AMERCO /NV/
Form 10-Q
November 04, 2015

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

(Mark One)

[x]QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

For the quarterly period ended September 30, 2015

or

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

For the transition period from __________________ to __________________

Commission File Number	Registrant, State of Incorporation, Address and Telephone Number	I.R.S. Employer Identification No.
1-11255	AMERCO (A Nevada Corporation) 5555 Kietzke Lane, Ste. 100 Reno, Nevada 89511 Telephone (775) 688-6300	88-0106815

N/A
(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [x] 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 [x] 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 [x]   Accelerated filer [ ]

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 [x]

19,607,788 shares of AMERCO Common Stock, $0.25 par value, were outstanding at November 1, 2015

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Part i Financial information

ITEM 1. Financial Statements

AMERCO AND CONSOLIDATED ENTITIES

CONDENSED CONSOLIDATED balance sheets

	September 30, 2015	March 31, 2015
	(Unaudited)	
	(In thousands, except share data)	
ASSETS		
Cash and cash equivalents	$961,647	$441,850
Reinsurance recoverables and trade receivables, net	176,128	189,869
Inventories, net	72,022	69,472
Prepaid expenses	51,961	126,296
Investments, fixed maturities and marketable equities	1,360,780	1,304,962
Investments, other	330,233	268,720
Deferred policy acquisition costs, net	125,052	115,422
Other assets	93,508	106,157
Related party assets	83,917	141,790
	3,255,248	2,764,538
Property, plant and equipment, at cost:		
Land	521,964	467,482
Buildings and improvements	1,930,042	1,728,033
Furniture and equipment	370,557	355,349
Rental trailers and other rental equipment	458,472	436,642
Rental trucks	3,085,800	3,059,987
	6,366,835	6,047,493
Less: Accumulated depreciation	(2,021,538)	(1,939,856)
Total property, plant and equipment	4,345,297	4,107,637
Total assets	$7,600,545	$6,872,175
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Accounts payable and accrued expenses	$508,453	$496,370
Notes, loans and leases payable	2,483,190	2,190,869
Policy benefits and losses, claims and loss expenses payable	1,072,884	1,062,188
Liabilities from investment contracts	810,474	685,745
Other policyholders' funds and liabilities	11,683	7,764
Deferred income	20,333	18,081
Deferred income taxes	549,910	526,799
Total liabilities	5,456,927	4,987,816
Commitments and contingencies (notes 4, 8 and 9)		
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 September 30 and March 31, 2015	–	–
Series B preferred stock, with no par value, 100,000 shares authorized; none		
issued and outstanding as of September 30 and March 31, 2015	–	–
Series common stock, with or without par value, 150,000,000 shares authorized:		
Series A common stock of $0.25 par value, 10,000,000 shares authorized;		
none issued and outstanding as of September 30 and March 31, 2015	–	–
Common stock, with $0.25 par value, 150,000,000 shares authorized:		
Common stock of $0.25 par value, 150,000,000 shares authorized; 41,985,700		
issued and 19,607,788 outstanding as of September 30 and March 31, 2015	10,497	10,497
Additional paid-in capital	450,830	449,668
Accumulated other comprehensive loss	(55,706)	(34,365)
Retained earnings	2,418,890	2,142,600
Cost of common shares in treasury, net (22,377,912 shares as of September 30 and March 31, 2015)	(525,653)	(525,653)
Cost of preferred shares in treasury, net (6,100,000 shares as of September 30 and March 31, 2015)	(151,997)	(151,997)
Unearned employee stock ownership plan shares	(3,243)	(6,391)
Total stockholders' equity	2,143,618	1,884,359
Total liabilities and stockholders' equity	$7,600,545	$6,872,175

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

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AMERCO AND CONSOLIDATED ENTITIES

CONDENSED CONSOLIDATED Statements of operations

	Quarter Ended September 30,	
	2015	2014
	(Unaudited)	
	(In thousands, except share and per share amounts)	
Revenues:		
Self-moving equipment rentals	$698,219	$653,534
Self-storage revenues	62,060	52,986
Self-moving and self-storage products and service sales	70,703	68,043
Property management fees	6,320	5,796
Life insurance premiums	40,515	39,041
Property and casualty insurance premiums	13,372	12,463
Net investment and interest income	22,151	21,856
Other revenue	49,563	52,772
Total revenues	962,903	906,491
Costs and expenses:		
Operating expenses	406,282	383,970
Commission expenses	80,799	76,160
Cost of sales	39,881	39,836
Benefits and losses	43,428	39,558
Amortization of deferred policy acquisition costs	5,643	4,290
Lease expense	12,724	19,775
Depreciation, net of (gains) on disposals of (($32,821) and ($21,541), respectively)	63,078	67,066
Total costs and expenses	651,835	630,655
Earnings from operations	311,068	275,836
Interest expense	(23,973)	(24,877)
Fees and amortization on early extinguishment of debt	–	(4,081)
Pretax earnings	287,095	246,878
Income tax expense	(103,716)	(90,631)
Earnings available to common stockholders	$183,379	$156,247
Basic and diluted earnings per common share	$9.36	$7.98
Weighted average common shares outstanding: Basic and diluted	19,597,717	19,584,194

Related party revenues for the second quarter of fiscal 2016 and 2015, net of eliminations, were $7.6 million and $8.9 million, respectively.

Related party costs and expenses for the second quarter of fiscal 2016 and 2015, net of eliminations, were $17.0 million and $16.4 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.

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AMERCO AND CONSOLIDATED ENTITIES

CONDENSED CONSOLIDATED Statements of operations

	Six Months Ended September 30,	
	2015	2014
	(Unaudited)	
	(In thousands, except share and per share amounts)	
Revenues:		
Self-moving equipment rentals	$ 1,327,505	$ 1,229,009
Self-storage revenues	119,251	102,120
Self-moving and self-storage products and service sales	147,961	142,522
Property management fees	12,431	11,473
Life insurance premiums	80,781	76,971
Property and casualty insurance premiums	23,928	22,081
Net investment and interest income	44,123	42,902
Other revenue	91,728	98,368
Total revenues	1,847,708	1,725,446
Costs and expenses:		
Operating expenses	769,451	747,269
Commission expenses	153,857	142,500
Cost of sales	81,136	81,464
Benefits and losses	86,819	80,342
Amortization of deferred policy acquisition costs	10,421	8,474
Lease expense	29,788	42,245
Depreciation, net of (gains) on disposals of (($78,805) and ($44,500), respectively)	114,060	128,117
Total costs and expenses	1,245,532	1,230,411
Earnings from operations	602,176	495,035
Interest expense	(46,073)	(49,025)
Fees and amortization on early extinguishment of debt	–	(4,081)
Pretax earnings	556,103	441,929
Income tax expense	(201,439)	(161,208)
Earnings available to common stockholders	$ 354,664	$ 280,721
Basic and diluted earnings per common share	$ 18.10	$ 14.34
Weighted average common shares outstanding: Basic and diluted	19,596,921	19,580,997

Related party revenues for the first six months of fiscal 2016 and 2015, net of eliminations, were $16.0 million and $17.6 million, respectively.

Related party costs and expenses for the first six months of fiscal 2016 and 2015, net of eliminations, were $32.6 million and $31.4 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.

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AMERCO AND CONSOLIDATED ENTITIES

Condensed consolidatED statements of COMPREHENSIVE INCOME (loss)

Quarter Ended September 30, 2015	Pre-tax	Tax	Net
	(Unaudited)		
	(In thousands)		
Comprehensive income:			
Net earnings	$287,095	$(103,716)	$183,379
Other comprehensive income (loss):			
Foreign currency translation	(13,098)	–	(13,098)
Unrealized net loss on investments	(31,625)	11,069	(20,556)
Change in fair value of cash flow hedges	1,235	(469)	766
Total comprehensive income	$243,607	$(93,116)	$150,491

Quarter Ended September 30, 2014	Pre-tax	Tax	Net
	(Unaudited)		
	(In thousands)		
Comprehensive income:			
Net earnings	$246,878	$(90,631)	$156,247
Other comprehensive income (loss):			
Foreign currency translation	(6,282)	–	(6,282)
Unrealized net gain on investments	20,530	(7,186)	13,344
Change in fair value of cash flow hedges	4,492	(1,707)	2,785
Total comprehensive income	$265,618	$(99,524)	$166,094

Six Months Ended September 30, 2015	Pre-tax	Tax	Net
	(Unaudited)		
	(In thousands)		
Comprehensive income:			
Net earnings	$556,103	$(201,439)	$354,664
Other comprehensive income (loss):			
Foreign currency translation	(10,565)	–	(10,565)
Unrealized net loss on investments	(20,972)	7,341	(13,631)
Change in fair value of cash flow hedges	4,605	(1,750)	2,855
Total comprehensive income	$529,171	$(195,848)	$333,323

Six Months Ended September 30, 2014	Pre-tax	Tax	Net
	(Unaudited)		
	(In thousands)		
Comprehensive income:			
Net earnings	$441,929	$(161,208)	$280,721
Other comprehensive income (loss):			
Foreign currency translation	(3,539)	–	(3,539)
Unrealized net gain on investments	47,142	(16,500)	30,642
Change in fair value of cash flow hedges	5,837	(2,218)	3,619
Total comprehensive income	$491,369	$(179,926)	$311,443

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

AMERCO AND CONSOLIDATED ENTITIES

Condensed consolidatED statements of cash flows

	Six Months Ended September 30,	
	2015	2014
	(Unaudited)	
	(In thousands)	
Cash flow from operating activities:		
Net earnings	$ 354,664	$ 280,721
Adjustments to reconcile net earnings to cash provided by operations:		
Depreciation	192,865	172,617
Amortization of deferred policy acquisition costs	10,421	8,474
Change in allowance for losses on trade receivables	(9)	(219)
Change in allowance for inventory reserves	(603)	(960)
Net gain on sale of real and personal property	(78,805)	(44,500)
Net gain on sale of investments	(3,022)	(2,788)
Deferred income taxes	27,259	23,212
Net change in other operating assets and liabilities:		
Reinsurance recoverables and trade receivables	13,618	13,396
Inventories	(2,107)	(1,260)
Prepaid expenses	71,813	14,012
Capitalization of deferred policy acquisition costs	(15,636)	(13,728)
Other assets	18,306	(7,885)
Related party assets	57,767	2,170
Accounts payable and accrued expenses	59,525	36,410
Policy benefits and losses, claims and loss expenses payable	11,702	(3,918)
Other policyholders' funds and liabilities	2,684	1,156
Deferred income	2,339	1,962
Related party liabilities	(97)	375
Net cash provided by operating activities	722,684	479,247
Cash flows from investing activities:		
Purchases of:		
Property, plant and equipment	(720,265)	(599,351)
Short term investments	(249,082)	(130,294)
Fixed maturities investments	(169,899)	(114,112)
Equity securities	(1,315)	(3,707)
Preferred stock	(3)	(3)
Real estate	(23)	(11,312)
Mortgage loans	(86,361)	(21,189)
Proceeds from sales and paydowns of:		
Property, plant and equipment	379,198	260,659
Short term investments	243,634	130,326
Fixed maturities investments	89,085	48,955
Equity securities	808	3,030
Preferred stock	–	1,000
Real estate	–	401
Mortgage loans	29,895	18,623

Net cash used by investing activities	(484,328)	(416,974)
Cash flows from financing activities:		
Borrowings from credit facilities	461,735	506,792
Principal repayments on credit facilities	(187,958)	(208,101)
Debt issuance costs	(5,957)	(9,847)
Capital lease payments	(77,786)	(40,694)
Employee Stock Ownership Plan	(1,484)	(124)
Securitization deposits	298	–
Common stock dividends paid	(19,594)	–
Investment contract deposits	150,704	71,571
Investment contract withdrawals	(25,974)	(24,075)
Net cash provided by financing activities	293,984	295,522
Effects of exchange rate on cash	(12,543)	(3,761)
Increase in cash and cash equivalents	519,797	354,034
Cash and cash equivalents at the beginning of period	441,850	495,112
Cash and cash equivalents at the end of period	$ 961,647	$ 849,146

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

AMERCO and consolidated entities

notes to condensed consolidatED financial statements

1.Basis of Presentation

AMERCO, a Nevada corporation ("AMERCO"), has a second fiscal quarter that ends on the 30th of September for each year that is referenced. Our insurance company subsidiaries have a second quarter that ends on the 30th of June for each year that is referenced. They have been consolidated on that basis. Our insurance companies' financial reporting processes conform to calendar year reporting as required by state insurance departments. Management believes that consolidating their calendar year into our fiscal year financial statements does not materially affect the financial position or results of operations. The Company discloses any material events occurring during the intervening period. Consequently, all references to our insurance subsidiaries' years 2015 and 2014 correspond to fiscal 2016 and 2015 for AMERCO.

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

The condensed consolidated balance sheet as of September 30, 2015 and the related condensed consolidated statements of operations, comprehensive income (loss) for the second quarter and first six months and cash flows for the first six months of fiscal 2016 and 2015 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, 2015.

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 ("Moving and Storage") includes AMERCO, U-Haul, 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 (“Property and Casualty Insurance”) includes Repwest and its wholly-owned subsidiaries and ARCOA Risk Retention Group, Inc. (“ARCOA”). Property and Casualty Insurance provides loss adjusting and claims handling for U-Haul through regional offices across North America. Property and Casualty Insurance also underwrites components of the Safemove, Safetow, Safemove Plus, Safestor and Safestor Mobile protection packages to U-Haul customers. The business plan for Property and Casualty Insurance 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 (“Life Insurance”) includes Oxford and its wholly-owned subsidiaries. Life Insurance 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 9,280 and 20,422 as of September 30, 2015 and 2014, 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 $17.3 million and $16.4 million at September 30, 2015 and March 31, 2015, respectively.

Available-for-Sale Investments

Available-for-sale investments at September 30, 2015 were as follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses More than 12 Months	Gross Unrealized Losses Less than 12 Months	Estimated Market Value
	(Unaudited) (In thousands)				
U.S. treasury securities and government obligations	$91,443	$3,681	$–	$(369)	$ 94,755
	28,050	2,397	(5)	(69)	30,373

U.S. government agency mortgage-backed securities					
Obligations of states and political subdivisions	161,134	10,175	(82)	(607)	170,620
Corporate securities	982,345	33,646	(1,637)	(11,720)	1,002,634
Mortgage-backed securities	19,079	666	–	(46)	19,699
Redeemable preferred stocks	18,055	351	–	(308)	18,098
Common stocks	18,482	6,164	–	(45)	24,601
	$1,318,588	$57,080	$(1,724)	$(13,164)	$ 1,360,780

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AMERCO AND CONSOLIDATED SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

Available-for-sale investments at March 31, 2015 were as follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses More than 12 Months	Gross Unrealized Losses Less than 12 Months	Estimated Market Value
	(In thousands)				
U.S. treasury securities and government obligations	$99,722	$5,658	$(64)	$–	$ 105,316
U.S. government agency mortgage-backed securities	30,569	2,614	(39)	(3)	33,141
Obligations of states and political subdivisions	165,724	13,052	(298)	(10)	178,468
Corporate securities	885,470	44,426	(2,522)	(2,966)	924,408
Mortgage-backed securities	19,874	806	(1)	–	20,679
Redeemable preferred stocks	18,052	521	(253)	(24)	18,296
Common stocks	17,975	6,719	–	(40)	24,654
	$1,237,386	$73,796	$(3,177)	$(3,043)	$ 1,304,962

The available for sale tables include 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 $85.9 million during the first six months of fiscal 2016. The gross realized gains on these sales totaled $3.0 million. The gross realized losses on these sales totaled $0.3 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 that we determine to be other-than-temporary and we recognized these write-downs,if any, through earnings. There were no write downs in the second quarter or for the first six months of fiscal 2016 or 2015.

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 our 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 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 accumulated other comprehensive income (loss) for the second quarter or first six months of fiscal 2016.

AMERCO AND CONSOLIDATED SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

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

	September 30, 2015		March 31, 2015	
	Amortized Cost	Estimated Market Value	Amortized Cost	Estimated Market Value
	(Unaudited)			
	(In thousands)			
Due in one year or less	$53,310	$54,085	$36,355	$37,055
Due after one year through five years	185,138	195,011	198,488	209,404
Due after five years through ten years	502,261	514,431	474,639	492,782
Due after ten years	522,263	534,855	472,003	502,092
	1,262,972	1,298,382	1,181,485	1,241,333
Mortgage backed securities	19,079	19,699	19,874	20,679
Redeemable preferred stocks	18,055	18,098	18,052	18,296
Common stocks	18,482	24,601	17,975	24,654
	$1,318,588	$1,360,780	$1,237,386	$1,304,962

4. Borrowings

Long-Term Debt

Long-term debt was as follows:

	2016 Rate (a)	Maturities	September 30, 2015	March 31, 2015
			(Unaudited)	
			(In thousands)	
Real estate loan (amortizing term)	6.93%	2023	$210,000	$240,000
Senior mortgages	2.20% - 5.50%	2016 - 2038	956,129	717,512
Working capital loan (revolving credit)	1.53%	2016	25,000	–
Fleet loans (amortizing)	1.95% - 4.76%	2016 - 2022	208,644	202,784
Fleet loans (term)	3.52% - 3.53%	2016	115,000	115,000
Fleet loans (securitization)	4.90%	2017	67,801	75,846
Fleet loans (revolving credit)	1.21% - 2.05%	2017 - 2019	225,000	190,000
Capital leases (rental equipment)	2.18% - 7.84%	2016 - 2022	621,054	602,470
Other obligations	3.00% - 8.00%	2015 - 2045	54,562	47,257
Total notes, loans and leases payable			$2,483,190	$2,190,869

(a) Interest rate as of September 30, 2015, 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. As of September 30, 2015, the outstanding balance on the Real Estate Loan was $210.0 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 final maturity of the term loan is April 2023.

AMERCO AND CONSOLIDATED SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

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 September 30, 2015, the applicable LIBOR was 0.21% and the applicable margin was 1.50%, the sum of which was 1.71%. The rate on the Real Estate Loan is hedged with an interest rate swap fixing the rate at 6.93% based on current margin. The interest rate swap expires in August 2018, after this date the remaining balance will incur interest at a rate of LIBOR plus a margin of 1.50%. 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.

Senior Mortgages

Various subsidiaries of Amerco Real Estate Company and U-Haul International, Inc. are borrowers under certain senior mortgages. These senior mortgage loan balances as of September 30, 2015 were in the aggregate amount of $956.1 million and mature between 2016 and 2038. The senior mortgages require 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 4.22% and 5.50%. Additionally, $139.6 million of these loans have variable interest rates comprised of applicable LIBOR base rates between 0.20% and 0.21% plus margins between 2.00% and 2.50%, the sum of which was between 2.20% and 2.71%. 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 September 30, 2015 the outstanding balance was $25.0 million. 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 matures in April 2016. 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 is the applicable LIBOR of 0.28% plus a margin of 1.25% the sum of which was 1.53%.

Fleet Loans

Rental Truck Amortizing Loans

U-Haul International, Inc. and several of its subsidiaries are borrowers under amortizing term loans. The balance of the loans as of September 30, 2015 was $208.6 million with the final maturities between April 2016 and July 2022.

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 September 30, 2015, the applicable LIBOR was between 0.20% and 0.21% and applicable margins were between 1.72% and 2.50%. The interest rates are hedged with interest rate swaps fixing the rates between 2.82% and 4.76% based on current margins. Additionally, $120.6 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.

Rental Truck Term Loans

A subsidiary of U-Haul International, Inc. is a borrower under term loans with an aggregate balance at September 30, 2015 of $115.0 million that were used to fund new truck acquisitions. The final maturity date of these notes is August 2016. The agreements contain options to extend the maturity through May 2017. These notes are secured by the purchased equipment and the corresponding operating cash flows associated with their operation. These notes have fixed interest rates between 3.52% and 3.53%.

AMERCO and U-Haul International, Inc. are guarantors of 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

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 September 30, 2015, the outstanding balance was $67.8 million. The note is secured by the box trucks 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.

Rental Truck Revolvers

Various subsidiaries of U-Haul International, Inc. entered into a revolving fleet loan for $75 million, which can be increased to a maximum of $225 million. The loan matures in September 2018. The interest rate, per the provision of the Loan Agreement, is the applicable LIBOR plus the applicable margin. At September 30, 2015, the applicable LIBOR was 0.20% and the margin was 1.75%, the sum of which was 1.95%. Only interest is paid during the first four years of the loan with principal due monthly over the last nine months. As of September 30, 2015, the outstanding balance was $75.0 million.

Various subsidiaries of U-Haul International, Inc. entered into a revolving fleet loan for $100 million, which can be increased to a maximum of $125 million. The loan matures in October 2017. The interest rate, per the provision of the Loan Agreement, is the applicable LIBOR plus the applicable margin. At September 30, 2015, the applicable LIBOR was 0.21% and the margin was 1.00%, the sum of which was 1.21%. Only interest is paid during the first three years of the loan with principal due monthly over the last nine months. As of September 30, 2015, the outstanding balance was $100.0 million.

Various subsidiaries of U-Haul International, Inc. entered into a revolving fleet loan for $70 million. The loan matures in May 2019. This agreement contains an option to extend the maturity through February 2020. At September 30, 2015, the applicable LIBOR was 0.20% and the margin was 1.85%, the sum of which was 2.05%. Only interest is paid during the first five years of the loan with principal due upon maturity. As of September 30, 2015, the outstanding balance was $50.0 million.

Capital Leases

We regularly enter into capital leases for new equipment with the terms of the leases between 5 and 7 years. At September 30, 2015, the balance of these leases was $621.1 million. The net book value of the corresponding capitalized assets was $795.8 million at September 30, 2015.

AMERCO AND CONSOLIDATED SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

Other Obligations

In February 2011, the Company and US Bank, NA (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 September 30, 2015, the aggregate outstanding principal balance of the U-Notes issued was $60.7 million of which $6.1 million is held by our insurance subsidiaries and eliminated in consolidation. Interest rates range between 3.00% and 8.00% and maturity dates range between 2015 and 2045.

Annual Maturities of Notes, Loans and Leases Payable

The annual maturities of long-term debt as of September 30, 2015 for the next five years and thereafter are as follows:

	Twelve Months Ending September 30,					
	2016	2017	2018	2019	2020	Thereafter
	(Unaudited)					
	(In thousands)					
Notes, loans and leases payable, secured	$379,610	$430,008	$350,953	$275,164	$171,028	$876,427

Interest on Borrowings

Interest Expense

Components of interest expense include the following:

	Quarter Ended September 30,	
	2015	2014
	(Unaudited)	
	(In thousands)	
Interest expense	$20,762	$20,658
Capitalized interest	(871)	(220)
Amortization of transaction costs	748	801
Interest expense resulting from derivatives	3,334	3,638
Total interest expense	23,973	24,877
Write-off of transaction costs related to early extinguishment of debt	–	298
Fees on early extinguishment of debt	–	3,783
Fees and amortization on early extinguishment of debt	–	4,081
Total	$23,973	$28,958

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AMERCO AND CONSOLIDATED SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

	Six Months Ended September 30,	
	2015	2014
	(Unaudited)	
	(In thousands)	
Interest expense	$39,304	$40,579
Capitalized interest	(1,422)	(387)
Amortization of transaction costs	1,491	1,554
Interest expense resulting from derivatives	6,700	7,279
Total interest expense	46,073	49,025
Write-off of transaction costs related to early extinguishment of debt	–	298
Fees on early extinguishment of debt	–	3,783
Fees and amortization on early extinguishment of debt	–	4,081
Total	$46,073	$53,106

Interest paid in cash, including payments related to derivative contracts, amounted to $22.6 million and $24.1 million for the second quarter of fiscal 2016 and 2015, respectively and $44.6 million and $47.5 million for the first six months of fiscal 2016 and 2015, respectively.

The costs associated with the early extinguishment of debt in the second quarter of fiscal 2015 included $3.8 million of fees and $0.3 million of transaction cost amortization related to retired debt.

Interest Rates

Interest rates and Company borrowings were as follows:

	Revolving Credit Activity Quarter Ended September 30,	
	2015	2014
	(Unaudited)	
	(In thousands, except interest rates)	
Weighted average interest rate during the quarter	1.63%	1.76%
Interest rate at the end of the quarter	1.63%	1.61%
Maximum amount outstanding during the quarter	$250,000	$232,000
Average amount outstanding during the quarter	$234,348	$202,977
Facility fees	$50	$81

Revolving Credit Activity Six Months Ended September

	30, 2015	2014
	(Unaudited)	
	(In thousands, except interest rates)	
Weighted average interest rate during the period	1.64%	1.76%
Interest rate at the end of the period	1.63%	1.61%
Maximum amount outstanding during the period	$250,000	$232,000
Average amount outstanding during the period	$207,678	$172,740
Facility fees	$144	$198

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AMERCO AND CONSOLIDATED SUBSIDIARIES

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 (Unaudited) (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
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	6/1/2011
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 September 30, 2015, the total notional amount of our variable interest rate swaps on debt and an operating lease was $298.3 million and $10.1 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	
	September 30, 2015	March 31, 2015
	(Unaudited)	
	(In thousands)	
Interest rate contracts designated as hedging instruments	$19,958	$24,484

	The Effect of Interest Rate Contracts on the Statements of Operations for the Six Months Ended	
	September 30, 2015	September 30, 2014
	(Unaudited)	
	(In thousands)	

Loss recognized in income on interest rate contracts	$6,700	$7,279
Gain recognized in AOCI on interest rate contracts (effective portion)	$(4,605)	$(5,837)
Loss reclassified from AOCI into income (effective portion)	$6,621	$7,298
(Gain) loss recognized in income on interest rate contracts (ineffective portion and amount excluded from effectiveness testing)	$79	$(19)

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AMERCO AND CONSOLIDATED SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

Gains or losses recognized in income on derivatives are recorded as interest expense in the statements of operations. At September 30, 2015, we expect to reclassify $11.7 million of net losses on interest rate contracts from accumulated other comprehensive income (loss) to earnings as interest expense over the next twelve months. During the first six months of fiscal 2016, we recognized an increase in the fair value of our cash flow hedges of $2.9 million, net of taxes. Embedded in this gain was $6.6 million of losses reclassified from accumulated other comprehensive income (loss) to interest expense during the first six months of fiscal 2016, net of taxes.

6. Comprehensive Income (Loss)

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

	Foreign Currency Translation	Unrealized Net Gain (Loss) on Investments	Fair Market Value of Cash Flow Hedges	Postretirement Benefit Obligation Net Loss	Accumulated Other Comprehensive Income (Loss)
	(Unaudited)				
	(In thousands)				
Balance at March 31, 2015	$(59,170)	$41,181	$(15,235)	$(1,141)	$(34,365)
Foreign currency translation	(10,565)	–	–	–	(10,565)
Unrealized net loss on investments	–	(13,631)	–	–	(13,631)
Change in fair value of cash flow hedges	–	–	9,476	–	9,476
Amounts reclassified from AOCI	–	–	(6,621)	–	(6,621)
Other comprehensive income (loss)	(10,565)	(13,631)	2,855	–	(21,341)
Balance at September 30, 2015	$(69,735)	$27,550	$(12,380)	$(1,141)	$(55,706)

7. Stockholders' Equity

On June 4, 2015, we declared a cash dividend on our Common Stock of $1.00 per share to holders of record on June 19, 2015. The dividend was paid on July 1, 2015.

On August 28, 2015, we declared a cash dividend on our Common Stock of $3.00 per share to holders of record on September 16, 2015. The dividend was paid on October 2, 2015.

AMERCO AND CONSOLIDATED SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

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 2019. As of September 30, 2015, we have guaranteed $44.7 million of residual values for these rental equipment assets at the end of the respective lease terms. Certain leases contain renewal and fair market value purchase options as well as mileage and other restrictions. At the expiration of the lease, 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.

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

	Property, Plant and Equipment	Rental Equipment	Total
	(Unaudited)		
		(In thousands)	
Twelve Months Ended September 30:			
2016	$15,321	$18,833	$34,154
2017	15,044	12,142	27,186
2018	14,307	10,422	24,729
2019	13,765	5,375	19,140
2020	13,658	–	13,658
Thereafter	53,990	–	53,990
Total	$126,085	$46,772	$172,857

9. Contingencies

PODS Enterprises, Inc. v. U-Haul International, Inc.

On July 3, 2012, PODS Enterprises, Inc. (“PEI”), filed a lawsuit against U-Haul International, Inc. (“U-Haul”), in the United States District Court for the Middle District of Florida, Tampa Division, alleging (1) Federal Trademark Infringement under Section 32 of the Lanham Act, (2) Federal Unfair Competition under Section 43(a) of the Lanham Act, (3) Federal Trademark dilution by blurring in violation of Section 43(c) of the Lanham Act, (4) common law trademark infringement under Florida law, (5) violation of the Florida Dilution; Injury to Business Reputation statute, (6) unfair competition and trade practices, false advertising and passing off under Florida common law, (7) violation of the Florida Deceptive and Unfair Trade Practices Act, and (8) unjust enrichment under Florida law.

The claims arose from U-Haul’s use of the word “pod” and “pods” as a generic term for its U-Box moving and storage product. PEI alleged that such use is an inappropriate use of its PODS mark. Under the claims alleged in its Complaint, PEI sought a Court Order permanently enjoining U-Haul from: (1) the use of the PODS mark, or any other trade name or trademark confusingly similar to the mark; and (2) the use of any false descriptions or representations or committing any acts of unfair competition by using the PODS mark or any trade name or trademark confusingly similar to the mark. PEI also sought a Court Order (1) finding all of PEI’s trademarks valid and enforceable and (2) requiring U-Haul to alter all web pages to promptly remove the PODS mark from all websites owned or operated on behalf of U-Haul. Finally, PEI sought an award of damages in an amount to be proven at trial, but which are alleged to be approximately $70 million. PEI also sought pre-judgment interest, trebled damages, and punitive damages.

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AMERCO AND CONSOLIDATED SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

U-Haul does not believe that PEI's claims have merit and vigorously defended the lawsuit. On September 17, 2012, U-Haul filed its Counterclaims, seeking a Court Order declaring that: (1) U-Haul's use of the term "pods" or "pod" does not infringe or dilute PEI's purported trademarks or violate any of PEI's purported rights; (2) The purported mark "PODS" is not a valid, protectable, or registrable trademark; and (3) The purported mark "PODS PORTABLE ON DEMAND STORAGE" is not a valid, protectable, or registrable trademark. U-Haul also sought a Court Order cancelling the marks at issue in the case.

The case was tried to a jury, beginning on September 8, 2014. On September 19, 2014, the Court granted U-Haul's motion for directed verdict on the issue of punitive damages. The Court deferred ruling on U-Haul's motion for directed verdict on its defense that the words "pod" and "pods" were generic terms for a container used for the moving and storage of goods at the time PEI obtained its trademark ("genericness defense"). Closing arguments were on September 22, 2014.

On September 25, 2014, the jury returned a unanimous verdict, finding in favor of PEI and against U-Haul on all claims and counterclaims. The jury awarded PEI $45 million in actual damages and $15.7 million in U-Haul's alleged profits attributable to its use of the term "pod" or "pods".

On October 1, 2014, the Court ordered briefing on U-Haul's oral motion for directed verdict on its genericness defense, the motion on which the Court had deferred ruling during trial. Pursuant to the Court's order, the parties' briefing on that motion was completed by October 21, 2014.

On March 11, 2015, the Court denied U-Haul's Renewed Motion for Directed Verdict, For Judgment as a Matter of Law, Or in the Alternative, Motion for a New Trial. Also on March 11, 2015, the Court entered Judgment on the jury verdict in favor of PEI and against U-Haul in the amount of $60.7 million.

The parties have filed a series of post-Judgment motions:

On March 25, 2015, PEI filed a motion for an award of attorneys' fees and expenses in the amount of $6.5 million. On April 27, 2015, U-Haul filed its opposition brief to that motion.

On March 25, 2015, PEI filed a Proposed Bill of Costs in the amount of $186,411. On April 14, 2015, U-Haul filed an opposition to PEI's proposed bill of costs. On May 1, 2015, PEI filed an amended bill of costs in the amount of $196,133.

On April 6, 2015, U-Haul filed, with PEI's consent, a motion to stay execution of the Judgment, pending the trial court's rulings on U-Haul's post-Judgment motions. That motion was supported by a supersedeas bond in the amount of $60.9 million, which represents 100% of the Judgment plus post-Judgment interest at the rate of 0.25% per year for 18 months. PEI and U-Haul both reserved the right to modify the amount of the bond in the event the Judgment is modified by the Court's rulings on the parties' post-Judgment motions (described below). On April 7, 2015, the Court granted U-Haul's motion on consent, staying the Judgment pending rulings on U-Haul's post-Judgment motions.

On April 8, 2015, U-Haul filed its Renewed Motion for Judgment As Matter of Law, or in the Alternative, Motion for New Trial, or to Alter the Judgment. U-Haul argued that it is entitled to judgment as a matter of law because even when all evidence is viewed in PEI's favor, it was legally insufficient for the jury to find for PEI. Alternatively, U-Haul argued that it is entitled to a new trial because the verdict is against the weight of the evidence. Alternatively, U-Haul argued that the Court should reduce the damages and profits award under principles of equity. On April, 27, 2015, PEI filed its opposition brief.

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On April 8, 2015, PEI filed a Motion to Amend the Judgment pursuant to Fed. R. Civ. P. 59(e), in which it asked that the Judgment be amended to include (i) the entry of a permanent injunction; (ii) an award of pre-Judgment interest in the amount of $4.9 million; (iii) an award of post-Judgment interest in the amount of $11,441 and continuing to accrue at the rate of 0.25% while the case proceeds; (iv) doubling of the damages award to $121.4 million; and (v) the entry of an order directing the Patent and Trademark Office to dismiss the cancellation proceedings that U-Haul filed, which sought cancellation of the PODS trademarks. On April 27, 2015, U-Haul filed its opposition brief arguing, among other things, that (1) PEI is not entitled to recover double the windfall the jury incorrectly awarded it; (2) PEI is not entitled to the overreaching injunction it seeks; (3) PEI is not entitled to pre-judgment interest; (4) PEI has overstated the amount of post-Judgment interest to which it is entitled; and (5) PEI's request that the Court order the Trademark Trial and Appeal Board to dismiss U-Haul's cancellation proceeding is premature.

On April 9, 2015, U-Haul filed a protective Notice of Appeal. We expect that this notice of appeal will be automatically stayed and will become effective upon the disposition of (1) U-Haul's renewed motion for judgment or a new trial or alteration of the Judgment or (2) PEI's motion to alter or amend the Judgment, whichever comes later.

On August 24, 2015, the trial court entered two orders resolving the parties' post-trial motions. In short, U-Haul's efforts at setting aside the judgment, getting a new trial or reducing the amount of the jury award were denied, PEI's motions to enhance (e.g., double) the jury award and receive an award for attorneys' fees were denied, but the Court entered a permanent injunction, and awarded PEI $4.9 million in pre-judgment interest, $82,727 in costs, and post-judgment interest at the rate of 0.25%, beginning March 11, 2015, computed daily and compounded annually.

On September 4, 2015, U-Haul filed in the trial court its (i) amended notice of appeal, (ii) motion on consent of PEI to approve the bond and stay execution of the judgment pending appeal, and (iii) motion to stay or modify the injunction.

On September 8, 2015, the trial court entered an Order granting U-Haul's Motion on Consent to Approve Bond and Stay Execution of Judgment. The Judgment, as amended by the trial court's orders adding an award of costs and pre-judgment interest, is stayed pending resolution of appeals.

On October 15, 2015, the trial court denied U-Haul's motion to modify or stay the injunction pending appeal. But in the process, the Court clarified that (i) the reach of the injunction is limited to "advertising, promoting, marketing, or describing any products or services" and (ii) use of the terms "pod" and "pods" in comparative advertising is not prohibited, thereby allowing "nominative fair use" and truthful communications in customer dialogue and making clear that "nothing in the injunction mandates censorship with respect to consumer comments".

PEI's deadline for filing a notice of cross-appeal was September 23, 2015, and PEI did not file a notice of cross-appeal.

On September 23, 2015, the Eleventh Circuit Court of Appeals granted the parties' joint motion for an extension of time for filing their respective briefs on appeal. U-Haul's initial brief is due on December 17, 2015, PEI's response brief is due on March 16, 2016, and U-Haul's reply is due on April 29, 2016.

On September 24, 2015, the Eleventh Circuit Court of Appeals issued a Notice setting a telephonic mediation for November 16, 2015, beginning at 2:00 p.m., Eastern Time.

Environmental

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

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

AMERCO AND CONSOLIDATED SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

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 and in accordance with the generally accepted accounting principles ("GAAP"). Accordingly, all such related party transactions are submitted to the Audit Committee for ongoing review and oversight. Our internal processes are designed to ensure that our legal and finance departments identify and monitor potential related party transactions that may require disclosure and Audit Committee oversight.

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

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

Related Party Revenue

	Quarter Ended September 30,	
	2015	2014
	(Unaudited)	
	(In thousands)	
U-Haul interest income revenue from SAC Holdings	$1,249	$1,719
U-Haul interest income revenue from Private Mini	–	1,340
U-Haul management fee revenue from SAC Holdings	4,883	4,622
U-Haul management fee revenue from Private Mini	878	648
U-Haul management fee revenue from Mercury	559	526
	$7,569	$8,855

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AMERCO AND CONSOLIDATED SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

	Six Months Ended September 30,	
	2015	2014
	(Unaudited)	
	(In thousands)	
U-Haul interest income revenue from SAC Holdings	$2,488	$3,423
U-Haul interest income revenue from Private Mini	1,126	2,666
U-Haul management fee revenue from SAC Holdings	9,697	9,145
U-Haul management fee revenue from Private Mini	1,624	1,284
U-Haul management fee revenue from Mercury	1,110	1,044
	$16,045	$17,562

During the first six months of fiscal 2016, a subsidiary of ours held a junior unsecured note from 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 $2.3 million and $3.3 million from SAC Holdings during the first six months of fiscal 2016 and 2015, respectively. The largest aggregate amount of notes receivable outstanding during the first six months of fiscal 2016 was $50.4 million and the aggregate notes receivable balance at September 30, 2015 was $49.9 million. In accordance with the terms of these notes, SAC Holdings may prepay the notes without penalty or premium at any time. The scheduled maturity of this note is 2017.

During the first six months of fiscal 2016, AMERCO held a junior note 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 $1.5 million and $2.7 million from Private Mini during the first six months of fiscal 2016 and 2015, respectively. The largest aggregate amount outstanding during the first six months of fiscal 2016 was $56.5 million. In July 2015, Private Mini repaid its note and all outstanding interest due AMERCO totalling $56.8 million.

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 $15.5 million and $15.2 million from the above mentioned entities during the first six months of fiscal 2016 and 2015, 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 of AMERCO and an estate planning trust benefitting Shoen children have an interest in Mercury.

Related Party Costs and Expenses

	Quarter Ended September 30,	
	2015	2014
	(Unaudited)	
	(In thousands)	
U-Haul lease expenses to SAC Holdings	$654	$655

U-Haul commission expenses to SAC Holdings	15,268	14,742
U-Haul commission expenses to Private Mini	1,058	972
	$16,980	$16,369

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AMERCO AND CONSOLIDATED SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

	Six Months Ended September 30, 2015	2014
	(Unaudited)	
	(In thousands)	
U-Haul lease expenses to SAC Holdings	$1,308	$1,310
U-Haul commission expenses to SAC Holdings	29,259	28,226
U-Haul commission expenses to Private Mini	2,038	1,834
	$32,605	$31,370

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 September 30, 2015, 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 $14.9 million, expenses of $1.3 million and cash flows of $71.7 million during the first six months of fiscal 2016. Revenues and commission expenses related to the Dealer Agreements were $145.2 million and $31.3 million, respectively during the first six months of fiscal 2016.

Pursuant to the variable interest entity model under ASC 810 – Consolidation ("ASC 810"), Management determined that the junior notes of SAC Holdings 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 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 SAC Holding II Corporation, Private Mini, Mercury, 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 SAC Holding Corporation which represents a variable interest. Though we have certain protective rights within this debt agreement, we have no present influence or control over this holding entity 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 this entity. A redetermination event caused by the Private Mini repayment of the outstanding principal on its junior note with AMERCO occurred during the second quarter of fiscal 2016. After evaluation, Management has concluded that we do not have a variable interest in Private Mini.

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.

AMERCO AND CONSOLIDATED SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

We have not provided financial or other support explicitly or implicitly during the quarter ended September 30, 2015 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

	September 30, 2015	March 31, 2015
	(Unaudited)	
	(In thousands)	
U-Haul notes, receivables and interest from Private Mini	$2,885	$59,375
U-Haul notes receivable from SAC Holdings	49,900	50,428
U-Haul interest receivable from SAC Holdings	4,757	4,579
U-Haul receivable from SAC Holdings	19,972	20,108
U-Haul receivable from Mercury	5,723	6,667
Other (a)	680	633
	$83,917	$141,790

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

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 September 30, 2015 are as follows:

	Moving & Storage Consolidated	Property & Casualty Insurance (a)	Life Insurance (a)	Eliminations		AMERCO Consolidated
	(Unaudited) (In thousands)					
Assets:						
Cash and cash equivalents	$941,398	$13,166	$7,083	$–		$961,647
Reinsurance recoverables and trade receivables, net	31,230	116,680	28,218	–		176,128
Inventories, net	72,022	–	–	–		72,022
Prepaid expenses	51,961	–	–	–		51,961
Investments, fixed maturities and marketable equities	–	231,944	1,128,836	–		1,360,780
Investments, other	29,374	45,605	255,254	–		330,233
Deferred policy acquisition costs, net	–	–	125,052	–		125,052
Other assets	90,172	881	2,455	–		93,508
Related party assets	85,559	14,003	500	(16,145)	(c)	83,917
	1,301,716	422,279	1,547,398	(16,145)		3,255,248
Investment in subsidiaries	445,960	–	–	(445,960)	(b)	–
Property, plant and equipment, at cost:						
Land	521,964	–	–	–		521,964
Buildings and improvements	1,930,042	–	–	–		1,930,042
Furniture and equipment	370,557	–	–	–		370,557
Rental trailers and other rental equipment	458,472	–	–	–		458,472
Rental trucks	3,085,800	–	–	–		3,085,800
	6,366,835	–	–	–		6,366,835
Less: Accumulated depreciation	(2,021,538)	–	–	–		(2,021,538)
Total property, plant and equipment	4,345,297	–	–	–		4,345,297
Total assets	$6,092,973	$422,279	$1,547,398	$(462,105)		$7,600,545

(a) Balances as of June 30, 2015
(b) Eliminate investment in subsidiaries

(c) Eliminate intercompany receivables and payables

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AMERCO AND CONSOLIDATED SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

Consolidating balance sheets by industry segment as of September 30, 2015 are as follows:

	Moving & Storage Consolidated	Property & Casualty Insurance (a)	Life Insurance (a)	Eliminations		AMERCO Consolidated
	(Unaudited)					
	(In thousands)					
Liabilities:						
Accounts payable and accrued expenses	$499,312	$1,242	$7,899	$–		$508,453
Notes, loans and leases payable	2,483,190	–	–	–		2,483,190
Policy benefits and losses, claims and loss expenses payable	383,194	258,408	431,282	–		1,072,884
Liabilities from investment contracts	–	–	810,474	–		810,474
Other policyholders' funds and liabilities	–	2,764	8,919	–		11,683
Deferred income	20,333	–	–	–		20,333
Deferred income taxes	549,425	(16,951)	17,436	–		549,910
Related party liabilities	13,901	2,127	117	(16,145)	(c)	–
Total liabilities	3,949,355	247,590	1,276,127	(16,145)		5,456,927
Stockholders' equity:						
Series preferred stock:						
Series A preferred stock	–	–	–	–		–
Series B preferred stock	–	–	–	–		–
Series A common stock	–	–	–	–		–
Common stock	10,497	3,301	2,500	(5,801)	(b)	10,497
Additional paid-in capital	451,040	91,120	26,271	(117,601)	(b)	450,830
Accumulated other comprehensive income (loss)	(55,706)	6,114	21,436	(27,550)	(b)	(55,706)
Retained earnings	2,418,680	74,154	221,064	(295,008)	(b)	2,418,890
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	(3,243)	–	–	–		(3,243)
Total stockholders' equity	2,143,618	174,689	271,271	(445,960)		2,143,618
Total liabilities and stockholders' equity	$6,092,973	$422,279	$1,547,398	$(462,105)		$7,600,545

(a) Balances as of June 30, 2015
(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, 2015 are as follows:

	Moving & Storage Consolidated	Property & Casualty Insurance (a)	Life Insurance (a)	Eliminations		AMERCO Consolidated
Assets:	(In thousands)					
Cash and cash equivalents	$431,873	$8,495	$1,482	$–		$441,850
Reinsurance recoverables and trade receivables, net	32,364	125,506	31,999	–		189,869
Inventories, net	69,472	–	–	–		69,472
Prepaid expenses	126,296	–	–	–		126,296
Investments, fixed maturities and marketable equities	–	228,530	1,076,432	–		1,304,962
Investments, other	27,637	50,867	190,216	–		268,720
Deferred policy acquisition costs, net	–	–	115,422	–		115,422
Other assets	101,689	1,924	2,544	–		106,157
Related party assets	144,040	13,268	586	(16,104)	(c)	141,790
	933,371	428,590	1,418,681	(16,104)		2,764,538
Investment in subsidiaries	443,462	–	–	(443,462)	(b)	–
Property, plant and equipment, at cost:						
Land	467,482	–	–	–		467,482
Buildings and improvements	1,728,033	–	–	–		1,728,033
Furniture and equipment	355,349	–	–	–		355,349
Rental trailers and other rental equipment	436,642	–	–	–		436,642
Rental trucks	3,059,987	–	–	–		3,059,987
	6,047,493	–	–	–		6,047,493
Less: Accumulated depreciation	(1,939,856)	–	–	–		(1,939,856)
Total property, plant and equipment	4,107,637	–	–	–		4,107,637
Total assets	$5,484,470	$428,590	$1,418,681	$(459,566)		$6,872,175

(a) Balances as of December 31, 2014
(b) Eliminate investment in subsidiaries
(c) Eliminate intercompany receivables and payables

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AMERCO AND CONSOLIDATED SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

Consolidating balance sheets by industry segment as of March 31, 2015 are as follows:

	Moving & Storage Consolidated	Property & Casualty Insurance (a)	Life Insurance (a)	Eliminations		AMERCO Consolidated
	(In thousands)					
Liabilities:						
Accounts payable and accrued expenses	$489,140	$1,235	$5,995	$–		$496,370
Notes, loans and leases payable	2,190,869	–	–	–		2,190,869
Policy benefits and losses, claims and loss expenses payable	363,552	271,744	426,892	–		1,062,188
Liabilities from investment contracts	–	–	685,745	–		685,745
Other policyholders' funds and liabilities	–	2,837	4,927	–		7,764
Deferred income	18,081	–	–	–		18,081
Deferred income taxes	524,550	(18,592)	20,841	–		526,799
Related party liabilities	13,919	2,073	112	(16,104)	(c)	–
Total liabilities	3,600,111	259,297	1,144,512	(16,104)		4,987,816
Stockholders' equity:						
Series preferred stock:						
Series A preferred stock	–	–	–	–		–
Series B preferred stock	–	–	–	–		–
Series A common stock	–	–	–	–		–
Common stock	10,497	3,301	2,500	(5,801)	(b)	10,497
Additional paid-in capital	449,878	91,120	26,271	(117,601)	(b)	449,668
Accumulated other comprehensive income (loss)	(34,365)	8,871	32,310	(41,181)	(b)	(34,365)
Retained earnings	2,142,390	66,001	213,088	(278,879)	(b)	2,142,600
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	(6,391)	–	–	–		(6,391)
Total stockholders' equity	1,884,359	169,293	274,169	(443,462)		1,884,359
Total liabilities and stockholders' equity	$5,484,470	$428,590	$1,418,681	$(459,566)		$6,872,175

(a) Balances as of December 31, 2014
(b) Eliminate investment in subsidiaries
(c) Eliminate intercompany receivables and payables

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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 September 30, 2015 are as follows:

	Moving & Storage Consolidated (Unaudited) (In thousands)	Property & Casualty Insurance (a)	Life Insurance (a)	Eliminations		AMERCO Consolidated
Revenues:						
Self-moving equipment rentals	$699,184	$–	$–	$(965)	(c)	$698,219
Self-storage revenues	62,060	–	–	–		62,060
Self-moving and self-storage products and service sales	70,703	–	–	–		70,703
Property management fees	6,320	–	–	–		6,320
Life insurance premiums	–	–	40,515	–		40,515
Property and casualty insurance premiums	–	13,372	–	–		13,372
Net investment and interest income	1,845	3,253	17,248	(195)	(b)	22,151
Other revenue	48,182	–	1,424	(43)	(b)	49,563
Total revenues	888,294	16,625	59,187	(1,203)		962,903
Costs and expenses:						
Operating expenses	394,660	7,089	5,530	(997)	(b,c)	406,282
Commission expenses	80,799	–	–	–		80,799
Cost of sales	39,881	–	–	–		39,881
Benefits and losses	–	3,471	39,957	–		43,428
Amortization of deferred policy acquisition costs	–	–	5,643	–		5,643
Lease expense	12,770	–	–	(46)	(b)	12,724
Depreciation, net of (gains) losses on disposals	63,078	–	–	–		63,078
Total costs and expenses	591,188	10,560	51,130	(1,043)		651,835
Earnings from operations before equity in earnings of subsidiaries	297,106	6,065	8,057	(160)		311,068
Equity in earnings of subsidiaries	9,179	–	–	(9,179)	(d)	–
Earnings from operations	306,285	6,065	8,057	(9,339)		311,068
Interest expense	(24,133)	–	–	160	(b)	(23,973)
Pretax earnings	282,152	6,065	8,057	(9,179)		287,095
Income tax expense	(98,773)	(2,123)	(2,820)	–		(103,716)
Earnings available to common shareholders	$183,379	$3,942	$5,237	$(9,179)		$183,379

(a) Balances for the quarter ended June 30, 2015
(b) Eliminate intercompany lease / interest income
(c) Eliminate intercompany premiums
(d) Eliminate equity in earnings of subsidiaries

AMERCO AND CONSOLIDATED SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

Consolidating statement of operations by industry segment for the quarter ended September 30, 2014 are as follows:

	Moving & Storage Consolidated (Unaudited) (In thousands)	Property & Casualty Insurance (a)	Life Insurance (a)	Eliminations		AMERCO Consolidated
Revenues:						
Self-moving equipment rentals	$654,528	$–	$–	$(994)	(c)	$653,534
Self-storage revenues	52,986	–	–	–		52,986
Self-moving and self-storage products and service sales	68,043	–	–	–		68,043
Property management fees	5,796	–	–	–		5,796
Life insurance premiums	–	–	39,041	–		39,041
Property and casualty insurance premiums	–	12,463	–	–		12,463
Net investment and interest income	3,470	4,068	14,518	(200)	(b)	21,856
Other revenue	51,322	–	1,564	(114)	(b)	52,772
Total revenues	836,145	16,531	55,123	(1,308)		906,491
Costs and expenses:						
Operating expenses	372,766	6,711	5,592	(1,099)	(b,c)	383,970
Commission expenses	76,160	–	–	–		76,160
Cost of sales	39,836	–	–	–		39,836
Benefits and losses	–	2,848	36,710	–		39,558
Amortization of deferred policy acquisition costs	–	–	4,290	–		4,290
Lease expense	19,821	–	–	(46)	(b)	19,775
Depreciation, net of (gains) losses on disposals	67,066	–	–	–		67,066
Total costs and expenses	575,649	9,559	46,592	(1,145)		630,655
Earnings from operations before equity in earnings of subsidiaries	260,496	6,972	8,531	(163)		275,836
Equity in earnings of subsidiaries	10,081	–	–	(10,081)	(d)	–
Earnings from operations	270,577	6,972	8,531	(10,244)		275,836
Interest expense	(25,040)	–	–	163	(b)	(24,877)
Fees and amortization on early extinguishment of debt	(4,081)	–	–	–		(4,081)
Pretax earnings	241,456	6,972	8,531	(10,081)		246,878
Income tax expense	(85,209)	(2,441)	(2,981)	–		(90,631)
	$156,247	$4,531	$5,550	$(10,081)		$156,247

Earnings available to common shareholders

(a) Balances for the quarter ended June 30, 2014
(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 six months ended September 30, 2015 are as follows:

	Moving & Storage Consolidated (Unaudited) (In thousands)	Property & Casualty Insurance (a)	Life Insurance (a)	Eliminations		AMERCO Consolidated
Revenues:						
Self-moving equipment rentals	$1,329,223	$–	$–	$(1,718)	(c)	$1,327,505
Self-storage revenues	119,251	–	–	–		119,251
Self-moving and self-storage products and service sales	147,961	–	–	–		147,961
Property management fees	12,431	–	–	–		12,431
Life insurance premiums	–	–	80,781	–		80,781
Property and casualty insurance premiums	–	23,928	–	–		23,928
Net investment and interest income	4,662	7,587	32,268	(394)	(b)	44,123
Other revenue	89,606	–	2,207	(85)	(b)	91,728
Total revenues	1,703,134	31,515	115,256	(2,197)		1,847,708
Costs and expenses:						
Operating expenses	746,515	13,428	11,292	(1,784)	(b,c)	769,451
Commission expenses	153,857	–	–	–		153,857
Cost of sales	81,136	–	–	–		81,136
Benefits and losses	–	5,544	81,275	–		86,819
Amortization of deferred policy acquisition costs	–	–	10,421	–		10,421
Lease expense	29,881	–	–	(93)	(b)	29,788
Depreciation, net of (gains) losses on disposals	114,060	–	–	–		114,060
Total costs and expenses	1,125,449	18,972	102,988	(1,877)		1,245,532
Earnings from operations before equity in earnings of subsidiaries	577,685	12,543	12,268	(320)		602,176
Equity in earnings of subsidiaries	16,129	–	–	(16,129)	(d)	–
Earnings from operations	593,814	12,543	12,268	(16,449)		602,176
Interest expense	(46,393)	–	–	320	(b)	(46,073)
Pretax earnings	547,421	12,543	12,268	(16,129)		556,103
Income tax expense	(192,757)	(4,390)	(4,292)	–		(201,439)
	$354,664	$8,153	$7,976	$(16,129)		$354,664

Earnings available to common shareholders

(a) Balances for the six months ended June 30, 2015
(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 six months ended September 30, 2014 are as follows:

	Moving & Storage Consolidated (Unaudited) (In thousands)	Property & Casualty Insurance (a)	Life Insurance (a)	Eliminations		AMERCO Consolidated
Revenues:						
Self-moving equipment rentals	$1,230,695	$–	$–	$(1,686)	(c)	$1,229,009
Self-storage revenues	102,120	–	–	–		102,120
Self-moving and self-storage products and service sales	142,522	–	–	–		142,522
Property management fees	11,473	–	–	–		11,473
Life insurance premiums	–	–	76,971	–		76,971
Property and casualty insurance premiums	–	22,081	–	–		22,081
Net investment and interest income	7,947	6,862	28,483	(390)	(b)	42,902
Other revenue	96,309	–	2,289	(230)	(b)	98,368
Total revenues	1,591,066	28,943	107,743	(2,306)		1,725,446
Costs and expenses:						
Operating expenses	725,397	12,512	11,258	(1,898)	(b,c)	747,269
Commission expenses	142,500	–	–	–		142,500
Cost of sales	81,464	–	–	–		81,464
Benefits and losses	–	5,437	74,905	–		80,342
Amortization of deferred policy acquisition costs	–					