

AMERCO /NV/
Form 10-Q
February 05, 2014

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 December 31, 2013

or

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

For the transition period from _____ to _____

Commission Registrant, State of Incorporation, I.R.S. Employer

File Number Address and Telephone Number Identification No.

1-11255	AMERCO (A Nevada Corporation) 1325 Airmotive Way, Ste. 100 Reno, Nevada 89502-3239 Telephone (775) 688-6300	88-0106815
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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 Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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

Large accelerated filer Accelerated filer

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Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

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

19,607,788 shares of AMERCO Common Stock, \$0.25 par value, were outstanding at February 1, 2014

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Part i Financial information

ITEM 1. Financial Statements

AMERCO AND CONSOLIDATED ENTITIES

CONDENSED CONSOLIDATED balance sheets

	December 31, 2013 (Unaudited)	March 31, 2013
	(In thousands, except share data)	
ASSETS		
Cash and cash equivalents	\$ 601,615	\$ 463,744
Reinsurance recoverables and trade receivables, net	228,424	261,789
Inventories, net	65,258	56,396
Prepaid expenses	44,344	57,451
Investments, fixed maturities and marketable equities	1,122,121	1,095,338
Investments, other	239,348	241,765
Deferred policy acquisition costs, net	114,467	93,043
Other assets	95,395	99,986
Related party assets	170,038	182,035
	2,681,010	2,551,547
Property, plant and equipment, at cost:		
Land	392,725	333,228
Buildings and improvements	1,382,182	1,197,875
Furniture and equipment	320,587	311,142
Rental trailers and other rental equipment	356,416	317,476
Rental trucks	2,426,453	2,154,688
	4,878,363	4,314,409
Less: Accumulated depreciation	(1,685,264)	(1,559,355)
Total property, plant and equipment	3,193,099	2,755,054
Total assets	\$ 5,874,109	\$ 5,306,601
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Accounts payable and accrued expenses	\$ 351,796	\$ 358,491
Notes, loans and leases payable	1,862,869	1,661,845
Policy benefits and losses, claims and loss expenses payable	1,095,610	1,115,048
Liabilities from investment contracts	596,268	510,789
Other policyholders' funds and liabilities	7,271	7,294
Deferred income	29,489	30,217
Deferred income taxes	436,384	393,658
Total liabilities	4,379,687	4,077,342

Commitments and contingencies (notes 4, 8, 9 and 10)	—	—
Stockholders' equity:		
Series preferred stock, with or without par value, 50,000,000 shares authorized:		
Series A preferred stock, with no par value, 6,100,000 shares authorized;		
6,100,000 shares issued and none outstanding as of December 31 and March 31, 2013	—	—
Series B preferred stock, with no par value, 100,000 shares authorized; none		
issued and outstanding as of December 31 and March 31, 2013	—	—
Series common stock, with or without par value, 150,000,000 shares authorized:		
Series A common stock of \$0.25 par value, 10,000,000 shares authorized;		
none issued and outstanding as of December 31 and March 31, 2013	—	—
Common stock of \$0.25 par value, 150,000,000 shares authorized; 41,985,700		
issued and 19,607,788 outstanding as of December 31 and March 31, 2013	10,497	10,497
Additional paid-in capital	442,841	438,168
Accumulated other comprehensive loss	(46,192)	(22,680)
Retained earnings	1,766,242	1,482,630
Cost of common shares in treasury, net (22,377,912 shares as of December 31 and March		
31, 2013)	(525,653)	(525,653)
Cost of preferred shares in treasury, net (6,100,000 shares as of December 31 and March		
31, 2013)	(151,997)	(151,997)
Unearned employee stock ownership plan shares	(1,316)	(1,706)
Total stockholders' equity	1,494,422	1,229,259
Total liabilities and stockholders' equity	\$ 5,874,109	\$ 5,306,601

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

AMERCO AND CONSOLIDATED ENTITIES

CONDENSED CONSOLIDATED Statements of operations

	Quarter Ended December 31, 2013 2012 (Unaudited) (In thousands, except share and per share amounts)	
Revenues:		
Self-moving equipment rentals	\$436,207	\$394,945
Self-storage revenues	46,120	39,111
Self-moving and self-storage products and service sales	47,045	44,491
Property management fees	7,133	6,085
Life insurance premiums	39,198	43,248
Property and casualty insurance premiums	12,219	9,816
Net investment and interest income	20,887	22,603
Other revenue	32,537	22,188
Total revenues	641,346	582,487
Costs and expenses:		
Operating expenses	313,227	290,285
Commission expenses	55,573	51,130
Cost of sales	28,229	23,153
Benefits and losses	38,630	42,608
Amortization of deferred policy acquisition costs	4,457	3,391
Lease expense	24,468	27,575
Depreciation, net of (gains) on disposals of ((\$1,961) and (\$1,831), respectively)	70,789	62,399
Total costs and expenses	535,373	500,541
Earnings from operations	105,973	81,946
Interest expense	(23,607)	(22,076)
Pretax earnings	82,366	59,870
Income tax expense	(30,145)	(23,024)
Earnings available to common stockholders	\$52,221	\$36,846
Basic and diluted earnings per common share	\$2.67	\$1.89
Weighted average common shares outstanding: Basic and diluted	19,563,663	19,523,794

Related party revenues for the third quarter of fiscal 2014 and 2013, net of eliminations, were \$10.2 million and \$9.4 million, respectively.

Related party costs and expenses for the third quarter of fiscal 2014 and 2013, net of eliminations, were \$11.8 million and \$10.4 million, respectively.

Please see Note 10, Related Party Transactions of the Notes to Condensed Consolidated Financial Statements for more information on the related party revenues and costs and expenses.

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

AMERCO AND CONSOLIDATED ENTITIES

CONDENSED CONSOLIDATED Statements of operations

	Nine Months Ended December 31, 2013 2012 (Unaudited) (In thousands, except share and per share amounts)	
Revenues:		
Self-moving equipment rentals	\$1,556,787	\$1,400,300
Self-storage revenues	133,791	111,825
Self-moving and self-storage products and service sales	183,115	173,399
Property management fees	17,586	15,847
Life insurance premiums	119,708	137,341
Property and casualty insurance premiums	31,052	26,006
Net investment and interest income	59,836	52,973
Other revenue	122,793	76,589
Total revenues	2,224,668	1,994,280
Costs and expenses:		
Operating expenses	973,268	883,892
Commission expenses	202,578	180,801
Cost of sales	98,331	86,292
Benefits and losses	119,255	139,418
Amortization of deferred policy acquisition costs	14,197	9,290
Lease expense	77,293	89,962
Depreciation, net of (gains) on disposals of ((\$22,837) and (\$14,879), respectively)	191,431	177,478
Total costs and expenses	1,676,353	1,567,133
Earnings from operations	548,315	427,147
Interest expense	(70,053)	(67,680)
Pretax earnings	478,262	359,467
Income tax expense	(175,082)	(132,632)
Earnings available to common shareholders	\$303,180	\$226,835
Basic and diluted earnings per common share	\$15.50	\$11.62
Weighted average common shares outstanding: Basic and diluted	19,554,641	19,512,974

Related party revenues for the first nine months of fiscal 2014 and 2013, net of eliminations, were \$27.0 million and \$26.3 million, respectively.

Related party costs and expenses for the first nine months of fiscal 2014 and 2013, net of eliminations, were \$41.7 million and \$36.6 million, respectively.

Please see Note 10, Related Party Transactions of the Notes to Condensed Consolidated Financial Statements for more information on the related party revenues and costs and expenses.

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

AMERCO AND CONSOLIDATED ENTITIES

Condensed consolidated statements of COMPREHENSIVE INCOME (loss)

Quarter Ended December 31, 2013	Pre-tax (Unaudited) (In thousands)	Tax	Net
Comprehensive income:			
Net earnings	\$82,366	\$(30,145)	\$52,221
Other comprehensive income (loss):			
Foreign currency translation	(3,325)	–	(3,325)
Unrealized net loss on investments	(2,251)	766	(1,485)
Change in fair value of cash flow hedges	4,398	(1,671)	2,727
Total comprehensive income	\$81,188	\$(31,050)	\$50,138

Quarter Ended December 31, 2012	Pre-tax (Unaudited) (In thousands)	Tax	Net
Comprehensive income:			
Net earnings	\$59,870	\$(23,024)	\$36,846
Other comprehensive income (loss):			
Foreign currency translation	(1,068)	–	(1,068)
Unrealized net gain on investments	18,368	(6,574)	11,794
Change in fair value of cash flow hedges	4,248	(1,614)	2,634
Total comprehensive income	\$81,418	\$(31,212)	\$50,206

Nine Months Ended December 31, 2013	Pre-tax (Unaudited) (In thousands)	Tax	Net
Comprehensive income:			
Net earnings	\$478,262	\$(175,082)	\$303,180
Other comprehensive income (loss):			
Foreign currency translation	(5,530)	–	(5,530)
Unrealized net loss on investments	(43,257)	15,020	(28,237)
Change in fair value of cash flow hedges	16,540	(6,285)	10,255
Total comprehensive income	\$446,015	\$(166,347)	\$279,668

Nine Months Ended December 31, 2012	Pre-tax (Unaudited) (In thousands)	Tax	Net
Comprehensive income:			

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Net earnings	\$ 359,467	\$(132,632)	\$226,835
Other comprehensive income (loss):			
Foreign currency translation	462	–	462
Unrealized net gain on investments	30,914	(10,923)	19,991
Change in fair value of cash flow hedges	4,501	(1,710)	2,791
Total comprehensive income	\$ 395,344	\$(145,265)	\$250,079

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

AMERCO AND CONSOLIDATED ENTITIES

Condensed consolidated statements of cash flows

	Nine Months Ended December 31, 2013 2012 (Unaudited) (In thousands)	
Cash flow from operating activities:		
Net earnings	\$303,180	\$226,835
Adjustments to reconcile net earnings to cash provided by operations:		
Depreciation	214,268	192,357
Amortization of deferred policy acquisition costs	14,197	9,290
Change in allowance for losses on trade receivables	12	(73)
Change in allowance for inventory reserves	3,640	2,050
Net gain on sale of real and personal property	(22,837)	(14,879)
Net gain on sale of investments	(6,088)	(1,050)
Deferred income taxes	48,033	17,757
Net change in other operating assets and liabilities:		
Reinsurance recoverables and trade receivables	33,355	71,709
Inventories	(12,502)	696
Prepaid expenses	13,109	(13,283)
Capitalization of deferred policy acquisition costs	(25,128)	(43,085)
Other assets	7,929	22,712
Related party assets	5,630	139,590
Accounts payable and accrued expenses	(2,772)	(872)
Policy benefits and losses, claims and loss expenses payable	(18,337)	(30,226)
Other policyholders' funds and liabilities	(23)	(925)
Deferred income	(672)	(3,704)
Related party liabilities	6,257	1,388
Net cash provided by operating activities	561,251	576,287
Cash flows from investing activities:		
Purchases of:		
Property, plant and equipment	(690,293)	(422,840)
Short term investments	(203,763)	(289,773)
Fixed maturities investments	(237,502)	(308,290)
Equity securities	(388)	(3,130)
Preferred stock	(635)	(2,761)
Real estate	(431)	(1,053)
Mortgage loans	(48,632)	(50,583)
Proceeds from sales and paydowns of:		
Property, plant and equipment	214,078	166,904
Short term investments	211,841	280,890
Fixed maturities investments	124,145	85,132
Equity securities	26,957	-
Preferred stock	6,004	5,728

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Real estate	–	671
Mortgage loans	45,234	49,215
Net cash used by investing activities	(553,385)	(489,890)
Cash flows from financing activities:		
Borrowings from credit facilities	323,039	251,319
Principal repayments on credit facilities	(238,553)	(234,698)
Debt issuance costs	(3,353)	(2,352)
Capital lease payments	(37,480)	(18,310)
Leveraged Employee Stock Ownership Plan - repayments from loan	390	559
Securitization deposits	–	(1,729)
Common stock dividends paid	–	(97,421)
Investment contract deposits	109,928	268,478
Investment contract withdrawals	(24,448)	(22,937)
Net cash provided by financing activities	129,523	142,909
Effects of exchange rate on cash	482	(362)
Increase in cash and cash equivalents	137,871	228,944
Cash and cash equivalents at the beginning of period	463,744	357,180
Cash and cash equivalents at the end of period	\$601,615	\$586,124

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

AMERCO and consolidated entities

notes to condensed consolidated financial statements

1. Basis of Presentation

AMERCO, a Nevada corporation (“AMERCO”), has a third fiscal quarter that ends on the 31st of December for each year that is referenced. Our insurance company subsidiaries have a third quarter that ends on the 30th of September for each year that is referenced. They have been consolidated on that basis. Our insurance companies’ financial reporting processes conform to calendar year reporting as required by state insurance departments. Management believes that consolidating their calendar year into our fiscal year financial statements does not materially affect the financial position or results of operations. The Company discloses any material events occurring during the intervening period. Consequently, all references to our insurance subsidiaries’ years 2013 and 2012 correspond to fiscal 2014 and 2013 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 December 31, 2013 and the related condensed consolidated statements of operations, comprehensive income for the third quarter and first nine months and cash flows for the first nine months of fiscal 2014 and 2013 are unaudited.

In our opinion, all adjustments necessary for the fair presentation of such condensed consolidated financial statements have been included. Such adjustments consist only of normal recurring items. Interim results are not necessarily indicative of results for a full year. The information in this Quarterly Report on Form 10-Q (“Quarterly Report”) should be read in conjunction with Management’s Discussion and Analysis of Financial Condition and Results of Operations and financial statements and notes thereto included in our Annual Report on Form 10-K for the fiscal year ended March 31, 2013.

Intercompany accounts and transactions have been eliminated.

Description of Legal Entities

AMERCO is the holding company for:

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

Amerco Real Estate Company (“Real Estate”),

Repwest Insurance Company (“Repwest”), and

Oxford Life Insurance Company (“Oxford”).

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

Description of Operating Segments

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

The Moving and Storage operating segment includes AMERCO, U-Haul, and Real Estate and the wholly-owned subsidiaries of U-Haul and Real Estate. Operations consist of the rental of trucks and trailers, sales of moving supplies, sales of towing accessories, sales of propane, and the rental of fixed and mobile 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.

AMERCO and consolidated entities

notes to condensed consolidated financial statements (Continued)

The Property and Casualty Insurance operating segment includes Repwest and its wholly-owned subsidiaries and ARCOA risk retention group (“ARCOA”). The Property and Casualty Insurance operating segment provides loss adjusting and claims handling for U-Haul through regional offices across North America. The Property and Casualty Insurance operating segment also underwrites components of the Safemove, Safetow, Safemove Plus, Safestor and Safestor Mobile protection packages to U-Haul customers. The business plan for the Property and Casualty Insurance operating segment includes offering property and casualty products in other U-Haul related programs. ARCOA is a group captive insurer owned by us and our wholly-owned subsidiaries 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. The Life Insurance operating segment provides life and health insurance products primarily to the senior market through the direct writing and reinsuring of life insurance, Medicare supplement and annuity policies.

2. Earnings per Share

Our earnings per share is calculated by dividing our earnings available to common stockholders by the weighted average common shares outstanding, basic and diluted.

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 39,570 and 75,657 as of December 31, 2013 and 2012, respectively.

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.

We deposit bonds with insurance regulatory authorities to meet statutory requirements. The adjusted cost of bonds on deposit with insurance regulatory authorities was \$16.3 million at December 31, 2013.

Available-for-Sale Investments

Available-for-sale investments at December 31, 2013 were as follows:

	Gross	Gross	Gross	Estimated
Amortized	Unrealized	Unrealized	Unrealized	Market
Cost	Gains	Losses More than 12 Months	Losses Less than 12 Months	Value
(Unaudited)				

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(In thousands)

U.S. treasury securities and government obligations	\$34,222	\$1,877	\$(2)	\$(544)	\$35,553
U.S. government agency mortgage-backed securities	42,401	2,585	(5)	(818)	44,163
Obligations of states and political subdivisions	164,451	7,287	–	(2,793)	168,945
Corporate securities	825,351	28,555	(57)	(24,274)	829,575
Mortgage-backed securities	5,161	321	–	(40)	5,442
Redeemable preferred stocks	18,440	274	(95)	(924)	17,695
Common stocks	18,485	2,751	(416)	(72)	20,748
	\$1,108,511	\$43,650	\$(575)	\$(29,465)	\$1,122,121

amerco and consolidated subsidiaries

notes to condensed consolidated financial statements – (continued)

The available-for-sale table 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.

We sold available-for-sale securities with a fair value of \$153.7 million during the first nine months of fiscal 2014. The gross realized gains on these sales totaled \$5.0 million. The gross realized losses on these sales totaled \$1.0 million.

The unrealized losses of more than twelve months in the available-for-sale table are considered temporary declines. We track each investment with an unrealized loss and evaluate them on an individual basis for other-than-temporary impairments including obtaining corroborating opinions from third party sources, performing trend analysis and reviewing management's future plans. Certain of these investments may have declines determined by management to be other-than-temporary and we recognize these write-downs through earnings. There were no write downs in the third quarter or for the first nine months of fiscal 2014 and 2013.

The investment portfolio primarily consists of corporate securities and U.S. government securities. We believe we monitor our investments as appropriate. Our 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. We have the ability and intent not to sell our fixed maturity and common stock investments for a period of time sufficient to allow us to recover our 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.

There were no credit losses recognized in earnings for which a portion of an other-than-temporary impairment was recognized in the third quarter or for the first nine months of fiscal 2014 in other comprehensive income.

The adjusted cost and estimated market value of available-for-sale investments at December 31, 2013, by contractual maturity, were as follows:

	Amortized Cost	Estimated Market Value
	(Unaudited) (In thousands)	
Due in one year or less	\$20,299	\$20,458
Due after one year through five years	185,073	194,815
Due after five years through ten years	338,942	343,111

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Due after ten years	522,111	519,852
	1,066,425	1,078,236
Mortgage backed securities	5,161	5,442
Redeemable preferred stocks	18,440	17,695
Common stocks	18,485	20,748
	\$1,108,511	\$1,122,121

amerco and consolidated subsidiaries

notes to condensed consolidated financial statements – (continued)

4. Borrowings

Long-Term Debt

Long-term debt was as follows:

	2014 Rate (a)	Maturities	December 31, 2013 (Unaudited)	March 31, 2013
(In thousands)				
Real estate loan (amortizing term)	6.93%	2023	\$252,500	\$235,000
Real estate loan (amortizing term)	2.07%	2016	6,982	24,630
Real estate loan (revolving credit)	–	2014	–	–
Senior mortgages	2.67% - 5.75%	2015 - 2038	691,630	556,522
Working capital loan (revolving credit)	–	2015	–	–
Fleet loans (amortizing term)	1.95% - 6.14%	2014 - 2020	390,083	361,079
Fleet loans (securitization)	4.90%	2017	93,754	190,801
Capital leases (rental equipment)	2.23% - 7.82%	2015 - 2020	390,410	273,458
Other obligations	3.00% - 8.00%	2014 - 2043	37,510	20,355
Total notes, loans and leases payable			\$1,862,869	\$1,661,845

(a) Interest rate as of December 31, 2013, 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. During the first quarter of fiscal 2014 this loan was amended. As part of the amendment the revolver component of the agreement was terminated and certain collateral was released. The final maturity date of the term loan was extended to April 2023. As of December 31, 2013, the outstanding balance on the Real Estate Loan was \$252.5 million. U-Haul International, Inc. is a guarantor of this loan. The Real Estate Loan requires monthly principal and interest payments, with the unpaid loan balance and accrued and unpaid interest due at maturity. The Real Estate Loan is secured by various properties owned by the borrowers.

The interest rate, per the provisions of the amended loan agreement, is the applicable London Inter-Bank Offer Rate (“LIBOR”) plus the applicable margin. At December 31, 2013, the applicable LIBOR was 0.17% and the applicable margin was 1.50%, the sum of which was 1.67% which applied to \$25.8 million of the Real Estate Loan. The rate on the remaining balance of \$226.7 million of the Real Estate Loan is hedged with an interest rate swap fixing the rate at 6.93% based on current margin. The default provisions of the Real Estate Loan include non-payment of principal or interest and other standard reporting and change-in-control covenants. There are limited restrictions regarding our use of the funds.

Amerco Real Estate Company and a subsidiary of U-Haul International, Inc. entered into a revolving credit construction loan effective June 29, 2006. This loan was modified and extended on June 27, 2011. The loan is now

comprised of a term loan facility with an initial availability of \$26.1 million and a final maturity of June 2016. As of December 31, 2013, the outstanding balance was \$7.0 million.

This Real Estate Loan requires monthly principal and interest payments, with the unpaid loan balance and any accrued and unpaid interest due at maturity. The interest rate, per the provision of this loan agreement, is the applicable LIBOR plus a margin of 1.90%. At December 31, 2013, the applicable LIBOR was 0.17% and the margin was 1.90%, the sum of which was 2.07%. 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.

amerco and consolidated subsidiaries

notes to condensed consolidated financial statements – (continued)

On April 29, 2011, Amerco Real Estate Company and U-Haul Company of Florida entered into a revolving credit agreement for \$100.0 million. This agreement was amended in February 2013 and the maturity extended to April 2014 with an option for a one year extension and the revolver commitment was reduced to \$50.0 million. As of December 31, 2013, we had the full \$50.0 million available to be drawn. The interest rate is the applicable LIBOR plus a margin of 1.25%. AMERCO and U-Haul International, Inc. are guarantors of this facility. The default provisions of the loan include non-payment of principal or interest and other standard reporting and change-in-control covenants.

Senior Mortgages

Various subsidiaries of Amerco Real Estate Company and U-Haul International, Inc. are borrowers under certain senior mortgages. These senior mortgage loan balances as of December 31, 2013 were in the aggregate amount of \$691.6 million and mature between 2015 and 2038. The senior mortgages require average monthly principal and interest payments with the unpaid loan balance and accrued and unpaid interest due at maturity. The senior mortgages are secured by certain properties owned by the borrowers. The fixed interest rates, per the provisions of the senior mortgages, range between 4.90% and 5.75%. Additionally, \$99.3 million of these loans have an interest rate comprised of an applicable LIBOR of 0.17% plus a margin of 2.50%, the sum of which was 2.67%. Amerco Real Estate Company and U-Haul International, Inc. have provided limited guarantees of the senior mortgages. The default provisions of the senior mortgages include non-payment of principal or interest and other standard reporting and change-in-control covenants. There are limited restrictions regarding our use of the funds.

Working Capital Loans

Amerco Real Estate Company is a borrower under an asset backed working capital loan. The maximum amount that can be drawn at any one time is \$25.0 million. At December 31, 2013, we had the full \$25.0 million available to be drawn. This loan is secured by certain properties owned by the borrower. This loan agreement provides for revolving loans, subject to the terms of the loan agreement. This agreement was amended in February 2013 and the maturity extended to April 2015. This 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 this loan agreement, is the applicable LIBOR plus a margin of 1.25%.

Fleet Loans

Rental Truck Amortizing Loans

U-Haul International, Inc. and several of its subsidiaries are borrowers under amortizing term loans. The balance of the loans as of December 31, 2013 was \$275.1 million with the final maturities between February 2014 and September 2020.

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 the applicable margins. At December 31, 2013, the applicable LIBOR was between 0.16% and 0.17% and applicable margins were between 0.90% and 2.63%. The interest rates are hedged with interest rate swaps fixing the rates between 2.82% and 6.14% based on current margins. Additionally, \$103.0 million of these loans are carried at fixed rates ranging between 1.95% and 3.94%.

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.

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notes to condensed consolidated financial statements – (continued)

On December 31, 2009, a subsidiary of U-Haul International, Inc. entered into an \$85.0 million term note that was used to fund new truck acquisitions. This term note was amended on August 26, 2011. The amount of the term note was increased to \$95.0 million. On December 22, 2011, we entered into another term loan for \$20.0 million. The final maturity date of these notes is August 2016. The agreements contain options to extend the maturity through May 2017. These notes are secured by the purchased equipment and the corresponding operating cash flows associated with their operation. These notes have fixed interest rates between 3.52% and 3.53%. At December 31, 2013, the outstanding balance was \$115.0 million.

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.

Rental Truck Securitizations

U-Haul S Fleet and its subsidiaries (collectively, “USF”) issued a \$217.0 million asset-backed note (“2007 Box Truck Note”) on June 1, 2007 to finance new box truck purchases throughout fiscal 2008. This note was paid in full in November 2013.

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

The 2010 Box Truck Note has a fixed interest rate of 4.90% with an expected final maturity of October 2017. At December 31, 2013, the outstanding balance was \$93.8 million. The note is secured by the box trucks being purchased and the corresponding operating cash flows associated with their operation.

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

Capital Leases

We entered into capital leases for new equipment between April 2008 and December 2013, with terms of the leases between 3 and 7 years. At December 31, 2013, the balance of these leases was \$390.4 million.

Other Obligations

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

At December 31, 2013, the aggregate outstanding principal balance of the U-Notes issued was \$43.6 million of which \$6.1 million is with our insurance subsidiaries with interest rates between 3.00% and 8.00% and maturity dates between 2014 and 2043.

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notes to condensed consolidated financial statements – (continued)

Annual Maturities of Notes, Loans and Leases Payable

The annual maturities of long-term debt as of December 31, 2013 for the next five years and thereafter are as follows:

	Year Ending December 31,					
	2014	2015	2016	2017	2018	Thereafter
	(Unaudited)					
	(In thousands)					
Notes, loans and leases payable, secured	\$ 181,314	\$ 590,424	\$ 347,710	\$ 168,771	\$ 138,288	\$ 436,362

Interest on Borrowings

Interest Expense

Components of interest expense include the following:

	Quarter Ended	
	December 31,	December 31,
	2013	2012
	(Unaudited)	
	(In thousands)	
Interest expense	\$ 18,532	\$ 16,540
Capitalized interest	(162)	(119)
Amortization of transaction costs	1,106	1,014
Interest expense resulting from derivatives	4,131	4,641
Total interest expense	\$ 23,607	\$ 22,076

	Nine Months	
	Ended	Ended
	December 31,	December 31,
	2013	2012
	(Unaudited)	
	(In thousands)	
Interest expense	\$ 54,401	\$ 48,715
Capitalized interest	(432)	(290)
Amortization of transaction costs	2,800	3,149
Interest expense resulting from derivatives	13,284	16,106
Total interest expense	\$ 70,053	\$ 67,680

Interest paid in cash, including payments related to derivative contracts, amounted to \$20.7 million and \$20.8 million for the third quarter of fiscal 2014 and 2013, respectively and \$65.6 million and \$63.3 million for the first nine months

of fiscal 2014 and 2013, respectively.

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notes to condensed consolidated financial statements – (continued)

Interest Rates

Interest rates and Company borrowings were as follows:

	Revolving Credit Activity Quarter Ended December 31, 2013 2012 (Unaudited) (In thousands, except interest rates)	
Weighted average interest rate during the quarter	0.00%	1.57%
Interest rate at the end of the quarter	0.00%	1.61%
Maximum amount outstanding during the quarter	\$–	\$25,000
Average amount outstanding during the quarter	\$–	\$24,185
Facility fees	\$56	\$115

	Revolving Credit Activity Nine Months Ended December 31, 2013 2012 (Unaudited) (In thousands, except interest rates)	
Weighted average interest rate during the first nine months	1.00%	1.67%
Interest rate at the end of the first nine months	0.00%	1.61%
Maximum amount outstanding during the first nine months	\$25,000	\$48,920
Average amount outstanding during the first nine months	\$16,364	\$24,830
Facility fees	\$212	\$399

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notes to condensed consolidated financial statements – (continued)

5. Derivatives

We manage exposure to changes in market interest rates. Our 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 and a variable rate operating lease. The interest rate swaps effectively fix our interest payments on certain LIBOR indexed variable rate debt. We monitor our positions and the credit ratings of our counterparties and do not currently anticipate non-performance by the counterparties. Interest rate swap agreements are not entered into for trading purposes.

Original variable rate debt amount (in millions)	Agreement Date	Effective Date	Expiration Date	Designated cash flow hedge date
\$ 300.0	8/16/2006	8/18/2006	8/10/2018	8/4/2006
30.0	2/9/2007	2/12/2007	2/10/2014	2/9/2007
20.0	3/8/2007	3/12/2007	3/10/2014	3/8/2007
20.0	3/8/2007	3/12/2007	3/10/2014	3/8/2007
19.3	(a) 4/8/2008	8/15/2008	6/15/2015	3/31/2008
19.0	8/27/2008	8/29/2008	7/10/2015	4/10/2008
30.0	9/24/2008	9/30/2008	9/10/2015	9/24/2008
15.0	(a) 3/24/2009	3/30/2009	3/30/2016	3/25/2009
14.7	(a) 7/6/2010	8/15/2010	7/15/2017	7/6/2010
25.0	(a) 4/26/2011	6/1/2011	6/1/2018	7/1/2011
50.0	(a) 7/29/2011	8/15/2011	8/15/2018	7/29/2011
20.0	(a) 8/3/2011	9/12/2011	9/10/2018	8/3/2011
15.1	(b) 3/27/2012	3/28/2012	3/28/2019	3/26/2012
25.0	4/13/2012	4/16/2012	4/1/2019	4/12/2012
44.3	1/11/2013	1/15/2013	12/15/2019	1/11/2013

(a) forward swap

(b) operating lease

As of December 31, 2013, the total notional amount of our variable interest rate swaps on debt and an operating lease was \$400.2 million and \$12.7 million, respectively.

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

Liability Derivatives Fair Values as
of
December 31, 2013 March 31, 2013
(Unaudited)

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(In thousands)

Interest rate contracts designated as hedging instruments	\$35,462	\$51,550
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notes to condensed consolidated financial statements – (continued)

	The Effect of Interest Rate Contracts on the Statements of Operations For the Nine Months Ended	
	December 31, 2013 (Unaudited)	December 31, 2012
	(In thousands)	
Loss recognized in income on interest rate contracts	\$ 13,284	\$ 16,106
Gain recognized in AOCI on interest rate contracts (effective portion)	\$ (16,540)	\$ (4,501)
Loss reclassified from AOCI into income (effective portion)	\$ 12,832	\$ 14,828
Loss recognized in income on interest rate contracts (ineffective portion and amount excluded from effectiveness testing)	\$ 452	\$ 1,278

Gains or losses recognized in income on derivatives are recorded as interest expense in the statements of operations. At December 31, 2013, we expect to reclassify \$14.6 million of net losses on interest rate contracts from accumulated other comprehensive income to earnings as interest expense over the next twelve months. During the first nine months of fiscal 2014, we reclassified \$12.8 million of net losses on interest rate contracts from accumulated other comprehensive income to interest expense.

6. Stockholders' Equity

On December 4, 2013, we declared a special cash dividend on our common stock of \$1.00 per share to holders of record on January 10, 2014 which will be payable on February 14, 2014.

7. Comprehensive Income (Loss)

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

	Foreign Currency Translation (Unaudited) (In thousands)	Unrealized Net Gain (Loss) on Investments	Fair Market Value of Cash Flow Hedges	Postretirement Benefit Obligation Gain	Accumulated Other Comprehensive Income (Loss)
Balance at March 31, 2013	\$ (30,153)	\$ 39,645	\$ (32,298)	\$ 126	\$ (22,680)
Foreign currency translation	(5,530)	–	–	–	(5,530)

Unrealized net loss on investments	–	(28,237)	–	–	(28,237)
Change in fair value of cash flow hedges	–	–	(2,577)	–	(2,577)
Amounts reclassified from AOCI	–	–	12,832	–	12,832
Other comprehensive income (loss)	(5,530)	(28,237)	10,255	–	(23,512)
Balance at December 31, 2013	\$ (35,683)	\$ 11,408	\$ (22,043)	\$ 126	\$ (46,192)

8. Contingent Liabilities and Commitments

We lease a portion of our rental equipment and certain of our facilities under operating leases with terms that expire at various dates substantially through 2020. As of December 31, 2013, we have guaranteed \$96.9 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, we have 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. We have been leasing equipment since 1987 and have experienced no material losses relating to these types of residual value guarantees.

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notes to condensed consolidated financial statements – (continued)

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

Year-ended December 31:	Property, Plant and Equipment (Unaudited)	Rental Equipment	Total
	(In thousands)		
2014	\$7,641	\$64,973	\$72,614
2015	2,039	41,075	43,114
2016	1,909	16,616	18,525
2017	1,782	11,297	13,079
2018	811	9,980	10,791
Thereafter	4,601	3,122	7,723
Total	\$18,783	\$147,063	\$165,846

9. Contingencies

Environmental

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

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

Other

We are 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 our financial position and results of operations.

10. Related Party Transactions

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

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

amerco and consolidated subsidiaries

notes to condensed consolidated financial statements – (continued)

SAC Holding Corporation and SAC Holding II Corporation, (collectively “SAC Holdings”) were established in order to acquire and develop self-storage properties. These properties are being managed by us pursuant to management agreements. Between 1994 and 2002, we sold real estate and various self-storage properties to SAC Holdings, resulting in significant cash flows to the Company.

Related Party Revenue

	Quarter Ended December 31, 2013 2012 (Unaudited) (In thousands)	
U-Haul interest income revenue from SAC Holdings	\$1,730	\$1,981
U-Haul interest income revenue from Private Mini	1,347	1,356
U-Haul management fee revenue from SAC Holdings	3,977	3,585
U-Haul management fee revenue from Private Mini	614	580
U-Haul management fee revenue from Mercury	2,543	1,920
	\$10,211	\$9,422

	Nine Months Ended December 31, 2013 2012 (Unaudited) (In thousands)	
U-Haul interest income revenue from SAC Holdings	\$5,382	\$6,438
U-Haul interest income revenue from Private Mini	4,033	4,059
U-Haul management fee revenue from SAC Holdings	12,240	11,271
U-Haul management fee revenue from Private Mini	1,812	1,720
U-Haul management fee revenue from Mercury	3,536	2,856
	\$27,003	\$26,344

During the first nine months of fiscal 2014, 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 stockholder of AMERCO. We do not have an equity ownership interest in SAC Holdings. We received cash interest payments of \$15.6 million and \$10.7 million from SAC Holdings during the first nine months of fiscal 2014 and 2013, respectively. The largest aggregate amount of notes receivable outstanding during the first nine months of fiscal 2014 was \$72.4 million and the aggregate notes receivable balance at December 31, 2013 was \$71.7 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 2017 and 2019.

During the first nine months of fiscal 2014, 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. We received cash interest payments of \$4.0 million and \$4.1 million from Private Mini during the first nine months of both fiscal 2014 and 2013, respectively. The largest aggregate amount outstanding during the first nine months of fiscal 2014 was \$65.9 million and the aggregate notes receivable balance at December 31, 2013 was \$65.6 million.

amerco and consolidated subsidiaries

notes to condensed consolidated financial statements – (continued)

We currently manage 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 we receive a management fee of between 4% and 10% of the gross receipts plus reimbursement for certain expenses. We received management fees, exclusive of reimbursed expenses, of \$20.8 million and \$19.1 million from the above mentioned entities during the first nine months of fiscal 2014 and 2013, 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 stockholder and director of AMERCO and an estate planning trust benefitting Shoen children also have an interest in Mercury.

Related Party Costs and Expenses

	Quarter Ended December 31, 2013 2012 (Unaudited) (In thousands)	
U-Haul lease expenses to SAC Holdings	\$655	\$655
U-Haul commission expenses to SAC Holdings	10,414	9,142
U-Haul commission expenses to Private Mini	691	575
	\$11,760	\$10,372

	Nine Months Ended December 31, 2013 2012 (Unaudited) (In thousands)	
U-Haul lease expenses to SAC Holdings	\$1,965	\$1,971
U-Haul commission expenses to SAC Holdings	37,341	32,531
U-Haul commission expenses to Private Mini	2,379	2,082
	\$41,685	\$36,584

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

At December 31, 2013, 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 our other independent dealers whereby commissions are paid by the Company based upon equipment rental revenues.

These agreements and notes with subsidiaries of SAC Holdings, 4 SAC, 5 SAC, Galaxy and Private Mini, excluding Dealer Agreements, provided revenues of \$23.5 million, expenses of \$2.0 million and cash flows of \$36.5 million during the first nine months of fiscal 2014. Revenues and commission expenses related to the Dealer Agreements were \$181.5 million and \$39.7 million, respectively during the first nine months of fiscal 2014.

amerco and consolidated subsidiaries

notes to condensed consolidated financial statements – (continued)

Pursuant to the variable interest entity model under ASC 810 – Consolidation (“ASC 810”), Management determined that the junior notes of SAC Holding Corporation and Private Mini as well as the management agreements with SAC Holdings, Mercury, 4 SAC, 5 SAC, Galaxy, and Private Mini represent potential variable interests for us. Management evaluated whether it should be identified as the primary beneficiary of one or more of these variable interest entity’s (“VIE’s”) using a two-step approach in which management (i) identified all other parties that hold interests in the VIE’s, and (ii) determined if any variable interest holder has the power to direct the activities of the VIE’s that most significantly impact their economic performance.

Management determined that they do not have a variable interest in the holding entities Mercury, SAC Holding II Corporation, 4 SAC, 5 SAC, or Galaxy based upon management agreements which are with the individual operating entities or through the issuance of junior debt; therefore, we are precluded from consolidating these entities.

We have junior debt with the holding entities SAC Holding Corporation and Private Mini which represents a variable interest in each individual entity. Though we have certain protective rights within these debt agreements, we have 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, we have no basis under ASC 810 to consolidate these entities.

We do 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. There are no fees or penalties disclosed in the management agreement for termination of the agreement. 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, we have no basis under ASC 810 to consolidate these entities.

We have not provided financial or other support during the first nine months ended December 31, 2013 to any of these entities that we were not previously contractually required to provide. In addition, we currently have no plan to provide any financial support to any of these entities in the future. The carrying amount and classification of the assets and liabilities in our balance sheets that relate to our variable interests in the aforementioned entities are as follows, which approximate the maximum exposure to loss as a result of our involvement with these entities:

Related Party Assets

	December 31, 2013	March 31, 2013
	(Unaudited)	
	(In thousands)	
U-Haul notes, receivables and interest from Private Mini	\$72,365	\$68,593
U-Haul notes receivable from SAC Holding Corporation	71,721	72,397
U-Haul interest receivable from SAC Holdings	4,293	14,483
U-Haul receivable from SAC Holdings	18,259	22,336
U-Haul receivable from Mercury	5,472	3,640
Other (a)	(2,072)	586
	\$170,038	\$182,035

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

AMERCO AND CONSOLIDATED SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

11. Consolidating Financial Information by Industry Segment

AMERCO's three reportable segments are:

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

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

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

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

AMERCO AND CONSOLIDATED SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

11. Financial Information by Consolidating Industry Segment:

Consolidating balance sheets by industry segment as of December 31, 2013 are as follows:

	Moving & Storage		Real Estate	Eliminations	Moving & Storage Consolidated	AMERCO Legal Group		Eliminations
	AMERCO	U-Haul				Property & Casualty Insurance (a)	Life Insurance (a)	
	(Unaudited)							
	(In thousands)							
Assets:								
Cash and cash equivalents	\$476,551	\$92,695	\$2,174	\$-	\$571,420	\$5,601	\$24,594	\$-
Reinsurance recoverables and trade receivables, net	-	29,847	177	-	30,024	162,714	35,686	-
Inventories, net	-	65,258	-	-	65,258	-	-	-
Prepaid expenses	-	43,618	726	-	44,344	-	-	-
Investments, fixed maturities and marketable equities	-	-	-	-	-	188,155	933,966	-
Investments, other	-	-	32,351	-	32,351	49,006	157,991	-
Deferred policy acquisition costs, net	-	-	-	-	-	-	114,467	-
Other assets	113	59,742	34,255	-	94,110	1,008	277	-
Related party assets	1,021,397	117,121	12	(964,556)	(c) 173,974	13,594	492	(18,022)
	1,498,061	408,281	69,695	(964,556)	1,011,481	420,078	1,267,473	(18,022)
Investment in subsidiaries	477,063	-	-	(104,285)	(b) 372,778	-	-	(372,778)
Property, plant and								

equipment, at cost:									
Land	–	55,599	337,126	–	392,725	–	–	–	
Buildings and improvements	–	200,961	1,181,221	–	1,382,182	–	–	–	
Furniture and equipment	70	308,713	11,804	–	320,587	–	–	–	
Rental trailers and other rental equipment	–	356,416	–	–	356,416	–	–	–	
Rental trucks	–	2,426,453	–	–	2,426,453	–	–	–	
	70	3,348,142	1,530,151	–	4,878,363	–	–	–	
Less:									
Accumulated depreciation	(55)	(1,305,591)	(379,618)	–	(1,685,264)	–	–	–	
Total property, plant and equipment	15	2,042,551	1,150,533	–	3,193,099	–	–	–	
Total assets		\$1,975,139	\$2,450,832	\$1,220,228	\$(1,068,841)	\$4,577,358	\$420,078	\$1,267,473	\$(390,800)

(a) Balances as of September 30, 2013

(b) Eliminate investment in subsidiaries

(c) Eliminate intercompany receivables and payables

AMERCO AND CONSOLIDATED SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

Consolidating balance sheets by industry segment as of December 31, 2013 are as follows:

	Moving & Storage					Moving & Storage	AMERCO Legal Group		
	AMERCO	U-Haul	Real Estate	Eliminations		Consolidated	Property & Casualty Insurance (a)	Life Insurance (a)	Eliminations
	(Unaudited)								
	(In thousands)								
Liabilities:									
Accounts payable and accrued expenses	\$21,567	\$312,826	\$4,671	\$-		\$339,064	\$-	\$12,732	\$-
Notes, loans and leases payable	-	965,308	897,561	-		1,862,869	-	-	-
Policy benefits and losses, claims and loss expenses payable	-	380,940	-	-		380,940	300,351	414,319	-
Liabilities from investment contracts	-	-	-	-		-	-	596,268	-
Other policyholders' funds and liabilities	-	-	-	-		-	3,118	4,153	-
Deferred income	-	29,489	-	-		29,489	-	-	-
Deferred income taxes	457,834	-	-	-		457,834	(32,753)	11,303	-
Related party liabilities	-	522,754	454,542	(964,556)	(c)	12,740	4,740	542	(18,022)
Total liabilities	479,401	2,211,317	1,356,774	(964,556)		3,082,936	275,456	1,039,317	(18,022)
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	1	1	(2)	(b) 10,497	3,301	2,500	(5,801)	(b)	
Additional paid-in capital	443,051	121,230	147,941	(269,171)	(b) 443,051	91,120	26,271	(117,601)	(b)	
Accumulated other comprehensive income (loss)	(46,192)	(57,600)	—	57,600	(b) (46,192)	1,542	9,866	(11,408)	(b)	
Retained earnings (deficit)	1,766,032	177,200	(284,488)	107,288	(b) 1,766,032	48,659	189,519	(237,968)	(b)	
Cost of common shares in treasury, net	(525,653)	—	—	—	(525,653)	—	—	—		
Cost of preferred shares in treasury, net	(151,997)	—	—	—	(151,997)	—	—	—		
Unearned employee stock ownership plan shares	—	(1,316)	—	—	(1,316)	—	—	—		
Total stockholders' equity (deficit)	1,495,738	239,515	(136,546)	(104,285)	1,494,422	144,622	228,156	(372,778)		
Total liabilities and stockholders' equity	\$1,975,139	\$2,450,832	\$1,220,228	\$(1,068,841)	\$4,577,358	\$420,078	\$1,267,473	\$(390,800)		\$

(a) Balances as of September 30, 2013

(b) Eliminate investment in subsidiaries

(c) Eliminate intercompany receivables and payables

AMERCO AND CONSOLIDATED SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

Consolidating balance sheets by industry segment as of March 31, 2013 are as follows:

	Moving & Storage					AMERCO Legal Group			
	AMERCO	U-Haul	Real Estate	Eliminations	Moving & Storage Consolidated	Property & Casualty Insurance (a)	Life Insurance (a)	Eliminations	
	(In thousands)								
Assets:									
Cash and cash equivalents	\$327,119	\$98,926	\$1,515	\$-	\$427,560	\$14,120	\$22,064	\$-	
Reinsurance recoverables and trade receivables, net	-	43,259	-	-	43,259	186,010	32,520	-	
Inventories, net	-	56,396	-	-	56,396	-	-	-	
Prepaid expenses	22,475	34,956	20	-	57,451	-	-	-	
Investments, fixed maturities and marketable equities	21,228	-	-	-	21,228	160,455	913,655	-	
Investments, other	-	100	50,553	-	50,653	65,212	125,900	-	
Deferred policy acquisition costs, net	-	-	-	-	-	-	93,043	-	
Other assets	118	69,671	28,828	-	98,617	1,212	157	-	
Related party assets	1,032,663	127,751	9	(975,683)	(c) 184,740	8,846	514	(12,065)	(c)
	1,403,603	431,059	80,925	(975,683)	939,904	435,855	1,187,853	(12,065)	
Investment in subsidiaries	239,541	-	-	140,100	(b) 379,641	-	-	(379,641)	(b)
Property, plant and equipment, at cost:									
Land	-	81,421	251,807	-	333,228	-	-	-	

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Buildings and improvements	–	184,053	1,013,822	–	1,197,875	–	–	–	
Furniture and equipment	136	292,621	18,385	–	311,142	–	–	–	
Rental trailers and other rental equipment	–	317,476	–	–	317,476	–	–	–	
Rental trucks	–	2,154,688	–	–	2,154,688	–	–	–	
	136	3,030,259	1,284,014	–	4,314,409	–	–	–	
Less:									
Accumulated depreciation	(116)	(1,185,796)	(373,443)	–	(1,559,355)	–	–	–	
Total property, plant and equipment	20	1,844,463	910,571	–	2,755,054	–	–	–	
Total assets		\$1,643,164	\$2,275,522	\$991,496	\$(835,583)	\$4,074,599	\$435,855	\$1,187,853	\$(391,706)

(a) Balances as of December 31, 2012

(b) Eliminate investment in subsidiaries

(c) Eliminate intercompany receivables and payables

AMERCO AND CONSOLIDATED SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

Consolidating balance sheets by industry segment as of March 31, 2013 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	\$ 110	\$ 345,864	\$ 4,378	\$ -	\$ 350,352	\$ -	\$ 8,139	\$ -	\$ -
Notes, loans and leases payable	-	881,766	780,079	-	1,661,845	-	-	-	-
Policy benefits and losses, claims and loss expenses payable	-	380,824	-	-	380,824	330,184	404,040	-	-
Liabilities from investment contracts	-	-	-	-	-	-	510,789	-	-
Other policyholders' funds and liabilities	-	-	-	-	-	3,157	4,137	-	-
Deferred income	-	30,217	-	-	30,217	-	-	-	-
Deferred income taxes	412,089	-	-	-	412,089	(36,241)	17,810	-	-
Related party liabilities	-	638,448	347,248	(975,683)	(c) 10,013	1,844	208	(12,065)	(c)
Total liabilities	412,199	2,277,119	1,131,705	(975,683)	2,845,340	298,944	945,123	(12,065)	
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	1	1	(2)	(b) 10,497	3,301	2,500	(5,801)	(b)	
Additional paid-in capital	438,378	121,230	147,941	(269,171)	(b) 438,378	91,120	26,271	(117,601)	(b)	
Accumulated other comprehensive income (loss)	(22,680)	(62,325)	–	62,325	(b) (22,680)	4,568	37,567	(42,135)	(b)	
Retained earnings (deficit)	1,482,420	(58,797)	(288,151)	346,948	(b) 1,482,420	37,922	176,392	(214,104)	(b)	
Cost of common shares in treasury, net	(525,653)	–	–	–	(525,653)	–	–	–		
Cost of preferred shares in treasury, net	(151,997)	–	–	–	(151,997)	–	–	–		
Unearned employee stock ownership plan shares	–	(1,706)	–	–	(1,706)	–	–	–		
Total stockholders' equity (deficit)	1,230,965	(1,597)	(140,209)	140,100	1,229,259	136,911	242,730	(379,641)		
Total liabilities and stockholders' equity	\$1,643,164	\$2,275,522	\$991,496	\$(835,583)	\$4,074,599	\$435,855	\$1,187,853	\$(391,706)		\$

(a) Balances as of December 31, 2012

(b) Eliminate investment in subsidiaries

(c) Eliminate intercompany receivables and payables

AMERCO AND CONSOLIDATED SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

Consolidating statement of operations by industry segment for the quarter ended December 31, 2013 are as follows:

	Moving & Storage				Moving & Storage Consolidated	AMERCO Legal Group				
	AMERCO	U-Haul	Real Estate	Eliminations		Property & Casualty Insurance (a)	Life Insurance (a)	Eliminations		
	(Unaudited)									
	(In thousands)									
Revenues:										
Self-moving equipment rentals	\$-	\$437,117	\$-	\$-	\$437,117	\$-	\$-	\$(910)	(c)	\$436,207
Self-storage revenues	-	45,818	302	-	46,120	-	-	-		46,120
Self-moving and self-storage products and service sales	-	47,045	-	-	47,045	-	-	-		47,045
Property management fees	-	7,133	-	-	7,133	-	-	-		7,133
Life insurance premiums	-	-	-	-	-	-	39,198	-		39,198
Property and casualty insurance premiums	-	-	-	-	-	12,219	-	-		12,219
Net investment and interest income	2,516	1,988	661	-	5,165	3,009	12,895	(182)	(b)	20,953
Other revenue	260	37,021	26,091	(27,790)	(b) 35,582	-	1,059	(4,104)	(b)	32,538
Total revenues	2,776	576,122	27,054	(27,790)	578,162	15,228	53,152	(5,196)		648,346
Costs and expenses:										
Operating expenses	1,782	329,595	3,297	(27,790)	(b) 306,884	5,223	6,125	(5,005)	(b,c)	314,429
Commission expenses	-	55,573	-	-	55,573	-	-	-		55,573

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Cost of sales	–	28,229	–	–	28,229	–	–	–	28,229
Benefits and losses	–	–	–	–	–	4,289	34,341	–	38,630
Amortization of deferred policy acquisition costs	–	–	–	–	–	–	4,457	–	4,457
Lease expense	23	24,482	9	–	24,514	–	–	(46)	(b) 24,467
Depreciation, net of (gains) losses on disposals	1	66,340	4,448	–	70,789	–	–	–	70,789
Total costs and expenses	1,806	504,219	7,754	(27,790)	485,989	9,512	44,923	(5,051)	535,363
Earnings from operations before equity in earnings of subsidiaries	970	71,903	19,300	–	92,173	5,716	8,229	(145)	105,966
Equity in earnings of subsidiaries	38,578	–	–	(29,297)	(d) 9,281	–	–	(9,281)	(d) –
Earnings from operations	39,548	71,903	19,300	(29,297)	101,454	5,716	8,229	(9,426)	105,743
Interest income (expense)	20,687	(26,371)	(18,068)	–	(23,752)	–	–	145	(b) (23,607)
Pretax earnings	60,235	45,532	1,232	(29,297)	77,702	5,716	8,229	(9,281)	82,138
Income tax expense	(8,014)	(16,995)	(472)	–	(25,481)	(2,000)	(2,664)	–	(30,145)
Earnings available to common shareholders	\$52,221	\$28,537	\$760	\$(29,297)	\$52,221	\$3,716	\$5,565	\$(9,281)	\$52,221

(a) Balances for the quarter ended September 30, 2013

(b) Eliminate intercompany lease / interest income

(c) Eliminate intercompany

premiums
(d) Eliminate
equity in
earnings of
subsidiaries

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AMERCO AND CONSOLIDATED SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

Consolidating statement of operations by industry segment for the quarter ended December 31, 2012 are as follows:

	Moving & Storage				Eliminations	Moving & Storage Consolidated	AMERCO Legal Group			
	AMERCO	U-Haul	Real Estate				Property & Casualty Insurance (a)	Life Insurance (a)	Eliminations	
	(Unaudited)									
	(In thousands)									
Revenues:										
Self-moving equipment rentals	\$-	\$395,401	\$-	\$-		\$395,401	\$-	\$-	\$(456)	(c) \$399,945
Self-storage revenues	-	38,813	298	-		39,111	-	-	-	39,111
Self-moving and self-storage products and service sales	-	44,491	-	-		44,491	-	-	-	44,491
Property management fees	-	6,085	-	-		6,085	-	-	-	6,085
Life insurance premiums	-	-	-	-		-	-	43,248	-	43,248
Property and casualty insurance premiums	-	-	-	-		-	9,816	-	-	9,816
Net investment and interest income	1,338	2,260	4,405	-		8,003	2,049	12,666	(115)	(b) 22,943
Other revenue	-	23,255	22,605	(24,145)	(b)	21,715	-	852	(379)	(b) 22,388
Total revenues	1,338	510,305	27,308	(24,145)		514,806	11,865	56,766	(950)	582,927
Costs and expenses:										
Operating expenses	2,684	295,759	3,424	(24,145)	(b)	277,722	6,937	6,452	(826)	(b,c) 290,329
Commission expenses	-	51,130	-	-		51,130	-	-	-	51,130
Cost of sales	-	23,153	-	-		23,153	-	-	-	23,153
	-	-	-	-		-	2,866	39,742	-	42,608

Benefits and losses										
Amortization of deferred policy acquisition costs	–	–	–	–	–	–	3,391	–		3,391
Lease expense	24	27,594	3	–	27,621	–	–	(46)	(b)	27,575
Depreciation, net of (gains) losses on disposals	1	60,129	2,269	–	62,399	–	–	–		62,399
Total costs and expenses	2,709	457,765	5,696	(24,145)	442,025	9,803	49,585	(872)		500,439
Earnings (loss) from operations before equity in earnings of subsidiaries	(1,371)	52,540	21,612	–	72,781	2,062	7,181	(78)		81,186
Equity in earnings of subsidiaries	24,435	–	–	(18,790)	(d) 5,645	–	–	(5,645)	(d)	–
Earnings from operations	23,064	52,540	21,612	(18,790)	78,426	2,062	7,181	(5,723)		81,186
Interest income (expense)	21,387	(28,837)	(14,704)	–	(22,154)	–	–	78	(b)	(22,076)
Pretax earnings	44,451	23,703	6,908	(18,790)	56,272	2,062	7,181	(5,645)		59,080
Income tax expense	(7,605)	(9,174)	(2,647)	–	(19,426)	(722)	(2,876)	–		(23,029)
Earnings available to common shareholders	\$36,846	\$14,529	\$4,261	\$(18,790)	\$36,846	\$1,340	\$4,305	\$(5,645)		\$36,846
(a) Balances for the quarter ended September 30, 2012										
(b) Eliminate intercompany lease / interest income										
(c) Eliminate intercompany premiums										

(d) Eliminate
equity in
earnings of
subsidiaries

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AMERCO AND CONSOLIDATED SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

Consolidating statements of operations by industry for the nine months ended December 31, 2013 are as follows:

	Moving & Storage				AMERCO Legal Group				
	AMERCO	U-Haul	Real Estate	Eliminations	Moving & Storage Consolidated	& Casualty Insurance (a)	Life Insurance (a)	Eliminations	
	(Unaudited)								
	(In thousands)								
Revenues:									
Self-moving equipment rentals	\$-	\$1,558,857	\$-	\$-	\$1,558,857	\$-	\$-	\$(2,070)	(c) \$
Self-storage revenues	-	132,906	885	-	133,791	-	-	-	
Self-moving and self-storage products and service sales	-	183,115	-	-	183,115	-	-	-	
Property management fees	-	17,586	-	-	17,586	-	-	-	
Life insurance premiums	-	-	-	-	-	-	119,708	-	
Property and casualty insurance premiums	-	-	-	-	-	31,052	-	-	
Net investment and interest income	5,031	6,183	734	-	11,948	7,949	40,372	(433)	(b)
Other revenue	260	134,181	76,085	(81,059)	(b) 129,467	-	2,524	(9,198)	(b)
Total revenues	5,291	2,032,828	77,704	(81,059)	2,034,764	39,001	162,604	(11,701)	
Costs and expenses:									
Operating expenses	6,067	1,018,889	8,807	(81,059)	(b) 952,704	13,738	18,067	(11,241)	(b,c)
Commission expenses	-	202,578	-	-	202,578	-	-	-	
Cost of sales	-	98,331	-	-	98,331	-	-	-	
	-	-	-	-	-	8,746	110,509	-	

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Benefits and losses										
Amortization of deferred policy acquisition costs	–	–	–	–	–	–	14,197	–		
Lease expense	69	77,317	44	–	77,430	–	–	(137)	(b)	
Depreciation, net of (gains) losses on disposals	4	179,241	12,186	–	191,431	–	–	–		
Total costs and expenses	6,140	1,576,356	21,037	(81,059)	1,522,474	22,484	142,773	(11,378)		
Earnings (loss) from operations before equity in earnings of subsidiaries	(849)	456,472	56,667	–	512,290	16,517	19,831	(323)		
Equity in earnings of subsidiaries	263,524	–	–	(239,660)	(d) 23,864	–	–	(23,864)	(d)	
Earnings from operations	262,675	456,472	56,667	(239,660)	536,154	16,517	19,831	(24,187)		
Interest income (expense)	63,796	(83,442)	(50,730)	–	(70,376)	–	–	323	(b)	
Pretax earnings	326,471	373,030	5,937	(239,660)	465,778	16,517	19,831	(23,864)		
Income tax expense	(23,291)	(137,033)	(2,274)	–	(162,598)	(5,780)	(6,704)	–		
Earnings available to common shareholders	\$303,180	\$235,997	\$3,663	\$(239,660)	\$303,180	\$10,737	\$13,127	\$(23,864)		\$

(a) Balances for the nine months ended September 30, 2013

(b) Eliminate intercompany lease / interest income

(c) Eliminate intercompany

premiums
(d) Eliminate
equity in
earnings of
subsidiaries

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AMERCO AND CONSOLIDATED SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

Consolidating statements of operations by industry for the nine months ended December 31, 2012 are as follows:

	Moving & Storage				Eliminations	AMERCO Legal Group			Eliminations	
	AMERCO	U-Haul	Real Estate			Moving & Storage Consolidated	Property & Casualty Insurance (a)	Life Insurance (a)		
	(Unaudited)									
	(In thousands)									
Revenues:										
Self-moving equipment rentals	\$-	\$1,401,483	\$-	\$-	\$1,401,483	\$-	\$-	\$(1,183)	(c)	\$1,401,483
Self-storage revenues	-	110,963	862	-	111,825	-	-	-		111,825
Self-moving and self-storage products and service sales	-	173,399	-	-	173,399	-	-	-		173,399
Property management fees	-	15,847	-	-	15,847	-	-	-		15,847
Life insurance premiums	-	-	-	-	-	-	137,341	-		137,341
Property and casualty insurance premiums	-	-	-	-	-	26,006	-	-		26,006
Net investment and interest income	3,930	6,265	4,843	-	15,038	6,515	31,735	(315)	(b)	53,501
Other revenue	81	80,311	65,306	(70,066)	(b) 75,632	-	2,056	(1,099)	(b)	77,890
Total revenues	4,011	1,788,268	71,011	(70,066)	1,793,224	32,521	171,132	(2,597)		1,994,280
Costs and expenses:										
Operating expenses	11,431	901,337	8,300	(70,066)	(b) 851,002	14,709	20,438	(2,257)	(b,c)	883,870
Commission expenses	-	180,801	-	-	180,801	-	-	-		180,801
Cost of sales	-	86,292	-	-	86,292	-	-	-		86,292
	-	-	-	-	-	10,821	128,597	-		139,418

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Benefits and losses										
Amortization of deferred policy acquisition costs	–	–	–	–	–	–	9,290	–		9,290
Lease expense	70	90,000	14	–	90,084	–	–	(122)	(b)	89,962
Depreciation, net of (gains) losses on disposals	4	168,009	9,465	–	177,478	–	–	–		177,478
Total costs and expenses	11,505	1,426,439	17,779	(70,066)	1,385,657	25,530	158,325	(2,379)		1,385,657
Earnings (loss) from operations before equity in earnings of subsidiaries	(7,494)	361,829	53,232	–	407,567	6,991	12,807	(218)		407,567
Equity in earnings of subsidiaries	188,559	–	–	(175,647)	(d) 12,912	–	–	(12,912)	(d)	–
Earnings from operations	181,065	361,829	53,232	(175,647)	420,479	6,991	12,807	(13,130)		420,479
Interest income (expense)	69,228	(93,956)	(43,170)	–	(67,898)	–	–	218	(b)	(67,898)
Pretax earnings	250,293	267,873	10,062	(175,647)	352,581	6,991	12,807	(12,912)		352,581
Income tax expense	(23,458)	(98,431)	(3,857)	–	(125,746)	(2,447)	(4,439)	–		(125,746)
Earnings available to common shareholders	\$226,835	\$169,442	\$6,205	\$(175,647)	\$226,835	\$4,544	\$8,368	\$(12,912)		\$226,835

(a) Balances for the nine months ended September 30, 2012

(b) Eliminate intercompany lease / interest income

(c) Eliminate intercompany

premiums
(d) Eliminate
equity in
earnings of
subsidiaries

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AMERCO AND CONSOLIDATED SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

Continuation of consolidating cash flow statements by industry segment for the nine months ended December 31, 2013 are as follows:

	Moving & Storage		Real Estate	Elimination	Moving & Storage Consolidated	AMERCO Legal Group		Elimination	AMERCO
	AMERCO	U-Haul				Property & Casualty Insurance (a)	Life Insurance (a)		
	(Unaudited)								
	(In thousands)								
Cash flows from operating activities:									
Net earnings	\$303,180	\$235,997	\$3,663	\$(239,660)	\$303,180	\$10,737	\$13,127	\$(23,864)	\$303,180
Earnings from consolidated entities	(263,524)	—	—	239,660	(23,864)	—	—	23,864	—
Adjustments to reconcile net earnings to the cash provided by operations:									
Depreciation	4	201,286	12,978	—	214,268	—	—	—	214,268
Amortization of deferred policy acquisition costs	—	—	—	—	—	—	14,197	—	14,197
Change in allowance for losses on trade receivables	—	3	—	—	3	—	9	—	12
Change in allowance for inventory reserve	—	3,640	—	—	3,640	—	—	—	3,640
Net gain on sale of real and personal property	—	(22,045)	(792)	—	(22,837)	—	—	—	(22,837)

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Net gain on sale of investments	(1,325)	–	–	–	(1,325)	(674)	(4,089)	–	(6,000)
Deferred income taxes	37,934	–	–	–	37,934	5,118	4,981	–	48,000
Net change in other operating assets and liabilities:									
Reinsurance recoverables and trade receivables	–	13,410	(177)	–	13,233	23,296	(3,174)	–	33,300
Inventories	–	(12,502)	–	–	(12,502)	–	–	–	(12,500)
Prepaid expenses	22,475	(8,660)	(706)	–	13,109	–	–	–	13,100
Capitalization of deferred policy acquisition costs	–	–	–	–	–	–	(25,128)	–	(25,100)
Other assets	5	10,558	(2,715)	–	7,848	201	(120)	–	7,920
Related party assets	540	9,636	(3)	–	10,173	(4,702)	–	159	(b) 5,630
Accounts payable and accrued expenses	6,563	(22,843)	290	–	(15,990)	–	13,218	–	(2,700)
Policy benefits and losses, claims and loss expenses payable	–	1,218	–	–	1,218	(29,833)	10,278	–	(18,300)
Other policyholders' funds and liabilities	–	–	–	–	–	(39)	16	–	(230)
Deferred income	–	(672)	–	–	(672)	–	–	–	(670)
Related party liabilities	–	(1,007)	4,270	–	3,263	2,850	303	(159)	(b) 6,250
Net cash provided (used) by operating activities	105,852	408,019	16,808	–	530,679	6,954	23,618	–	561,000
Cash flows from investing									

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activities:

Purchases of:									
Property, plant and equipment	–	(436,671)	(253,622)	–	(690,293)	–	–	–	(690,293)
Short term investments	–	–	–	–	–	(35,250)	(168,513)	–	(203,763)
Fixed maturities investments	–	–	–	–	–	(50,840)	(186,662)	–	(237,502)
Equity securities	–	–	–	–	–	(388)	–	–	(388)
Preferred stock	–	–	–	–	–	(635)	–	–	(635)
Real estate	–	–	–	–	–	–	(431)	–	(431)
Mortgage loans	–	(1,580)	(20,196)	2,514	(b) (19,262)	(3,500)	(37,459)	11,589	(b) (48,728)
Proceeds from sales and paydown's of:									
Property, plant and equipment	–	212,601	1,477	–	214,078	–	–	–	214,078
Short term investments	–	–	–	–	–	50,044	161,797	–	211,841
Fixed maturities investments	–	–	–	–	–	14,892	109,253	–	124,145
Equity securities	26,569	–	–	–	26,569	388	–	–	26,957
Preferred stock	–	–	–	–	–	4,504	1,500	–	6,004
Real estate	–	–	–	–	–	–	–	–	–
Mortgage loans	–	1,680	38,398	(2,514)	(b) 37,564	5,312	13,947	(11,589)	(b) 45,244
Net cash provided (used) by investing activities	26,569	(223,970)	(233,943)	–	(431,344)	(15,473)	(106,568)	–	(553,325)
(a) Balance for the nine months ended September 30, 2013									
(b) Elimination of intercompany investments									

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AMERCO AND CONSOLIDATED SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

Continuation of consolidating cash flow statements by industry segment for the nine months ended December 31, 2013 are as follows:

	Moving & Storage				Moving & Storage Consolidated	AMERCO Legal Group Property & Life Insurance (a)			AMERCO Consolidated
	AMERCO	U-Haul	Real Estate	Elimination		Casualty Insurance (a)	Elimination		
	(Unaudited)								
	(In thousands)								
Cash flows from financing activities:									
Borrowings from credit facilities	–	116,952	206,087	–	323,039	–	–	–	323,039
Principal repayments on credit facilities	–	(149,948)	(88,605)	–	(238,553)	–	–	–	(238,553)
Debt issuance costs	–	(641)	(2,712)	–	(3,353)	–	–	–	(3,353)
Capital lease payments	–	(37,480)	–	–	(37,480)	–	–	–	(37,480)
Leveraged Employee Stock Ownership Plan - repayments from loan	–	390	–	–	390	–	–	–	390
Proceeds from (repayment of) intercompany loans	17,011	(120,035)	103,024	–	–	–	–	–	–
Securitization deposits	–	–	–	–	–	–	–	–	–
Investment contract	–	–	–	–	–	–	109,928	–	109,928

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deposits									
Investment contract withdrawals	–	–	–	–	–	–	(24,448)	–	(24,448)
Net cash provided (used) by financing activities	17,011	(190,762)	217,794	–	44,043	–	85,480	–	129,523
Effects of exchange rate on cash	–	482	–	–	482	–	–	–	482
Increase (decrease) in cash and cash equivalents	149,432	(6,231)	659	–	143,860	(8,519)	2,530	–	137,871
Cash and cash equivalents at beginning of period	327,119	98,926	1,515	–	427,560	14,120	22,064	–	463,744
Cash and cash equivalents at end of period	\$476,551	\$92,695	\$2,174	\$–	\$571,420	\$5,601	\$24,594	\$–	\$601,615

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(a) Balance for the nine months ended September 30, 2013

AMERCO AND CONSOLIDATED SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

Consolidating cash flow statements by industry segment for the nine months ended December 31, 2012 are as follows:

	Moving & Storage				AMERCO Legal Group	Property	Life		AMERCO
	AMERCO	U-Haul	Real Estate	Elimination	Moving & Storage	& Casualty Insurance	Insurance (a)	Elimination	Consolidated
					Consolidated	(a)			Consolidated
	(Unaudited)								
Cash flows from operating activities:	(In thousands)								
Net earnings (loss)	\$226,835	\$169,442	\$6,205	\$(175,647)	\$226,835	\$4,544	\$8,368	\$(12,912)	\$226,835
Earnings from consolidated entities	(188,559)	—	—	175,647	(12,912)	—	—	12,912	—
Adjustments to reconcile net earnings to cash provided by operations:									
Depreciation	4	181,084	11,269	—	192,357	—	—	—	192,357
Amortization of deferred policy acquisition costs	—	—	—	—	—	—	9,290	—	9,290
Change in allowance for losses on trade receivables	—	(73)	—	—	(73)	—	—	—	(73)
Change in allowance for inventory reserve	—	2,050	—	—	2,050	—	—	—	2,050
Net gain on sale of real and personal property	—	(13,075)	(1,804)	—	(14,879)	—	—	—	(14,879)
Net (gain) loss on sale of investments	—	—	—	—	—	28	(1,078)	—	(1,050)

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Deferred income taxes	17,882	–	–	–	17,882	1,306	(1,431)	–	17,757
Net change in other operating assets and liabilities:									
Reinsurance recoverables and trade receivables	–	12,293	–	–	12,293	58,841	575	–	71,709
Inventories	–	696	–	–	696	–	–	–	696
Prepaid expenses	(3,082)	(9,972)	(229)	–	(13,283)	–	–	–	(13,283)
Capitalization of deferred policy acquisition costs	–	–	–	–	–	–	(43,085)	–	(43,085)
Other assets	3	22,271	(569)	–	21,705	1,018	(11)	–	22,712
Related party assets	(2)	140,035	2	–	140,035	(1,202)	(34)	791	(b) 139,590
Accounts payable and accrued expenses	1,818	(32)	538	–	2,324	–	(3,196)	–	(872)
Policy benefits and losses, claims and loss expenses payable	–	8,481	–	–	8,481	(60,391)	21,684	–	(30,226)
Other policyholders' funds and liabilities	–	–	–	–	–	(585)	(340)	–	(925)
Deferred income	–	(3,704)	–	–	(3,704)	–	–	–	(3,704)
Related party liabilities	–	1,064	–	–	1,064	632	483	(791)	(b) 1,388
Net cash provided (used) by operating activities	54,899	510,560	15,412	–	580,871	4,191	(8,775)	–	576,287
Cash flows from investing activities:									
Purchases of:	(2)	(351,914)	(70,924)	–	(422,840)	–	–	–	(422,840)

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Property, plant and equipment									
Short term investments	–	–	–	–	–	(58,775)	(230,998)	–	(289,773)
Fixed maturities investments	–	–	–	–	–	(17,141)	(291,149)	–	(308,290)
Equity securities	–	–	–	–	–	(3,130)	–	–	(3,130)
Preferred stock	–	–	–	–	–	(2,761)	–	–	(2,761)
Real estate	–	–	(243)	–	(243)	–	(810)	–	(1,053)
Mortgage loans	–	(4,968)	(30,590)	–	(35,558)	(1,821)	(13,204)	–	(50,583)
Proceeds from sales and paydown's of:									
Property, plant and equipment	–	161,668	5,236	–	166,904	–	–	–	166,904
Short term investments	–	–	–	–	–	32,548	248,342	–	280,890
Fixed maturities investments	–	–	–	–	–	30,298	54,834	–	85,132
Equity securities	–	–	–	–	–	–	–	–	–
Preferred stock	–	–	–	–	–	5,728	–	–	5,728
Real estate	–	–	667	–	667	–	4	–	671
Mortgage loans	–	14,848	29,500	–	44,348	1,311	3,556	–	49,215
Net cash provided (used) by investing activities	(2)	(180,366)	(66,354)	–	(246,722)	(13,743)	(229,425)	–	(489,890)

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(a) Balance for the nine months ended September 30, 2012

(b) Elimination of intercompany investments

AMERCO AND CONSOLIDATED SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

Continuation of consolidating cash flow statements by industry segment for the nine months ended December 31, 2012 are as follows:

	Moving & Storage		Real Estate	Elimination	AMERCO Legal Group			Elimination	AMERCO Consolidated
	AMERCO	U-Haul			Moving & Storage Consolidated	Property & Casualty Insurance (a)	Life Insurance (a)		
	(Unaudited)								
	(In thousands)								
Cash flows from financing activities:									
Borrowings from credit facilities	–	89,619	161,700	–	251,319	–	–	–	251,319
Principal repayments on credit facilities	–	(142,750)	(91,948)	–	(234,698)	–	–	–	(234,698)
Debt issuance costs	–	(301)	(2,051)	–	(2,352)	–	–	–	(2,352)
Capital lease payments	–	(18,310)	–	–	(18,310)	–	–	–	(18,310)
Leveraged Employee Stock Ownership Plan - repayments from loan	–	559	–	–	559	–	–	–	559
Proceeds from (repayment of) intercompany loans	194,277	(178,247)	(16,030)	–	–	–	–	–	–
Securitization deposits	–	(1,729)	–	–	(1,729)	–	–	–	(1,729)
Common stock dividends paid	(97,421)	–	–	–	(97,421)	–	–	–	(97,421)
	(1,500)	–	–	–	(1,500)	1,500	–	–	–

Net contribution from (to) related party									
Investment contract deposits	–	–	–	–	–	–	268,478	–	268,478
Investment contract withdrawals	–	–	–	–	–	–	(22,937)	–	(22,937)
Net cash provided (used) by financing activities	95,356	(251,159)	51,671	–	(104,132)	1,500	245,541	–	142,909
Effects of exchange rate on cash	–	(362)	–	–	(362)	–	–	–	(362)
Increase (decrease) in cash and cash equivalents	150,253	78,673	729	–	229,655	(8,052)	7,341	–	228,944
Cash and cash equivalents at beginning of period	201,502	106,951	775	–	309,228	22,542	25,410	–	357,180
Cash and cash equivalents at end of period	\$351,755	\$185,624	\$1,504	\$–	\$538,883	\$14,490	\$32,751	\$–	\$586,124

(a) Balance for the nine months ended September 30, 2012

amerco and consolidated subsidiaries

notes to condensed consolidated financial statements – (continued)

12. Industry Segment and Geographic Area Data

	United States (Unaudited)	Canada	Consolidated (Unaudited)
(All amounts are in thousands of U.S. \$'s)			
Quarter ended December 31, 2013			
Total revenues	\$607,443	\$33,903	\$641,346
Depreciation and amortization, net of (gains) losses on disposals	73,684	1,562	75,246
Interest expense	23,470	137	23,607
Pretax earnings	78,745	3,621	82,366
Income tax expense	29,186	959	30,145
Identifiable assets	5,731,164	142,945	5,874,109

Quarter ended December 31, 2012			
Total revenues	\$549,611	\$32,876	\$582,487
Depreciation and amortization, net of (gains) losses on disposals	63,801	1,989	65,790
Interest expense	21,926	150	22,076
Pretax earnings	58,669	1,201	59,870
Income tax expense	22,706	318	23,024
Identifiable assets	5,077,479	141,826	5,219,305

	United States (Unaudited)	Canada	Consolidated (Unaudited)
(All amounts are in thousands of U.S. \$'s)			
Nine months ended December 31, 2013			
Total revenues	\$2,098,127	\$126,541	\$2,224,668
Depreciation and amortization, net of (gains) losses on disposals	200,209	5,419	205,628
Interest expense	69,633	420	70,053
Pretax earnings	457,981	20,281	478,262
Income tax expense	169,708	5,374	175,082
Identifiable assets	5,731,164	142,945	5,874,109

Nine months ended December 31, 2012			
Total revenues	\$1,871,416	\$122,864	\$1,994,280
Depreciation and amortization, net of (gains) losses on disposals	180,736	6,032	186,768
Interest expense	67,226	454	67,680
Pretax earnings	340,746	18,721	359,467

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Income tax expense	127,671	4,961	132,632
Identifiable assets	5,077,479	141,826	5,219,305

amerco and consolidated subsidiaries

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 December 31, 2013 2012 (Unaudited) (In thousands)	
Service cost for benefits earned during the period	\$ 182	\$ 155
Interest cost on accumulated postretirement benefit	140	139
Other components	5	1
Net periodic postretirement benefit cost	\$ 327	\$ 295

	Nine Months Ended December 31, 2013 2012 (Unaudited) (In thousands)	
Service cost for benefits earned during the period	\$ 544	\$ 466
Interest cost on accumulated postretirement benefit	422	416
Other components	15	3
Net periodic postretirement benefit cost	\$ 981	\$ 885

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.

Our 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. We place our temporary cash investments with financial institutions and limit the amount of credit exposure to any one financial institution.

We have mortgage receivables, which potentially expose us to credit risk. The portfolio of notes is principally collateralized by self-storage facilities and commercial properties. We have 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.

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notes to condensed consolidated financial statements – (continued)

Assets and liabilities are recorded at fair value on the condensed consolidated balance sheets and are measured and classified based upon a three tiered approach to valuation. ASC 820 - Fair Value Measurements and Disclosure (“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; and

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 December 31, 2013, that are subject to ASC 820 and the valuation approach applied to each of these items.

	Total (Unaudited) (In thousands)	Level 1	Level 2	Level 3
Assets				
Short-term investments	\$579,165	\$579,165	\$–	\$–
Fixed maturities - available for sale	1,083,678	984,074	98,497	1,107
Preferred stock	17,695	17,695	–	–
Common stock	20,748	20,748	–	–
Derivatives	2,680	–	2,680	–
Total	\$1,703,966	\$1,601,682	\$101,177	\$1,107
Liabilities				
Guaranteed residual values of TRAC leases	\$–	\$–	\$–	\$–
Derivatives	35,462	–	35,462	–
Total	\$35,462	\$–	\$35,462	\$–

The following table represents the fair value measurements for our assets at December 31, 2013 using significant unobservable inputs (Level 3).

Fixed Maturities - Asset Backed Securities
(Unaudited)
(In thousands)

Balance at March 31, 2013	\$ 1,180
Fixed Maturities - Asset Backed Securities - redemption	(123)
Fixed Maturities - Asset Backed Securities - gain (unrealized)	50
Balance at December 31, 2013	\$ 1,107

amerco and consolidated subsidiaries

notes to condensed consolidated financial statements – (continued)

15. Subsequent Events

On January 21, 2014, various subsidiaries of U-Haul International, Inc. entered into a new revolving fleet loan for \$75 million which can be increased to a maximum of \$225 million. We drew down approximately \$18 million on the closing date. This loan matures in October 2018. Only interest is paid during the first four years of the loan and then principal is due monthly over the last nine months.

On December 4, 2013, we declared a special cash dividend on our common stock of \$1.00 per share to holders of record on January 10, 2014 which will be payable on February 14, 2014.

On January 31, 2014, various subsidiaries of U-Haul International, Inc. entered into a new revolving fleet loan for \$100 million which can be increased to a maximum of \$125 million. This loan matures in October 2017. Only interest is paid during the first three years of the loan and then principal is due monthly over the last nine months.

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. Next, we discuss our results of operations for the third quarter and first nine months of fiscal 2014, compared with the third quarter and first nine months of fiscal 2013, 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 and a discussion of off-balance sheet arrangements. We conclude this MD&A by discussing our current outlook for the remainder of fiscal 2014.

This MD&A should be read in conjunction with the other sections of this Quarterly Report, 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 risks described throughout this filing or in our most recent Annual Report on Form 10-K for the fiscal year ended March 31, 2013. Many of these risks and uncertainties are beyond our control and our actual results may differ materially from these forward-looking statements.

AMERCO, a Nevada corporation ("AMERCO"), has a third fiscal quarter that ends on the 31st of December for each year that is referenced. Our insurance company subsidiaries have a third quarter that ends on the 30th of September for each year that is referenced. They have been consolidated on that basis. Our insurance companies' financial reporting processes conform to calendar year reporting as required by state insurance departments. Management believes that consolidating their calendar year into our fiscal year financial statements does not materially affect the financial position or results of operations. The Company discloses any material events occurring during the intervening period. Consequently, all references to our insurance subsidiaries' years 2013 and 2012 correspond to fiscal 2014 and 2013 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 and portable moving and storage pods available for rent, expanding the number of independent dealers in our network and expanding and taking advantage of our growing eMove® capabilities.

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

Our Life Insurance operating segment 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, portable moving and storage pods, 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, portable moving and storage pods, 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 thousands of independent U-Haul Self-Storage Affiliates. Our network of customer rated affiliates and service providers furnish, 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.

Since 1945, 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 continue to look for ways to reduce waste within our business 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. Our Property and Casualty Insurance operating segment also underwrites components of the Safemove, Safetow, Safemove Plus, Safestor and Safestor Mobile 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 our Property and Casualty Insurance operating segment 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 and reinsuring of life insurance, Medicare supplement and annuity policies.

Critical Accounting Policies and Estimates

Our 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.

In the following pages 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

We apply ASC 810 in our 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 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.

We will continue to monitor our relationships with the other entities regarding who is the primary beneficiary, which could change based on facts and circumstances of any reconsideration events.

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. We follow the deferral method of accounting based on ASC 908 - Airlines for major overhauls in which engine and transmission overhauls are currently 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.

Management determined that additions to the fleet resulting from purchases should be depreciated on an accelerated method based upon a declining formula. 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 to a salvage value of 20% by the end of year fifteen. Beginning in October 2012, rental equipment subject to this depreciation schedule is being depreciated to a salvage value of 15%. This change had an immaterial effect on our current financial statements. Comparatively, a standard straight line approach would reduce the book value evenly by approximately 5.7% per year over the life of the truck.

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, but not limited to, 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 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 and are management's best approximation of future payments. These estimates are based upon past claims experience and current claim trends as well as social and economic conditions such as changes in legal theories and inflation. These reserves consist of case reserves for reported losses and a provision for losses incurred but not reported ("IBNR"), both reduced by applicable reinsurance recoverables, resulting in a net liability.

Due to the nature of the underlying risks and 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 these liabilities cannot be precisely determined and may vary significantly from the estimated liability, especially for long-tailed casualty lines of business such as excess workers' compensation. As a result of the long-tailed nature of the excess workers' compensation policies written by Repwest during 1983 through 2002, and similar policies assumed by Repwest during

2001 through 2003, it may take a number of years for claims to be fully reported and finally settled.

On a regular basis, insurance reserve adequacy is reviewed by management to determine if existing assumptions need to be updated. In determining the assumptions for calculating workers' compensation reserves, management considers multiple factors including the following:

- Claimant longevity
- Cost trends associated with claimant treatments
- Changes in ceding entity and third party administrator reporting practices
- Changes in environmental factors including legal and regulatory
- Current conditions affecting claim settlements
- Future economic conditions including inflation

We have reserved each claim based upon the accumulation of current claim costs projected through the claimants' life expectancy, and then adjusted for applicable reinsurance arrangements. Management reviews each claim bi-annually to determine if the estimated life-time claim costs have increased and then adjusts the reserve estimate accordingly at that time. We have factored in an estimate of what the potential cost increases could be in our IBNR liability. We have not assumed settlement of the existing claims in calculating the reserve amount, unless it is in the final stages of completion.

Continued increases in claim costs, including medical inflation and new treatments and medications could lead to future adverse development resulting in additional reserve strengthening. Conversely, settlement of existing claims or if injured workers return to work or expire prematurely, could lead to future positive development.

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. There were no write downs in the third quarter or for the first nine months of fiscal 2014 and 2013.

Income Taxes

AMERCO files a consolidated tax return with all of its legal subsidiaries.

Our 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.

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.

Our 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. We place our temporary cash investments with financial institutions and limit the amount of credit exposure to any one financial institution.

We have mortgage receivables, which potentially expose us to credit risk. The portfolio of notes is principally collateralized by self-storage facilities and commercial properties. We have 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

Our management has evaluated subsequent events occurring after December 31, 2013, the date of our most recent balance sheet, through the date our financial statements were issued. We entered into two new loans and declared a special cash dividend on our common stock please see Note 15, Subsequent Events of the Notes to Condensed Consolidated Financial Statements for a discussion of these events that occurred after December 31, 2013. Other than these new borrowings and the declared cash dividend, we do not believe any other subsequent events have occurred that would require further disclosure or adjustment to our financial statements.

Adoption of New Accounting Pronouncements

In February 2013, the FASB issued Accounting Standards Update (“ASU”) 2013-02, Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income, (“ASU 2013-02”) an amendment to FASB ASC Topic 220. The update requires disclosure of amounts reclassified out of accumulated other comprehensive income by component. In addition, an entity is required to present either on the face of the statement of operations or in the notes, significant amounts reclassified out of accumulated other comprehensive income by the respective line items of net income but only if the amount reclassified is required to be reclassified to net income in its entirety in the same reporting period. For amounts not reclassified in their entirety to net income, an entity is required to cross-reference to other disclosures that provide additional detail about those amounts. This ASU is effective prospectively for the Company’s fiscal years, and interim periods within those years beginning after December 15, 2012. We adopted ASU 2013-02 in the first quarter of fiscal 2014 and it did not 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 December 31, 2013 compared with the Quarter Ended December 31, 2012

Listed below on a consolidated basis are revenues for our major product lines for the third quarter of fiscal 2014 and the third quarter of fiscal 2013:

	Quarter Ended December 31, 2013 2012 (Unaudited) (In thousands)	
Self-moving equipment rentals	\$ 436,207	\$ 394,945
Self-storage revenues	46,120	39,111
Self-moving and self-storage products and service sales	47,045	44,491

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Property management fees	7,133	6,085
Life insurance premiums	39,198	43,248
Property and casualty insurance premiums	12,219	9,816
Net investment and interest income	20,887	22,603
Other revenue	32,537	22,188
Consolidated revenue	\$ 641,346	\$ 582,487

Self-moving equipment rental revenues increased \$41.3 million during the third quarter of fiscal 2014, compared with the third quarter of fiscal 2013. Increased truck and trailer transaction volume is the primary factor for the improvement in revenue. Our ability to serve these additional customers has been made possible through the continued expansion of the rental equipment fleet combined with incremental utilization improvements along with the convenience of additional retail locations.

Self-storage revenues increased \$7.0 million during the third quarter of fiscal 2014, compared with the third quarter of fiscal 2013 with the average monthly amount of occupied square feet increasing by nearly 17%. The growth in revenues and square feet rented comes from a combination of improved occupancy at existing locations as well as the addition of new facilities to the portfolio. Over the last twelve months we have added approximately 2.1 million net rentable square feet to the self-storage portfolio.

Sales of self-moving and self-storage products and services increased \$2.6 million during the third quarter of fiscal 2014, compared with the third quarter of fiscal 2013. Increases were recognized in the sales of moving supplies, propane and towing accessories and related installations.

Life insurance premiums decreased \$4.0 million during the third quarter of fiscal 2014, compared with the third quarter of fiscal 2013 due primarily to reduced life insurance premiums and Medicare supplement premiums.

Property and casualty insurance premiums increased \$2.4 million during the third quarter of fiscal 2014, compared with the third quarter of fiscal 2013 due to increased moving and storage transactions at U-Haul which resulted in additional sales of related insurance products.

Net investment and interest income decreased \$1.7 million during the third quarter of fiscal 2014, compared with the third quarter of fiscal 2013. Gains from mortgage loan holdings decreased at our Moving and Storage operating segment compared with the same period last year. This decrease was somewhat offset by increased investment income from the Life Insurance operating segment due to a larger invested asset base and realized gains compared to the same period last year.

Other revenue increased \$10.3 million during the third quarter of fiscal 2014, compared with the third quarter of fiscal 2013 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 \$641.3 million for the third quarter of fiscal 2014, compared with \$582.5 million for the third quarter of fiscal 2013.

Listed below are revenues and earnings from operations at each of our operating segments for the third quarter of fiscal 2014 and the third quarter of fiscal 2013. The insurance companies' third quarters ended September 30, 2013 and 2012.

	Quarter Ended December 31, 2013 2012 (Unaudited) (In thousands)	
Moving and storage		
Revenues	\$ 578,162	\$ 514,806
Earnings from operations before equity in earnings of subsidiaries	92,173	72,781
Property and casualty insurance		
Revenues	15,228	11,865
Earnings from operations	5,716	2,062
Life insurance		
Revenues	53,152	56,766
Earnings from operations	8,229	7,181
Eliminations		
Revenues	(5,196)	(950)
Earnings from operations before equity in earnings of subsidiaries	(145)	(78)
Consolidated results		
Revenues	641,346	582,487
Earnings from operations	105,973	81,946

Total costs and expenses increased \$34.8 million during the third quarter of fiscal 2014, compared with the third quarter of fiscal 2013. Operating expenses for the Moving and Storage operating segment increased \$29.2 million with a significant portion of this coming from spending on personnel, rental equipment maintenance and operating costs associated with the U-Box program. Commission expenses increased in relation to the associated revenues. Depreciation expense, net of gains on disposal, increased \$8.4 million while lease expense decreased \$3.1 million as a result of the Company's shift in financing new equipment on the balance sheet rather than through operating leases.

As a result of the above mentioned changes in revenues and expenses, earnings from operations increased to \$106.0 million for the third quarter of fiscal 2014, compared with \$81.9 million for the third quarter of fiscal 2013.

Interest expense for the third quarter of fiscal 2014 was \$23.6 million, compared with \$22.1 million for the third quarter of fiscal 2013 due to an increase in average borrowings partially offset by a decrease in average borrowing costs.

Income tax expense was \$30.1 million for the third quarter of fiscal 2014, compared with \$23.0 million for the third quarter of fiscal 2013.

As a result of the above mentioned items, earnings available to common shareholders were \$52.2 million for the third quarter of fiscal 2014, compared with \$36.8 million for the third quarter of fiscal 2013.

Basic and diluted earnings per share for the third quarter of fiscal 2014 were \$2.67, compared with \$1.89 for the third quarter of fiscal 2013.

The weighted average common shares outstanding basic and diluted were 19,563,663 for the third quarter of fiscal 2014, compared with 19,523,794 for the third quarter of fiscal 2013.

Moving and Storage

Quarter Ended December 31, 2013 compared with the Quarter Ended December 31, 2012

Listed below are revenues for the major product lines at our Moving and Storage operating segment for the third quarter of fiscal 2014 and the third quarter of fiscal 2013:

	Quarter Ended	
	December 31, 2013	2012
	(Unaudited)	
	(In thousands)	
Self-moving equipment rentals	\$ 437,117	\$ 395,401
Self-storage revenues	46,120	39,111
Self-moving and self-storage products and service sales	47,045	44,491
Property management fees	7,133	6,085
Net investment and interest income	5,165	8,003
Other revenue	35,582	21,715
Moving and Storage revenue	\$ 578,162	\$ 514,806

Self-moving equipment rental revenues increased \$41.7 million during the third quarter of fiscal 2014, compared with the third quarter of fiscal 2013. Increased truck and trailer transaction volume is the primary factor for the improvement in revenue. Our ability to serve these additional customers has been made possible through the continued expansion of the rental equipment fleet combined with incremental utilization improvements along with the convenience of additional retail locations.

Self-storage revenues increased \$7.0 million during the third quarter of fiscal 2014, compared with the third quarter of fiscal 2013, with the average monthly amount of occupied square feet increasing by nearly 17%. The growth in revenues and occupancy comes from a combination of improved occupancy at existing locations as well as the addition of new facilities to the portfolio. Over the last twelve months we have added approximately 2.1 million net rentable square feet to the self-storage portfolio.

Sales of self-moving and self-storage products and services increased \$2.6 million during the third quarter of fiscal 2014, compared with the third quarter of fiscal 2013. Increases were recognized in the sales of moving supplies, propane and towing accessories and related installations.

Net investment and interest income decreased \$2.8 million during the third quarter of fiscal 2014, compared with the third quarter of fiscal 2013. Gains from mortgage loan holdings decreased at our Moving and Storage operating segment compared with the same period last year.

Other revenue increased \$13.9 million during the third quarter of fiscal 2014, compared with the third quarter of fiscal 2013 primarily from the expansion of new business initiatives including our U-BoxTM 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	
	December 31,	
	2013	2012
	(Unaudited)	
	(In thousands,	
	except	
	occupancy	
	rate)	
Room count as of December 31	203	183
Square footage as of December 31	17,793	15,648
Average monthly number of rooms occupied	161	141
Average monthly occupancy rate based on room count	80.0%	78.1%
Average monthly square footage occupied	14,290	12,249

Total costs and expenses increased \$44.0 million during the third quarter of fiscal 2014, compared with the third quarter of fiscal 2013. Operating expenses increased \$29.2 million with a significant portion of this coming from spending on personnel, rental equipment maintenance as well as from operating costs associated with the U-Box program. Commission expenses increased in relation to the associated revenues. Depreciation expense increased \$8.5 million and gains from the disposal of property, plant and equipment increased \$0.1 million. Conversely, lease expense decreased \$3.1 million as a result of the Company's continued trend in financing new equipment on the balance sheet rather than through operating leases.

As a result of the above mentioned changes in revenues and expenses, earnings from operations for the Moving and Storage operating segment before consolidation of the equity in the earnings of the insurance subsidiaries, increased to \$92.2 million for the third quarter of fiscal 2014, compared with \$72.8 million for the third quarter of fiscal 2013.

Equity in the earnings of AMERCO's insurance subsidiaries was \$9.3 million and \$5.6 million for the third quarter of fiscal 2014 and 2013, respectively.

As a result of the above mentioned changes in revenues and expenses, earnings from operations increased to \$101.5 million for the third quarter of fiscal 2014, compared with \$78.4 million for the third quarter of fiscal 2013.

Property and Casualty Insurance

Quarter Ended September 30, 2013 compared with the Quarter Ended September 30, 2012

Net premiums were \$12.2 million and \$9.8 million for the third quarters ended September 30, 2013 and 2012, respectively. The increase corresponded with the increased moving and storage transactions at U-Haul.

Net investment income was \$3.0 million and \$2.0 million for the third quarters ended September 30, 2013 and 2012, respectively. The increase was due to \$0.5 million gain on disposals in 2013 and \$0.5 million increase in fixed maturity income due to an increase in invested assets.

Net operating expenses were \$5.2 million and \$6.9 million for the third quarters ended September 30, 2013 and 2012, respectively. The prior year included charges associated with the termination of a reinsurance contract.

Benefits and losses incurred were \$4.3 million and \$2.9 million for the third quarters ended September 30, 2013 and 2012, respectively. The change was primarily due to an increase in assumed reserves on existing reinsurance contracts.

As a result of the above mentioned changes in revenues and expenses, pretax earnings from operations were \$5.7 million and \$2.1 million for the third quarters ended September 30, 2013 and 2012, respectively.

Life Insurance

Quarter Ended September 30, 2013 compared with the Quarter Ended September 30, 2012

Net premiums were \$39.2 million and \$43.2 million for the quarters ended September 30, 2013 and 2012, respectively. Medicare supplement premiums decreased \$2.8 million due to a reduction of the in force business. Life premiums decreased \$0.6 million from the reduced sales of single premium whole life insurance and lower premiums from the assumed reinsurance blocks.

Net investment income was \$12.9 million and \$12.7 million for the quarters ended September 30, 2013 and 2012, respectively. There was an increase of \$1.5 million of investment income due to a larger invested asset base offset by a decrease in realized gains of \$1.2 million compared to the same period last year.

Net operating expenses were \$6.1 million and \$6.5 million for the quarters ended September 30, 2013 and 2012, respectively. The variance was due to a reduction in commissions and premium taxes.

Benefits and losses incurred were \$34.3 million and \$39.7 million for the quarter ended September 30, 2013 and 2012, respectively. Life and immediate annuity benefits decreased \$2.0 million primarily due to a reduction in reserves from reduced sales. Medicare supplement incurred benefits decreased by \$3.1 million from a reduction of policies in force and an improved benefit ratio.

Amortization of deferred acquisition costs (“DAC”), sales inducement asset (“SIA”) and the value of business acquired (“VOBA”) was \$4.5 million and \$3.4 million for the quarters ended September 30, 2013 and 2012, respectively. The variance was primarily a result of increased amortization of annuity DAC and SIA due to the increased in force business.

As a result of the above mentioned changes in revenues and expenses, pretax earnings from operations were \$8.2 million and \$7.2 million for the quarters ended September 30, 2013 and 2012, respectively.

AMERCO and Consolidated Entities

Nine Months Ended December 31, 2013 compared with the Nine Months Ended December 31, 2012

Listed below on a consolidated basis are revenues for our major product lines for the first nine months of fiscal 2014 and the first nine months of fiscal 2013:

	Nine Months Ended December 31,	
	2013	2012
	(Unaudited)	
	(In thousands)	
Self-moving equipment rentals	\$ 1,556,787	\$ 1,400,300
Self-storage revenues	133,791	111,825
Self-moving and self-storage products and service sales	183,115	173,399
Property management fees	17,586	15,847
Life insurance premiums	119,708	137,341
Property and casualty insurance premiums	31,052	26,006
Net investment and interest income	59,836	52,973
Other revenue	122,793	76,589
Consolidated revenue	\$ 2,224,668	\$ 1,994,280

Self-moving equipment rental revenues increased \$156.5 million during the first nine months of fiscal 2014, compared with the first nine months of fiscal 2013. Increased truck and trailer transaction volume is the primary factor for the improvement in revenue. Our ability to serve these additional customers has been made possible through the continued expansion of the rental equipment fleet combined with incremental utilization improvements along with the convenience of additional retail locations.

Self-storage revenues increased \$22.0 million during the first nine months of fiscal 2014, compared with the first nine months of fiscal 2013. Average monthly occupancy during the first nine months of fiscal 2014 increased by 2.2 million square feet compared to the same period last year. These occupancy gains have come from a combination of improvements at existing locations, as well as the acquisition of new facilities. Over the last twelve months, we have added approximately 2.1 million net rentable square feet with 1.8 million of that being added during the first nine months of fiscal 2014.

Sales of self-moving and self-storage products and services increased \$9.7 million during the first nine months of fiscal 2014, compared with the first nine months of fiscal 2013. Increases were recognized in the sales of moving supplies, propane and towing accessories and related installations.

Life insurance premiums decreased \$17.6 million during the first nine months of fiscal 2014, compared with the first nine months of fiscal 2013, primarily attributable to decreases in life insurance premiums and Medicare supplement premiums.

Property and casualty insurance premiums increased \$5.0 million during the first nine months of fiscal 2014, compared with the first nine months of fiscal 2013, primarily from policies sold in conjunction with U-Haul rental

transactions. As moving transactions have increased this year so have the related premiums.

Net investment and interest income increased \$6.9 million during the first nine months of fiscal 2014, compared with the first nine months of fiscal 2013. The Life Insurance operating segment recognized increased investment income due to a larger invested asset base and realized gains compared to the same period last year, which was offset by a decrease in gains on mortgage loan holdings in our Moving and Storage operating segment compared with the same period last year.

Other revenue increased \$46.2 million during the first nine months of fiscal 2014, compared with the first nine months of fiscal 2013 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 \$2,224.7 million for the first nine months of fiscal 2014, as compared with \$1,994.3 million for the first nine months of fiscal 2013.

Listed below are revenues and earnings from operations at each of our operating segments for the first nine months of fiscal 2014 and the first nine months of fiscal 2013. The insurance companies' first nine months ended September 30, 2013 and 2012.

	Nine Months Ended December 31, 2013 2012 (Unaudited) (In thousands)	
Moving and storage		
Revenues	\$2,034,764	\$1,793,224
Earnings from operations before equity in earnings of subsidiaries	512,290	407,567
Property and casualty insurance		
Revenues	39,001	32,521
Earnings from operations	16,517	6,991
Life insurance		
Revenues	162,604	171,132
Earnings from operations	19,831	12,807
Eliminations		
Revenues	(11,701)	(2,597)
Earnings from operations before equity in earnings of subsidiaries	(323)	(218)
Consolidated results		
Revenues	2,224,668	1,994,280
Earnings from operations	548,315	427,147

Total costs and expenses increased \$109.2 million during the first nine months of fiscal 2014, compared with the first nine months of fiscal 2013. Operating expenses for the Moving and Storage operating segment increased \$101.7 million primarily from spending on personnel, rental equipment maintenance and operating costs associated with the U-Box program. Commission expenses increased in relation to the associated revenues. Depreciation expense, net of gains on disposal, increased \$14.0 million while lease expense decreased \$12.7 million as a result of the Company's shift in financing new equipment on the balance sheet rather than through operating leases.

As a result of the above mentioned changes in revenues and expenses, earnings from operations increased to \$548.3 million for the first nine months of fiscal 2014, as compared with \$427.1 million for the first nine months of fiscal 2013.

Interest expense for the first nine months of fiscal 2014 was \$70.1 million, compared with \$67.7 million for the first nine months of fiscal 2013 due to an increase in average borrowings partially offset by a decrease in average borrowing costs.

Income tax expense was \$175.1 million for the first nine months of fiscal 2014, compared with \$132.6 million for first nine months of fiscal 2013 due to higher pretax earnings for the first nine months of fiscal 2014.

Basic and diluted earnings per common share for the first nine months of fiscal 2014 were \$15.50, compared with \$11.62 for the first nine months of fiscal 2013.

The weighted average common shares outstanding basic and diluted were 19,554,641 for the first nine months of fiscal 2014, compared with 19,512,974 for the first nine months of fiscal 2013.

Moving and Storage

Nine Months Ended December 31, 2013 compared with the Nine Months Ended December 31, 2012

Listed below are revenues for the major product lines at our Moving and Storage operating segment for the first nine months of fiscal 2014 and the first nine months of fiscal 2013:

	Nine Months Ended December 31, 2013 2012 (Unaudited) (In thousands)	
Self-moving equipment rentals	\$1,558,857	\$1,401,483
Self-storage revenues	133,791	111,825
Self-moving and self-storage products and service sales	183,115	173,399
Property management fees	17,586	15,847
Net investment and interest income	11,948	15,038
Other revenue	129,467	75,632
Moving and Storage revenue	\$2,034,764	\$1,793,224

Self-moving equipment rental revenues increased \$157.4 million during the first nine months of fiscal 2014, compared with the first nine months of fiscal 2013. Increased truck and trailer transaction volume is the primary factor for the improvement in revenue. Our ability to serve these additional customers has been made possible through the continued expansion of the rental equipment fleet combined with incremental utilization improvements along with the convenience of additional retail locations.

Self-storage revenues increased \$22.0 million during the first nine months of fiscal 2014, compared with the first nine months of fiscal 2013 due primarily to an increase in the number of rooms rented. Average monthly occupancy during the first nine months of fiscal 2014 increased by 2.2 million square feet compared to the same period last year. These occupancy gains have come from a combination of improvements at existing locations as well as the acquisition of new facilities. Over the last twelve months, we have added approximately 2.1 million net rentable square feet with 1.8 million of that during the first nine months of fiscal 2014.

Sales of self-moving and self-storage products and services increased \$9.7 million during the first nine months of fiscal 2014, compared with the first nine months of fiscal 2013. Increases were recognized in the sales of moving supplies, propane and towing accessories and related installations.

Net investment and interest income decreased \$3.1 million during the first nine months of fiscal 2014, compared with the first nine months of fiscal 2013. Gains from mortgage loan holdings decreased at our Moving and Storage operating segment compared with the same period last year and interest income related to the SAC Holdings notes decreased compared to the same period last year. In June 2013, SAC Holdings made a \$10.4 million payment to AMERCO reducing its total outstanding obligations to the Company.

Other revenue increased \$53.8 million during the first nine months of fiscal 2014, compared with the first nine months of fiscal 2013 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:

	Nine Months Ended December 31, 2013 2012 (Unaudited) (In thousands, except occupancy rate)	
Room count as of December 31	203	183
Square footage as of December 31	17,793	15,648
Average monthly number of rooms occupied	159	138
Average monthly occupancy rate based on room count	80.9%	79.1%
Average monthly square footage occupied	14,016	11,795

Total costs and expenses increased \$136.8 million during the first nine months of fiscal 2014, compared with the first nine months of fiscal 2013. Operating expenses increased \$101.7 million primarily coming from spending on personnel, rental equipment maintenance and operating costs associated with the U-Box program. Commission expenses increased in relation to the associated revenues. Depreciation expense increased \$21.9 million and gains from the disposal of property, plant and equipment increased by \$8.0 million. Lease expense decreased \$12.7 million as a result of the Company's continued trend in financing new equipment on the balance sheet rather than through operating leases.

As a result of the above mentioned changes in revenues and expenses, earnings from operations for the Moving and Storage operating segment before consolidation of the equity in the earnings of the insurance subsidiaries increased to \$512.3 million for the first nine months of fiscal 2014, compared with \$407.6 million for the first nine months of fiscal 2013.

Equity in the earnings of AMERCO's insurance subsidiaries was \$23.9 million for the first nine months of fiscal 2014, compared with \$12.9 million for the first nine months of fiscal 2013.

As a result of the above mentioned changes in revenues and expenses, earnings from operations increased to \$536.2 million for the first nine months of fiscal 2014, compared with \$420.5 million for the first nine months of fiscal 2013.

Property and Casualty Insurance

Nine Months Ended September 30, 2013 compared with the Nine Months Ended September 30, 2012

Net premiums were \$31.1 million and \$26.0 million for the nine months ended September 30, 2013 and 2012, respectively. The increase corresponded with the increased moving and storage transactions at U-Haul.

Net investment income was \$7.9 million and \$6.5 million for the nine months ended September 30, 2013 and 2012, respectively. The increase was due to a \$0.7 million increase in gains on the sale of investments in 2013 and a \$0.7 million increase in fixed maturity income due to an increase in invested assets.

Net operating expenses were \$13.7 million and \$14.7 million for the nine months ended September 30, 2013 and 2012, respectively. The decrease was a result of a \$3.9 million charge related to a reinsurance contract in 2012, offset by an increase in commission expense.

Benefits and losses incurred were \$8.7 million and \$10.8 million for the nine months ended September 30, 2013 and 2012, respectively. The decrease was primarily due to favorable development in the additional liability line of business which resulted in lower reserves.

As a result of the above mentioned changes in revenues and expenses, pretax earnings from operations were \$16.5 million and \$7.0 million for the nine months ended September 30, 2013 and 2012, respectively.

Life Insurance

Nine Months Ended September 30, 2013 compared with the Nine Months Ended September 30, 2012

Net premiums were \$119.7 million and \$137.3 million for the nine months ended September 30, 2013 and 2012, respectively. Life premiums decreased \$6.1 million primarily due to a reduction in new sales of our single premium whole life product, assumed blocks and a prior year one time increase driven by the recapture of a pre-need block of business. Single premium immediate annuity premiums decreased by \$3.8 million from discontinued sales while considerations received from supplementary contracts increased \$0.7 million. Medicare supplement premiums decreased by \$8.4 million compared to the prior year. Annuity deposits decreased by \$149.0 million; these are accounted for on the balance sheet as deposits rather than premiums.

Net investment income was \$40.4 million and \$31.7 million for the nine months ended September 30, 2013 and 2012, respectively. There was an increase of \$7.1 million of investment income due to a larger invested asset base. Additionally, a \$1.5 million increase in realized gains was recognized on the sale of investments.

Net operating expenses were \$18.1 million and \$20.4 million for the nine months ended September 30, 2013 and 2012, respectively. The variance was primarily due to reduced Medicare supplement and single premium immediate annuity commissions. A reduction in administrative costs and premium tax expenses has contributed to the variance as well.

Benefits and losses incurred were \$110.5 million and \$128.6 million for the nine months ended September 30, 2013 and 2012, respectively. A decrease of \$7.6 million in life benefits was primarily a result of reduced reserves due to lower sales of single premium whole life product and a prior year one time reserve increase from the recapture of a pre-need block of business. Reserves associated with annuity contracts declined \$1.8 million. Medicare supplement benefits decreased by \$10.7 million due to reduced policies in force and lower benefit ratios. Interest credited to policyholders increased \$2.9 million as a result of a larger annuity account value.

Amortization of DAC, SIA and VOBA was \$14.2 million and \$9.3 million for the nine months ended September 30, 2013 and 2012, respectively. The increase over the prior year was primarily a result of increased amortization of annuity DAC and SIA due to the increased in force business as well as older annuity blocks.

As a result of the above mentioned changes in revenues and expenses, pretax earnings from operations were \$19.8 million and \$12.8 million for the nine months ended September 30, 2013 and 2012, 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 between fiscal years 2016 and 2019. 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 and liquidity resources will be sufficient to meet our outstanding debt obligations and our other future capital needs.

At December 31, 2013, cash and cash equivalents totaled \$601.6 million, compared with \$463.7 million on March 31, 2013. 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 December 31, 2013 (or as otherwise indicated), cash and cash equivalents, other financial assets (receivables, short-term investments, other investments, fixed maturities, and related party assets) and debt obligations of each operating segment were:

	Moving & Storage (Unaudited) (In thousands)	Property and Casualty Insurance (a)	Life Insurance (a)
Cash and cash equivalents	\$571,420	\$5,601	\$24,594
Other financial assets	236,349	413,469	1,128,135
Debt obligations	1,862,869	—	—

(a) As of September 30, 2013

At December 31, 2013, our Moving and Storage operating segment had additional cash available under existing credit facilities of \$75.0 million.

Net cash provided by operating activities decreased \$15.0 million in the first nine months of fiscal 2014 compared with fiscal 2013 primarily due to repayments of \$127.3 million of the notes and interest receivables with SAC Holdings in fiscal 2013 that did not recur this year. Excluding this amount, operating cash flows increased by \$112.3 million due largely to an increase in net earnings.

Net cash used in investing activities increased \$63.5 million in the first nine months of fiscal 2014, compared with fiscal 2013. Purchases of property, plant and equipment, which are reported net of cash from leases, increased \$210.1 million. Cash from the sales of property, plant and equipment increased \$47.2 million largely due to an increase in truck sales. The Life Insurance operating segment had a decrease in net cash used for investing of \$122.9 million due to a decline in new annuity deposits.

Net cash provided by financing activities decreased \$13.4 million in the first nine months of fiscal 2014, as compared with fiscal 2013. Net annuity deposits at the Life Insurance operating segment decreased \$160.1 million and principal and capital lease payments increased \$23.0 million in the first nine months of fiscal 2014. Conversely, cash from new borrowings increased \$71.7 million in fiscal 2014 compared to fiscal 2013. Additionally, the first nine months of fiscal 2013 included a \$97.4 million common stock dividend payment with no similar dividend payment during the first nine months of fiscal 2014.

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 2014, we will reinvest in our truck and trailer rental fleet approximately \$470 million, net of equipment sales excluding any lease buyouts. Through the

first nine months of fiscal 2014, we have invested, net of sales, approximately \$309 million of this projected amount before any lease buyouts in our truck and trailer fleet. Fleet investments in fiscal 2014 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 2014 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. Our 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. We are funding these development projects through construction loans and internally generated funds. For the first nine months of fiscal 2014, we invested approximately \$256 million in real estate acquisitions, new construction and renovation and repair. For the remainder of fiscal 2014, 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 and lease proceeds) were \$476.2 million and \$255.9 million for the first nine months of fiscal 2014 and 2013, respectively. The components of our net capital expenditures are provided in the following table:

	Nine Months Ending December 31,	
	2013	2012
	(Unaudited)	
	(In thousands)	
Purchases of rental equipment	\$ 512,414	\$ 421,912
Equipment lease buyouts	33,920	49,874
Purchases of real estate, construction and renovations	256,444	130,331
Other capital expenditures	42,484	33,058
Gross capital expenditures	845,262	635,175
Less: Lease proceeds	(154,969)	(212,335)
Less: Sales of property, plant and equipment	(214,078)	(166,904)
Net capital expenditures	476,215	255,936

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 marketplace 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, our Property and Casualty Insurance operating segment's assets are generally not available to satisfy the claims of AMERCO or its legal subsidiaries.

We believe that stockholders equity at the Property and Casualty operating segment remains sufficient and we do not believe that its ability to pay ordinary dividends to AMERCO will be restricted per state regulations.

Our Property and Casualty operating segment stockholder's equity was \$144.6 million and \$136.9 million at September 30, 2013 and December 31, 2012, respectively. The increase resulted from net earnings of \$10.7 million and a decrease in other comprehensive income of \$3.0 million. Our Property and Casualty Insurance operating segment 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

Our Life Insurance operating segment manages its financial assets to meet policyholder and other obligations including investment contract withdrawals and deposits. Our Life Insurance operating segment's net deposits for the nine months ended September 30, 2013 were \$85.5 million. State insurance regulations restrict the amount of dividends that can be paid to stockholders of insurance companies. As a result, our Life Insurance's operating segment funds are generally not available to satisfy the claims of AMERCO or its legal subsidiaries.

Our Life Insurance operating segment's stockholder's equity was \$228.2 million and \$242.7 million at September 30, 2013 and December 31, 2012, respectively. The decrease resulted from net earnings of \$13.1 million and a decrease in other comprehensive income of \$27.6 million. Our Life Insurance operating segment has not historically used 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 \$530.7 million and \$580.9 million for the first nine months of fiscal 2014 and 2013, respectively primarily due to repayments of \$127.3 million of the notes and interest receivables with SAC Holdings in fiscal 2013 that did not recur this year. Excluding this prior year repayment, operating cash flows increased \$77.1 million largely due to an increase in net earnings.

Property and Casualty Insurance

Net cash provided by operating activities were \$7.0 million and \$4.2 million for the first nine months ended September 30, 2013 and 2012, respectively. The increase in cash provided was primarily due to an increase in premium income.

Our Property and Casualty Insurance operating segment's cash, cash equivalents and short-term investment portfolio amounted to \$21.9 million and \$45.2 million at September 30, 2013 and December 31, 2012, 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 our Property and Casualty Insurance operating segment to schedule cash needs in accordance with investment and underwriting proceeds.

Life Insurance

Net cash provided (used) by operating activities were \$23.6 million and (\$8.8) million for the first nine months ended September 30, 2013 and 2012, respectively. The increase in cash provided was primarily attributable to the decrease in commission expense from the reduction in annuity sales and the increase in net investment income from the increased investment asset base.

In addition to cash flows from operating activities and financing activities, a substantial amount of liquid funds are available through our Life Insurance operating segment's short-term portfolio. At September 30, 2013 and December 31, 2012, cash, cash equivalents and short-term investments amounted to \$43.5 million and \$34.6 million, respectively. Management believes that the overall sources of liquidity are adequate to meet foreseeable cash needs.

Liquidity and Capital Resources - Summary

We believe we have the financial resources needed to meet our business plans including our working capital needs. We continue to hold significant cash and have access to existing credit facilities and additional liquidity to meet our anticipated capital expenditure requirements for investment in our rental fleet, rental equipment and self-storage expansion.

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 contains 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 credit facilities to meet the current and expected needs of the Company over the next several years. At December 31, 2013, we had cash availability under existing credit facilities of \$75.0 million. It is possible that circumstances beyond our control could alter the ability of the financial institutions to lend us the unused lines of credit. 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

Assets and liabilities recorded at fair value on the condensed consolidated balance sheets and are 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 December 31, 2013, we had \$1.1 million of available-for-sale assets classified in Level 3.

The interest rate swaps held by us 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 Disclosures About Contractual Obligations and Commercial Commitments 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, 2013.

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.

We utilize operating leases for certain rental equipment and facilities with terms expiring substantially through 2020. In the event of a shortfall in proceeds from the sales of the underlying rental equipment assets, we have guaranteed \$96.9 million of residual values at December 31, 2013 for these assets at the end of their respective lease terms. We have 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 our

minimum lease payments and residual value guarantees were \$226.3 million at December 31, 2013.

Historically, we have 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, we will continue to identify and consider off-balance sheet opportunities to the extent such arrangements would be economically advantageous to us and our stockholders.

We currently manage 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 we receive a management fee of between 4% and 10% of the gross receipts plus reimbursement for certain expenses. We received management fees, exclusive of reimbursed expenses, of \$20.8 million and \$19.1 million from the above mentioned entities during the first nine months of fiscal 2014 and 2013, respectively. This management fee is consistent with the fee received for other properties we previously managed for third parties. SAC Holdings, 4 SAC, 5 SAC, Galaxy and Private Mini are substantially controlled by Blackwater. Blackwater is wholly-owned by Mark V. Shoen, a significant stockholder of AMERCO. Mercury is substantially controlled by Mark V. Shoen. James P. Shoen, a significant stockholder and director of AMERCO and an estate planning trust benefitting Shoen children also have an interest in Mercury.

We lease 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 \$2.0 million in the first nine months of both fiscal 2014 and 2013. The terms of the leases are similar to the terms of leases for other properties owned by unrelated parties that are leased to us.

At December 31, 2013, 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 our other independent dealers whereby commissions are paid by us based on equipment rental revenues. We paid the above mentioned entities \$39.7 million and \$34.6 million in commissions pursuant to such dealership contracts during the first nine months of fiscal 2014 and 2013, respectively.

During the first nine months of fiscal 2014, subsidiaries of ours held various junior unsecured notes of SAC Holdings. Substantially all of the equity interest of SAC Holdings is controlled by Blackwater. We do not have an equity ownership interest in SAC Holdings. We recorded interest income of \$5.4 million and \$6.4 million, and received cash interest payments of \$15.6 million and \$10.7 million, from SAC Holdings during the first nine months of fiscal 2014 and 2013, respectively. The largest aggregate amount of notes receivable outstanding during the first nine months of fiscal 2014 was \$72.4 million and the aggregate notes receivable balance at December 31, 2013 was \$71.7 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 2017 and 2019.

These agreements along with notes with subsidiaries of SAC Holdings, 4 SAC, 5 SAC, Galaxy and Private Mini, excluding Dealer Agreements, provided revenues of \$23.5 million, expenses of \$2.0 million and cash flows of \$36.5 million during the first nine months of fiscal 2014. Revenues and commission expenses related to the Dealer Agreements were \$181.5 million and \$39.7 million, respectively during the first nine months of fiscal 2014.

Fiscal 2014 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 our operational 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 due to unforeseen events including the continuation of adverse economic conditions or heightened competition that is beyond our control.

With respect to our storage business, we have added new locations and expanded at existing locations. In fiscal 2014, we are actively looking to acquire new locations, 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. We will continue to invest capital and resources in the U-Box program throughout fiscal 2014.

Our 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, Safemove Plus, Safestor and Safestor Mobile protection packages to U-Haul customers.

Our 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 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, 2013, as well as the following: our ability to operate pursuant to the terms of our credit facilities; our ability to maintain contracts that are critical to our operations; the costs and availability of financing; our ability to execute our business plan; our 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 us; changes in accounting standards and other factors described in this Quarterly Report or the other documents we file with the SEC. The above factors, the following disclosures, as well as other statements in this Quarterly 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 us that such matters will be realized. We assume 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 and one variable rate operating lease. We have used interest rate swap agreements and forward swaps to reduce our exposure to changes in interest rates. We enter 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
\$ 226,666	\$ (33,185)	8/18/2006	8/10/2018	5.43%	1 Month LIBOR
9,250	(51)	2/12/2007	2/10/2014	5.24%	1 Month LIBOR
6,196	(56)	3/12/2007	3/10/2014	4.99%	1 Month LIBOR
6,200	(73)	3/12/2007	3/10/2014	4.99%	1 Month LIBOR
7,400	(a) (327)	8/15/2008	6/15/2015	3.62%	1 Month LIBOR
7,285	(371)	8/29/2008	7/10/2015	4.04%	1 Month LIBOR
11,317	(663)	9/30/2008	9/10/2015	4.16%	1 Month LIBOR
6,101	(a) (211)	3/30/2009	3/30/2016	2.24%	1 Month LIBOR
7,125	(a) (241)	8/15/2010	7/15/2017	2.15%	1 Month LIBOR
15,625	(a) (538)	6/1/2011	6/1/2018	2.38%	1 Month LIBOR
30,000	(a) (483)	8/15/2011	8/15/2018	1.86%	1 Month LIBOR
12,250	(a) (161)	9/12/2011	9/10/2018	1.75%	1 Month LIBOR
12,665	(b) 7	3/28/2012	3/28/2019	1.42%	1 Month LIBOR
18,750	109	4/16/2012	4/1/2019	1.28%	1 Month LIBOR
36,000	782	1/15/2013	12/15/2019	1.07%	

1 Month
LIBOR

- (a) forward swap
- (b) operating lease

As of December 31, 2013, we had \$530.9 million of variable rate debt obligations and \$12.7 million of a variable rate operating lease. 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 \$1.3 million annually (after consideration of the effect of the above derivative contracts).

Additionally, our insurance subsidiaries' fixed income investment portfolios expose us 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 5.7% and 6.2% of our revenue was generated in Canada during the first nine months of fiscal 2014 and 2013, 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 Quarterly Report are certifications of our 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 the section, 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 Quarterly Report. 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 Quarterly Report, 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 our 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 Quarterly Report, our Disclosure Controls were effective related to the above stated design purposes.

Inherent Limitations on the Effectiveness of Controls

The Company's management, including our 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 recently completed 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

Not applicable.

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, 2013.

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

Not applicable.

Item 3. Defaults upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosure

Not applicable.

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 Current Report on Form 8-K, filed on September 5, 2013, file no. 1-11255

3.2

Restated Bylaws of AMERCO

Incorporated by reference to AMERCO's Current Report on Form 8-K ,filed on September 5, 2013, file no. 1-11255

4.1

Twenty-third Supplemental Indenture, dated November 26, 2013 by and between AMERCO and U.S. Bank National Association

Incorporated by reference to AMERCO's Current Report on Form 8-K, filed on November 26, 2013, file no. 1-11255

10.1

Amended and Restated Property Management Agreement among Three-A SAC Self-Storage Corporation and subsidiaries of U-Haul International, Inc.

Incorporated by reference to AMERCO's Current Report on Form 8-K, filed on October 4, 2013, file no. 1-11255

10.2

Amended and Restated Property Management Agreement among Three-B SAC Self-Storage Corporation and subsidiaries of U-Haul International, Inc.

Incorporated by reference to AMERCO's Current Report on Form 8-K, filed on October 4, 2013, file no. 1-11255

10.3

Amended and Restated Property Management Agreement among Three-C SAC Self-Storage Corporation and subsidiaries of U-Haul International, Inc.

Incorporated by reference to AMERCO's Current Report on Form 8-K, filed on October 4, 2013, file no. 1-11255

10.4

Amended and Restated Property Management Agreement among Three-D SAC Self-Storage Corporation and subsidiaries of U-Haul International, Inc.

Incorporated by reference to AMERCO's Current Report on Form 8-K, filed on October 4, 2013, file no. 1-11255

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10.5	Amended and Restated Property Management Agreement among Galaxy One SAC Self-Storage Corporation and subsidiaries of U-Haul International, Inc.	Incorporated by reference to AMERCO's Current Report on Form 8-K, filed on October 4, 2013, file no. 1-11255
31.1	Rule 13a-14(a)/15d-14(a) Certificate of Edward J. Shoen, President and Chairman of the Board of AMERCO	Filed herewith
31.2	Rule 13a-14(a)/15d-14(a) Certificate of Jason A. Berg, Principal Financial Officer and Chief Accounting Officer of AMERCO	Filed herewith
32.1	Certificate of Edward J. Shoen, President and Chairman of the Board of AMERCO pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Furnished herewith
32.2	Certificate of Jason A. Berg, Principal Financial Officer and Chief Accounting Officer of AMERCO pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Furnished herewith
101.INS	XBRL Instance Document	Filed herewith
101.SCH	XBRL Taxonomy Extension Schema	Filed herewith
101.CAL	XBRL Taxonomy Extension Calculation Linkbase	Filed herewith
101.LAB	XBRL Taxonomy Extension Label Linkbase	Filed herewith
101.PRE	XBRL Taxonomy Extension Presentation Linkbase	Filed herewith
101.DEF	XBRL Taxonomy Extension Definition Linkbase	Filed herewith

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
February /s/ Edward J. Shoen
5, 2014

Edward J. Shoen

President and
Chairman of the
Board

(Duly Authorized
Officer)

Date February 5, 2014 /s/ Jason A.
Berg
Jason A. Berg

Chief
Accounting
Officer

(Principal
Financial
Officer)

