of transactions was influenced by an increase in demand for our services as well as from enhancements to our customer service capabilities.

Self-storage revenues increased \$4.5 million during the first six months of fiscal 2011, compared with the first six months of fiscal 2010 due primarily to an increase in the number of rooms rented. Over the last twelve months we have added over 620,000 of net rentable square feet to the storage portfolio. Our average occupancy during the first six months of fiscal 2011 increased by 562,000 square feet compared to the first six months of fiscal 2010.

Sales of self-moving and self-storage products and services increased \$6.8 million during the first months of fiscal 2011, compared with the first six months of fiscal 2010. We had increases in each of our three major product categories including propane, hitches and towing accessories and moving supplies.

Other revenue increased \$8.2 million during the first six months of fiscal 2011, compared with the first six months of fiscal 2010 primarily from the expansion of new business initiatives including our U-Box™ program.

The Company owns and manages self-storage facilities. Self-storage revenues reported in the consolidated financial statements represent Company-owned locations only. Self-storage data for our owned storage locations follows:

	Six Months Ended September 30,	
	2010	2009
	(Unaudited)	

	(In thousands, except occupancy rate)			
Room count as of September 30	148		141	
Square footage as of September 30	12,032		11,412	
Average number of rooms occupied	112		107	
Average occupancy rate based on room count	76.8	%	76.5	%
Average square footage occupied	9,398		8,836	

Total costs and expenses decreased \$25.2 million during the first six months of fiscal 2011, compared with the first six months of fiscal 2010. Operating expenses for Moving and Storage decreased \$12.0 million as a result of improvements in maintenance and repair costs and reduced liability costs associated with the rental equipment fleet. Maintenance and repair has been positively influenced by the retirement of older equipment from the truck fleet. Liability costs have improved as expected losses from prior years continue to develop positively. Depreciation expense, primarily related to the rental equipment fleet, decreased \$27.3 million due to a decline in the amount of new equipment added to the balance sheet recently. Included in this decrease is a \$15.5 million improvement in the gain on disposal of property, plant and equipment. Cost of sales and commission expenses are increasing in relation to the associated revenues.

Equity in the earnings of AMERCO's insurance subsidiaries increased \$0.3 million for the first six months of fiscal 2011, compared with the first six months of fiscal 2010.

As a result of the above mentioned changes in revenues and expenses, earnings from operations increased to \$282.9 million for the first six months of fiscal 2011, compared with \$151.7 million for the first six months of fiscal 2010.

Property and Casualty Insurance

Six Months Ended June 30, 2010 compared with the Six Months Ended June 30, 2009

Net premiums were \$14.5 million and \$13.3 million for the six months ended June 30, 2010 and 2009, respectively. A portion of RepWest's premiums are from policies sold in conjunction with U-Haul rental transactions. As moving transactions have increased this year so have the related premiums.

Net investment income was \$4.0 million and \$3.6 million for the six months ended June 30, 2010 and 2009, respectively. The increase was a result of reinvesting some short term portfolios into longer term investments.

Net operating expenses were \$7.0 million and \$6.9 million for the six months ended June 30, 2010 and 2009, respectively.

Benefits and losses incurred were \$8.1 million and \$7.0 million for the six months ended June 30, 2010 and 2009, respectively. The increase was a result of the increased premiums and increased loss in the additional liability program and other terminated lines.

As a result of the above mentioned changes in revenues and expenses, pretax earnings from operations were \$3.4 million and \$3.1 million for the six months ended June 30, 2010 and 2009, respectively.

Life Insurance

Six Months Ended June 30, 2010 compared with the Six Months Ended June 30, 2009

Net premiums were \$77.8 million and \$56.3 million for the six months ended June 30, 2010 and 2009, respectively. Life insurance premiums increased by \$24.7 million primarily as a result of sales of the Company's single premium life product. This was offset by a decrease in Medicare supplement premiums of \$2.4 million due to decrements in excess of new sales and premium rate increases.

Net investment income was \$10.3 million and \$9.8 million for the six months ended June 30, 2010 and 2009, respectively. The increase was due to gains on the sale of securities offset by lower investment yields.

Net operating expenses were \$13.7 million and \$10.3 million for the six months ended June 30, 2010 and 2009, respectively. The increase was a result of increased life commissions paid on expanded sales of the single premium life product. This was partially offset by a reduction of Medicare supplement commissions.

Benefits and losses incurred were \$64.7 million and \$46.5 million for the six months ended June 30, 2010 and 2009, respectively. Life insurance benefits increased \$21.5 million due to the increase in reserves from expanded sales of the Company's single premium life product and additional claims on a larger volume of inforce business; offset by a decrease in Medicare supplement benefits of \$3.0 million.

Amortization of DAC and VOBA was \$4.1 million and \$4.2 million for the six months ended June 30, 2010 and 2009, respectively.

As a result of the above mentioned changes in revenues and expenses, pretax earnings from operations were \$6.8 million and \$6.6 million for the six months ended June 30, 2010 and 2009, respectively.

Liquidity and Capital Resources

We believe our current capital structure is a positive factor that will enable us to pursue our operational plans and goals and provide us with sufficient liquidity for the foreseeable future. The majority of our obligations currently in place mature at the end of fiscal years 2014, 2015 or 2018. However, since there are many factors which could affect our liquidity, including some which are beyond our control, there is no assurance that future cash flows will be sufficient to meet our outstanding debt obligations and our other future capital needs.

At September 30, 2010, cash and cash equivalents totaled \$329.8 million, compared with \$244.1 million on March 31, 2010. The assets of our insurance subsidiaries are generally unavailable to fulfill the obligations of non-insurance operations (AMERCO, U-Haul and Real Estate). As of September 30, 2010 (or as otherwise indicated), cash and cash equivalents, other financial assets (receivables, short-term investments, other investments, fixed maturities, and related party assets) and obligations of each operating segment were:

	Moving & Storage	Property and Casualty Insurance (a)	Life Insurance (a)
	(Unaudited)		
	(In thousands)		
Cash and cash equivalents	\$ 286,865	\$ 29,108	\$ 13,857
Other financial assets	354,574	376,531	585,109
Debt obligations	1,278,555	-	-

(a) As of June 30, 2010

Our Moving and Storage segment (AMERCO, U-Haul and Real Estate) had cash available under existing credit facilities of \$233.6 million and \$2.1 million of a term loan to be used for new equipment purchases.

Net cash provided by operating activities increased \$103.9 million in the first six months of fiscal 2011, compared with fiscal 2010 primarily due to improved profitability at the Moving and Storage segment. This improvement largely came from increased revenues. Operating cash flows from the Life Insurance segment increased \$28.0 million primarily due to new life insurance premiums.

Net cash used in investing activities increased \$111.2 million in the first six months of fiscal 2011, compared with fiscal 2010. Purchases of property, plant and equipment, which are reported net of cash from leases, increased \$98.4 million. Cash from the sales of property, plant and equipment increased \$33.2 million largely due to improving resale values for pickup and cargo vans and an increase in the number sold. Cash used for investing activities at the insurance companies increased \$39.8 million primarily due to investment in their fixed maturity portfolios.

Net cash used by financing activities increased \$49.5 million in the first six months of fiscal 2011, as compared with fiscal 2010. The increase in cash used is primarily due to the repayments of the revolving loans. Net annuity withdrawals at Life Insurance decreased \$11.3 million.

Liquidity and Capital Resources and Requirements of Our Operating Segments

Moving and Storage

To meet the needs of our customers, U-Haul maintains a large fleet of rental equipment. Capital expenditures have primarily reflected new rental equipment acquisitions and the buyouts of existing fleet from leases. The capital to fund these expenditures has historically been obtained internally from operations and the sale of used equipment and externally from debt and lease financing. In the future, we anticipate that our internally generated funds will be used to service the existing debt and fund operations. U-Haul estimates that during fiscal 2011 the Company will reinvest in its truck and trailer rental fleet approximately \$210 million, net of equipment sales excluding any lease buyouts. Through the first six months of this year we have reinvested \$89 million, net of equipment sales excluding lease buy-outs. Fleet investments in fiscal 2011 and beyond will be dependent upon several factors including availability of capital, the truck rental environment and the used-truck sales market. We anticipate that the fiscal 2011 investments

will be funded largely through debt financing, external lease financing and cash from operations. Management considers several factors including cost and tax consequences when selecting a method to fund capital expenditures. Our allocation between debt and lease financing can change from year to year based upon financial market conditions which may alter the cost or availability of financing options.

Real Estate has traditionally financed the acquisition of self-storage properties to support U-Haul's growth through debt financing and funds from operations and sales. The Company's plan for the expansion of owned storage properties includes the acquisition of existing self-storage locations from third parties, the acquisition and development of bare land, and the acquisition and redevelopment of existing buildings not currently used for self-storage. The Company is funding these development projects through construction loans and internally generated funds. For the first six months of fiscal 2011, the Company invested approximately \$38 million in real estate acquisitions, new construction and renovation and repair. For fiscal 2011, the timing of new projects will be dependent upon several factors including the entitlement process,

availability of capital, weather, and the identification and successful acquisition of target properties. U-Haul's growth plan in self-storage also includes the expansion of the eMove® program, which does not require significant capital.

Net capital expenditures (purchases of property, plant and equipment less proceeds from the sale of property, plant and equipment) were \$152.1 million and \$86.9 million for the first six months of fiscal 2011 and 2010, respectively. During the first six months of fiscal 2011 and 2010, the Company entered into \$19.8 million and \$39.4 million, respectively of new equipment leases.

The Moving and Storage operating segment continues to hold significant cash and has access to additional liquidity. Management may invest these funds in our existing operations, expand our product lines or pursue external opportunities in the self-moving and storage market place or reduce existing indebtedness where possible.

Property and Casualty Insurance

State insurance regulations restrict the amount of dividends that can be paid to stockholders of insurance companies. As a result, Property and Casualty Insurance's assets are generally not available to satisfy the claims of AMERCO or its legal subsidiaries.

Stockholder's equity was \$155.2 million and \$151.7 million at June 30, 2010 and December 31, 2009, respectively. The increase resulted from earnings of \$2.2 million and an increase in other comprehensive income of \$1.3 million. Property and Casualty Insurance does not use debt or equity issues to increase capital and therefore has no direct exposure to capital market conditions other than through its investment portfolio.

Life Insurance

The Life Insurance operating segment manages its financial assets to meet policyholder and other obligations including investment contract withdrawals. Life Insurance's net withdrawals for the six months ended June 30, 2010 were \$11.5 million. State insurance regulations restrict the amount of dividends that can be paid to stockholders of insurance companies. As a result, Life Insurance's funds are generally not available to satisfy the claims of AMERCO or its legal subsidiaries.

Life Insurance's stockholder's equity was \$183.3 million and \$173.2 million at June 30, 2010 and December 31, 2009, respectively. The increase resulted from earnings of \$4.4 million and an increase in other comprehensive income of \$5.7 million. Life Insurance does not use debt or equity issues to increase capital and therefore has no direct exposure to capital market conditions other than through its investment portfolio.

Cash Provided (Used) from Operating Activities by Operating Segments

Moving and Storage

Net cash provided from operating activities were \$327.7 million and \$255.1 million for the first six months of fiscal 2011 and 2010, respectively. The increase in self-moving equipment rental revenues and product and service sales was the principal contributor to the increase in operating cash flows.

Property and Casualty Insurance

Net cash provided (used) by operating activities were \$1.2 million and (\$2.3) million for the first six months ended June 30, 2010 and 2009, respectively. The increase in cash provided by operations was a result of a decrease in

outstanding reinsurance recoverable balances and policy holder funds.

Property and Casualty Insurance's cash and cash equivalents and short-term investment portfolio amounted to \$77.6 million and \$106.3 million at June 30, 2010 and December 31, 2009, respectively. This balance reflects funds in transition from maturity proceeds to long term investments. Management believes this level of liquid assets, combined with budgeted cash flow, is adequate to meet foreseeable cash needs. Capital and operating budgets allow Property and Casualty Insurance to schedule cash needs in accordance with investment and underwriting proceeds.

Life Insurance

Net cash provided by operating activities were \$28.9 million and \$0.9 million for the first six months ended June 30, 2010 and 2009, respectively. The increase was primarily due to an increase of \$20.9 million in net cash received from new sales of our single premium life product in 2010 and additional tax payments of \$6.3 million in 2009.

In addition to cash flows from operating activities and financing activities, a substantial amount of liquid funds are available through Life Insurance's short-term portfolio. At June 30, 2010 and December 31, 2009, cash and cash equivalents and short-term investments amounted to \$25.0 million and \$57.5 million, respectively. Management believes that the overall sources of liquidity is adequate to meet foreseeable cash needs.

Liquidity and Capital Resources - Summary

We believe we have the financial resources needed to meet our business plans and to meet our business requirements including capital expenditures for the investment in our rental fleet, rental equipment and storage space, working capital requirements and our preferred stock dividend program for at least the next twelve months.

Our borrowing strategy is primarily focused on asset-backed financing and rental equipment operating leases. As part of this strategy, we seek to ladder maturities and hedge floating rate loans through the use of interest rate swaps. While each of these loans typically contain provisions governing the amount that can be borrowed in relation to specific assets, the overall structure is flexible with no limits on overall Company borrowings. Management feels it has adequate liquidity between cash and cash equivalents and unused borrowing capacity in existing facilities to meet the current and expected needs of the Company over the next several years. At September 30, 2010, we had cash availability under existing credit facilities of \$233.6 million and \$2.1 million of a term loan to be used for new equipment purchases. It is possible that circumstances beyond our control could alter the ability of the financial institutions to lend us the unused lines of credit. Despite the fact that financial market conditions continue to be challenging, we believe that there are additional opportunities for leverage in our existing capital structure. For a more detailed discussion of our long-term debt and borrowing capacity, please see Note 4, Borrowings of the Notes to Condensed Consolidated Financial Statements.

Fair Value of Financial Instruments

On April 1, 2008, assets and liabilities recorded at fair value on the condensed consolidated balance sheets were measured and classified based upon a three tiered approach to valuation. ASC 820 requires that financial assets and liabilities recorded at fair value be classified and disclosed in a Level 1, Level 2 or Level 3 category. For more information, please see Note 14, Fair Value Measurements of the Notes to Condensed Consolidated Financial Statements.

The available-for-sale securities held by the Company are recorded at fair value. These values are determined primarily from actively traded markets where prices are based either on direct market quotes or observed transactions. Liquidity is a factor considered during the determination of the fair value of these securities. Market price quotes may not be readily available for certain securities or the market for them has slowed or ceased. In situations where the market is determined to be illiquid, fair value is determined based upon limited available information and other factors including expected cash flows. At September 30, 2010 we had \$3.0 million of available-for-sale assets classified in Level 3.

The interest rate swaps held by the Company as hedges against interest rate risk for our variable rate debt are recorded at fair value. These values are determined using pricing valuation models which include broker quotes for which significant inputs are observable. They include adjustments for counterparty credit quality and other deal-specific factors, where appropriate and are classified as Level 2.

Disclosures about Contractual Obligations and Commercial Commitments

Our estimates as to future contractual obligations have not materially changed from the disclosure included under the subheading Contractual Obligations in Part II, Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, of our Annual Report on Form 10-K for the fiscal year ended March 31, 2010.

Off-Balance Sheet Arrangements

The Company uses off-balance sheet arrangements in situations where management believes that the economics and sound business principles warrant their use.

AMERCO utilizes operating leases for certain rental equipment and facilities with terms expiring substantially through 2017, with the exception of one land lease expiring in 2034. In the event of a shortfall in proceeds from the sales of the underlying rental equipment assets, AMERCO has guaranteed approximately \$170.7 million of residual values at September 30, 2010 for these assets at the end of their respective lease terms. AMERCO has been leasing rental equipment since 1987. To date, we have not experienced residual value shortfalls related to these leasing arrangements. Using the average cost of fleet related debt as the discount rate, the present value of AMERCO's minimum lease payments and residual value guarantees were \$495.2 million at September 30, 2010.

Historically, AMERCO has used off-balance sheet arrangements in connection with the expansion of our self-storage business. For more information please see Note 10, Related Party Transactions of the Notes to Condensed Consolidated Financial Statements. These arrangements were primarily used when the Company's overall borrowing structure was more limited. The Company does not face similar limitations currently and off-balance sheet arrangements have not been utilized in our self-storage expansion in recent years. In the future, the Company will continue to identify and consider off-balance sheet opportunities to the extent such arrangements would be economically advantageous to the Company and its stockholders.

The Company currently manages the self-storage properties owned or leased by SAC Holdings, Mercury, 4 SAC, 5 SAC, 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 and \$14.3 million from the above mentioned entities during the first six months of fiscal 2011 and 2010, 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.

The Company leases space for marketing company offices, vehicle repair shops and hitch installation centers from subsidiaries of SAC Holdings, 5 SAC and Galaxy. Total lease payments pursuant to such leases were \$1.2 million in the first six months of fiscal 2011 and 2010. 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 September 30, 2010, 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 on equipment rental revenues. The Company paid the above mentioned entities \$21.4 million and \$19.6 million in commissions pursuant to such dealership contracts during the first six months of fiscal 2011 and 2010, respectively.

These agreements along with notes with subsidiaries of SAC Holdings, 4 SAC, 5 SAC, Galaxy and Private Mini, excluding Dealer Agreements, provided revenues of \$21.4 million, expenses of \$1.2 million and cash flows of \$24.5 million during the first six months of fiscal 2011. Revenues and commission expenses related to the Dealer Agreements were \$101.4 million and \$21.4 million, respectively during the first six months of fiscal 2011.

During the first six months of fiscal 2011, 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. Blackwater is wholly-owned by Mark V. Shoen. The Company does not have an equity ownership interest in SAC Holdings. The Company recorded interest income of \$9.6 million and \$9.4 million, and received cash interest payments of \$8.8 million and \$6.8 million, from SAC Holdings during the first six months of fiscal 2011 and 2010, respectively. The largest aggregate amount of notes receivable outstanding during the first six months of fiscal 2011 was \$196.9 million and the aggregate notes receivable balance at September 30, 2010 was \$196.6 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.

Fiscal 2011 Outlook

We will continue to focus our attention on increasing transaction volume and improving pricing, product and utilization for self-moving equipment rentals. Maintaining an adequate level of new investment in our truck fleet is an important component of our plan to meet these goals. Revenue in the U-Move program could be adversely impacted should we fail to execute in any of these areas. Even if we execute our plans, we could see declines in revenues primarily due to the continuing adverse economic conditions that are beyond our control.

We have added new storage locations and expanded at existing locations. In fiscal 2011 we are looking to complete current projects and increase occupancy in our existing portfolio of locations. New projects and acquisitions will be considered and pursued if they fit our long-term plans and meet our financial objectives. The Company will continue

to invest capital and resources in the U-Box™ storage container program throughout fiscal 2011.

The Property and Casualty Insurance operating segment will continue to provide loss adjusting and claims handling for U-Haul and underwrite components of the Safemove, Safetow, Super Safemove and Safestor protection packages to U-Haul customers.

The Life Insurance operating segment is pursuing its goal of expanding its presence in the senior market through the sales of its Medicare supplement, life and annuity policies. This strategy includes growing its agency force, expanding its new product offerings, and pursuing business acquisition opportunities.

Cautionary Statements Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q, contains “forward-looking statements” regarding future events and our future results of operations. We may make additional written or oral forward-looking statements from time to time in filings with the SEC or otherwise. We believe such forward-looking statements are within the meaning of the safe-harbor provisions of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Such statements may include, but are not limited to, projections of revenues, earnings or

loss, estimates of capital expenditures, plans for future operations, products or services, financing needs and plans, our perceptions of our legal positions and anticipated outcomes of government investigations and pending litigation against us, liquidity, goals and strategies, plans for new business, storage occupancy, growth rate assumptions, pricing, costs, and access to capital and leasing markets as well as assumptions relating to the foregoing. The words “believe,” “expect,” “anticipate,” “estimate,” “project” and similar expressions identify forward-looking statements, which speak only as of the date the statement was made.

Forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified. Factors that could significantly affect results include, without limitation, the risk factors set forth in the section entitled Item 1A. Risk Factors contained in our Annual Report on Form 10-K for the fiscal year ended March 31, 2010, as well as the following: the Company’s ability to operate pursuant to the terms of its credit facilities; the Company’s ability to maintain contracts that are critical to its operations; the costs and availability of financing; the Company’s ability to execute its business plan; the Company’s ability to attract, motivate and retain key employees; general economic conditions; fluctuations in our costs to maintain and update our fleet and facilities; our ability to refinance our debt; changes in government regulations, particularly environmental regulations; our credit ratings; the availability of credit; changes in demand for our products; changes in the general domestic economy; the degree and nature of our competition; the resolution of pending litigation against the Company; changes in accounting standards and other factors described in this report or the other documents we file with the SEC. The above factors, the following disclosures, as well as other statements in this report and in the Notes to Condensed Consolidated Financial Statements, could contribute to or cause such risks or uncertainties, or could cause our stock price to fluctuate dramatically. Consequently, the forward-looking statements should not be regarded as representations or warranties by the Company that such matters will be realized. The Company assumes no obligation to update or revise any of the forward-looking statements, whether in response to new information, unforeseen events, changed circumstances or otherwise.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

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

Interest Rate Risk

The exposure to market risk for changes in interest rates relates primarily to our variable rate debt obligations. We have used interest rate swap agreements and forward swaps to reduce our exposure to changes in interest rates. The Company enters into these arrangements with counterparties that are significant financial institutions with whom we generally have other financial arrangements. We are exposed to credit risk should these counterparties not be able to perform on their obligations.

Notional Amount	Fair Value	Effective Date	Expiration Date	Fixed Rate	Floating Rate
(Unaudited)					
(In thousands)					
\$ 61,569	(a), (b) (3,598)	5/10/2006	4/10/2012	5.06 %	1 Month LIBOR
62,653	(a), (b) (5,281)	10/10/2006	10/10/2012	5.57 %	1 Month LIBOR
21,574	(a) (2,457)	7/10/2006	7/10/2013	5.67 %	1 Month LIBOR

259,167	(a)	(53,835)	8/18/2006	8/10/2018	5.43	%	1 Month LIBOR
13,950	(a)	(1,673)	2/12/2007	2/10/2014	5.24	%	1 Month LIBOR
9,394	(a)	(1,085)	3/12/2007	3/10/2014	4.99	%	1 Month LIBOR
9,400	(a)	(1,081)	3/12/2007	3/10/2014	4.99	%	1 Month LIBOR
12,250	(a), (b)	(964)	8/15/2008	6/15/2015	3.62	%	1 Month LIBOR
13,063	(a)	(1,150)	8/29/2008	7/10/2015	4.04	%	1 Month LIBOR
19,487	(a)	(1,859)	9/30/2008	9/10/2015	4.16	%	1 Month LIBOR
11,063	(a), (b)	(340)	3/30/2009	4/15/2016	2.24	%	1 Month LIBOR
14,501	(a)	(331)	8/15/2010	7/15/2017	2.15	%	1 Month LIBOR

(a) interest rate swap
agreement

(b) forward swap

As of September 30, 2010, the Company had approximately \$595.7 million of variable rate debt obligations. If LIBOR were to increase 100 basis points, the increase in interest expense on the variable rate debt would decrease future earnings and cash flows by approximately \$0.9 million annually (after consideration of the effect of the above derivative contracts.)

Additionally, our insurance subsidiaries' fixed income investment portfolios expose the Company to interest rate risk. This interest rate risk is the price sensitivity of a fixed income security to changes in interest rates. As part of our insurance companies' asset and liability management, actuaries estimate the cash flow patterns of our existing liabilities to determine their duration. These outcomes are compared to the characteristics of the assets that are currently supporting these liabilities assisting management in determining an asset allocation strategy for future investments that management believes will mitigate the overall effect of interest rates.

Foreign Currency Exchange Rate Risk

The exposure to market risk for changes in foreign currency exchange rates relates primarily to our Canadian business. Approximately 6.3% and 6.1% of our revenue was generated in Canada during the first six months of fiscal 2011 and 2010, respectively. The result of a 10.0% change in the value of the U.S. dollar relative to the Canadian dollar would not be material to net income. We typically do not hedge any foreign currency risk since the exposure is not considered material.

Item 4. Controls and Procedures

Attached as exhibits to this Form 10-Q are certifications of the registrants' Chief Executive Officer ("CEO") and Chief Accounting Officer ("CAO"), which are required in accordance with Rule 13a-14 of the Exchange Act. This "Controls and Procedures" section includes information concerning the controls and procedures evaluation referred to in the certifications and it should be read in conjunction with the certifications for a more complete understanding of the topics presented in Evaluation of Disclosure Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

The Company's management, with the participation of the CEO and CAO, conducted an evaluation of the effectiveness of the design and operation of the Company's "disclosure controls and procedures" (as such term is defined in the Exchange Act Rules 13a-15(e) and 15d-15(e)) ("Disclosure Controls") as of the end of the period covered by this Form 10-Q. Our Disclosure Controls are designed to reasonably assure that information required to be disclosed in our reports filed under the Exchange Act, such as this Form 10-Q, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Our Disclosure Controls are also designed to reasonably assure that such information is accumulated and communicated to our management, including the CEO and CAO, as appropriate to allow timely decisions regarding required disclosure. Based upon the controls evaluation, our CEO and CAO have concluded that as of the end of the period covered by this Form 10-Q, our Disclosure Controls were effective related to the above stated design purposes.

Inherent Limitations on the Effectiveness of Controls

The Company's management, including the CEO and CAO, does not expect that our Disclosure Controls or our internal control over financial reporting will prevent or detect all error and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. The design of a control system must reflect the fact that there are resource constraints, and the benefits of

controls must be considered relative to their costs. Further, because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Projections of any evaluation of controls effectiveness to future periods are subject to risks. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures.

Changes in Internal Control over Financial Reporting

There have not been any changes in the Company's internal control over financial reporting as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f) during the most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II OTHER INFORMATION

Item 1. Legal Proceedings

For information regarding our legal proceedings please see Note 9, Contingencies of the Notes to Condensed Consolidated Financial Statements.

Item 1A. Risk Factors

We are not aware of any material updates to the risk factors described in the Company's previously filed Annual Report on Form 10-K for the fiscal year ended March 31, 2010.

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

On December 3, 2008, the Board authorized us, using management's discretion, to buy back shares from former employees who were participants in our Employee Stock Ownership Plan. To be eligible for consideration, the employees' respective ESOP account balances must be valued at more than \$1,000 at the then-prevailing market prices but have less than 100 shares. No such shares have been purchased.

Between January 1, 2009 and September 30, 2010, our insurance subsidiaries purchased 304,000 shares of Series A Preferred on the open market for \$7.1 million. Our insurance subsidiaries may make additional investments in shares of the Series A Preferred in the future.

Item 3. Defaults upon Senior Securities

Not applicable.

Item 4. (Removed and Reserved)

Item 5. Other Information

Not applicable.

Item 6. Exhibits

The following documents are filed as part of this report:

Exhibit Number	Description	Page or Method of Filing
3.1	Restated Articles of Incorporation of AMERCO	Incorporated by reference to AMERCO's Registration Statement on form S-4 filed March 30, 2004, file no. 1-11255
3.2	Restated By-Laws of AMERCO	Incorporated by reference to AMERCO's Current Report on Form 8-K filed on September 10, 2010, file

- 10.3 SERIES 2010-1 SUPPLEMENT, dated as Filed herewith
of October 1, 2010 (this “Series
Supplement”), among 2010 U-HAUL S
FLEET, LLC, a special purpose limited
liability company established under the
laws of Nevada, 2010 TM-1, LLC, a
special purpose limited liability company
established under the laws of Nevada,
2010 DC-1, LLC, a special purpose
limited liability company established
under the laws of Nevada, and 2010 TT-1,
LLC, a special purpose limited liability
company established under the laws of
Nevada, as co-issuers (each an “Issuer” and
collectively, the “Issuers”), and U.S. BANK
NATIONAL ASSOCIATION, a national
banking association, as trustee (in such
capacity, and together with its successors
in trust thereunder as provided in the
2010-1 Base Indenture referred to below,
the “Trustee”) and as securities
intermediary, to the 2010-1 Box Truck
Base Indenture, dated as of the date
hereof, among the Issuers and the Trustee
(as amended, modified, restated or
supplemented from time to time, exclusive
of Series Supplements creating a new
Series of Notes, the “2010-1 Base
Indenture”).
- 31.1 Rule 13a-14(a)/15d-14(a) Certificate of Filed herewith
Edward J. Shoen, President and Chairman
of the Board of AMERCO
- 31.2 Rule 13a-14(a)/15d-14(a) Certificate of Filed herewith
Jason A. Berg, Principal Financial Officer
and Chief Accounting Officer of
AMERCO
- 32.1 Certificate of Edward J. Shoen, President Furnished herewith
and Chairman of the Board of AMERCO
pursuant to Section 906 of the
Sarbanes-Oxley Act of 2002
- 32.2 Certificate of Jason A. Berg, Principal Furnished herewith
Financial Officer and Chief Accounting
Officer of AMERCO pursuant to Section
906 of the Sarbanes-Oxley Act of 2002

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

AMERCO

Date: November 3, 2010

/s/ Edward J.

Shoen

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

Date: November 3, 2010

/s/ Jason A.

Berg

Jason A. Berg

Chief Accounting Officer
(Principal Financial Officer)

