

# **U-HAUL HOLDING CO /NV/**

## **FORM 10-K** (Annual Report)

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

Form 10-K

(Mark One)

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

For the fiscal year ended March 31, 2017

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.**

**AMERCO**

1-11255

**AMERCO**

88-0106815

(A Nevada Corporation)  
5555 Kietzke Lane, Ste. 100  
Reno, Nevada 89511  
Telephone (775) 688-6300

Securities registered pursuant to Section 12(b) of the Act:

<b><u>Title of each class</u></b>	<b><u>Name of each exchange on which registered</u></b>
Common stock, \$0.25 par value	NASDAQ Global Select Market

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Securities Act. Yes  No

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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405) is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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

Large accelerated filer  Accelerated filer

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

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

The aggregate market value of AMERCO common stock held by non-affiliates on September 30, 2016 was \$ 2,221,500,104. The aggregate market value was computed using the closing price for the common stock trading on NASDAQ on such date. Shares held by executive officers, directors and persons owning directly or indirectly more than 5% of the outstanding common stock have been excluded from the preceding number because such persons may be deemed to be affiliates of the registrant. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

19,607,788 shares of AMERCO Common Stock, \$0.25 par value, were outstanding at May 19, 2017.

Documents incorporated by reference: portions of AMERCO's definitive proxy statement for the 2017 annual meeting of stockholders, to be filed within 120 days after AMERCO's fiscal year ended March 31, 2017, are incorporated by reference into Part III of this report.

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## PART I

### **Item 1. Business**

#### **Company Overview**

We are North America's largest "do-it-yourself" moving and storage operator through our subsidiary U-Haul International, Inc. ("U-Haul"). U-Haul is synonymous with "do-it-yourself" moving and storage and is a leader in supplying products and services to help people move and store their household and commercial goods. Our primary service objective is to provide a better and better product or service to more and more people at a lower and lower cost. Unless the context otherwise requires, the term "AMERCO," "Company," "we," "us," or "our" refer to AMERCO, a Nevada corporation, and all of its legal subsidiaries, on a consolidated basis.

We were founded in 1945 as a sole proprietorship under the name "U-Haul Trailer Rental Company" and have rented trailers ever since. Starting in 1959, we rented trucks on a one-way and in-town basis exclusively through independent U-Haul dealers. In 1974, we began developing our network of U-Haul managed retail stores, through which we rent our trucks and trailers, self-storage rooms and portable moving and storage units and sell moving and self-storage products and services to complement our independent dealer network.

We rent our distinctive orange and white U-Haul trucks and trailers as well as offer self-storage rooms through a network of over 1,750 Company operated retail moving stores and approximately 20,000 independent U-Haul dealers. We also sell U-Haul brand boxes, tape and other moving and self-storage products and services to "do-it-yourself" moving and storage customers at all of our distribution outlets and through our [uhaul.com](http://uhaul.com)® and eMove® websites.

We believe U-Haul is the most convenient supplier of products and services addressing the needs of North America's "do-it-yourself" moving and storage market. Our broad geographic coverage throughout the United States and Canada and our extensive selection of U-Haul brand moving equipment rentals, self-storage rooms, portable moving and storage units and related moving and storage products and services provide our customers with convenient "one-stop" shopping.

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 inventory of 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.

Through Repwest Insurance Company ("Repwest") and ARCOA Risk Retention Group ("ARCOA"), our property and casualty insurance subsidiaries, we manage the property, liability and related insurance claims processing for U-Haul. Oxford Life Insurance Company ("Oxford"), our life insurance subsidiary, sells life insurance, Medicare supplement insurance, annuities and other related products to the senior market.

#### **Available Information**

AMERCO and U-Haul are each incorporated in Nevada. U-Haul's internet address is [uhaul.com](http://uhaul.com)®. On AMERCO's investor relations website, [amerco.com](http://amerco.com), we post the following filings as soon as practicable after they are electronically filed with or furnished to the United States Securities and Exchange Commission ("SEC"): our Annual Report on Form 10-K, our Quarterly Reports on Form 10-Q, our Current Reports on Form 8-K, our proxy statement related to our annual meeting of stockholders, and any amendments to those reports or statements filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). We also use our investor relations website as a means of disclosing material information and for complying with our disclosure obligations under Regulation FD. All such filings on our website are available free of charge. Additionally, you will find these materials on the SEC's website at [sec.gov](http://sec.gov).

## Products and Rental Equipment

Our customers are primarily "do-it-yourself" household movers. U-Haul moving equipment is specifically designed, engineered and manufactured for the "do-it-yourself" household mover. These "do-it-yourself" movers include individuals and families moving their belongings from one home to another, college students moving their belongings, vacationers and sports enthusiasts needing extra space or having special towing needs, people trying to save on home furniture and home appliance delivery costs, and "do-it-yourself" home remodeling and gardening enthusiasts who need to transport materials.

As of March 31, 2017, our rental fleet consisted of approximately 150,000 trucks, 112,000 trailers and 40,000 towing devices. This equipment and our U-Haul brand of self-moving products and services are available through our network of managed retail moving stores and independent U-Haul dealers. Independent U-Haul dealers receive rental equipment from the Company, act as rental agents and are paid a commission based on gross revenues generated from their U-Haul rentals.

Our rental truck chassis are engineered by domestic truck manufacturers. These chassis are joined with the U-Haul designed and manufactured van boxes primarily at U-Haul operated manufacturing and assembly facilities strategically located throughout the United States. U-Haul rental trucks feature our proprietary Lowest Deck<sup>SM</sup>, which provides our customers with extra ease of loading. The loading ramps on our trucks are the widest in the industry, which reduce the effort needed to move belongings. Our trucks are fitted with convenient, padded rub rails with tie downs on every interior wall. Our Gentle Ride Suspension<sup>SM</sup> helps our customers safely move delicate and prized possessions. Also, the engineers at our U-Haul Technical Center determined that the softest ride in our trucks was at the front of the van box. Consequently, we designed the part of the van box that hangs over the front cab of the truck to be the location for our customers to place their most fragile items during their move. We call this area Mom's Attic<sup>SM</sup>.

Our distinctive trailers are also manufactured at these same U-Haul operated manufacturing and assembly facilities. These trailers are well suited to the low profile of many of today's newly manufactured automobiles. Our engineering staff is committed to making our trailers easy to tow, safe, aerodynamic and fuel efficient.

To provide our self-move customers with added value, our rental trucks and trailers are designed with fuel efficiency in mind. Many of our trucks are fitted with fuel economy gauges, another tool that assists our customers in conserving fuel. To help make our rental equipment more reliable, we routinely perform extensive preventive maintenance and repairs.

We also provide customers with equipment to transport their vehicles. We provide two towing options; auto transport, in which all four wheels are off the ground, and a tow dolly, in which the front wheels of the towed vehicle are off the ground.

To help our customers load their boxes and larger household appliances and furniture, we offer several accessory rental items. Our utility dolly has a lightweight design and is easy to maneuver. Another rental accessory is our four wheel dolly, which provides a large, flat surface for moving dressers, wall units, pianos and other large household items. U-Haul appliance dollies provide the leverage needed to move refrigerators, freezers, washers and dryers easily and safely. These utility, furniture and appliance dollies, along with the low decks and the wide loading ramps on U-Haul trucks and trailers, are designed for easy loading and unloading of our customers' belongings.

The total package U-Haul offers to the "do-it-yourself" household mover doesn't end with trucks, trailers and accessory rental items. Our moving supplies include a wide array of affordably priced U-Haul brand boxes, tape and packing materials. We also provide specialty boxes for dishes, computers and sensitive electronic equipment, as well as tape, security locks, and packing supplies. U-Haul brand boxes are specifically sized to make loading easier.

We estimate that U-Haul is North America's largest seller and installer of hitches and towing systems. In addition to towing U-Haul equipment, these hitching and towing systems can tow jet skis, motorcycles, boats, campers and horse trailers. Each year, more than one million customers visit our locations for expertise on complete towing systems, trailer rentals and the latest in towing accessories.

U-Haul has one of North America's largest propane refilling networks, with over 1,100 locations providing this convenient service. We employ trained, certified personnel to refill propane cylinders and alternative fuel vehicles. Our network of propane dispensing locations is one of the largest automobile alternative refueling networks in North America.

Our self-storage business was a natural outgrowth of our self-moving operations. Conveniently located U-Haul self-storage rental facilities provide clean, dry and secure space for storage of household and commercial goods. Storage units range in size from 6 square feet to over 1,000 square feet. As of March 31, 2017, we operate nearly 1,440 self-storage locations in the United States and Canada, with over 581,000 rentable rooms comprising 51.4 million square feet of rentable storage space. Our self-storage centers feature a wide array of security measures, ranging from electronic property access control gates to individually alarmed storage units. At many centers, we offer climate controlled storage rooms to protect temperature sensitive goods such as video tapes, albums, photographs and precious wood furniture.

Another extension of our strategy to make "do-it-yourself" moving and storage easier is our U-Box® program. A U-Box® portable moving and storage unit is delivered to a location of our customer's choosing either by the customers themselves through the use of a U-Box® trailer, with the assistance of a Moving Helper or by Company personnel. Once the U-Box® portable moving and storage unit is filled, it can be stored at the customer's location, or taken to one of our Company operated locations, a participating independent dealer, or moved to a location of the customer's choice.

Additionally, we offer moving and storage protection packages such as Safemove® and Safetow®. These programs provide moving and towing customers with a damage waiver, cargo protection and medical and life insurance coverage. Safestor® provides protection for storage customers from loss on their goods in storage. Safestor Mobile® provides protection for customers stored belongings when using our U-Box portable moving and storage units. For our customers who desire additional coverage over and above the standard Safemove® protection, we also offer our Safemove Plus® product. This package provides the rental customer with a layer of primary liability protection.

We believe that through our website, uhaul.com®, we have aggregated the largest network of customers and independent businesses in the self-moving and self-storage industry. In particular, our Moving Helper program connects "do-it-yourself" movers with thousands of independent service providers in the United States and Canada to assist our customers in packing, loading, unloading, cleaning and performing other services.

Through the U-Haul Storage Affiliate Program, independent storage businesses can join one of the world's largest self-storage reservation systems. Self-storage customers making a reservation through uhaul.com® can access all of the U-Haul self-storage centers and all of our independent storage affiliate partners for even greater convenience to meet their self-storage needs. For the independent storage operator, our network gives them access to products and services allowing them to compete with larger operators more cost effectively.

We own numerous trademarks and service marks that contribute to the identity and recognition of our Company and its products and services. Certain of these marks are integral to the conduct of our business, a loss of any of which could have a material adverse affect on our business. We consider the trademark "U-Haul®" to be of material importance to our business. We own the U.S. trademarks and service marks "U-Haul®", "AMERCO®", "In-Town®", "eMove®", "Safemove®", "WebSelfStorage®", "uhaul.com®", "Lowest Decks™", "Gentle Ride Suspension™", "Mom's Attic®", "U-Box®", "Moving Help®", "Safestor®", "Safetow®", "Safemove Plus®", "Safestor Mobile®", "U-Haul Investors Club®", "U-Note®", among others, for use in connection with the moving and storage business. Additionally, applications to register the U-Haul Truck Share™, U-Haul Truck Share 24/7™ and Truck Share 24/7™ trademarks are pending in the U.S. Patent and Trademark Office.

#### **Description of Operating Segments**

AMERCO's three reportable segments are:

- Moving and Storage, comprised of AMERCO, U-Haul, and Amerco Real Estate Company ("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.

Financial information for each of our operating segments is included in the Notes to Consolidated Financial Statements as part of Item 8: Financial Statements and Supplementary Data of this Annual Report on Form 10-K.

#### ***Moving and Storage Operating Segment***

Moving and Storage operating segment ("Moving and Storage") consists of the rental of trucks, trailers, portable moving and storage units, 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.

Net revenue from Moving and Storage was approximately 90.8 % , 91.0 % and 91.0 % of consolidated net revenue in fiscal 2017 , 2016 and 2015, respectively.

During fiscal 2017 , the Company placed over 42,000 new trucks in service. These additions and replacements to the fleet were a combination of U-Haul manufactured vehicles and purchases. As new trucks are added to the fleet , the Company typically removes older trucks from the fleet . The total number of rental trucks in the fleet increased during fiscal 2017 as the pace of new additions was greater than those trucks removed for retirement and sale .

Within our truck and trailer rental operation , we are focused on expanding our independent dealer network to provide added convenience for our customers. U-Haul maximizes vehicle utilization by managing distribution of the truck and trailer fleets among the over 1,750 Company operated stores and approximately 20,000 independent dealers. Utilizing its proprietary reservations management system, the Company's centers and dealers electronically report their inventory in real-time, which facilitates matching equipment to customer demand. Approximately 54 % of all U-Move® rental revenue originates from the Company operated centers.

At our owned and operated retail stores we are implementing new initiatives to improve customer service. These initiatives include improving management of our rental equipment to provide our retail centers with the right type of rental equipment, at the right time and at the most convenient location for our customers, effective marketing of our broad line of self-moving related products and services, expanding accessibility to provide more convenience to our customers, and enhancing our ability to properly staff locations during our peak hours of operations by attracting and retaining "moonlighters" (part-time U-Haul employees with full-time jobs elsewhere) during our peak hours of operation. As of April 2017, U-Haul expanded its offering of U-Haul Truck Share 24/7™ to our entire network in the United States and Canada. U-Haul is seeking intellectual regulatory protection of this system.

Our self-moving related products and services, such as boxes, pads and insurance, help our customers have a better moving experience and help them to 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.

Our self-storage business operations consist of the rental of self-storage rooms, portable moving and storage units, sales of self-storage related products, the facilitation of sales of services, and the management of self-storage facilities owned by others.

U-Haul is one of the largest North American operators of self-storage and has been a leader in the self-storage industry since 1974. U-Haul operates over 581,000 storage rooms, comprising 51.4 million square feet of storage space with locations in 49 states and 10 Canadian provinces. U-Haul's owned and managed self-storage facility locations range in size up to 172,000 square feet of storage space, with individual storage units in sizes ranging from 6 square feet to over 1,000 square feet.

The primary market for storage rooms is the storage of household goods. We believe that our self-storage services provide a competitive advantage through such things as Max Security, an electronic system that monitors the storage facility 24 hours a day, climate control in select units , individually alarmed rooms, extended hours access, and an internet-based customer reservation and account management system.

Moving Help® and U-Haul Storage Affiliates® on uhaul.com® are online marketplace s that connect consumers to independent Moving Help® service providers and thousands of independent Self-Storage Affiliates. Our network of customer-rated Moving Help® and affiliates provide pack and load help, cleaning help, self-storage and similar services all over the United States and Canada . Our goal is to further utilize our web-based technology platform to increase service to consumers and businesses in the moving and

storage market.

Moving and Storage business is seasonal and our results of operations and cash flows fluctuate significantly from quarter to quarter. Historically, revenues have been stronger in the first and second fiscal quarters due to the overall increase in moving activity during the spring and summer months. The fourth fiscal quarter is generally our weakest.

#### ***Property and Casualty Insurance Operating Segment***

Our Property and Casualty Insurance operating segment ("Property and Casualty Insurance") provides loss adjusting and claims handling for U-Haul through regional offices across the United States and Canada. Property and Casualty Insurance also underwrites components of the Safemove®, Safetow®, Safemove Plus®, Safestore Mobile® and Safestor® protection packages to U-Haul customers. We attempt to price our products to be a good value to our customers. The business plan for Property and Casualty Insurance includes offering property and casualty products in other U-Haul related programs.

Net revenue from Property and Casualty Insurance was approximately 2.0%, 2.0% and 1.9 % of consolidated net revenue in fiscal 2017, 2016 and 2015, respectively.

#### ***Life Insurance Operating Segment***

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.

Net revenue from Life Insurance was approximately 7.2 %, 7.0 % and 7.1 % of consolidated net revenue in fiscal 2017, 2016 and 2015, respectively.

#### **Employees**

As of March 31, 2017, we employed nearly 28,300 people throughout the United States and Canada with approximately 98 % of these employees working within Moving and Storage and approximately 56 % of these employees working on a part-time basis.

#### **Sales and Marketing**

We promote U-Haul brand awareness through direct and co-marketing arrangements. Our direct marketing activities consist of web-based initiatives, print and social media as well as trade events, movie cameos of our rental fleet and boxes, and industry and consumer communications. We believe that our rental equipment is our best form of advertisement. We support our independent U-Haul dealers through marketing U-Haul moving and self-storage rentals, products and services.

Our marketing plan focuses on maintaining our leadership position in the "do-it-yourself" moving and storage industry by continually improving the ease of use and economy of our rental equipment, by providing added convenience to our retail centers, through independent U-Haul dealers, and by expanding the capabilities of our U-Haul website s.

A significant driver of U-Haul's rental transaction volume is our utilization of an online reservation and sales system, through uhaul.com® and our 24-hour 1-800-GO-U-HAUL telephone reservations system. These points of contact are prominently featured and are a major driver of customer lead sources.

#### **Competition**

##### ***Moving and Storage Operating Segment***

The truck rental industry is highly competitive and includes a number of significant national, regional and local competitors. Generally speaking, we consider there to be two distinct users of rental trucks: commercial and "do-it-yourself" residential users. We primarily focus on the "do-it-yourself" residential user. Within this segment, we believe the principal competitive factors are convenience of rental locations, availability of quality rental moving equipment, breadth of essential products and services, and total cost to the user. Our major national competitors in both the in-own and one-way moving equipment rental market include Avis Budget Group, Inc. and Penske Truck Leasing. We have numerous competitors throughout the United States and Canada who compete with us in the in-own market.

The self-storage market is large and very fragmented. We believe the principal competitive factors in this industry are convenience of storage rental locations, cleanliness, security and price. Our largest competitors in the self-storage market are Public Storage Inc., Extra Space Storage, Inc., Cubesmart and Life Storage, Inc.

## **Insurance Operating Segments**

The insurance industry is highly competitive. In addition, the marketplace includes financial services firms offering both insurance and financial products. Some of the insurance companies are owned by stockholders and others are owned by policyholders. Many competitors have been in business for a longer period of time or possess substantially greater financial resources and broader product portfolios than our insurance companies. We compete in the insurance business based upon price, product design, and services rendered to agents and policyholders.

## **Financial Data of Segment and Geographic Areas**

For financial data of our segments and geographic areas please see Note 21, Financial Information by Geographic Area, and Note 21A, Consolidating Financial Information by Consolidating Industry Segment, of our Notes to Consolidated Financial Statements.

## **Cautionary Statement Regarding Forward-Looking Statements**

This Annual Report on Form 10-K ("Annual 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 Exchange Act. Such statements may include, but are not limited to, 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 the impact of our compliance with environmental laws and cleanup costs, our used vehicle disposition strategy, the sources and availability of funds for our rental equipment and self-storage expansion and replacement strategies and plans, our plan to expand our U-Haul storage affiliate program, that additional leverage can be supported by our operations and business, the availability of alternative vehicle manufacturers, our estimates of the residual values of our equipment fleet, our plans with respect to off-balance sheet arrangements, our plans to continue to invest in the U-Box® program, the impact of interest rate and foreign currency exchange rate changes on our operations, the sufficiency of our capital resources and the sufficiency of capital of our insurance subsidiaries as well as assumptions relating to the foregoing. The words "believe," "expect," "anticipate," "plan," "may," "will," "could," "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 enumerated below under the heading "Risk Factors" and other factors described in this Annual Report or the other documents we file with the SEC. These factors, the following disclosures, as well as other statements in this Annual Report and in the Notes to 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, except as required by law.

## **Item 1A. Risk Factors**

The following discussion of risk factors should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") and the Consolidated Financial Statements and related notes. These risk factors may be important in understanding this Annual Report or elsewhere.

#### **We operate in a highly competitive industry.**

The truck rental industry is highly competitive and includes a number of significant national, regional and local competitors. We believe the principal competitive factors in this industry are convenience of rental locations, availability of quality rental moving equipment, breadth of essential services and products and total cost. Financial results for the Company can be adversely impacted by aggressive pricing from our competitors. Some of our competitors may have greater financial resources than we have. We cannot assure you that we will be able to maintain existing rental prices or implement price increases. Moreover, if our competitors reduce prices and we are not able or willing to do so as well, we may lose rental volume, which would likely have a materially adverse affect on our results of operations. Numerous potential competitors are working to establish paradigm shifting technologies from self driving vehicles to Uber-like offerings.

The self-storage industry is large and highly fragmented. We believe the principal competitive factors in this industry are convenience of storage rental locations, cleanliness, security and price. Competition in the market areas in which we operate is significant and affects the occupancy levels, rental rates and operating expenses of our facilities. Competition might cause us to experience a decrease in occupancy levels, limit our ability to raise rental rates or require us to offer discounted rates that would have a material affect on results of operations and financial condition. Entry into the self-storage business may be accomplished through the acquisition of existing facilities by persons or institutions with the required initial capital. Development of new self-storage facilities is more difficult however, due to land use , zoning, environmental and other regulatory requirements. The self-storage industry has in the past experienced overbuilding in response to perceived increases in demand. We cannot assure you that we will be able to successfully compete in existing markets or expand into new markets.

#### **We are highly leveraged.**

As of March 31, 2017 , we had total debt outstanding of \$ 3,287.2 million and total undiscounted operating lease commitments of \$ 129.4 million. Although we believe, based on existing information, that additional leverage can be supported by our operations and revenues , our existing debt could impact us in the following ways among other considerations:

- require us to allocate a considerable portion of cash flows from operations to debt service and operating lease payments;
- limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;
- limit our ability to obtain additional financing; and
- place us at a disadvantage compared to our competitors who may have less debt.

Our ability to make payments on our debt and operating leases depends upon our ability to maintain and improve our operating performance and generate cash flow. To some extent, this is subject to prevailing economic and competitive conditions and to certain financial, business and other factors, some of which are beyond our control. If we are unable to generate sufficient cash flow from operations to service our debt and meet our other cash needs, including our operating leases, we may be forced to reduce or delay capital expenditures, sell assets, seek additional capital or restructure or refinance our indebtedness. If we must sell our assets, it may negatively affect our ability to generate revenue. In addition, we may incur additional debt or leases that would exacerbate the risks associated with our indebtedness.

#### **Economic conditions, including those related to the credit markets, may adversely affect our industry, business and results of operations.**

Consumer and commercial spending is generally affected by the health of the economy , which places some of the factors affecting the success of our business beyond our control . Our businesses , although not as traditionally cyclical as some, could experience significant downturns in connection with or in anticipation of, declines in general economic conditions. In times of declining consumer spending we may be driven, along with our competitors, to reduce pricing which would have a negative impact on gross profit. We cannot predict if another downturn , in the economy will occur , which could result in reduced revenues and working capital.

Should credit markets in the United States tighten or if interest rates increase significantly, we may not be able to refinance existing debt or find additional financing on favorable terms, if at all. If one or more of the financial institutions that support our existing credit facilities fails, we may not be able to find a replacement, which would negatively impact our ability to borrow under credit facilities. If our operating results were to worsen significantly and our cash flows or capital resources prove inadequate, or if interest rates increase significantly, we could face liquidity problems that could materially and adversely affect our results of operations and financial condition.

**Our fleet rotation program can be adversely affected by financial market conditions.**

To meet the needs of our customers, U-Haul maintains a large fleet of rental equipment. Our rental truck fleet rotation program is funded internally through operations and externally from debt and lease financing. Our ability to fund our routine fleet rotation program could be adversely affected if financial market conditions limit the general availability of external financing. This could lead us to operate trucks longer than initially planned and /or reduce the size of the fleet, either of which could materially and negatively affect our results of operations.

Another important aspect of our fleet rotation program is the sale of used rental equipment. The sale of used equipment provides us with funds that can be used to purchase new equipment. Conditions may arise that could lead to the decrease in demand and/or resale values for our used equipment. This could have a material adverse effect on our financial results, which could result in substantial losses on the sale of equipment and decreases in cash flows from the sales of equipment.

**We obtain our rental trucks from a limited number of manufacturers.**

Over the last twenty years, we purchased the majority of our rental trucks from Ford Motor Company and General Motors Corporation. Our fleet can be negatively affected by issues our manufacturers may face within their own supply chain. Also, it is possible that our suppliers may face financial difficulties or organizational changes which could negatively impact their ability to accept future orders or fulfill existing orders. The cost of acquiring new rental trucks could increase materially and negatively affect our ability to rotate new equipment into the fleet. Although we believe that we could contract with alternative manufacturers for our rental trucks, we cannot guarantee or predict how long that would take. In addition, termination of our existing relationship with these suppliers could have a material adverse effect on our business, financial condition or results of operations for an indefinite period of time.

**We may not be able to effectively hedge against interest rate changes in our variable debt.**

In certain instances, the Company seeks to manage its exposure to interest rate risk through the use of hedging instruments including interest rate swap agreements and forward swaps. 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. Additionally, a failure on our part to effectively hedge against interest rate changes may adversely affect our financial condition and results of operations. We are required to record these financial instruments at their fair value. Changes in interest rates can significantly impact the valuation of the instruments resulting in non-cash changes to our financial position.

**A substantial amount of our shares is owned by a small contingent of stockholders.**

Willow Grove Holdings LP ("Willow Grove"), directly and through controlled entities, owns 8,359,572 shares (approximately 42.6 %) of AMERCO common stock. The general partner of Willow Grove is Foster Road, LLC ("Foster Road"). Foster Road controls the voting and disposition decisions with respect to the AMERCO common stock owned by Willow Grove and is owned and managed by Edward J. Shoen and Mark V. Shoen. Accordingly, Edward J. Shoen and Mark V. Shoen, brothers, are in a position to significantly influence our business and policies, including the approval of certain significant transactions, the election of the members of our Board of Directors and other matters submitted to our stockholders. There can be no assurance that their interests will not conflict with the interests of our other stockholders.

In addition, 1,180,744 shares (approximately 6.0 %) of AMERCO common stock is owned under our Employee Stock Ownership Plan ("ESOP"). Each ESOP participant is entitled to vote the shares allocated to himself or herself in their discretion. In the event an ESOP participant does not vote his or her shares, such shares shall be voted by the ESOP trustee, in the ESOP trustee's discretion.

**We bear certain risks related to our notes receivable from SAC Holdings.**

At March 31, 2017, we held a \$ 48.1 million note receivable from SAC Holdings, which consists of a junior unsecured note. SAC Holdings is highly leveraged with significant indebtedness to others. If SAC Holdings is unable to meet its obligations to its senior lenders, it could trigger a default of its obligation to us. In such an event of default, we could suffer a loss to the extent the value of the underlying collateral of SAC Holdings is inadequate to repay its senior lenders and our junior unsecured note. We cannot assure you that SAC Holdings will not default on its loans to their senior lenders or that the value of its assets upon liquidation would be sufficient to repay us in full.

**Our quarterly results of operations fluctuate due to seasonality and other factors associated with our industry.**

Our business is seasonal and our results of operations and cash flows fluctuate significantly from quarter to quarter. Historically, revenues have been stronger in the first and second fiscal quarters due to the overall increase in moving activity during the spring and summer months. The fourth fiscal quarter is generally weakest, due to a greater potential for adverse weather conditions and other factors that are not necessarily seasonal. As a result, our operating results for any given quarterly period are not necessarily indicative of operating results for an entire year.

**Our operations subject us to numerous environmental regulations and the possibility that environmental liability in the future could adversely affect our operations.**

Compliance with environmental requirements of federal, state and local governments significantly affects our business. 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. Under environmental laws or common law principles, we can be held liable for hazardous substances that are found on real property we have owned or operated. We are aware of issues regarding hazardous substances on some of our real estate and we have put in place a remediation plan at each site where we believe such a plan is necessary. See Note 18, Contingencies, of the Notes to Consolidated Financial Statements. We regularly make capital and operating expenditures to stay in compliance with environmental laws. In particular, we have managed a testing and removal program since 1988 for our underground storage tanks. Despite these compliance efforts, we believe that risk of environmental liability is part of the nature of our business.

Environmental laws and regulations are complex, change frequently and could become more stringent in the future. We cannot assure you that future compliance with these regulations, future environmental liabilities, the cost of defending environmental claims, conducting any environmental remediation or generally resolving liabilities caused by us or related third parties will not have a material adverse effect on our business, financial condition or results of operations.

**We operate in a highly regulated industry and changes in existing regulations or violations of existing or future regulations could have a material adverse effect on our operations and profitability.**

Our truck and trailer rental business is subject to regulation by various federal, state and foreign governmental entities. Specifically, the U.S. Department of Transportation and various state, federal and Canadian agencies exercise broad powers over our motor carrier operations, safety, and the generation, handling, storage, treatment and disposal of waste materials. In addition, our storage business is also subject to federal, state and local laws and regulations relating to environmental protection and human health and safety. The failure to adhere to these laws and regulations may adversely affect our ability to sell or rent such property or to use the property as collateral for future borrowings. Compliance with changing regulations could substantially impair real property and equipment productivity and increase our costs. In addition, the Federal government may institute some regulation that limits carbon emissions by setting a maximum amount of carbon individual entities can emit without penalty. This would likely affect everyone who uses fossil fuels and would disproportionately affect users in the highway transportation industries. While there are too many variables at this time to assess the impact of the various proposed federal and state regulations that could affect carbon emissions, many experts believe these proposed rules could significantly affect the way companies operate in their businesses.

Our operations can be limited by land-use regulations. Zoning choices enacted by individual municipalities in the United States and Canada may limit our ability to serve certain markets with our products and services.

Our insurance companies are heavily regulated by state insurance departments and the National Association of Insurance Commissioners ("NAIC"). These insurance regulations are primarily in place to protect the interests of our policyholders and not our investors. Changes in these laws and regulations could increase our costs, inhibit new sales, or limit our ability to implement rate increases.

**A significant portion of our revenues are generated through third-parties.**

Our business plan relies upon a network of independent dealers strategically located throughout the United States and Canada. As of March 31, 2017 we had approximately 20,000 independent equipment rental dealers. In fiscal 2017, approximately 46% of our equipment rental revenues were generated through this network.

Our inability to maintain this network or its current cost structure could inhibit our ability to adequately serve our customers and may negatively affect our results of operations and financial position.

**We face liability risks associated with the operation of our rental fleet.**

The business of renting moving and storage equipment to customers exposes us to liability claims including property damage, personal injury and even death. We seek to limit the occurrence of such events through the design of our equipment, communication of its proper use and exhaustive repair and maintenance schedules. Regardless, accidents still occur and we manage the financial risk of these events through third party insurance carriers. While these excess loss insurance policies are available today at reasonable costs, this could change and could negatively affect our results of operations and financial position.

**Terrorist attacks could negatively impact our operations and profitability and may expose us to liability and reputational damage.**

Terrorist attacks may negatively affect our operations and profitability. Such attacks may damage our facilities or it is also possible that our rental equipment could be involved in a terrorist attack. Although we carry excess of loss insurance coverage, it may prove to be insufficient to cover us for acts of terror using our rental equipment. Moreover, we may suffer reputational damage that could arise from a terrorist attack which utilizes our rental equipment. The consequences of any terrorist attacks or hostilities are unpredictable and difficult to quantify. We seek to minimize these risks through our operational processes and procedures; however, we may not be able to foresee events that could have an adverse effect on our operations.

**Our ability to attract and retain qualified employees, and changes in laws or other labor issues could adversely affect our business and our results of operations.**

The success of our business is predicated upon our workforce providing excellent customer service. Our ability to attract and retain this employee base may be inhibited due to prevailing wage rates, benefit costs and the adoption of new or revised employment and labor laws and regulations. Should this occur we may be unable to provide service in certain areas or we may experience significantly increased costs of labor that could adversely affect our results of operations and financial condition.

**We are highly dependent upon our automated systems and the Internet for managing our business.**

Our information systems are largely Internet-based, including our point-of-sale reservation system, payment processing and telephone systems. While our reliance on this technology lowers our cost of providing service and expands our abilities to better serve customers, it exposes us to various risks including natural and man-made disasters, terrorist attacks and cyber-attacks. We have put into place extensive security protocols, backup systems and alternative procedures to mitigate these risks. However, disruptions or breaches, detected or undetected by us, for any period of time in any portion of these systems could adversely affect our results of operations and financial condition, inflict reputational damage, result in litigation with third parties and resulting governmental investigations and penalties.

**A.M. Best financial strength ratings are crucial to our life insurance business.**

In May 2016, A.M. Best affirmed the financial strength rating for Oxford and Christian Fidelity Life Insurance Company ("CFLIC") of A- with a stable outlook and affirmed the financial strength rating for North American Insurance Company ("NAI") of B++ with a stable outlook. Financial strength ratings are important external factors that can affect the success of Oxford's business plans. Accordingly, if Oxford's ratings, relative to its competitors, are not maintained or do not continue to improve, Oxford may not be able to retain and attract business as currently planned, which could adversely affect our results of operations and financial condition.

**We may incur losses due to our reinsurers' or counterparties' failure to perform under existing contracts or we may be unable to secure sufficient reinsurance or hedging protection in the future.**

We use reinsurance and derivative contracts to mitigate our risk of loss in various circumstances; primarily at Repwest and for Moving and Storage. These agreements do not release us from our primary obligations and therefore we remain ultimately responsible for these potential costs. We cannot provide assurance that these reinsurers or counterparties will fulfill their obligations. Their inability or unwillingness to make payments to us under the terms of the contracts may have a material adverse effect on our financial condition and results of operations.

At December 31, 2016, Repwest reported \$ 0.5 million of reinsurance recoverables, net of allowances and \$ 104.0 million of reserves and liabilities ceded to reinsurers. Of this, Repwest's largest exposure to a single reinsurer was \$ 60.6 million.

**Item 1B. Unresolved Staff Comments**

None .

**Item 2. Properties**

The Company, through its legal subsidiaries, owns property, plant and equipment that are utilized in the manufacturing, repair and rental of U-Haul equipment and storage space, as well as providing office space for us. Such facilities exist throughout the United States and Canada. We also manage storage facilities owned by others. We operate over 1,750 U-Haul retail centers of which approximately 480 are managed for other owners, and 11 manufacturing and assembly facilities. We also operate over 130 fixed-site repair facilities located throughout the United States and Canada. These facilities are used primarily for the benefit of Moving and Storage .

**Item 3. Legal Proceedings**

**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.

**Item 4. Mine Safety Disclosure**

Not applicable.

## PART II

### **Item 5. Market for the Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities**

As of May 3, 2017, there were approximately 2,900 holders of record of our common stock. We derived the number of our stockholders using internal stock ledgers and utilizing Mellon Investor Services Stockholder listings. AMERCO's common stock is listed on the NASDAQ Global Select Market under the trading symbol "UHAL".

The following table sets forth the high and the low sales price of the common stock of AMERCO for the periods indicated:

	Years Ended March 31,			
	2017		2016	
	High	Low	High	Low
First quarter	\$ 382.44	\$ 333.35	\$ 338.41	\$ 318.55
Second quarter	399.16	319.20	414.13	321.47
Third quarter	375.26	307.80	436.89	375.00
Fourth quarter	391.22	355.50	389.00	305.66

#### **Dividends**

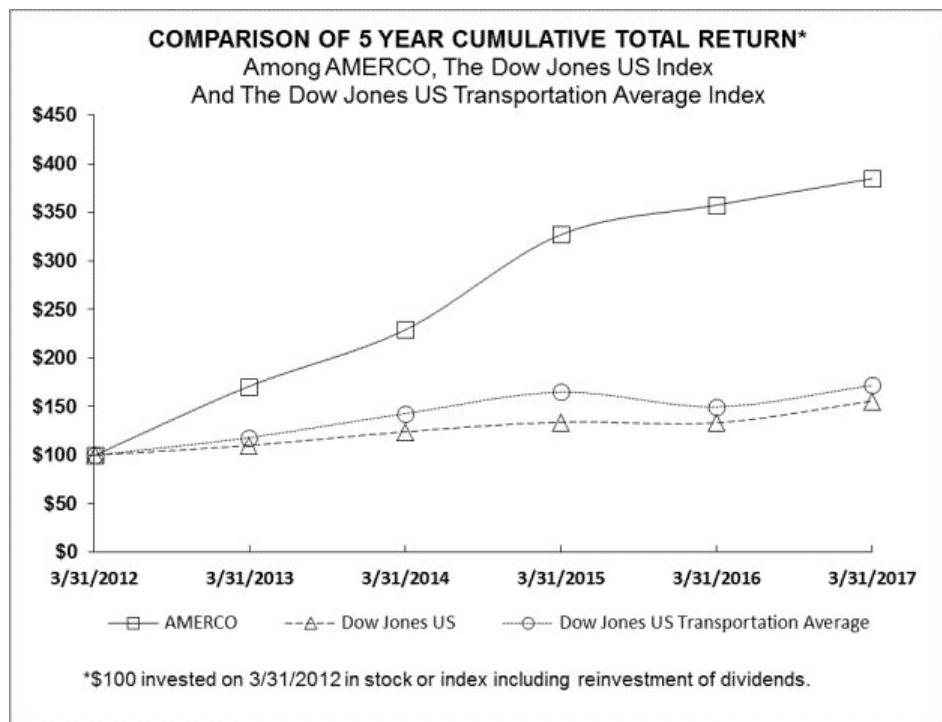
AMERCO does not have a formal dividend policy. The Board periodically considers the advisability of declaring and paying dividends to common stockholders in light of existing circumstances.

Common Stock Dividends				
Declared Date	Per Share Amount	Record Date	Dividend Date	
February 8, 2017	\$ 1.00	February 23, 2017	March 9, 2017	
October 5, 2016	1.00	October 20, 2016	November 3, 2016	
March 15, 2016	1.00	April 5, 2016	April 21, 2016	
August 28, 2015	3.00	September 16, 2015	October 2, 2015	
June 4, 2015	1.00	June 19, 2015	July 1, 2015	
February 4, 2015	1.00	March 6, 2015	March 17, 2015	

See Note 20, Statutory Financial Information of Insurance Subsidiaries, of the Notes to Consolidated Financial Statements for a discussion of certain statutory restrictions on the ability of the insurance subsidiaries to pay dividends to AMERCO.

### Performance Graph

The following graph compares the cumulative total stockholder return on the Company's common stock for the period March 31, 2012 through March 31, 2017 with the cumulative total return on the Dow Jones US Total Market and the Dow Jones US Transportation Average. The comparison assumes that \$100 was invested on March 31, 2012 in the Company's common stock and in each of the comparison indices. The graph reflects the value of the investment based on the closing price of the common stock trading on NASDAQ on March 31, 2013, 2014, 2015, 2016 and 2017.



Fiscal years ended March 31:

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
AMERCO	\$ 100	\$ 171	\$ 229	\$ 327	\$ 358	\$ 385
Dow Jones US Total Market	100	110	124	134	133	156
Dow Jones US Transportation Average	100	118	143	165	150	172

## Item 6. Selected Financial Data

The following selected financial data should be read in conjunction with the MD&A, and the Consolidated Financial Statements and related notes in this Annual Report.

Listed below is selected financial data for AMERCO and consolidated subsidiaries for each of the last five years:

	Years Ended March 31,				
	2017	2016	2015	2014	2013
(In thousands, except share and per share data)					
<i>Summary of Operations:</i>					
Self-moving equipment rentals	\$ 2,362,833	\$ 2,297,980	\$ 2,146,391	\$ 1,955,423	\$ 1,767,520
Self-storage revenues	286,886	247,944	211,136	181,794	152,660
Self-moving and self-storage products and service sales	253,073	251,541	244,177	234,187	221,117
Property management fees	29,075	26,533	25,341	24,493	24,378
Life insurance premiums	163,579	162,662	156,103	157,919	178,115
Property and casualty insurance premiums	52,334	50,020	46,456	41,052	34,342
Net investment and interest income	102,276	86,617	84,728	79,591	82,903
Other revenue	171,711	152,171	160,199	160,793	97,552
Total revenues	<u>3,421,767</u>	<u>3,275,468</u>	<u>3,074,531</u>	<u>2,835,252</u>	<u>2,558,587</u>
Operating expenses	1,568,083	1,470,047	1,479,409	1,313,674	1,193,934
Commission expenses	267,230	262,627	249,642	227,332	204,758
Cost of sales	152,485	144,990	146,072	127,270	107,216
Benefits and losses	182,710	167,436	158,760	156,702	180,676
Amortization of deferred policy acquisition costs	26,218	23,272	19,661	19,982	17,376
Lease expense	37,343	49,780	79,798	100,466	117,448
Depreciation, net of (gains) losses on disposals (a)	<u>445,435</u>	<u>290,690</u>	<u>278,165</u>	<u>259,612</u>	<u>237,996</u>
Total costs and expenses	<u>2,679,504</u>	<u>2,408,842</u>	<u>2,411,507</u>	<u>2,205,038</u>	<u>2,059,404</u>
Earnings from operations	742,263	866,626	663,024	630,214	499,183
Interest expense	(113,406)	(97,715)	(97,525)	(92,692)	(90,696)
Fees and amortization on early extinguishment of debt	(499)	—	(4,081)	—	—
Pretax earnings	628,358	768,911	561,418	537,522	408,487
Income tax expense	(229,934)	(279,910)	(204,677)	(195,131)	(143,779)
Earnings available to common shareholders	\$ 398,424	\$ 489,001	\$ 356,741	\$ 342,391	\$ 264,708
Basic and diluted earnings per common share	\$ 20.34	\$ 24.95	\$ 18.21	\$ 17.51	\$ 13.56
Weighted average common shares outstanding: Basic and diluted	19,586,606	19,596,110	19,586,633	19,558,758	19,518,779
Cash dividends declared and accrued Common stock	39,171	97,960	19,594	19,568	97,421
<i>Balance Sheet Data:</i>					
Property, plant and equipment, net	\$ 5,957,735	\$ 5,017,511	\$ 4,107,637	\$ 3,409,211	\$ 2,755,054
Total assets	9,405,840	8,109,288	6,855,600	5,989,930	5,297,940
Notes, loans and leases payable, net	3,262,880	2,647,396	2,174,294	1,933,311	1,653,184
Stockholders' equity	2,619,744	2,251,406	1,884,359	1,527,368	1,229,259

(a) Net (gains) losses were (\$36.1) million, (\$98.7) million, (\$74.6) million, (\$33.6) million and (\$22.5) million for fiscal 2017, 2016, 2015, 2014 and 2013, respectively.

## **Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations**

We begin this 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 fiscal 2017 compared with fiscal 2016 , and for fiscal 2016 compared with fiscal 2015 which are followed by an analysis of liquidity changes in our balance sheets and cash flows, and a discussion of our financial commitments in the sections entitled Liquidity and Capital Resources and Disclosures about Contractual Obligations and Commercial Commitments. We conclude this MD&A by discussing our outlook for fiscal 2018 .

This MD&A should be read in conjunction with the other sections of this Annual Report, including Item 1: Business, Item 6: Selected Financial Data and Item 8: Financial Statements and Supplementary Data. The various sections of this MD&A contain a number of forward-looking statements, as discussed under the caption, Cautionary Statements Regarding Forward-Looking Statements, all of which are based on our current expectations and could be affected by the uncertainties and risk factors described throughout this Annual Report and particularly under the section Item 1A: Risk Factors. Our actual results may differ materially from these forward-looking statements.

AMERCO has a fiscal year that ends on the 31<sup>st</sup> of March for each year that is referenced. Our insurance company subsidiaries have fiscal years that end on the 31<sup>st</sup> of December 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 presentation of financial position or results of operations. We disclose all material events , if any, occurring during the intervening period. Consequently, all references to our insurance subsidiaries' years 2016 , 2015 and 2014 correspond to fiscal 2017 , 2016 and 2015 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 portable moving and storage units 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 units available for rent, expanding the number of independent dealers in our network and expanding and taking advantage of our eMove<sup>®</sup> capabilities.

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

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

### **Description of Operating Segments**

AMERCO's three reportable segments are:

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

See Note 1, Basis of Presentation, Note 21, Financial Information by Geographic Area , and Note 21A , Consolidating Financial Information by Industry Segment , of the Notes to Consolidated Financial Statements included in Item 8: Financial Statements and Supplementary Data, of this Annual Report .

### ***Moving and Storage Operating Segment***

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

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

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

uhaul.com® is an online marketplace that connects consumers to our operations as well as independent Moving Help® service providers and thousands of independent 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 the United States and Canada. 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 inventory of 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***

Property and Casualty Insurance provides loss adjusting and claims handling for U-Haul through regional offices in the United States and Canada. Property and Casualty Insurance 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 Property and Casualty Insurance includes offering property and casualty products in other U-Haul related programs.

### ***Life Insurance Operating Segment***

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.

### ***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. Note 3, Accounting Policies, of the Notes to Consolidated Financial Statements in Item 8: Financial Statements and Supplementary Data, in this Annual Report summarizes the significant accounting policies and methods used in the preparation of our consolidated financial statements and related disclosures. 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.

Following is a detailed description of 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 Accounting Standards Codification ("ASC") 810 - *Consolidation* ("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 variable interest entity ("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 (ies) 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**

Our property, plant and equipment is 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. 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. As a result of changes in IRS regulations regarding the capitalization of assets, beginning in the first quarter of fiscal 2017, we raised the value threshold before certain assets are capitalized within our depreciation policy. This change in threshold, results in the immediate recognition of reported operating costs with a lagging decrease in depreciation expense over the term that these assets would have been depreciated. This change in threshold is expected to benefit us through the immediate recognition of tax deductible costs.

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 remaining 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 by 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, new purchased rental equipment subject to this depreciation schedule is depreciated to a salvage value of 15%. Comparatively, a standard straight line approach would reduce the book value 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 the United States and Canada, on our website at [uhaul.com/trucksales](http://uhaul.com/trucksales) or by phone at 1-866-404-0355. Additionally, we sell a large portion of our pickup and cargo van fleet at automobile dealer auctions.

#### **Insurance Reserves**

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

Insurance reserves for Property and Casualty Insurance 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 IBNR losses, 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 2001, 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 each claimant's 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: our 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 fiscal 2017, 2016 and 2015, respectively.

#### **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. Please see Note 13, Provision for Taxes, for more information.

#### **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 March 31, 2017. We do not believe any other subsequent events have occurred that would require further disclosure or adjustment to our financial statements other than those stated below.

### **Real Estate Agreement**

On October 15, 2015, Real Estate entered into a Purchase and Sale Agreement with 23<sup>rd</sup> and 11<sup>th</sup> Associates, L.L.C., for the sale of a portion of Real Estate's real property and improvements thereon located in Manhattan, New York for \$200.0 million. Such agreement has been amended from time to time and was subject to several material regulatory contingencies. Real Estate believes that as of April 26, 2017, the last significant local regulatory contingency has been resolved and the closing of the sale of such property is reasonably expected to occur in August 2017. Real Estate will maintain ownership of one building at the Manhattan location thus allowing U-Haul to serve the equipment rental needs of our customers in the area. Real Estate's book value of the property being sold is approximately \$5 million. The Company intends to reinvest the proceeds into its self-storage holdings via a tax free exchange pursuant to Section 1031 of the Internal Revenue Code.

### **Recent Accounting Pronouncements**

Please see Note 3, Accounting Policies, of the Notes to Consolidated Financial Statements included in Part II, Item 8 of this Form 10-K.

### **AMERCO and Consolidated Subsidiaries**

#### **Fiscal 2017 Compared with Fiscal 2016**

Listed below, on a consolidated basis, are revenues for our major product lines for fiscal 2017 and fiscal 2016:

	<b>Year Ended March 31,</b>	
	<b>2017</b>	<b>2016</b>
(In thousands)		
Self-moving equipment rentals	\$ 2,362,833	\$ 2,297,980
Self-storage revenues	286,886	247,944
Self-moving and self-storage products and service sales	253,073	251,541
Property management fees	29,075	26,533
Life insurance premiums	163,579	162,662
Property and casualty insurance premiums	52,334	50,020
Net investment and interest income	102,276	86,617
Other revenue	171,711	152,171
Consolidated revenue	\$ 3,421,767	\$ 3,275,468

Self-moving equipment rental revenues increased \$ 64.9 million during fiscal 2017, compared fiscal 2016. During fiscal 2017, we continued to grow our rental system through the expansion of our distribution network and by increasing the number of trucks, trailers and towing devices available to our customers. Both In-Town® and one-way transactions increased compared with fiscal 2016, which resulted in improved revenue results.

Self-storage revenues increased \$ 38.9 million during fiscal 2017, compared fiscal 2016. The average monthly amount of occupied square feet increased by 11.8 % during fiscal 2017 compared with fiscal 2016. The growth in revenues and square feet rented comes from a combination of improved rates per square foot, occupancy gains at existing locations and from the addition of new facilities to our real estate portfolio. Over the last twelve months we added approximately 3.4 million net rentable square feet, or a 14.0 % increase, with approximately 1.0 million net rental square feet added during the fourth quarter of fiscal 2017.

Sales of self-moving and self-storage products and services increased \$ 1.5 million during fiscal 2017, compared with fiscal 2016, primarily from the sale of moving supplies.

Life insurance premiums increased \$ 0.9 million during fiscal 2017, compared with fiscal 2016 due primarily to increased life and Medicare supplement premiums.

Property and casualty insurance premiums increased \$ 2.3 million during fiscal 2017, compared with fiscal 2016 due to an increase in Safetow® and Safestor® sales, which is a reflection of the increased equipment and storage rental transactions.

Net investment and interest income increased \$ 15.7 million during fiscal 2017, compared with fiscal 2016 due to a larger invested asset base at our insurance companies and gains generated from our mortgage loan portfolio.

Other revenue increased \$ 19.5 million during fiscal 2017, compared with fiscal 2016, primarily coming from growth in our U-Box® program.

As a result of the items mentioned above, revenues for AMERCO and its consolidated entities were \$ 3,421.8 million for fiscal 2017 as compared with \$3,275.5 million for fiscal 2016.

Listed below are revenues and earnings from operations at each of our operating segments for fiscal 2017 and 2016. The insurance companies' years ended December 31, 2016 and 2015.

	<u>Year Ended March 31,</u>	
	<u>2017</u>	<u>2016</u>
(In thousands)		
<b>Moving and storage</b>		
Revenues	\$ 3,113,000	\$ 2,984,504
Earnings from operations before equity in earnings of subsidiaries	688,913	813,124
<b>Property and casualty insurance</b>		
Revenues	68,986	64,803
Earnings from operations	27,161	24,547
<b>Life insurance</b>		
Revenues	245,599	231,220
Earnings from operations	27,646	29,773
<b>Eliminations</b>		
Revenues	(5,818)	(5,059)
Earnings from operations before equity in earnings of subsidiaries	(1,457)	(818)
<b>Consolidated Results</b>		
Revenues	3,421,767	3,275,468
Earnings from operations	742,263	866,626

Total costs and expenses increased \$ 270.7 million during fiscal 2017, compared with fiscal 2016. Our insurance segments accounted for \$18.1 million of the increase primarily due to increased benefit costs.

Moving and Storage total costs and expenses increased \$252.7 million. In October 2016, we settled the litigation with PODS Enterprises, Inc. ("PEI"). As part of this settlement, we paid \$41.4 million to PEI. In fiscal 2015 and fiscal 2016, we recorded \$66.0 million as accrued contingencies and interest related to this lawsuit. During the second quarter of fiscal 2017, we recognized the difference between our contingency accrual and the actual settlement as a \$24.6 million reduction of operating expenses. Excluding the effect of the reversal of this accrual during fiscal 2017, operating expenses increased \$122.9 million for Moving and Storage, primarily due to increased personnel costs, equipment maintenance and property tax, as well as a change in the accounting threshold for the expensing of smaller capital items that led to the additional costs being recognized immediately versus over time through depreciation expense. Depreciation expense increased \$ 92.1 million due to the additional amount of equipment in the rental fleet. Net gains from the disposal of property, plant and equipment decreased \$62.6 million combined this resulted in an increase of \$154.7 million in depreciation expense, net. Compared with fiscal 2016, we sold fewer used trucks. On average the trucks sold had a higher average cost and we experienced a decrease in the average sales proceeds per unit. Lease expense decreased \$12.4 million as a result of our shift in financing new equipment on the balance sheet versus through operating leases.

As a result of the above mentioned changes in revenues and expenses, earnings from operations decreased to \$ 742.3 million for fiscal 2017, compared with \$866.6 million for fiscal 2016.

Interest expense for fiscal 2017 was \$ 113.4 million, compared with \$97.7 million for fiscal 2016 due to an increase in borrowings in fiscal 2017 partially offset by lower borrowing costs . In addition, we incurred costs associated with the early extinguishment of debt during the third quarter of fiscal 2017 of \$0.5 million for the write-off of unamortized transaction costs related to defeased debt.

Income tax expense was \$ 229.9 million for fiscal 2017 , compared with \$2 79 . 9 million for fiscal 2016 . The decrease was due to lower pretax earnings for fiscal 2017. The effective tax rate was 3 6 . 6% and 36.4 % for fiscal 2017 and 2016 , respectively.

As a result of the above mentioned items, earnings available to common shareholders were \$ 398.4 million for fiscal 2017 , compared with \$ 489.0 million for fiscal 2016 .

Basic and diluted earnings per common share for fiscal 2017 were \$ 20.34 , compared with \$ 24 . 95 for fiscal 2016 .

The weighted average common shares outstanding basic and diluted were 19, 586,606 for fiscal 2017 , compared with 19,596,110 for fiscal 2016 .

**Fiscal 2016 Compared with Fiscal 2015**

Listed below, on a consolidated basis, are revenues for our major product lines for fiscal 2016 and fiscal 2015 :

	<b>Year Ended March 31,</b>	
	<b>2016</b>	<b>2015</b>
(In thousands)		
Self-moving equipment rentals	\$ 2,297,980	\$ 2,146,391
Self-storage revenues	247,944	211,136
Self-moving and self-storage products and service sales	251,541	244,177
Property management fees	26,533	25,341
Life insurance premiums	162,662	156,103
Property and casualty insurance premiums	50,020	46,456
Net investment and interest income	86,617	84,728
Other revenue	152,171	160,199
<b>Consolidated revenue</b>	<b>\$ 3,275,468</b>	<b>\$ 3,074,531</b>

Self-moving equipment rental revenues increased \$151.6 million during fiscal 2016 , compared with the fiscal 2015 . In fiscal 2016, we continued to focus on enhancing our convenience to our customers by expanding our retail distribution system and growing our rental equipment fleet. During fiscal 2016, we added both independent dealers and Company-owned locations further extending our network reach. Our truck, trailer and towing device fleets experienced net additions during fiscal 2016. These activities, combined with operational improvements resulted in increases in both our one-way and In-Town ® rental transactions compared with fiscal 2015. Revenue increased primarily from these transaction gains.

Self-storage revenues increased \$ 36.8 million during fiscal 2016 , com pared with fiscal 2015 . The average monthly amount of occupied square feet increased by 13.8 % during fiscal 2016 compared with fiscal 2015 . The growth in revenues and square feet rented comes from a combination of improved rates per square foot, occupancy gains at existing locations and from the addition of new facilities to the portfolio. During fiscal 2016, we added approximately 3.6 million net rentable square feet or a 17.9% increase, with approximately 0.8 million net rental square feet added during the fourth quarter.

Sales of self-moving and self-storage products and services increased \$ 7.4 million during fiscal 2016 , compared with fiscal 2015 . Increases were recognized in the sales of moving supplies and towing accessories and related installations.

Life insurance premiums in c reased \$ 6.6 million during fiscal 2016 , compared with fiscal 2015 due primarily to increased life and Medicare supplement premiums.

Property and casualty insurance premiums inc reased \$ 3.6 million during fiscal 2016, compared with fiscal 2015 due to an increase in Safestor ® and Safetow ® sales , which is a reflection of the increased equipment and storage rental transactions.

Net investment and interest income increased \$ 1.9 million during fiscal 2016, compared with fiscal 2015, due to a larger invested asset base at our insurance companies. This was partially offset by decreased interest income at Moving and Storage resulting from reduced note balances due from SAC Holdings and Private Mini Storage Realty ("Private Mini").

Other revenue decreased \$ 8.0 million during fiscal 2016, compared with fiscal 2015 caused primarily by lower U-Box® program rentals.

As a result of the items mentioned above, revenues for AMERCO and its consolidated entities were \$ 3,275.5 million for fiscal 2016 as compared with \$ 3,074.5 million for fiscal 2015.

Listed below are revenues and earnings from operations at each of our operating segments for fiscal 2016 and 2015. The insurance companies' years ended December 31, 2015 and 2014.

	<b>Year Ended March 31,</b>	
	<b>2016</b>	<b>2015</b>
(In thousands)		
<b>Moving and storage</b>		
Revenues	\$ 2,984,504	\$ 2,800,438
Earnings from operations before equity in earnings of subsidiaries	813,124	610,430
<b>Property and casualty insurance</b>		
Revenues	64,803	59,275
Earnings from operations	24,547	23,477
<b>Life insurance</b>		
Revenues	231,220	219,656
Earnings from operations	29,773	29,755
<b>Eliminations</b>		
Revenues	(5,059)	(4,838)
Earnings from operations before equity in earnings of subsidiaries	(818)	(638)
<b>Consolidated Results</b>		
Revenues	3,275,468	3,074,531
Earnings from operations	866,626	663,024

Total costs and expenses decreased \$ 2.7 million during fiscal 2016, compared with fiscal 2015. Total costs at Moving and Storage decreased \$18.6 million. The largest component of the decrease was related to our accruals for expenses associated with the PEI litigation which were \$5.0 million and \$60.7 million for fiscal 2016 and 2015, respectively. Personnel and overhead cost increases were partially offset by decreased direct operating costs associated with the U-Box® program. Depreciation expense increased \$36.6 million; however, gains from the disposal of property, plant and equipment increased \$24.1 million. This resulted in a net increase of \$12.5 million in depreciation expense, net. During fiscal 2016, we increased the number of trucks sold compared with fiscal 2015 and the resale market for these trucks remained relatively strong. Lease expense decreased \$30.0 million as a result of our shift in financing new equipment on the balance sheet versus through operating leases. Total costs and expenses in the insurance segments increased \$15.9 million primarily due to expenses associated with additional new business written.

As a result of the above mentioned changes in revenues and expenses, earnings from operations increased to \$ 866.6 million for fiscal 2016, compared with \$ 663.0 million for fiscal 2015.

Interest expense for fiscal 2016 was \$ 97.7 million, compared with \$97.5 million for fiscal 2015 due to an increase in average borrowings partially offset by a decrease in average borrowing costs.

Income tax expense was \$ 279.9 million for fiscal 2016, compared with \$ 204.7 million for fiscal 2015. The increase was due to higher pretax earnings for fiscal 2016. The effective tax rate was 36.4% and 36.5% for fiscal 2016 and 2015, respectively.

As a result of the above mentioned items, earnings available to common shareholders were \$ 489.0 million for fiscal 2016, compared with \$ 356.7 million for fiscal 2015.

Basic and diluted earnings per common share for fiscal 2016 were \$ 24.95, compared with \$ 18.21 for fiscal 2015.

The weighted average common shares outstanding basic and diluted were 19,596 , 110 for fiscal 201 6 , compared with 19, 586,633 for fiscal 201 5 .

#### **Moving and Storage**

##### **Fiscal 2017 Compared with Fiscal 2016**

Listed below are revenues for the major product lines at Moving and Storage for fiscal 2017 and fiscal 2016:

	<b>Year Ended March 31,</b>	
	<b>2017</b>	<b>2016</b>
(In thousands)		
Self-moving equipment rentals	\$ 2,366,526	\$ 2,301,586
Self-storage revenues	286,886	247,944
Self-moving and self-storage products and service sales	253,073	251,541
Property management fees	29,075	26,533
Net investment and interest income	9,688	8,801
Other revenue	167,752	148,099
<b>Moving and Storage revenue</b>	<b>\$ 3,113,000</b>	<b>\$ 2,984,504</b>

Self-moving equipment rental revenues increased \$ 64.9 million during fiscal 201 7 , compared with fiscal 201 6 . During fiscal 2017, we continued to grow our rental system through the expansion of our distribution network and by increasing the number of trucks, trailers and towing devices available to our customers. Both In-Town ® and one-way transactions increased compared with fiscal 2016, this resulted in our improved revenue results.

Self-storage revenues increased \$ 38.9 million during fiscal 201 7 , com pared with fiscal 201 6 . The average monthly amount of occupied square feet increased by 11.8 % during fiscal 2017 compared with fiscal 2016 . The growth in revenues and square feet rented comes from a combination of improved rates per square foot, occupancy gains at existing locations and from the addition of new facilities to the portfolio. Over the last twelve months we added approximately 3.4 million net rentable square feet , or a 14.0 % increase, with approximately 1.0 mil lion net rental square feet added during the fourth quarter of fiscal 2017 .

Sales of self-moving and self-storage products and services increased \$ 1.5 million during fiscal 2017 , compared with fiscal 2016 . Increases were recognized in the sales of moving supplies .

Net investment and interest income in creased \$ 0.9 million during fiscal 201 7 , compared with fiscal 201 6 .

Other revenue in creased \$ 19.7 million during fiscal 201 7 , compared with fiscal 201 6 primarily coming from growth in our U-Box ® program rentals.

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:

	<b>Year Ended March 31,</b>	
	<b>2017</b>	<b>2016</b>
(In thousands, except occupancy rate)		
Room count as of March 31	318	275
Square footage as of March 31	27,305	23,951
Average monthly number of rooms occupied	226	203
Average monthly occupancy rate based on room count	75.8%	80.1%
Average monthly square footage occupied	20,386	18,231

The approximately 3.4 million net rentable square feet that we've added during fiscal 2017 was a mix of existing storage locations we acquired and new development. On average, the occupancy rate of this new capacity on the date it was added was approximately 11%.

Total costs and expenses increased \$ 252.7 million during fiscal 2017, compared with fiscal 2016. In October 2016, we settled the litigation with PEI. As part of this settlement, we paid \$41.4 million to PEI. In fiscal 2015 and fiscal 2016, we recorded \$66.0 million as accrued contingencies and interest related to this lawsuit. During the second quarter of fiscal 2017, we recognized the difference between our contingency accrual and the actual settlement as a \$24.6 million reduction of operating expenses. Excluding the effect of the reversal of this accrual in fiscal 2017, operating expenses for Moving and Storage increased \$ 122.9 million, primarily due to personnel costs, equipment maintenance and property tax, as well as a change in the accounting threshold for the expensing of smaller capital items that led to the additional costs being recognized immediately versus over time through depreciation expense. Depreciation expense increased \$ 92.1 million due to the additional amount of equipment in the rental fleet. Net gains from the disposal of property, plant and equipment decreased \$62.6 million combined this resulted in an increase of \$154.7 million in depreciation expense, net. Compared with fiscal 2016, we sold fewer used trucks. On average the trucks sold had a higher average cost and we experienced a decrease in the average sales proceeds per unit. Lease expense decreased \$12.4 million as a result of our shift in financing new equipment on the balance sheet versus through operating leases.

As a result of the above mentioned changes in revenues and expenses, earnings from operations for Moving and Storage before consolidation of the equity in the earnings of the insurance subsidiaries decreased to \$ 688.9 million for fiscal 2017 as compared with \$ 813.1 million for fiscal 2016.

Equity in the earnings of AMERCO's insurance subsidiaries increased \$ 0.3 million for fiscal 2017, compared with fiscal 2016.

As a result of the above mentioned changes in revenues and expenses, earnings from operations decreased to \$ 724.7 million for fiscal 2017, compared with \$ 848.6 million for fiscal 2016.

#### **Moving and Storage**

##### ***Fiscal 2016 Compared with Fiscal 2015***

Listed below are revenues for the major product lines at Moving and Storage for fiscal 2016 and fiscal 2015:

	<b>Year Ended March 31,</b>	
	<b>2016</b>	<b>2015</b>
(In thousands)		
Self-moving equipment rentals	\$ 2,301,586	\$ 2,149,986
Self-storage revenues	247,944	211,136
Self-moving and self-storage products and service sales	251,541	244,177
Property management fees	26,533	25,341
Net investment and interest income	8,801	13,644
Other revenue	148,099	156,154
<b>Moving and Storage revenue</b>	<b>\$ 2,984,504</b>	<b>\$ 2,800,438</b>

Self-moving equipment rental revenues increased \$ 151.6 million during fiscal 2016, compared with fiscal 2015. During fiscal 2016, we continue to focus on enhancing our convenience to our customers by expanding our retail distribution system and growing our rental equipment fleet. During fiscal 2016, we added both independent dealers and Company-owned locations further extending our network reach. Our truck, trailer and towing device fleets experienced net additions during fiscal 2016. These activities, combined with operational improvements resulted in increases in both our one-way and In-Town® rental transactions compared with fiscal 2015. Revenue increased primarily from these transaction gains.

Self-storage revenues increased \$ 36.8 million during fiscal 2016, compared with fiscal 2015. The average monthly amount of occupied square feet increased by 13.8% during fiscal 2016 compared with fiscal 2015. The growth in revenues and square feet rented comes from a combination of improved rates per square foot, occupancy gains at existing locations and from the addition of new facilities to the portfolio. During fiscal 2016, we added approximately 3.6 million net rentable square feet or a 17.9% increase, with approximately 0.8 million net rental square feet added during the fourth quarter.

Sales of self-moving and self-storage products and services increased \$ 7.4 million during fiscal 2016, compared with fiscal 2015. Increases were recognized in the sales of moving supplies and towing accessories and related installations.

Net investment and interest income decreased \$4.8 million during fiscal 2016, compared with fiscal 2015. Reduced note balances due from SAC Holdings and Private Mini resulted in decreased interest income.

Other revenue decreased \$8.1 million during fiscal 2016, compared with fiscal 2015 caused primarily by lower U-Box® program rentals.

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:

	<b>Year Ended March 31,</b>	
	<b>2016</b>	<b>2015</b>
(In thousands, except occupancy rate)		
Room count as of March 31	275	232
Square footage as of March 31	23,951	20,318
Average monthly number of rooms occupied	203	180
Average monthly occupancy rate based on room count	80.1%	81.7%
Average monthly square footage occupied	18,231	16,021

Total costs and expenses decreased \$18.6 million for fiscal 2016 as compared with fiscal 2015. The largest component of the decrease was related to our accruals for expenses associated with the PEI litigation which were \$5.0 million and \$60.7 million for fiscal 2016 and 2015, respectively. Personnel and overhead cost increases were partially offset by decreased direct operating costs associated with the U-Box® program. Depreciation expense increased \$36.6 million; however, gains from the disposal of property, plant and equipment increased \$24.1 million. This resulted in a net increase of \$12.5 million in depreciation expense, net. In fiscal 2016, we increased the number of trucks sold compared with fiscal 2015 and the resale market for these trucks remained relatively strong. Lease expense decreased \$30.0 million as a result of our shift in financing new equipment on the balance sheet versus through operating leases.

As a result of the above mentioned changes in revenues and expenses, earnings from operations for Moving and Storage before consolidation of the equity in the earnings of the insurance subsidiaries increased to \$813.1 million for fiscal 2016 as compared with \$610.4 million for fiscal 2015.

Equity in the earnings of AMERCO's insurance subsidiaries increased \$0.7 million for fiscal 2016, compared with fiscal 2015.

As a result of the above mentioned changes in revenues and expenses, earnings from operations increased to \$848.6 million for fiscal 2016, compared with \$645.2 million for fiscal 2015.

#### **Property and Casualty Insurance**

##### **2016 Compared with 2015**

Net premiums were \$52.3 million and \$50.0 million for the years ended December 31, 2016 and 2015, respectively. A significant portion of Repwest's premiums are from policies sold in conjunction with U-Haul rental transactions. The premium growth corresponded with the increased moving and storage transactions at U-Haul.

Net investment income was \$16.7 million and \$14.8 million for the years ended December 31, 2016 and 2015, respectively. The change was primarily due to an increase in realized capital gains of \$1.3 million and a \$1.1 million increase in fixed maturity income due to a larger invested asset base.

Net operating expenses were \$28.4 million and \$28.0 million for the years ended December 31, 2016 and 2015, respectively.

Benefits and losses incurred were \$13.4 million and \$12.3 million for the years ended December 31, 2016 and 2015, respectively. The increase was due to an increase in policies sold and related claims activity.

As a result of the above mentioned changes in revenues and expenses, pretax earnings from operations were \$27.2 million and \$24.5 million for the years ended December 31, 2016 and 2015, respectively.

## **Property and Casualty Insurance**

### **2015 Compared with 2014**

Net premiums were \$ 50.0 million and \$ 46.5 million for the years ended December 31, 2015 and 2014, respectively. A significant portion of Repwest's premiums are from policies sold in conjunction with U-Haul rental transactions. The premium growth corresponded with the increased moving and storage transactions at U-Haul.

Net investment income was \$14.8 million and \$12.8 million for the years ended December 31, 2015 and 2014, respectively. The increase came from the real estate and fixed maturity portfolios that both grew in size compared to 2014.

Net operating expenses were \$28.0 million and \$24.8 million for the years ended December 31, 2015 and 2014, respectively. The increase was due largely to additional commission expenses and higher loss adjusting expenses.

Benefits and losses incurred were \$12.3 million and \$11.0 million for the years ended December 31, 2015 and 2014, respectively. The increase was due to claims activity coming from additional new business.

As a result of the above mentioned changes in revenues and expenses, pretax earnings from operations were \$24.5 million and \$23.5 million for the years ended December 31, 2015 and 2014, respectively.

## **Life Insurance**

### **2016 Compared with 2015**

Net premiums were \$163.6 million and \$162.7 million for the years ended December 31, 2016 and 2015, respectively. Life premiums increased \$0.4 million primarily from the increase in renewal premiums offset by a reduction in new sales and reinsurance premiums. An additional increase of \$0.7 million was from supplemental contract considerations. Medicare supplement and other health premiums decreased \$0.2 million. Deferred annuity deposits were \$203.1 million or \$65.1 million below prior year and are accounted for on the balance sheet as deposits rather than premiums.

Net investment income was \$77.5 million and \$64.0 million for the years ended December 31, 2016 and 2015, respectively. An increase of \$14.6 million in net investment income is attributable to a larger asset base and the gains from our mortgage loans portfolio, which was partially offset by a \$1.1 million decrease in capital gains.

Net operating expenses were \$22.4 million and \$23.0 million for the years ended December 31, 2016 and 2015, respectively. The decrease was primarily due to a reduction in acquisition expenses from the decrease in annuity sales.

Benefits and losses incurred were \$169.3 million and \$155.1 million for the years ended December 31, 2016 and 2015, respectively. Medicare supplement benefits increased by \$8.8 million as a result of the increase in total policies in force from prior and new sales and the increased benefit to premium ratio. Life, annuities and other health benefits decreased \$0.2 million. Interest credited to policyholders increased \$5.6 million as a result of the increased deferred annuity deposit base and lower interest credited on policyholder accounts indexed to an S&P index in the third quarter of 2015.

Amortization of deferred acquisition costs ("DAC"), sales inducement asset ("SIA") and the value of business acquired ("VOBA") was \$26.2 million and \$23.3 million for the years ended December 31, 2016 and 2015, respectively. The increase was due to an additional Annuity DAC amortization generated by the investment gains along with increased amortization associated with a larger DAC asset. This was partially offset by a decrease in Medicare supplement amortization.

As a result of the above mentioned changes in revenues and expenses, pretax earnings from operations were \$27.6 million and \$29.8 million for the years ended December 31, 2016 and 2015, respectively.

## Life Insurance

### 2015 Compared with 2014

Net premiums were \$ 162.7 million and \$ 156.1 million for the years ended December 31, 2015 and 2014, respectively. Medicare supplement premiums increased \$5.8 million from new sales offset by a reduction in renewal premiums due to reduction in the in force business on older blocks. Medicare supplement first year premiums were \$16.9 million in 2015, an increase of \$7.5 million over 2014. Life premiums increased by \$0.8 million primarily as a result of final expense renewals. Annuity deposits, which are accounted for on the balance sheet as deposits rather than premiums, increased \$195.8 million over 2014. Included in the deposit increase is a \$30.0 million deposit relating to a funding agreement with Federal Home Loan Bank system ("FHLB").

Net investment income was \$ 64.0 million and \$ 59.1 million for the years ended December 31, 2015 and 2014, respectively. Investment income increased \$4.3 million due to a larger invested asset base while \$0.7 million came from realized gains from sales of investments.

Net operating expenses were \$ 23.0 million and \$ 22.5 million for the years ended December 31, 2015 and 2014, respectively. The moderate increase was primarily due to the increased administrative expenses supporting new sales.

Benefits and losses incurred were \$ 155.1 million and \$ 147.8 million for the years ended December 31, 2015 and 2014, respectively. Medicare supplement benefits increased by \$4.6 million primarily as a result of the increase in incurred benefits from new sales partially offset by a decrease in Medicare supplement active life reserve from the change in reserve valuation basis. Life insurance benefits increased \$2.5 million due to higher mortality exposure while other benefits decreased \$1.0 million. Interest credited to policyholders increased \$1.2 million reflecting the increase in annuity deposits.

DAC, SIA and VOBA was \$23.3 million and \$19.7 million for the years ended December 31, 2015 and 2014, respectively. The increase in 2015 over 2014 was a result of an increased amortization on annuity and Medicare Supplement DAC due to the increased DAC asset base. This was partially offset by the decrease in life amortization due to a prior year DAC balance write off on older blocks.

As a result of the above mentioned changes in revenues and expenses, pretax earnings from operations were \$29.8 million for both years ended December 31, 2015 and 2014.

### 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. There are many factors which could affect our liquidity, including some which are beyond our control, and 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 March 31, 2017, cash and cash equivalents totaled \$ 697.8 million, compared with \$ 600.6 million on March 31, 2016. 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 March 31, 2017 (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	Property and Casualty Insurance (a)	Life Insurance (a)
(In thousands)			
Cash and cash equivalents	\$ 671,665	\$ 12,725	\$ 13,416
Other financial assets	165,405	431,155	1,731,909
Debt obligations	3,262,880	—	—

(a) As of December 31, 2016

At March 31, 2017, Moving and Storage had available borrowing capacity under existing credit facilities of \$ 133.0 million .

A summary of our consolidated cash flows for fiscal 2017, 2016 and 2015 is shown in the table below:

	Years Ended March 31,		
	2017	2016	2015
(In thousands)			
Net cash provided by operating activities	\$ 1,020,061	\$ 1,040,988	\$ 759,099
Net cash used by investing activities	(1,144,514)	(1,255,324)	(755,261)
Net cash provided (used) by financing activities	223,753	388,872	(46,338)
Effects of exchange rate on cash	(2,140)	(15,740)	(10,762)
Net cash flow	97,160	158,796	(53,262)
Cash at the beginning of the period	600,646	441,850	495,112
Cash at the end of the period	\$ 697,806	\$ 600,646	\$ 441,850

Net cash provided by operating activities decreased \$ 20.9 million in fiscal 2017, compared with fiscal 2016. The previous year included a \$56.8 million of note and interest repayment from Private Mini that did not recur in fiscal 2017. This was partially offset by lower federal income tax payments in fiscal 2017.

Net cash used by investing activities decreased \$ 110.8 million in fiscal 2017, compared with fiscal 2016. Purchases of property, plant and equipment, which are reported net of cash from sales and lease-back transactions, increased \$220.2 million, while cash from the sales of property, plant and equipment decreased \$51.8 million largely due to reduced fleet sales. Offsetting these net increases in investing activities was an increase in funds from equipment leases of \$309.8 million. Life Insurance had a decrease in net cash used for investing of \$116.5 million due to increased investment proceeds.

Net cash provided by financing activities decreased \$ 165.1 million in fiscal 2017, as compared with fiscal 2016 due to a decrease in borrowings of \$95.3 million, net decrease in repayments of debt and capital leases of \$16.7 million, a decrease in annuity deposits, net of withdrawals, by Life Insurance of \$109.3 million and a decrease in dividends paid of \$19.6 million.

#### **Liquidity and Capital Resources and Requirements of Our Operating Segments**

##### **Moving and Storage**

To meet the needs of our customers, U-Haul maintains a large fleet of rental equipment. Capital expenditures have primarily consisted of 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 2018 the Company will reinvest in its truck and trailer rental fleet approximately \$440 million, net of equipment sales and excluding any lease buyouts. For fiscal 2017, the Company invested, net of sales, approximately \$ 705 million before any lease buyouts in its truck and trailer fleet. Fleet investments in fiscal 2018 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 2018 investments will be funded largely through debt financing, external lease financing and cash from operations. Management considers several factors including cost and tax consequences when selecting a method to fund capital expenditures. Our allocation between debt and lease financing can change from year to year based upon financial market conditions which may alter the cost or availability of financing options.

Real Estate has traditionally financed the acquisition of self-storage properties to support U-Haul's growth through debt financing and funds from operations and sales. The Company's plan for the expansion of owned storage properties includes the acquisition of existing self-storage locations from third parties, the acquisition and development of bare land, and the acquisition and redevelopment of existing buildings not currently used for self-storage. The Company expects to fund these development projects through construction loans and internally generated funds. For fiscal 2017, the Company invested \$ 484.5 million in real estate acquisitions, new construction and renovation and repair. For fiscal 2018, 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 U-Haul Storage

Affiliate 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 \$ 932.0 million, \$ 969.9 million and \$ 630.3 million for fiscal 2017, 2016 and 2015, respectively. The components of our net capital expenditures are provided in the following table:

	Years Ended March 31,		
	2017	2016	2015
(In thousands)			
Purchases of rental equipment	\$ 1,178,908	\$ 881,331	\$ 898,420
Equipment lease buyouts	63,505	81,718	40,448
Purchases of real estate, construction and renovations	484,487	592,363	368,257
Other capital expenditures	139,448	90,788	41,761
Gross capital expenditures	<u>1,866,348</u>	<u>1,646,200</u>	<u>1,348,886</u>
Less: Lease proceeds	(446,843)	(137,046)	(306,955)
Less: Sales of property, plant and equipment	(487,475)	(539,256)	(411,629)
Net capital expenditures	<u>932,030</u>	<u>969,898</u>	<u>630,302</u>

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

#### **Property and Casualty Insurance**

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

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's stockholder's equity was \$ 180.9 million, \$ 160.6 million, and \$ 169.3 million at December 31, 2016, 2015, and 2014, respectively. The increase in 2016 compared with 2015 resulted from net earnings of \$ 17.8 million, an increase in accumulated other comprehensive income of \$ 2.5 million. Property and Casualty Insurance does not use debt or equity issues to increase capital and therefore has no direct exposure to capital market conditions other than through its investment portfolio.

#### **Life Insurance**

Life Insurance manages its financial assets to meet policyholder and other obligations including investment contract withdrawals and deposits. Life Insurance's net deposit increase for the year ended December 31, 2016 was \$ 136.0 million. State insurance regulations restrict the amount of dividends that can be paid to stockholders of insurance companies. As a result, Life Insurance's funds are generally not available to satisfy the claims of AMERCO or its legal subsidiaries.

Our Life Insurance operating segment's stockholder's equity was \$ 296.1 million, \$ 271.7 million, and \$ 274.2 million at December 31, 2016, 2015 and 2014, respectively. The increase in 2016 compared with 2015 resulted from earnings of \$ 18.0 million and an increase in accumulated other comprehensive income of \$ 6.4 million primarily due to the effect of interest rate changes on the fixed maturity portion of the investment portfolio. Life Insurance has not historically used debt or equity issues to increase capital and therefore has not had any significant direct exposure to capital market conditions other than through its investment portfolio. However, as of December 31, 2016, Oxford had outstanding deposits of \$30.0 million through their membership in the FHLB. For a more detailed discussion of this deposit, please see Note 9, Borrowings, of the Notes to Consolidated Financial Statements.

## **Cash Provided (Used) from Operating Activities by Operating Segments**

### **Moving and Storage**

Net cash provided by operating activities was \$ 945.5 million, \$ 989.6 million and \$ 700.3 million in fiscal 2017, 2016 and 2015. The previous year included \$56.8 million of note and interest repayment from Private Mini that did not recur in fiscal 2017. This was partially offset by lower federal income tax payments in fiscal 2017.

### **Property and Casualty Insurance**

Net cash provided by operating activities was \$ 18.2 million, \$ 19.0 million, and \$ 16.6 million for the years ended December 31, 2016, 2015, and 2014, respectively. The decrease in 2016 compared with 2015 was consistent with typical claims activity.

Property and Casualty Insurance's cash and cash equivalents and short-term investment portfolios amounted to \$ 20.7 million, \$ 24.3 million, and \$ 18.7 million at December 31, 2016, 2015, and 2014, respectively. These balances reflect funds in transition from maturity proceeds to long-term investments. Management believes this level of liquid assets, combined with budgeted cash flow, is adequate to meet foreseeable cash needs. Capital and operating budgets allow Property and Casualty Insurance to schedule cash needs in accordance with investment and underwriting proceeds.

### **Life Insurance**

Net cash provided by operating activities was \$ 56.3 million, \$ 32.4 million and \$42.3 million for the years ended December 31, 2016, 2015 and 2014, respectively. Operating cash flows increased due to the increase in investment income and reduction in commissions and expenses. This was offset by the decrease due to timing in collections of receivables and settlement of payables and increases in benefits.

In addition to cash flows from operating activities and financing activities, a substantial amount of liquid funds are available through Life Insurance's short-term portfolio and its membership in the FHLB. At December 31, 2016, 2015 and 2014, cash and cash equivalents and short-term investments amounted to \$ 20.6 million, \$ 25.5 million and \$ 39.0 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 storage acquisitions and build outs.

Our borrowing strategy is primarily focused on asset-backed financing and rental equipment 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 believes 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 March 31, 2017, we had available borrowing capacity under existing credit facilities of \$ 133.0 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 9, Borrowings, of the Notes to Consolidated Financial Statements.

### **Fair Value of Financial Instruments**

Certain assets and liabilities are recorded at fair value on the 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 15, Fair Value Measurements, of the Notes to Consolidated Financial Statements included in Part II, Item 8 of this Form 10-K.

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 March 31, 2017, we had \$0.3 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

The following table provides contractual commitments and contingencies as of March 31, 2017:

Contractual Obligations	Payment due by Period (as of March 31, 2017)				
	Total	04/01/17 - 03/31/18	04/01/18 - 03/31/20	04/01/20 - 03/31/22	Thereafter
		(In thousands)			
Notes and loans payable - Principal	\$ 1,908,405	\$ 244,886	\$ 305,524	\$ 202,013	\$ 1,155,982
Notes and loans payable - Interest	605,079	77,637	128,927	111,002	287,513
Revolving credit agreements - Principal	502,000	47,333	344,667	110,000	—
Revolving credit agreements - Interest	24,697	10,257	11,616	2,824	—
Capital leases - Principal	876,828	196,706	387,079	213,078	79,965
Capital leases - Interest	62,479	22,397	27,919	10,062	2,101
Operating leases	145,897	26,958	54,809	29,780	34,350
Ground leases	51,937	957	2,015	2,054	46,911
Property and casualty obligations (a)	140,448	10,600	13,414	9,411	107,023
Life, health and annuity obligations (b)	3,383,214	299,645	507,187	491,461	2,084,921
Self insurance accruals (c)	399,181	109,223	162,836	68,495	58,627
Post retirement benefit liability	15,207	737	1,904	2,630	9,936
Total contractual obligations	\$ 8,115,372	\$ 1,047,336	\$ 1,947,897	\$ 1,252,810	\$ 3,867,329

(a) These estimated obligations for unpaid losses and loss adjustment expenses include case reserves for reported claims and IBNR claims estimates and are net of expected reinsurance recoveries. The ultimate amount to settle both the case reserves and IBNR is an estimate based upon historical experience and current trends and such estimates could materially differ from actual results. The assumptions do not include future premiums. Due to the significant assumptions employed in this model, the amounts shown could materially differ from actual results.

(b) These estimated obligations are based on mortality, morbidity, withdrawal and lapse assumptions drawn from our historical experience and adjusted for any known trends. These obligations include expected interest crediting but no amounts for future annuity deposits or premiums for life and Medicare supplement policies. The cash flows shown above are undiscounted for interest and as a result total outflows for all years shown significantly exceed the corresponding liabilities of \$ 1,554.7 million included in our consolidated balance sheet as of March 31, 2017. Life Insurance expects to fully fund these obligations from their invested asset portfolio. Due to the significant assumptions employed in this model, the amounts shown could materially differ from actual results.

(c) These estimated obligations are primarily the Company's self insurance accruals for portions of the liability coverage for our rental equipment. The estimates for future settlement are based upon historical experience and current trends. Due to the significant assumptions employed in this model, the amounts shown could materially differ from actual results.

As presented above, contractual obligations on debt and guarantees represent principal payments while contractual obligations for operating leases represent the notional payments under the lease arrangements.

ASC 740 - *Income Taxes* liabilities and interest of \$ 33.4 million is not included above due to uncertainty surrounding ultimate settlements, if any.

#### Off Balance Sheet Arrangements

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

AMERCO utilizes operating leases for certain rental equipment and facilities with terms expiring substantially through 2019. In the event of a shortfall in proceeds from the sales of the underlying rental equipment assets, AMERCO has guaranteed \$ 16.5 million of residual values at March 31, 2017 for these assets at the end of their respective lease terms. AMERCO has been leasing rental equipment since 1987. To date, we have not experienced residual value shortfalls related to these leasing arrangements. Using the average cost of fleet related debt as the discount rate, the present value of AMERCO's minimum lease payments and residual value guarantees was \$ 36.4 million at March 31, 2017.

Historically, we have used off-balance sheet arrangements in connection with the expansion of our self-storage business. For more information please see Note 19, Related Party Transactions, of the Notes to Consolidated Financial Statements. These arrangements were primarily used when our overall borrowing structure was more limited. We do 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 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 \$ 27.8 million, \$ 27.1 million and \$ 25.8 million from the above mentioned entities during fiscal 2017, 2016 and 2015, 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 Investments, Inc ("Blackwater"). Blackwater is wholly-owned by Willow Grove, which is owned by Mark V. Shoen (a significant shareholder), and various trusts associated with Edward J. Shoen and Mark V. Shoen. Mark V. Shoen controls the general partner of Mercury. The limited partner interests of Mercury are indirectly owned by Mark V. Shoen, James P. Shoen (a significant shareholder), and a trust benefitting the children and grandchild of Edward J. Shoen (our Chairman of the Board, President and a significant shareholder).

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 \$2.7 million, \$2.6 million and \$2.6 million for each of fiscal years 2017, 2016 and 2015, respectively. The terms of the leases are similar to the terms of leases for other properties owned by unrelated parties that are leased by us.

At March 31, 2017, 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 \$ 57.1 million, \$ 54.7 million and \$ 52.1 million in commissions pursuant to such dealership contracts during fiscal 2017, 2016 and 2015, respectively.

During fiscal 2017, a subsidiary of ours held a junior unsecured note 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 \$ 4.9 million, \$ 5.0 million and \$ 5.9 million and received cash interest payments of \$ 4.5 million, \$ 4.6 million and \$ 5.7 million from SAC Holdings during fiscal 2017, 2016 and 2015, respectively. The largest aggregate amount of notes receivable outstanding during fiscal 2017 was \$ 49.3 million and the aggregate notes receivable balance at March 31, 2017 was \$ 48.1 million. In accordance with the terms of this note, SAC Holdings may prepay the note without penalty or premium at any time. The scheduled maturity of this note is 2017.

These agreements along with notes with subsidiaries of SAC Holdings, 4 SAC, 5 SAC, Galaxy and Private Mini, excluding Dealer Agreements, provided revenues of \$ 28.0 million, expenses of \$ 2.7 million and cash flows of \$ 26.1 million during fiscal 2017. Revenues and commission expenses related to the Dealer Agreements were \$ 265.1 million and \$ 57.1 million, respectively during fiscal 2017.

## Fiscal 2018 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 primarily due to unforeseen events including 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 2018, 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 2018.

Property and Casualty Insurance 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.

Life Insurance 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.

## Quarterly Results (unaudited)

The quarterly results shown below are derived from unaudited financial statements for the eight quarters beginning April 1, 2015 and ending March 31, 2017. We believe that all necessary adjustments have been included in the amounts stated below to present fairly, and in accordance with GAAP, such results. Moving and Storage operations are seasonal and proportionally more of the Company's revenues and net earnings from its Moving and Storage operations are generated in the first and second quarters of each fiscal year (April through September). The operating results for the periods presented are not necessarily indicative of results for any future period.

Quarter Ended					
	March 31, 2017	December 31, 2016	September 30, 2016	June 30, 2016	
(In thousands, except for share and per share data)					
Total revenues	\$ 708,771	\$ 790,676	\$ 998,911	\$ 923,409	
Earnings from operations	43,080	132,202	307,206	259,775	
Earnings available to common shareholders	9,548	65,228	176,475	147,173	
Basic and diluted earnings per common share	\$ 0.49	\$ 3.33	\$ 9.01	\$ 7.51	
Weighted average common shares outstanding: basic and diluted	19,587,204	19,586,694	19,586,411	19,586,069	
Quarter Ended					
	March 31, 2016	December 31, 2015	September 30, 2015	June 30, 2015	
(In thousands, except for share and per share data)					
Total revenues	\$ 683,009	\$ 744,751	\$ 962,903	\$ 884,805	
Earnings from operations	106,548	157,902	311,068	291,108	
Earnings available to common shareholders	52,568	81,769	183,379	171,285	
Basic and diluted earnings per common share	\$ 2.68	\$ 4.17	\$ 9.36	\$ 8.74	
Weighted average common shares outstanding: basic and diluted	19,593,071	19,599,352	19,597,717	19,596,129	

#### **Item 7A. 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. Following is a summary of our interest rate swaps agreements at March 31, 2017:

Notional Amount (In thousands)	Fair Value	Effective Date	Expiration Date	Fixed Rate	Floating Rate
\$ 129,444	\$ (4,880)	8/18/2006	8/10/2018	5.43%	1 Month LIBOR
4,751 (a)	(15)	8/15/2010	7/15/2017	2.15%	1 Month LIBOR
9,063 (a)	(108)	6/1/2011	6/1/2018	2.38%	1 Month LIBOR
18,333 (a)	(118)	8/15/2011	8/15/2018	1.86%	1 Month LIBOR
7,300 (a)	(41)	9/12/2011	9/10/2018	1.75%	1 Month LIBOR
7,784 (b)	2	3/28/2012	3/28/2019	1.42%	1 Month LIBOR
10,104	30	4/16/2012	4/1/2019	1.28%	1 Month LIBOR
19,238	227	1/15/2013	12/15/2019	1.07%	1 Month LIBOR

(a) forward swap

(b) operating lease

As of March 31, 2017, we had \$ 896.1 million of variable rate debt obligations and \$7.8 million of a variable rate operating lease. If the London Inter-Bank Offer Rate were to increase 100 basis points, the increase in interest expense on the variable rate debt and a variable rate operating lease would decrease future earnings and cash flows by \$ 7.0 million annually (after consideration of the effect of the above derivative contracts). Certain senior mortgages have an anticipated repayment date and a maturity date. If these senior mortgages are not repaid by the anticipated repayment date the interest rate on these mortgages would increase from the current fixed rate. We are using the anticipated repayment date for our maturity schedule.

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 4.4%, 4.4 % and 5.2 % of our revenue was generated in Canada in fiscal 2017, 2016 and 2015, respectively. The result of a 10 % 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 8. Financial Statements and Supplementary Data**

The Report of Independent Registered Public Accounting Firm and Consolidated Financial Statements of AMERCO and its consolidated subsidiaries including the notes to such statements and the related schedules are set forth on the "F" pages hereto and are incorporated by reference herein.

**Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure**

Not applicable.

**Item 9A. Controls and Procedures**

Attached as exhibits to this Annual Report are certifications of our Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), 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.

Following this discussion is the report of BDO USA, LLP, our independent registered public accounting firm, regarding its audit of AMERCO's internal control over financial reporting as set forth below in this section. This section should be read in conjunction with the certifications of our CEO and CFO and the BDO USA, LLP report for a more complete understanding of the topics presented.

**Evaluation of Disclosure Controls and Procedures**

The Company's management, with the participation of the CEO and CFO, 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 Annual Report. Our Disclosure Controls are designed to ensure that information required to be disclosed in our reports filed under the Exchange Act, such as this Annual 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 ensure that such information is accumulated and communicated to our management, including our CEO and CFO, as appropriate to allow timely decisions regarding required disclosure. Based upon the controls evaluation, our CEO and CFO have concluded that as of the end of the period covered by this Annual Report, our Disclosure Controls were effective at a reasonable assurance level related to the above stated design purposes.

**Inherent Limitations on Effectiveness of Controls**

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

#### **Management's Report on Internal Control Over Financial Reporting**

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. Internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Management assessed our internal control over financial reporting as of March 31, 2017, the end of our fiscal year. Management based its assessment on criteria established in *Internal Control-Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Management's assessment included evaluation of such elements as the design and operating effectiveness of key financial reporting controls, process documentation, accounting policies, and our overall control environment. This assessment is supported by testing and monitoring performed both by our Internal Audit organization and our Finance organization.

Based on our assessment, management has concluded that our internal control over financial reporting was effective as of the end of the fiscal year 2017. We reviewed the results of management's assessment with the Audit Committee of our Board.

Our independent registered public accounting firm, BDO USA, LLP, has audited the Company's internal control over financial reporting and has issued their report, which is included on the following page.

**Report of Independent Registered Public Accounting Firm**

Board of Directors and Stockholders  
AMERCO  
Reno, Nevada

We have audited AMERCO and consolidated subsidiaries' (the "Company") internal control over financial reporting as of March 31, 2017, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Item 9A, Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of March 31, 2017, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of the Company as of March 31, 2017 and 2016, and the related consolidated statements of operations, changes in stockholders' equity, comprehensive income (loss), and cash flows for each of the three years in the period ended March 31, 2017 and our report dated May 24, 2017 expressed an unqualified opinion thereon.

/s/BDO USA, LLP

Phoenix, Arizona

May 24, 2017

**Item 9B. Other Information**

Not applicable.

**PART III****Item 10. Directors, Executive Officers and Corporate Governance**

The information required to be disclosed under this Item 10 is incorporated herein by reference to AMERCO's definitive proxy statement , in connection with its 2017 annual meeting of stockholders (the "Proxy Statement") , which will be filed with the SEC within 120 days after the close of the Company's 2017 fiscal year.

The Company has adopted a Code of Ethics that applies to all directors, officers and employees of the Company, including the Company's principal executive officer and principal financial officer. A copy of our Code of Ethics is posted on AMERCO's website at [amerco.com/governance.aspx](http://amerco.com/governance.aspx). We intend to satisfy the disclosure requirements of Current Report on Form 8-K regarding any amendment to, or waiver from, a provision of our Code of Ethics by posting such information on the Company's website, at the web address and location specified above, unless otherwise required to file a Current Report on Form 8-K by NASDAQ rules and regulations.

**Item 11. Executive Compensation**

The information required to be disclosed under this Item 11 is incorporated herein by reference to the Proxy Statement.

**Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters**

The information required to be disclosed under this Item 12 is incorporated herein by reference to the Proxy Statement.

**Item 13. Certain Relationships and Related Transactions, and Director Independence**

The information required to be disclosed under this Item 13 is incorporated herein by reference to the Proxy Statement.

**Item 14. Principal Accounting Fees and Services**

The information required to be disclosed under this Item 14 is incorporated herein by reference to the Proxy Statement.

**PART IV****Item 15. Exhibits and Financial Statement Schedules**

The following documents are filed as part of this Report:

	<u>Page</u>
<b>1 Financial Statements:</b>	
Report of Independent Registered Public Accounting Firm	F-1
Consolidated Balance Sheets - March 31, 2017 and 2016	F-2
Consolidated Statements of Operations - Years Ended March 31, 2017, 2016, and 2015	F-3
Consolidated Statements of Comprehensive Income (Loss) - Years Ended March 31, 2017, 2016, and 2015	F-4
Consolidated Statements of Changes in Stockholders' Equity - Years Ended March 31, 2017, 2016, and 2015	F-5
Consolidated Statements of Cash Flows - Years Ended March 31, 2017, 2016, and 2015	F-6
Notes to Consolidated Financial Statements	F-7
<b>2 Financial Statement Schedules required to be filed by Item 8:</b>	
Schedule I - Condensed Financial Information of AMERCO	F-54
Schedule II - AMERCO and Consolidated Subsidiaries Valuation and Qualifying Accounts	F-58
Schedule V - AMERCO and Consolidated Subsidiaries Supplemental Information (For Property-Casualty Insurance Operations)	F-59

All other schedules are omitted because they are not required, inapplicable, or the information is otherwise shown in the financial statements or notes thereto.

Exhibits:

<u>Exhibit Number</u>	<u>Description</u>	<u>Page or Method of Filing</u>
3.1	Amended and Restated Articles of Incorporation of AMERCO	Incorporated by reference to AMERCO's Current Report on Form 8-K filed on June 9, 2016, 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	Termination of Rights Agreement, dated as of March 5, 2008	Incorporated by reference to AMERCO's Current Report on Form 8-K, filed on March 11, 2008, file no. 1-11255
4.2	U-Haul Investors Club Base Indenture, dated February 12, 2011 by and between AMERCO and U. S. Bank National Association	Incorporated by reference to AMERCO's Current Report on Form 8-K, filed on February 22, 2011, file no. 1-11255
4.3	Second Supplemental Indenture, dated February 17, 2011, by and among AMERCO and U.S. Bank National Association	Incorporated by reference to AMERCO's Current Report on Form 8-K, filed on February 22, 2011, file no. 1-11255
4.4	Fourth Supplemental Indenture, dated March 15, 2011, by and among AMERCO and U.S. Bank National Association	Incorporated by reference to AMERCO's Current Report on Form 8-K, filed on March 22, 2011, file no. 1-11255
4.5	Seventh Supplemental Indenture, dated March 29, 2011, by and among AMERCO and U.S. Bank National Association	Incorporated by reference to AMERCO's Current Report on Form 8-K, filed on April 1, 2011, file no. 1-11255
4.6	Tenth Supplemental Indenture, dated June 7, 2011 by and between AMERCO and U.S. Bank National Association	Incorporated by reference to AMERCO's Current Report on Form 8-K, filed on June 23, 2011, file no. 1-11255
4.7	Eleventh Supplemental Indenture dated June 7, 2011 by and between AMERCO and U.S. Bank National Association	Incorporated by reference to AMERCO's Current Report on Form 8-K, filed on October 31, 2011, file no. 1-11255
4.8	Twelfth Supplemental Indenture dated June 14, 2011 by and between AMERCO and U.S. Bank National Association	Incorporated by reference to AMERCO's Current Report on Form 8-K, filed on June 23, 2011, file no. 1-11255
4.9	Fourteenth Supplemental Indenture dated July 20, 2011 by and between AMERCO and U.S. Bank National Association	Incorporated by reference to AMERCO's Current Report on Form 8-K, filed on August 17, 2011, file no. 1-11255
4.10	Fifteenth Supplemental Indenture dated July 27, 2011 by and between AMERCO and U.S. Bank National Association	Incorporated by reference to AMERCO's Current Report on Form 8-K, filed on August 17, 2011, file no. 1-11255
4.11	Sixteenth Supplemental Indenture dated August 31, 2011 by and between AMERCO and U.S. Bank National Association	Incorporated by reference to AMERCO's Current Report on Form 8-K, filed on September 28, 2011, file no. 1-11255
4.12	Seventeenth Supplemental Indenture dated November 8, 2011 by and between AMERCO and U.S. Bank National Association	Incorporated by reference to AMERCO's Current Report on Form 8-K, filed on January 18, 2012, file no. 1-11255

4.13	Eighteenth Supplemental Indenture dated January 7, 2012 by and between AMERCO and U.S. Bank National Association	Incorporated by reference to AMERCO's Current Report on Form 8-K, filed on March 26, 2012, file no. 1-11255
4.14	Nineteenth Supplemental Indenture dated May 14, 2012 by and between AMERCO and U.S. Bank National Association	Incorporated by reference to AMERCO's Current Report on Form 8-K, filed on May 15, 2012, file no. 1-11255
4.15	Eighth Supplemental Indenture, dated April 12, 2011, by and between AMERCO and U.S. Bank National Association	Incorporated by reference to AMERCO's Annual Report on Form 10-K for the year end March 31, 2012, file no. 1-11255
4.16	Twentieth Supplemental Indenture dated September 4, 2012 by and between AMERCO and U.S. Bank National Association	Incorporated by reference to AMERCO's Current Report on Form 8-K, filed on September 4, 2012, file no. 1-11255
4.17	Twenty-first Supplemental Indenture dated January 15, 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 January 15, 2013, file no. 1-11255
4.18	Twenty-second Supplemental Indenture, dated May 28, 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 May 30, 2013, file no. 1-11255
4.19	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
4.20	Twenty-fourth Supplemental Indenture, dated April 22, 2014 by and between AMERCO and U.S. Bank National Association	Incorporated by reference to AMERCO's Current Report on Form 8-K, filed on April 22, 2014, file no. 1-11255
4.21	Twenty-fifth Supplemental Indenture, dated July 7, 2015 by and between AMERCO and U.S. Bank National Association	Incorporated by reference to AMERCO's Current Report on Form 8-K, filed on July 7, 2015, file no. 1-11255
4.22	Twenty-sixth Supplemental Indenture, dated September 29, 2015 by and between AMERCO and U.S. Bank National Association	Incorporated by reference to AMERCO's Current Report on Form 8-K, filed on September 29, 2015, file no. 1-11255
4.23	Twenty-seventh Supplemental Indenture, dated December 15, 2015 by and between AMERCO and U.S. Bank National Association	Incorporated by reference to AMERCO's Current Report on Form 8-K, filed on December 15, 2015, file no. 1-11255
4.24	Twenty-eighth Supplemental Indenture, dated September 13, 2016 by and between AMERCO and U.S. Bank National Association	Incorporated by reference to AMERCO's Current Report on Form 8-K, filed on September 13, 2016, file no. 1-11255
4.25	Twenty-ninth Supplemental Indenture, dated January 24, 2017 by and between AMERCO and U.S. Bank National Association	Incorporated by reference to AMERCO's Current Report on Form 8-K, filed on January 24, 2017, file no. 1-11255
10.1	U-Haul Dealership Contract	Incorporated by reference to AMERCO's Annual Report on Form 10-K for the year end March 31, 1993, file no. 1-11255
10.2	ESOP Loan Credit Agreement	Incorporated by reference to AMERCO's Annual Report on Form 10-K for the year ended March 31, 1990, file no. 1-11255
10.3	ESOP Loan Agreement	Incorporated by reference to AMERCO's Annual Report on Form 10-K for the year ended March 31, 1990, file no. 1-11255

10.4	Trust Agreement for the AMERCO Employee Savings, Profit Sharing and Employee Stock Ownership Plan	Incorporated by reference to AMERCO's Annual Report on Form 10-K for the year ended March 31, 1990, file no. 1-11255
10.5	Amended Indemnification Agreement	Incorporated by reference to AMERCO's Annual Report on Form 10-K for the year ended March 31, 1990, file no. 1-11255
10.6	Indemnification Trust Agreement	Incorporated by reference to AMERCO's Annual Report on Form 10-K for the year ended March 31, 1990, file no. 1-11255
10.7	Management Agreement between Four SAC Self-Storage Corporation and subsidiaries of AMERCO	Incorporated by reference to AMERCO's Annual Report on Form 10-K for the year ended March 31, 1997, file no. 1-11255
10.8	Management Agreement between Five SAC Self-Storage Corporation and subsidiaries of AMERCO	Incorporated by reference to AMERCO's Annual Report on Form 10-K for the year ended March 31, 1999, file no. 1-11255
10.9	Property Management Agreement	Incorporated by reference to AMERCO's Annual Report on Form 10-K for the year ended March 31, 2004, file no. 1-11255
10.10	U-Haul Dealership Contract between U-Haul Leasing & Sales Co., and U-Haul Moving Partners, Inc.	Incorporated by reference to AMERCO's Quarterly Report on Form 10-Q for the quarter ended June 30, 2004, file no. 1-11255
10.11	Property Management Agreement between Mercury Partners, LP, Mercury 99, LLC and U-Haul Self-Storage Management (WPC), Inc.	Incorporated by reference to AMERCO's Quarterly Report on Form 10-Q for the quarter ended June 30, 2004, file no. 1-11255
10.12	Amended and Restated Credit Agreement, dated June 8, 2005, among Amerco Real Estate Company, Amerco Real Estate Company of Texas, Inc., Amerco Real Estate Company of Alabama Inc., U-Haul Co. of Florida, Inc., U-Haul International, Inc. and Merrill Lynch Commercial Finance Corp.	Incorporated by reference to AMERCO's Current Report on Form 8-K, filed June 14, 2005, file no. 1-11255
10.13	Security Agreement dated June 8, 2005, by Amerco Real Estate Company, Amerco Real Estate Company of Texas, Inc., Amerco Real Estate Company of Alabama, Inc., U-Haul Co. of Florida, Inc., U-Haul International, Inc. and the Marketing Grantors named therein in favor of Merrill Lynch Commercial Finance Corp.	Incorporated by reference to AMERCO's Current Report on Form 8-K, filed June 14, 2005, file no. 1-11255
10.14	Guarantee, dated June 8, 2005, by U-Haul International, Inc. in favor of Merrill Lynch Commercial Finance Corp.	Incorporated by reference to AMERCO's Current Report on Form 8-K, filed June 14, 2005, file no. 1-11255
10.15	Promissory Note, dated June 8, 2005 by Amerco Real Estate Company, Amerco Real Estate Company of Texas, Inc., Amerco Real Estate Company of Alabama, Inc., U-Haul Co. of Florida, Inc. and U-Haul International, Inc.	Incorporated by reference to AMERCO's Current Report on Form 8-K, filed June 14, 2005, file no. 1-11255

10.16	Amendment No. 1 to the Amended and Restated Credit Agreement and Security Agreement, dated as of August 18, 2006, to the Amended and Restated Credit Agreement, dated as of June 8, 2005, among Amerco Real Estate Company of Texas, Inc., Amerco Real Estate Company of Alabama, Inc., U-Haul Co. of Florida, Inc., U-Haul International, Inc. and the Marketing Grantors named therein in favor of Merrill Lynch Commercial Financial Corp.	Incorporated by reference to AMERCO's Current Report on Form 8-K filed August 23, 2006, file no. 1-11255
10.17	Amended and Restated Property Management Agreement among Eight SAC Self-Storage Corporation and subsidiaries of U-Haul International, Inc.	Incorporated by reference to AMERCO's Quarterly Report on Form 10-Q for the quarter ended September 30, 2007, file no. 1-11255
10.18	Amended and Restated Property Management Agreement among Nine SAC Self-Storage Corporation and subsidiaries of U-Haul International, Inc.	Incorporated by reference to AMERCO's Quarterly Report on Form 10-Q for the quarter ended September 30, 2007, file no. 1-11255
10.19	Amended and Restated Property Management Agreement among Ten SAC Self-Storage Corporation and subsidiaries of U-Haul International, Inc.	Incorporated by reference to AMERCO's Quarterly Report on Form 10-Q for the quarter ended September 30, 2007, file no. 1-11255
10.20	Amended and Restated Property Management Agreement among Eleven SAC Self-Storage Corporation and Eleven SAC Self-Storage Odenton, Inc. and subsidiaries of U-Haul International, Inc.	Incorporated by reference to AMERCO's Quarterly Report on Form 10-Q for the quarter ended September 30, 2007, file no. 1-11255
10.21	Amended and Restated Property Management Agreement among Twelve SAC Self-Storage Corporation and subsidiaries of U-Haul International, Inc.	Incorporated by reference to AMERCO's Quarterly Report on Form 10-Q for the quarter ended September 30, 2007, file no. 1-11255
10.22	Amended and Restated Property Management Agreement among Thirteen SAC Self-Storage Corporation and subsidiaries of U-Haul International, Inc.	Incorporated by reference to AMERCO's Quarterly Report on Form 10-Q for the quarter ended September 30, 2007, file no. 1-11255
10.23	Amended and Restated Property Management Agreement among Fourteen SAC Self-Storage Corporation and subsidiaries of U-Haul International, Inc.	Incorporated by reference to AMERCO's Quarterly Report on Form 10-Q for the quarter ended September 30, 2007, file no. 1-11255
10.24	Amended and Restated Property Management Agreement among Fifteen SAC Self-Storage Corporation and subsidiaries of U-Haul International, Inc.	Incorporated by reference to AMERCO's Quarterly Report on Form 10-Q for the quarter ended September 30, 2007, file no. 1-11255
10.25	Amended and Restated Property Management Agreement among Sixteen SAC Self-Storage Corporation and subsidiaries of U-Haul International, Inc.	Incorporated by reference to AMERCO's Quarterly Report on Form 10-Q for the quarter ended September 30, 2007, file no. 1-11255

10.26	Amended and Restated Property Management Agreement among Seventeen SAC Self-Storage Corporation and subsidiaries of U-Haul International, Inc.	Incorporated by reference to AMERCO's Quarterly Report on Form 10-Q for the quarter ended September 30, 2007, file no. 1-11255
10.27	2010-1 BOX TRUCK BASE INDENTURE, dated as of October 1, 2010, among 2010 U-HAUL S FLEET, LLC, 2010 TM-1, LLC, 2010 DC-1, LLC, and 2010 TT-1, LLC, and U.S. BANK NATIONAL ASSOCIATION, a national banking association, as trustee.	Incorporated by reference to AMERCO's Quarterly Report on Form 10-Q for the quarter ended September 30, 2010, file number 1-11255
10.28	Schedule I to 2010-1 Base Indenture – Definitions List	Incorporated by reference to AMERCO's Quarterly Report on Form 10-Q for the quarter ended September 30, 2010, file number 1-11255
10.29	SERIES 2010-1 SUPPLEMENT, dated as of October 1, 2010, among 2010 U-HAUL S FLEET, LLC, 2010 TM-1, LLC, 2010 DC-1, LLC, and 2010 TT-1, LLC, and U.S. BANK NATIONAL ASSOCIATION, a national banking association, as trustee.	Incorporated by reference to AMERCO's Quarterly Report on Form 10-Q for the quarter ended September 30, 2010, file number 1-11255
10.30	Pledge and Security Agreement, dated February 17, 2011, by and among AMERCO, U-Haul Leasing and Sales Co. and U.S. Bank National Association	Incorporated by reference to AMERCO's Current Report on Form 8-K, filed on February 22, 2011, file no. 1-11255
10.31	Amended and Restated Property Management Agreement among Eighteen SAC Self-Storage Corporation and subsidiaries of U-Haul International, Inc.	Incorporated by reference to AMERCO's Annual Report on Form 10-K for the year ended March 31, 2012, file no. 1-11255
10.32	Amended and Restated Property Management Agreement among Twenty SAC Self-Storage Corporation and subsidiaries of U-Haul International, Inc.	Incorporated by reference to AMERCO's Annual Report on Form 10-K for the year ended March 31, 2012, file no. 1-11255
10.33	Amended and Restated Property Management Agreement among Twenty-One SAC Self-Storage Corporation and subsidiaries of U-Haul International, Inc.	Incorporated by reference to AMERCO's Annual Report on Form 10-K for the year ended March 31, 2012, file no. 1-11255
10.34	Amended and Restated Property Management Agreement among Twenty-Two SAC Self-Storage Corporation and subsidiaries of U-Haul International, Inc.	Incorporated by reference to AMERCO's Annual Report on Form 10-K for the year ended March 31, 2012, file no. 1-11255
10.35	Amended and Restated Property Management Agreement among Twenty-Three SAC Self-Storage Corporation and subsidiaries of U-Haul International, Inc.	Incorporated by reference to AMERCO's Annual Report on Form 10-K for the year ended March 31, 2012, file no. 1-11255
10.36	Amended and Restated Property Management Agreement among Twenty-Four SAC Self-Storage Corporation and subsidiaries of U-Haul International, Inc.	Incorporated by reference to AMERCO's Annual Report on Form 10-K for the year ended March 31, 2012, file no. 1-11255
10.37	Amended and Restated Property Management Agreement among Twenty-Five SAC Self-Storage Corporation and subsidiaries of U-Haul International, Inc.	Incorporated by reference to AMERCO's Annual Report on Form 10-K for the year ended March 31, 2012, file no. 1-11255

10.38	Amended and Restated Property Management Agreement among Twenty-Six SAC Self-Storage Corporation and subsidiaries of U-Haul International, Inc.	Incorporated by reference to AMERCO's Annual Report on Form 10-K for the year ended March 31, 2012, file no. 1-11255
10.39	Amended and Restated Property Management Agreement among Twenty-Seven SAC Self-Storage Corporation and subsidiaries of U-Haul International, Inc.	Incorporated by reference to AMERCO's Annual Report on Form 10-K for the year ended March 31, 2012, file no. 1-11255
10.40	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
10.41	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
10.42	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
10.43	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
10.44	Amended and Restated Property Management Agreement among Galaxy Storage One, LP 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
10.45	U-Haul Dealership Contract Addendum	Incorporated by reference to AMERCO's Annual Report on Form 10-K for the year ended March 31, 2012, file no. 1-11255
10.46	Amendment to the Amended and Restated AMERCO Employee Savings and Profit and Sharing Plan*	Incorporated by reference to AMERCO's Quarterly Report on Form 10-Q, for the year ended December 31, 2012, file no. 1-11255
10.47	Loan Agreement, dated as of August 12, 2015 among U-Haul Co of Florida 8, LLC, U-Haul Co. of Florida 9, LLC, U-Haul Co. of Florida 10, UHIL 8, LLC, UHIL 9, LLC, UHIL 10, LLC, UHIL 13, LLC, AREC 8, LLC, AREC 9, LLC, AREC 10, LLC and AREC 13, LLC, each a Delaware limited liability company, collectively as Borrower, and Morgan Stanley Bank, N.A. and JP Morgan Chase Bank, National Association, collectively as Lender	Incorporated by reference to AMERCO's Current Report on Form 8-K, filed on August 14, 2015, file no. 1-11255
10.48	Property Management Agreement dated December 11, 2014 between Three SAC Self-Storage Corporation and U-Haul Co. (Canada), Ltd	Incorporated by reference to AMERCO's Annual Report on Form 10-K for the year ended March 31, 2016, file no. 1-11255
10.49	Property Management Agreement dated December 16, 2014 among Galaxy Storage Two, L.P. and certain subsidiaries of AMERCO	Incorporated by reference to AMERCO's Annual Report on Form 10-K for the year ended March 31, 2016, file no. 1-11255

10.50	Property Management Agreement dated June 25, 2015 among 2015 SAC Self-Storage, LLC and certain subsidiaries of AMERCO	Incorporated by reference to AMERCO's Annual Report on Form 10-K for the year ended March 31, 2016, file no. 1-11255
10.51	Property Management Agreement dated March 21, 2016 among Five SAC RW, LLC and certain subsidiaries of AMERCO	Incorporated by reference to AMERCO's Annual Report on Form 10-K for the year ended March 31, 2016, file no. 1-11255
10.52	Amended and Restated AMERCO Employee Savings and Profit and Sharing Plan*	Incorporated by reference to AMERCO's Annual Report on Form 10-K for the year ended March 31, 2016, file no. 1-11255
10.53	Amended and Restated AMERCO Employee Stock Ownership Plan*	Incorporated by reference to AMERCO's Annual Report on Form 10-K for the year ended March 31, 2016, file no. 1-11255
10.57	ESOP Loan Agreement	Incorporated by reference to AMERCO's Annual Report on Form 10-K for the year ended March 31, 2016, file no. 1-11255
10.58	Property Management Agreement among Six-SAC Self-Storage Corporation and certain subsidiaries of U-Haul International, Inc.	Incorporated by reference to AMERCO's Current Report on Form 8-K, filed on June 27, 2016, file no. 1-11255
10.59	Stockholder Agreement dated September 12, 2016, between Edward J. Shoan, Mark V. Shoan, Foster Road LLC, Willow Grove Holdings LP, Blackwater Investments, Inc. and SAC Holdings Corporation	Incorporated by reference to Exhibit 99.1, filed with the Schedule 13-D/A, filed on September 12, 2016, file number 5-39669
10.60	2016 Stock Option Plan (Shelf Stock Option Plan)*	Incorporated by reference to Exhibit C to Definitive Proxy for the Special Meeting of Stockholders filed on April 20, 2016
10.61	Purchase and Sale Agreement between Amerco Real Estate Company and 23 <sup>rd</sup> and 11 <sup>th</sup> Associates, LLC.	Filed herewith
10.62	First Amendment to Purchase and Sale Agreement between Amerco Real Estate Company and 23 <sup>rd</sup> and 11 <sup>th</sup> Associates, LLC.	Filed herewith
10.63	Second Amendment to Purchase and Sale Agreement between Amerco Real Estate Company and 23 <sup>rd</sup> and 11 <sup>th</sup> Associates, LLC.	Filed herewith
10.64	Third Amendment to Purchase and Sale Agreement between Amerco Real Estate Company and 23 <sup>rd</sup> and 11 <sup>th</sup> Associates, LLC.	Filed herewith
14	Code of Ethics	Incorporated by reference to AMERCO's Quarterly Report on Form 8-K, filed on April 15, 2014, file no. 1-11255
21	Subsidiaries of AMERCO	Filed herewith
23.1	Consent of BDO USA, LLP	Filed herewith
24	Power of Attorney	Refer to signature page

31.1	Rule 13a-14(a)/15d-14(a) Certificate of Edward J. Shoen, President and Chairman of the Board of AMERCO	
31.2	Rule 13a-14(a)/15d-14(a) Certificate of Jason A. Berg, Chief Financial 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, Chief Financial Officer of AMERCO pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Furnished herewith
101.INS	XBRL Instance Document	Furnished herewith
101.SCH	XBRL Taxonomy Extension Schema	Furnished herewith
101.CAL	XBRL Taxonomy Extension Calculation Linkbase	Furnished herewith
101.LAB	XBRL Taxonomy Extension Label Linkbase	Furnished herewith
101.PRE	XBRL Taxonomy Extension Presentation Linkbase	Furnished herewith
101.DEF	XBRL Taxonomy Extension Definition Linkbase	Furnished herewith

\* Indicates management plan or compensatory arrangement.

***Item 16 . Form 10-K Summary***

None.

**Report of Independent Registered Public Accounting Firm**

Board of Directors and Stockholders  
AMERCO  
Reno, Nevada

We have audited the accompanying consolidated balance sheets of AMERCO and consolidated subsidiaries (the "Company") as of March 31, 2017 and 2016 and the related consolidated statements of operations, changes in stockholders' equity, comprehensive income (loss), and cash flows for each of the three years in the period ended March 31, 2017. In connection with our audits of the financial statements, we have also audited the financial statement schedules listed in the accompanying index. These financial statements and schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedules based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements and schedules. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company at March 31, 2017 and 2016, and the results of its operations and its cash flows for each of the three years in the period ended March 31, 2017, in conformity with accounting principles generally accepted in the United States of America.

Also, in our opinion, the financial statement schedules, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly, in all material respects, the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of March 31, 2017, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and our report dated May 24, 2017 expressed an unqualified opinion thereon.

/s/ BDO USA, LLP

Phoenix, Arizona

May 24, 2017

**AMERCO AND CONSOLIDATED SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**

ASSETS	March 31,	
	2017	2016
	(In thousands, except share data)	
Cash and cash equivalents	\$ 697,806	\$ 600,646
Reinsurance recoverables and trade receivables, net	178,081	175,135
Inventories, net	82,439	79,756
Prepaid expenses	124,728	134,300
Investments, fixed maturities and marketable equities	1,663,768	1,490,789
Investments, other	367,830	311,821
Deferred policy acquisition costs, net	130,213	136,386
Other assets	117,072	77,210
Related party assets	86,168	85,734
	3,448,105	3,091,777
Property, plant and equipment, at cost:		
Land	640,938	587,347
Buildings and improvements	2,606,537	2,187,400
Furniture and equipment	510,415	399,943
Rental trailers and other rental equipment	492,280	462,379
Rental trucks	4,091,598	3,514,175
	8,341,768	7,151,244
Less: Accumulated depreciation	(2,384,033)	(2,133,733)
Total property, plant and equipment	5,957,735	5,017,511
Total assets	\$ 9,405,840	\$ 8,109,288
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Accounts payable and accrued expenses	\$ 450,541	\$ 502,538
Notes, loans and leases payable, net	3,262,880	2,647,396
Policy benefits and losses, claims and loss expenses payable	1,086,322	1,071,412
Liabilities from investment contracts	1,112,498	951,490
Other policyholders' funds and liabilities	10,150	8,650
Deferred income	28,696	22,784
Deferred income taxes, net	835,009	653,612
Total liabilities	6,786,096	5,857,882
Commitments and contingencies (notes 9, 16, 17, and 18)		
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 March 31, 2017 and 2016	-	-
Series B preferred stock, with no par value, 100,000 shares authorized; none issued and outstanding as of March 31, 2017 and 2016	-	-
Serial common stock, with or without par value, 250,000,000 shares authorized:		
Serial common stock of \$0.25 par value, 10,000,000 shares authorized;		
none issued and outstanding as of March 31, 2017 and 2016	-	-
Common stock, with \$0.25 par value, 250,000,000 shares authorized:		
Common stock of \$0.25 par value, 250,000,000 shares authorized; 41,985,700 issued and 19,607,788 outstanding as of March 31, 2017 and 2016	10,497	10,497
Additional paid-in capital	452,172	451,629
Accumulated other comprehensive loss	(51,236)	(60,525)
Retained earnings	2,892,893	2,533,641
Cost of common shares in treasury, net (22,377,912 shares as of March 31, 2017 and 2016)	(525,653)	(525,653)
Cost of preferred shares in treasury, net (6,100,000 shares as of March 31, 2017 and 2016)	(151,997)	(151,997)
Unearned employee stock ownership plan shares	(6,932)	(6,186)
Total stockholders' equity	2,619,744	2,251,406
Total liabilities and stockholders' equity	\$ 9,405,840	\$ 8,109,288

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

**AMERCO AND CONSOLIDATED SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**

	<u>Years Ended March 31,</u>		
	<u>2017</u>	<u>2016</u>	<u>2015</u>
(In thousands, except share and per share data)			
<b>Revenues:</b>			
Self-moving equipment rentals	\$ 2,362,833	\$ 2,297,980	\$ 2,146,391
Self-storage revenues	286,886	247,944	211,136
Self-moving and self-storage products and service sales	253,073	251,541	244,177
Property management fees	29,075	26,533	25,341
Life insurance premiums	163,579	162,662	156,103
Property and casualty insurance premiums	52,334	50,020	46,456
Net investment and interest income	102,276	86,617	84,728
Other revenue	<u>171,711</u>	<u>152,171</u>	<u>160,199</u>
Total revenues	<u>3,421,767</u>	<u>3,275,468</u>	<u>3,074,531</u>
<b>Costs and expenses:</b>			
Operating expenses	1,568,083	1,470,047	1,479,409
Commission expenses	267,230	262,627	249,642
Cost of sales	152,485	144,990	146,072
Benefits and losses	182,710	167,436	158,760
Amortization of deferred policy acquisition costs	26,218	23,272	19,661
Lease expense	37,343	49,780	79,798
Depreciation, net of (gains) losses on disposals of (\$36,085), (\$98,703) and (\$74,631), respectively	<u>445,435</u>	<u>290,690</u>	<u>278,165</u>
Total costs and expenses	<u>2,679,504</u>	<u>2,408,842</u>	<u>2,411,507</u>
<b>Earnings from operations</b>			
Interest expense	(113,406)	(97,715)	(97,525)
Fees and amortization on early extinguishment of debt	<u>(499)</u>	<u>–</u>	<u>(4,081)</u>
Pretax earnings	628,358	768,911	561,418
Income tax expense	<u>(229,934)</u>	<u>(279,910)</u>	<u>(204,677)</u>
Earnings available to common stockholders	<u>\$ 398,424</u>	<u>\$ 489,001</u>	<u>\$ 356,741</u>
Basic and diluted earnings per common share	<u>\$ 20.34</u>	<u>\$ 24.95</u>	<u>\$ 18.21</u>
Weighted average common shares outstanding: Basic and diluted	<u>19,586,606</u>	<u>19,596,110</u>	<u>19,586,633</u>

Related party revenues for fiscal 2017, 2016 and 2015, net of elimination s, were \$ 34.0 million, \$3 2 . 6 million and \$3 6 . 2 million, respectively.

Related party costs and expenses for fiscal 2017, 2016 , and 2015 , net of eliminations, were \$ 59.9 million, \$5 7 . 4 million and \$ 54.7 million, respectively.

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

**AMERCO AND CONSOLIDATED SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**

**Fiscal Year Ended March 31, 2017**

	<b>Pre-tax</b>	<b>Tax</b>	<b>Net</b>
	(In thousands)		
Comprehensive income:			
Net earnings	\$ 628,358	\$ (229,934)	\$ 398,424
Other comprehensive income:			
Foreign currency translation	(5,862)	–	(5,862)
Unrealized net gain on investments	13,822	(4,838)	8,984
Change in fair value of cash flow hedges	9,916	(3,767)	6,149
Postretirement benefit obligations loss	28	(10)	18
Total comprehensive income	<u>\$ 646,262</u>	<u>\$ (238,549)</u>	<u>\$ 407,713</u>

**Fiscal Year Ended March 31, 2016**

	<b>Pre-tax</b>	<b>Tax</b>	<b>Net</b>
	(In thousands)		
Comprehensive income:			
Net earnings	\$ 768,911	\$ (279,910)	\$ 489,001
Other comprehensive income:			
Foreign currency translation	(4,473)	–	(4,473)
Unrealized net loss on investments	(41,639)	14,573	(27,066)
Change in fair value of cash flow hedges	9,721	(3,694)	6,027
Postretirement benefit obligations loss	(1,029)	381	(648)
Total comprehensive income	<u>\$ 731,491</u>	<u>\$ (268,650)</u>	<u>\$ 462,841</u>

**Fiscal Year Ended March 31, 2015**

	<b>Pre-tax</b>	<b>Tax</b>	<b>Net</b>
	(In thousands)		
Comprehensive income:			
Net earnings	\$ 561,418	\$ (204,677)	\$ 356,741
Other comprehensive income:			
Foreign currency translation	(19,883)	–	(19,883)
Unrealized net gain on investments	54,139	(18,949)	35,190
Change in fair value of cash flow hedges	8,203	(3,117)	5,086
Postretirement benefit obligations loss	(1,325)	490	(835)
Total comprehensive income	<u>\$ 602,552</u>	<u>\$ (226,253)</u>	<u>\$ 376,299</u>

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

**AMERCO AND CONSOLIDATED SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**

Description	Common Stock	Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Less: Treasury Common Stock	Less: Treasury Preferred Stock	Less: Unearned Employee Stock Ownership Plan Shares	Total Stockholders' Equity
<b>Balance as of March 31, 2014</b>	\$ 10,497	\$ 444,210	\$ (53,923)	\$ 1,805,453	\$ (525,653)	\$ (151,997)	\$ (1,219)	\$ 1,527,368
Increase in market value of released ESOP shares	—	5,458	—	—	—	—	—	5,458
Release of unearned ESOP shares	—	—	—	—	—	—	2,767	2,767
Purchase of ESOP shares	—	—	—	—	—	—	(7,939)	(7,939)
Foreign currency translation	—	—	(19,883)	—	—	—	—	(19,883)
Unrealized net gain on investments, net of tax	—	—	35,190	—	—	—	—	35,190
Change in fair value of cash flow hedges, net of tax	—	—	5,086	—	—	—	—	5,086
Post retirement benefit obligations (loss)	—	—	(835)	—	—	—	—	(835)
Net earnings	—	—	—	356,741	—	—	—	356,741
Common stock dividends: (\$1.00 per share for fiscal 2015)	—	—	—	(19,594)	—	—	—	(19,594)
Net activity	—	5,458	19,558	337,147	—	—	(5,172)	356,991
<b>Balance as of March 31, 2015</b>	\$ 10,497	\$ 449,668	\$ (34,365)	\$ 2,142,600	\$ (525,653)	\$ (151,997)	\$ (6,391)	\$ 1,884,359
Increase in market value of released ESOP shares	—	1,961	—	—	—	—	—	1,961
Release of unearned ESOP shares	—	—	—	—	—	—	9,507	9,507
Purchase of ESOP shares	—	—	—	—	—	—	(9,302)	(9,302)
Foreign currency translation	—	—	(4,473)	—	—	—	—	(4,473)
Unrealized net loss on investments, net of tax	—	—	(27,066)	—	—	—	—	(27,066)
Change in fair value of cash flow hedges, net of tax	—	—	6,027	—	—	—	—	6,027
Post retirement benefit obligations (loss)	—	—	(648)	—	—	—	—	(648)
Net earnings	—	—	—	489,001	—	—	—	489,001
Common stock dividends: (\$5.00 per share for fiscal 2016)	—	—	—	(97,960)	—	—	—	(97,960)
Net activity	—	1,961	(26,160)	391,041	—	—	205	367,047
<b>Balance as of March 31, 2016</b>	\$ 10,497	\$ 451,629	\$ (60,525)	\$ 2,533,641	\$ (525,653)	\$ (151,997)	\$ (6,186)	\$ 2,251,406
Increase in market value of released ESOP shares	—	543	—	—	—	—	—	543
Release of unearned ESOP shares	—	—	—	—	—	—	10,360	10,360
Purchase of ESOP shares	—	—	—	—	—	—	(11,106)	(11,106)
Foreign currency translation	—	—	(5,862)	—	—	—	—	(5,862)
Unrealized net gain on investments, net of tax	—	—	8,984	—	—	—	—	8,984
Change in fair value of cash flow hedges, net of tax	—	—	6,149	—	—	—	—	6,149
Post retirement benefit obligations (loss)	—	—	18	—	—	—	—	18
Net earnings	—	—	—	398,424	—	—	—	398,424
Common stock dividends: (\$2.00 per share for fiscal 2017)	—	—	—	(39,172)	—	—	—	(39,172)
Net activity	—	543	9,289	359,252	—	—	(746)	368,338
<b>Balance as of March 31, 2017</b>	\$ 10,497	\$ 452,172	\$ (51,236)	\$ 2,892,893	\$ (525,653)	\$ (151,997)	\$ (6,932)	\$ 2,619,744

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

**AMERCO AND CONSOLIDATED SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Years Ended March 31,		
	2017	2016	2015
(In thousands)			
<b>Cash flows from operating activities:</b>			
Net earnings	\$ 398,424	\$ 489,001	\$ 356,741
Adjustments to reconcile net earnings to cash provided by operations:			
Depreciation	481,520	389,393	352,796
Amortization of deferred policy acquisition costs	26,218	23,272	19,661
Amortization of debt issuance costs	4,062	3,419	3,786
Interest credited to policyholders	25,020	20,465	18,110
Change in allowance for losses on trade receivables	(46)	(205)	(168)
Change in allowance for inventory reserves	1,330	(1,343)	(872)
Net gain on sale of real and personal property	(36,085)	(98,703)	(74,631)
Net gain on sale of investments	(5,284)	(4,491)	(3,925)
Deferred income taxes	173,112	138,075	76,500
Net change in other operating assets and liabilities:			
Reinsurance recoverables and trade receivables	(2,890)	14,765	9,632
Inventories	(4,072)	(9,009)	(1,579)
Prepaid expenses	9,386	(10,338)	(65,720)
Capitalization of deferred policy acquisition costs	(27,111)	(32,590)	(27,084)
Other assets	(40,546)	11,903	(51)
Related party assets	343	56,644	27,706
Accounts payable and accrued expenses	(5,056)	37,312	98,877
Policy benefit and losses, claims and loss expenses payable	15,378	9,626	(17,621)
Other policyholders' funds and liabilities	1,499	(349)	988
Deferred income	5,921	4,757	(13,181)
Related party liabilities	(1,062)	(616)	(866)
<b>Net cash provided by operating activities</b>	<b>1,020,061</b>	<b>1,040,988</b>	<b>759,099</b>
<b>Cash flow from investing activities:</b>			
Purchase of:			
Property, plant and equipment	(1,419,505)	(1,509,154)	(1,041,931)
Short term investments	(635,847)	(515,899)	(290,379)
Fixed maturity investments	(355,101)	(398,987)	(214,371)
Equity securities	(489)	(1,315)	(3,759)
Preferred stock	–	(1,005)	(2,006)
Real estate	(32,807)	(15,459)	(38,275)
Mortgage loans	(154,310)	(87,204)	(19,807)
Proceeds from sales and paydowns of:			
Property, plant and equipment	487,475	539,256	411,629
Short term investments	655,726	528,180	287,883
Fixed maturity investments	190,578	154,536	107,867
Equity securities	–	2,044	3,082
Preferred stock	4,181	1,126	2,427
Real estate	8,753	21,589	28,485
Mortgage loans	106,832	26,968	13,894
<b>Net cash used by investing activities</b>	<b>(1,144,514)</b>	<b>(1,255,324)</b>	<b>(755,261)</b>
<b>Cash flow from financing activities:</b>			
Borrowings from credit facilities	742,625	837,972	657,535
Principal repayments on credit facilities	(367,844)	(428,403)	(593,722)
Payment of debt issuance costs	(5,055)	(10,184)	(12,327)
Capital lease payments	(212,545)	(168,661)	(121,202)
Employee Stock Ownership Plan Shares	(11,106)	(9,302)	(7,939)
Securitization deposits	446	544	–
Common stock dividends paid	(58,757)	(78,374)	(19,594)
Investment contract deposits	285,148	358,237	105,019
Investment contract withdrawals	(149,159)	(112,957)	(54,108)
<b>Net cash provided (used) by financing activities</b>	<b>223,753</b>	<b>388,872</b>	<b>(46,338)</b>
Effects of exchange rate on cash	(2,140)	(15,740)	(10,762)
Increase (decrease) in cash and cash equivalents	97,160	158,796	(53,262)
Cash and cash equivalents at the beginning of period	600,646	441,850	495,112
<b>Cash and cash equivalents at the end of period</b>	<b>\$ 697,806</b>	<b>\$ 600,646</b>	<b>\$ 441,850</b>

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

**AMERCO AND CONSOLIDATED SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 1. Basis of Presentation**

AMERCO, a Nevada Corporation ("AMERCO"), has a fiscal year that ends on the 31<sup>st</sup> of March for each year that is referenced. Our insurance company subsidiaries have fiscal years that end on the 31<sup>st</sup> of December 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. We disclose any material events occurring during the intervening period. Consequently, all references to our insurance subsidiaries' years 2016, 2015 and 2014 correspond to fiscal 2017, 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.

**Note 2. Principles of Consolidation**

We apply ASC 810 - *Consolidation* ("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 variable interest entity ("VIE"). A company is required to consolidate a VIE if it has determined it is the primary beneficiary. ASC 810 also addresses the policy when a company owns a majority of the voting or similar rights and exercises effective control.

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

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 terms "Company," "we," "us" or "our" refer to AMERCO and all of its legal subsidiaries.

**Description of Operating Segments**

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

Moving and Storage 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 portable moving and storage units 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 SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)**

Property and Casualty Insurance includes Repwest and its wholly-owned subsidiaries and ARCOA Risk Retention Group ("ARCOA"). Property and Casualty Insurance provides loss adjusting and claims handling for U-Haul through regional offices in the United States and Canada. 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 our moving and storage business.

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.

**Note 3. Accounting Policies**

**Use of Estimates**

The preparation of financial statements in conformity with the generally accepted accounting principles ("GAAP") in the United States requires management to make estimates and judgments that affect the amounts reported in the financial statements and accompanying notes. The accounting policies that we deem most critical to us and that require management's most difficult and subjective judgments include the principles of consolidation, the recoverability of property, plant and equipment, the adequacy of insurance reserves, the recognition and measurement of impairments for investments accounted for under ASC 320 - *Investments - Debt and Equity Securities* and the recognition and measurement of income tax assets and liabilities. The actual results experienced by us may materially differ from management's estimates.

**Cash and Cash Equivalents**

We consider cash equivalents to be highly liquid debt securities with insignificant interest rate risk with original maturities from the date of purchase of three months or less.

Financial instruments that potentially subject us to concentrations of credit risk consist principally of cash deposits. Accounts at each United States financial institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. Accounts at each Canadian financial institution are insured by the Canada Deposit Insurance Corporation up to \$100,000 CAD per account. At March 31, 2017 and March 31, 2016, we held cash equivalents in excess of these insured limits. To mitigate this risk, we select financial institutions based on their credit ratings and financial strength.

**Investments**

**Fixed Maturities and Marketable Equities.** Fixed maturity investments consist of either marketable debt, equity or redeemable preferred stocks. As of the balance sheet dates, all of our investments in these securities were classified as available-for-sale. Available-for-sale investments are reported at fair value, with unrealized gains or losses recorded net of taxes and applicable adjustments to deferred policy acquisition costs in stockholders' equity. Fair value for these investments is based on quoted market prices, dealer quotes or discounted cash flows. The cost of investments sold is based on the specific identification method.

In determining if and when a decline in market value below carrying value is an other-than-temporary impairment, management makes certain assumptions or judgments in its assessment including but not limited to: our ability to hold the security, quoted market prices, dealer quotes, discounted cash flows, industry factors, financial factors, and issuer specific information. Other-than-temporary impairments, to the extent of the decline, as well as realized gains or losses on the sale or exchange of investments are recognized in the current period operating results.

**Mortgage Loans and Notes on Real Estate.** Mortgage loans and notes on real estate are reported at their unpaid balance, net of any allowance for possible losses and any unamortized premium or discount.

**AMERCO AND CONSOLIDATED SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)**

*Recognition of Investment Income.* Interest income from bonds and mortgage notes is recognized when earned. Dividends on common and preferred stocks are recognized on the ex-dividend dates. Realized gains and losses on the sale or exchange of investments are recognized at the trade date.

**Derivative Financial Instruments**

Our objective for holding derivative financial instruments is to manage interest rate risk exposure primarily through entering interest rate swap agreements. An interest rate swap is a contractual exchange of interest payments between two parties. A standard interest rate swap involves the payment of a fixed rate times a notional amount by one party in exchange for a receiving floating rate times the same notional amount from another party. As interest rates change, the difference to be paid or received is accrued and recognized as interest expense or income over the life of the agreement. We do not enter into these instruments for trading purposes. Counterparties to the interest rate swap agreements are major financial institutions. In accordance with ASC 815 - *Derivatives and Hedging* , we recognize interest rate swap agreements on the balance sheet at fair value, which are classified as prepaid expenses (asset) or accrued expenses (liability). Derivatives that are not designated as cash flow hedges for accounting purposes must be adjusted to fair value through income. If the derivative qualifies and is designated as a cash flow hedge, changes in its fair value will either be offset against the change in fair value of the hedged item through earnings or recorded in accumulated other comprehensive income (loss) until the hedged item is recognized in earnings. See Note 11, Derivatives , of the Notes to Consolidated Financial Statements.

**Inventories, net**

Inventories, net were as follows:

	<b>March 31,</b>	
	<b>2017</b>	<b>2016</b>
	(In thousands)	
Truck and trailer parts and accessories (a)	\$ 71,918	\$ 68,665
Hitches and towing components (b)	17,799	17,483
Moving supplies and propane (b)	9,112	8,668
Subtotal	98,829	94,816
Less: LIFO reserves	(14,340)	(13,463)
Less: excess and obsolete reserves	(2,050)	(1,597)
<b>Total</b>	<b>\$ 82,439</b>	<b>\$ 79,756</b>

(a) Primarily held for internal usage, including equipment manufacturing and repair

(b) Primarily held for retail sales

Inventories consist primarily of truck and trailer parts and accessories used to manufacture and repair rental equipment as well as products and accessories available for retail sale. Inventory is held at our owned locations; our independent dealers do not hold any of our inventory.

Inventory cost is primarily determined using the last-in first-out method ("LIFO"). Inventories valued using LIFO consisted of approximately 94 % and 97% of the total inventories for March 31, 2017 and 2016, respectively . Had we utilized the first-in first-out method ("FIFO"), stated inventory balances would have been \$ 14.3 million and \$ 13.5 million higher at March 31, 2017 and 2016 , respectively. In fiscal 2017 , the negative effect on income due to liquidation of a portion of the LIFO inventory was \$0.1 million .

**AMERCO AND CONSOLIDATED SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)**

**Property, Plant and Equipment**

Our Property, plant and equipment is 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 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. The net amount of (gains) or losses netted against depreciation expense were (\$36.1) million, (\$ 98.7) million and (\$ 74.6) million during fiscal 2017, 2016 and 2015, respectively. 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. As a result of changes in IRS regulations regarding the capitalization of assets, beginning in the first quarter of fiscal 2017, we raised the value threshold before certain assets are capitalized within our depreciation policy. This change in threshold, results in the immediate recognition of reported operating costs with a lagging decrease in depreciation expense over the term that these assets would have been depreciated. Due to this change, we had additional operating expenses of \$23.9 million in fiscal 2017. This change in threshold is expected to benefit us through the immediate recognition of tax deductible costs.

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 remaining 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, new purchased rental equipment subject to this depreciation schedule is depreciated to a salvage value of 15%. Comparatively, a standard straight line approach would reduce the book value 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 the United States and Canada, on our website at [uhaul.com/trucksales](http://uhaul.com/trucksales) or by phone at 1-866-404-0355. Additionally, we sell a large portion of our pickup and cargo van fleet at automobile dealer auctions.

In addition to our property, plant and equipment, we had real estate held for investment of \$66.2 million and \$34.4 million for fiscal 2017 and 2016, respectively and is included in Investments, other.

**Receivables**

Trade receivable s include trade accounts from moving and self-storage customers and dealers, insurance premiums and amounts due from re-insurers, less management's estimate of uncollectible accounts.

**AMERCO AND CONSOLIDATED SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)**

Insurance premiums receivable for policies that are billed through contracted agents are recorded net of commissions payable. A commission payable is recorded as a separate liability for those premiums that are billed direct.

Reinsurance recoverables include case reserves and actuarial estimates of claims incurred but not reported ("IBNR"). These receivables are not expected to be collected until after the associated claim has been adjudicated and billed to the re-insurer. The reinsurance recoverables may have little or no allowance for doubtful accounts due to the fact that reinsurance is typically procured from carriers with strong credit ratings. Furthermore, we do not cede losses to a re-insurer if the carrier is deemed financially unable to perform on the contract. Reinsurance recoverables also include insurance ceded to other insurance companies.

Notes and mortgage receivables include accrued interest and are reduced by discounts and amounts considered by management to be uncollectible.

***Policy Benefits and Losses, Claims and Loss Expenses Payable***

Life Insurance's 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. Liabilities for health, disability and other policies include estimates of payments to be made on insurance claims for reported losses and estimates of IBNR losses. Oxford's liabilities for deferred annuity contracts consist of contract account balances that accrue to the benefit of the policyholders.

Property and Casualty Insurance's liability for reported and unreported losses is based on Repwest's historical data along with industry averages. The liability for unpaid loss adjustment expenses is based on historical ratios of loss adjustment expenses paid to losses paid. Amounts recoverable from re-insurers on unpaid losses are estimated in a manner consistent with the claim liability associated with the re-insured policy. Adjustments to the liability for unpaid losses and loss expenses as well as amounts recoverable from re-insurers on unpaid losses are charged or credited to expense in the periods in which they are made.

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 2001, 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 each claimant's 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.

**AMERCO AND CONSOLIDATED SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)**

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.

**Self-Insurance Reserves**

U-Haul retains the risk for certain public liability and property damage programs related to our rental equipment. The consolidated balance sheets include \$ 399.2 million and \$ 386.4 million of liabilities related to these programs as of March 31, 2017 and 2016, respectively. These liabilities are recorded in Policy benefits and losses, claims and loss expenses payable. Management takes into account losses incurred based upon actuarial estimates, past experience, current claim trends, as well as social and economic conditions. This liability is subject to change in the future based upon changes in the underlying assumptions including claims experience, frequency of incidents, and severity of incidents.

Additionally, as of March 31, 2017 and 2016, the consolidated balance sheets include liabilities of \$ 13.7 million and \$ 9.5 million, respectively, related to medical plan benefits we provide for eligible employees. We estimate this liability based on actual claims outstanding as of the balance sheet date as well as an actuarial estimate of IBNR claims. This liability is reported net of estimated recoveries from excess loss reinsurance policies with unaffiliated insurers of \$ 0.1 million and \$0.2 million as of March 31, 2017 and 2016, respectively. These amounts are recorded in Accounts payable and accrued expenses on the consolidated balance sheets.

**Revenue Recognition**

Self-moving rentals are recognized for the period that trucks and moving equipment are rented. Self-storage revenues, based upon the number of paid storage contract days, are recognized as earned during the period. Sales of self-moving and self-storage related products are recognized at the time that title passes and the customer accepts delivery. Property and casualty, traditional life and Medicare supplement insurance premiums are recognized as revenue over the policy periods. For products where premiums are due over a significantly shorter duration than the period over which benefits are provided, such as our single premium whole life product, premiums are recognized when received and excess profits are deferred and recognized in relation to the insurance in force. Interest and investment income are recognized as earned.

Amounts collected from customers for sales tax are recorded on a net basis.

**Advertising**

All advertising costs are expensed as incurred. Advertising expense was \$ 8.7 million, \$ 9.6 million and \$ 7.5 million in fiscal 2017, 2016 and 2015, respectively.

**Deferred Policy Acquisition Costs**

Commissions and other costs that fluctuate with and are primarily related to the acquisition or renewal of certain insurance premiums are deferred. For our Life Insurance's life and health insurance products, these costs are amortized, with interest, in relation to revenue such that costs are realized as a constant percentage of revenue. For its annuity insurance products the costs are amortized, with interest, in relation to the present value of actual and expected gross profits.

Starting in fiscal 2014, new annuity contract holders were provided with a sales inducement in the form of a premium bonus (the "Sales Inducement Asset"). Sales inducements are recognized as an asset with a corresponding increase to the policyholder liability and are amortized in a similar manner to Deferred Acquisition Cost. As of December 31, 2016 and 2015, the Sales Inducement Asset included with Deferred Acquisition Cost amounted to \$ 23.0 million and \$24.6 million, respectively on the consolidated balance sheet and amortization expense totaled \$ 3.3 million \$3.0 million and \$2.4 million for the periods ended December 31, 2016, 2015 and 2014, respectively.

**AMERCO AND CONSOLIDATED SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)**

**Environmental Costs**

Liabilities are recorded when environmental assessments and remedial efforts, if applicable, are probable and the costs can be reasonably estimated. The amount of the liability is based on management's best estimate of undiscounted future costs. Certain recoverable environmental costs related to the removal of underground storage tanks or related contamination are capitalized and amortized over the estimated useful lives of the properties. These costs are capitalized if they improve the safety or efficiency of the property or are incurred in preparing the property for sale.

**Income Taxes**

AMERCO files a consolidated tax return with all of its legal subsidiaries. In accordance with ASC 740 - *Income Taxes* ("ASC 740"), the provision for income taxes reflects deferred income taxes resulting from changes in temporary differences between the tax basis of assets and liabilities and their reported amounts in the financial statements.

**Comprehensive Income (Loss)**

Comprehensive income (loss) consists of net earnings, foreign currency translation adjustments, unrealized gains and losses on investments, the change in fair value of cash flow hedges and the change in postretirement benefit obligation s .

**Debt Issuance Costs**

We defer costs directly associated with acquiring third-party financing. Debt issuance costs are deferred and amortized. Debt issuance costs related to our long-term debt are reflected as a direct deduction from the carrying amount of the debt in accordance with our adoption of Accounting Standards Update ("ASU") 2015-03, *Simplifying the Presentation of Debt Issuance Costs* . Please see Note 9, Borrowings, of the Notes to Consolidated Financial Statements.

**Recent Accounting Pronouncements**

In May 2014, the Financial Accounting Standards Board (" FASB ") issued ASU 2014-09, *Revenue from Contracts with Customers* , an updated standard on revenue recognition. The standard creates a five-step model for revenue recognition that requires companies to exercise judgment when considering contract terms and relevant facts and circumstances. The standard requires expanded disclosure surrounding revenue recognition. Early application is not permitted. The standard was initially to be effective for fiscal periods beginning after December 15, 2016 and allows for either full retrospective or modified retrospective adoption. In July 2015, the FASB issued ASU 2015-14, *Revenue from Contracts with Customers, Deferral of Effective Date* , which delays the effective date of ASU 2014-09 by one year to fiscal periods beginning after December 15, 2017. In March 2016, the FASB issued ASU 2016-08, *Revenue from Contracts with Customers, Principal versus Agent Considerations (Reporting Revenue Gross versus Net)* , which is intended to improve the operability and understandability of the implementation guidance on principal versus agent considerations and the effective date is the same as requirements in ASU 2015-14. We do not expect adoption of ASU 2014-09 to have a material effect on our consolidated financial statements.

In January 2016, the FASB issued ASU 2016-01 , *Financial Instruments – Overall (subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*. ASU 2016-01 addresses certain aspects of recognition, measurement, presentation, and disclosure of financial instruments. Among other provisions, the new guidance requires the fair value measurement of investments in certain equity securities. For investments without readily determinable fair values, entities have the option to either measure these investments at fair value or at cost adjusted for changes in observable prices minus impairment. All changes in measurement will be recognized in net income. The guidance is effective for interim periods and annual period beginning after December 15, 2017 . Early adoption is not permitted, except for certain provisions relating to financial liabilities. We are currently evaluating the impact of the adoption of this standard on our consolidated financial statements.

**AMERCO AND CONSOLIDATED SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)**

In February 2016, the FASB issued ASU 2016-02, *Leases – (Topic 842)*. This update will require lessees to recognize all leases with terms greater than 12 months on their balance sheet as lease liabilities with a corresponding right-of-use asset. This update maintains the dual model for lease accounting, requiring leases to be classified as either operating or finance, with lease classification determined in a manner similar to existing lease guidance. The basic principle is that leases of all types convey the right to direct the use and obtain substantially all the economic benefits of an identified asset, meaning they create an asset and liability for lessees. Lessees will classify leases as either finance leases (comparable to current capital leases) or operating leases (comparable to current operating leases). Costs for a finance lease will be split between amortization and interest expense, with a single lease expense reported for operating leases. This update also will require both qualitative and quantitative disclosures to help financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases. The guidance is effective for interim periods and annual period beginning after December 15, 2018; however, early adoption is permitted. We have determined that the provisions of ASU 2016-02 may result in an increase in assets to recognize the present value of the lease obligations with a corresponding increase in liabilities. We are still in the process of determining the impact on our consolidated financial statements. For the last ten years, we have reported a discounted estimate of the off-balance sheet lease obligations in our MD&A.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326)*. This update will require that financial assets measured at amortized cost be presented at the net amount expected to be collected. The allowance for credit losses is a valuation account that is deducted from the amortized cost basis. The income statement reflects the measurement of credit losses for newly recognized financial assets, as well as the expected credit losses during the period. The measurement of expected credit losses is based upon historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount. Credit losses relating to available-for-sale debt securities will be recorded through an allowance for credit losses rather than as a direct write-down to the security. This update will become effective for the Company for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. Early adoption is permitted for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. The Company is currently evaluating the impact of this standard on our consolidated financial statements.

In August 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments*. This update addresses eight specific cash flow issues with the objective of reducing the existing diversity in practice. The effective date of ASU 2016-15 is for interim and annual reporting periods beginning after December 15, 2017. Early adoption is permitted. The Company is currently evaluating the impact of this standard on our consolidated financial statements.

In October 2016, the FASB issued ASU 2016-16, *Income Taxes - Intra-Entity Transfers of Assets Other Than Inventory*, which will require an entity to recognize the income tax consequences of an intra-entity transfer of an asset, other than inventory, when the transfer occurs. This update will become effective for the Company for fiscal years beginning after December 31, 2017, and interim periods within those fiscal years with early adoption permitted. The Company is currently evaluating the impact of this standard on our consolidated financial statements.

In October 2016, the FASB issued ASU 2016-17, *Interests Held through Related Parties That Are under Common Control*, which modifies existing guidance with respect to how a decision maker that holds an indirect interest in a VIE through a common control party determines whether it is the primary beneficiary of the VIE as part of the analysis of whether the VIE would need to be consolidated. Under ASU 2016-17, a decision maker would need to consider only its proportionate indirect interest in the VIE held through a common control party. Previous guidance had required the decision maker to treat the common control party's interest in the VIE as if the decision maker held the interest itself. As a result of ASU 2016-17, in certain cases, previous consolidation conclusions may change. This update will become effective for the Company for fiscal years beginning after December 31, 2016, and interim periods within those years, with early adoption permitted. The Company is currently evaluating the impact of this standard on our consolidated financial statements.

**AMERCO AND CONSOLIDATED SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)**

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230) Restricted Cash*. The new guidance requires that the reconciliation of the beginning-of-period and end-of-period amounts shown in the statements of cash flows include restricted cash and restricted cash equivalents. If restricted cash is presented separately from cash and cash equivalents on the balance sheet, companies will be required to reconcile the amounts presented on the statement of cash flows to the amounts on the balance sheet. Companies will also need to disclose information about the nature of the restrictions. This update will become effective for the Company for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years, with early adoption permitted. The Company is currently evaluating the impact of this standard on our consolidated financial statements.

In January 2017, the FASB issued ASU 2017-01, *Business Combinations (Topic 805) Clarifying the Definition of a Business*. This update is to clarify the definition of a business with the objective of adding guidance to assist entities with evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. The definition of a business affects many areas of accounting including acquisitions, disposals, goodwill, and consolidation. This update will become effective for the Company for fiscal years beginning after December 15, 2017, including interim periods within those years. The Company is currently evaluating the impact of this standard on our consolidated financial statements.

In March 2017, the FASB issued ASU 2017-07, *Compensation - Retirement Benefits: Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost* which changes how companies that sponsor defined benefit pension plans present the related net periodic benefit cost in the income statement. The service cost component of the net periodic benefit cost will continue to be presented in the same income statement line items, however other components of the net periodic benefit cost will be presented as a component of other income and excluded from operating profit. ASU 2017-07 will become effective for public companies during interim and annual reporting periods beginning after December 15, 2017 with early adoption permitted. The Company is currently evaluating the impact of this standard on our consolidated financial statements.

In March 2017, the FASB issued ASU 2017-08, *Receivables – Nonrefundable Fees and Other Cost (Subtopic 310-20), Premium Amortization on Purchased Callable Debt Securities*. These amendments shorten the amortization period for certain callable debt securities held at a premium. Specifically, the amendments require the premium to be amortized to the earliest call date. The amendments do not require an accounting change for securities held at a discount; the discount continues to be amortized to maturity. The guidance is effective for public business entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018. Early adoption is permitted including adoption in an interim period. If an entity early adopts in an interim period, any adjustments should be reflected as of the beginning of the fiscal year that includes the interim period. The amendments should be applied on a modified retrospective basis, with a cumulative-effect adjustment directly to retained earnings as of the beginning of the period of adoption. The Company is currently evaluating the impact of this standard on our consolidated financial statements.

From time to time, new accounting pronouncements are issued by the FASB or the SEC that are adopted by us as of the specified effective date. Unless otherwise discussed, these ASUs 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.

**Note 4 . 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 20,226 ; 21,883 ; and 12,470 as of March 31, 2017 , 2016 , and 2015 , respectively.

**AMERCO AND CONSOLIDATED SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)**

**Note 5. Reinsurance Recoverables and Trade Receivables, Net**

Reinsurance recoverables and trade receivables, net were as follows:

	<b>March 31,</b>	
	<b>2017</b>	<b>2016</b>
	(In thousands)	(In thousands)
Reinsurance recoverable	\$ 111,433	\$ 115,653
Trade accounts receivable	41,062	34,350
Paid losses recoverable	544	1,697
Accrued investment income	20,145	18,722
Premiums and agents' balances	1,294	1,163
Independent dealer receivable	493	390
Other receivables	3,649	3,745
	178,620	175,720
Less: Allowance for doubtful accounts	(539)	(585)
	\$ 178,081	\$ 175,135

**Note 6. 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 \$ 16.8 million and \$ 17.3 million at December 31, 2016 and 2015, respectively.

**Available-for-Sale Investments**

Available-for-sale investments at March 31, 2017 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
U.S. treasury securities and government obligations	\$ 123,474	\$ 2,892	–	\$ (1,675)	\$ 124,691
U.S. government agency mortgage-backed securities	27,908	1,070	(6)	(377)	28,595
Obligations of states and political subdivisions	159,417	9,466	(23)	(424)	168,436
Corporate securities	1,263,703	32,901	(5,731)	(13,837)	1,277,036
Mortgage-backed securities	26,577	515	–	(5)	27,087
Redeemable preferred stocks	13,789	168	–	(468)	13,489
Common stocks	15,732	8,728	(10)	(16)	24,434
	<u>\$ 1,630,600</u>	<u>\$ 55,740</u>	<u>\$ (5,770)</u>	<u>\$ (16,802)</u>	<u>\$ 1,663,768</u>

**AMERCO AND CONSOLIDATED SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)**

Available-for-sale investments at March 31, 2016 were as follows:

	<b>Amortized Cost</b>	<b>Gross Unrealized Gains</b>	<b>Gross Unrealized Losses More than 12 Months</b>	<b>Gross Unrealized Losses Less than 12 Months</b>	<b>Estimated Market Value</b>
(In thousands)					
U.S. treasury securities and government obligations	\$ 85,861	\$ 3,791	\$ –	\$ (193)	\$ 89,459
U.S. government agency mortgage-backed securities	21,845	1,596	(6)	(39)	23,396
Obligations of states and political subdivisions	166,725	10,660	(81)	(414)	176,890
Corporate securities	1,143,125	26,861	(8,013)	(28,181)	1,133,792
Mortgage-backed securities	24,991	475	–	(62)	25,404
Redeemable preferred stocks	17,977	556	–	(105)	18,428
Common stocks	<u>15,983</u>	<u>7,822</u>	<u>(10)</u>	<u>(375)</u>	<u>23,420</u>
	<u><u>\$ 1,476,507</u></u>	<u><u>\$ 51,761</u></u>	<u><u>\$ (8,110)</u></u>	<u><u>\$ (29,369)</u></u>	<u><u>\$ 1,490,789</u></u>

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 \$ 190.2 million, \$ 150.7 million and \$ 109.1 million in fiscal 2017, 2016 and 2015, respectively. The gross realized gains on these sales totaled \$ 5.1 million, \$ 4.2 million and \$ 4.6 million in fiscal 2017, 2016 and 2015, respectively. We realized gross losses on these sales of \$ 2.2 million, \$ 0.6 million and \$ 0.7 million in fiscal 2017, 2016 and 2015, respectively.

The unrealized losses of more than twelve months in the available-for-sale tables 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 recognized these write-downs through earnings. There were no write downs in fiscal 2017, 2016 and 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 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 accumulated other comprehensive loss for fiscal 2017, 2016 or 2015.

**AMERCO AND CONSOLIDATED SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)**

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

	<b>March 31, 2017</b>		<b>March 31, 2016</b>	
	<b>Estimated</b>	<b>Estimated</b>	<b>Estimated</b>	<b>Estimated</b>
	<b>Amortized</b>	<b>Market</b>	<b>Amortized</b>	<b>Market</b>
(In thousands)				
Due in one year or less	\$ 35,399	\$ 35,795	\$ 48,679	\$ 49,146
Due after one year through five years	324,286	333,016	250,576	256,597
Due after five years through ten years	598,232	607,184	557,984	557,961
Due after ten years	<u>616,585</u>	<u>622,763</u>	<u>560,317</u>	<u>559,833</u>
	1,574,502	1,598,758	1,417,556	1,423,537
Mortgage backed securities	26,577	27,087	24,991	25,404
Redeemable preferred stocks	13,789	13,489	17,977	18,428
Equity securities	<u>15,732</u>	<u>24,434</u>	<u>15,983</u>	<u>23,420</u>
	<u>\$ 1,630,600</u>	<u>\$ 1,663,768</u>	<u>\$ 1,476,507</u>	<u>\$ 1,490,789</u>

***Investments, other***

The carrying value of other investments was as follows:

	<b>March 31,</b>	
	<b>2017</b>	<b>2016</b>
	<b>(In thousands)</b>	<b>(In thousands)</b>
Mortgage loans, net	\$ 262,875	\$ 217,198
Short-term investments	15,149	34,798
Real estate	66,174	34,416
Policy loans	17,112	17,091
Other equity investments	6,520	8,318
	<u>\$ 367,830</u>	<u>\$ 311,821</u>

Mortgage loans are carried at the unpaid balance, less an allowance for probable losses net of any unamortized premium or discount. The portfolio of mortgage loans is principally collateralized by self-storage facilities and commercial properties. The interest rate range on the mortgage loans is 4.3% to 6.9% with maturities between 2017 and 2036. The allowance for probable losses was \$0.5 million and \$ 0.4 million as of March 31, 2017 and 2016, respectively. The estimated fair value of these loans as of March 31, 2017 and 2016 approximated the carrying value. These loans represent first lien mortgages held by us.

Short-term investments consist primarily of investments in money market funds, mutual funds and any other investments with short-term characteristics that have original maturities of less than one year at acquisition. These investments are recorded at cost, which approximates fair value.

Real estate obtained through foreclosure and held for sale is carried at the lower of fair value at time of foreclosure or current estimated fair value less cost to sell. Other equity investments are carried at cost and assessed for impairment.

Insurance policy loans are carried at their unpaid balance.

**AMERCO AND CONSOLIDATED SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)**

**Note 7. Other Assets**

Other assets were as follows:

	<b>March 31,</b>	
	<b>2017</b>	<b>2016</b>
(In thousands)		
Deposits (debt-related)	\$ 32,182	\$ 30,660
Cash surrender value of life insurance policies	32,070	31,619
Deposits (real estate related)	47,302	9,244
Other	5,518	5,687
	<u>\$ 117,072</u>	<u>\$ 77,210</u>

**Note 8. Net Investment and Interest Income**

Net investment and interest income, were as follows:

	<b>Years Ended March 31,</b>		
	<b>2017</b>	<b>2016</b>	<b>2015</b>
(In thousands)			
Fixed maturities	\$ 73,041	\$ 63,453	\$ 58,716
Real estate	5,189	3,775	2,669
Insurance policy loans	1,212	1,188	1,072
Mortgage loans	20,617	14,631	10,677
Short-term, amounts held by ceding reinsurers, net and other investments	1,157	208	2,724
Investment income	101,216	83,255	75,858
Less: investment expenses	(3,820)	(2,724)	(1,962)
Investment income - related party	4,880	6,086	10,832
Net investment and interest income	<u>\$ 102,276</u>	<u>\$ 86,617</u>	<u>\$ 84,728</u>

**AMERCO AND CONSOLIDATED SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)**

**Note 9. Borrowings**

**Long-Term Debt**

Long-term debt was as follows:

	2017 Rate (a)	Maturities	<b>March 31,</b>	
			<b>2017</b>	<b>2016</b>
Real estate loan (amortizing term)	2.36% - 6.93%	2023	\$ 169,289	\$ 205,000
Senior mortgages	2.83% - 5.50%	2017 - 2038	1,292,160	1,103,897
Working capital loan (revolving credit)	2.48%	2018	85,000	-
Fleet loans (amortizing term)	1.95% - 4.76%	2017 - 2024	324,977	218,998
Fleet loan (securitization)	4.90%	2017	52,112	62,838
Fleet loans (revolving credit)	1.93% - 2.63%	2018 - 2021	417,000	347,000
Capital leases (rental equipment)	1.92% - 4.86%	2017 - 2024	876,828	672,825
Other obligations	3.00% - 8.00%	2017 - 2045	69,867	60,200
Notes, loans and leases payable			\$ 3,287,233	\$ 2,670,758
Less: Debt issuance costs			(24,353)	(23,362)
Total notes, loans and leases payable, net			<u>\$ 3,262,880</u>	<u>\$ 2,647,396</u>

(a) Interest rate as of March 31, 2017, taking into account 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 March 31, 2017, the outstanding balance on the Real Estate Loan was \$169.3 million. 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 20 23.

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 March 31, 2017, the applicable LIBOR was 0.86 % and the applicable margin was 1.50 %, the sum of which was 2.36 %, which was applied to \$39.9 million of the Real Estate Loan. The rate of the remaining balance of \$129.4 million of the Real Estate Loan is hedged with an interest rate swap fixing the rate at 6.93% based on current margin. The interest rate swap expires in August 2018, after which 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 March 31, 2017 were in the aggregate amount of \$ 1,292.2 million and mature between 2017 and 2038. The senior mortgages require monthly principal and interest payments. 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 3.72% and 5.50%. Certain senior mortgages have an anticipated repayment date and a maturity date. If these senior mortgages are not repaid by the anticipated repayment date, the interest rate on these mortgages would increase from the current fixed rate. We are using the anticipated repayment date for our maturity schedule. Additionally, \$ 157.3 million of these loans have variable interest rates comprised of applicable LIBOR base rates between 0.83 % and 0.86% plus margins between 2.00% and 2.50%, the sum of which were between 2.83 % and 3.36 %. 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.

**AMERCO AND CONSOLIDATED SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)**

**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 \$ 50 .0 million. At March 31, 2017 the full \$ 50.0 million was 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. The final maturity of this loan is September 2018 . This loan requires monthly interest payments with the unpaid loan balance and accrued and unpaid interest due at maturity. The interest rate is the applicable LIBOR plus a margin of 1.25%. AMERCO is the guarantor 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.

Various subsidiaries of Amerco Real Estate Company and U-Haul International, Inc. are borrowers under an asset backed working capital loan. The maximum amount that can be drawn at any one time is \$85.0 million. At March 31, 2017 , the outstanding balance was \$ 85.0 million. This loan is secured by certain properties owned by the borrower. This loan agreement provides for term loans, subject to the terms of the loan agreement. The final maturity of the loan is November 2018. This loan requires monthly interest payments with the unpaid loan balance and accrued and unpaid interest due at maturity. The interest rate, per the provision of the loan agreement, is the applicable LIBOR plus the applicable margin. At March 31, 2017 , the applicable LIBOR was 0. 98 % and the margin was 1.50%, the sum of which was 2.48 %. AMERCO is the guarantor 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.

**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 March 31, 2017 was \$ 325.0 million with the final maturities between July 2017 and March 2024 .

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 margin s . At March 31, 2017 , the applicable LIBOR was between 0.78 % and 0.91 % 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, \$ 257.5 million of these loans are carried at fixed rates ranging between 1.95% and 3.94%.

AMERCO and , in some cases, 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"). 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 March 31, 2017 , the outstanding balance was \$ 52.1 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.

**AMERCO AND CONSOLIDATED SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)**

**Rental Truck Revolvers**

Various subsidiaries of U-Haul International, Inc. entered into a revolving fleet loan for \$ 150 million, which can be increased to a maximum of \$225 million. This loan matures in September 2018. The interest rate, per the provision of the Loan Agreement, is the applicable LIBOR plus the applicable margin. At March 31, 2017, the applicable LIBOR was 0.78 % and the margin was 1.15%, the sum of which was 1.93 %. Only interest is paid on the loan until the last nine months when principal is due monthly. As of March 31, 2017, the outstanding balance was \$142.0 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 \$ 215 million. This loan matures in March 2020. The interest rate, per the provision of the Loan Agreement, is the applicable LIBOR plus the applicable margin. At March 31, 2017, the applicable LIBOR was 0.78 % and the margin was 1.15%, the sum of which was 1.93 %. Only interest is paid on the loan until the last nine months when principal is due monthly. As of March 31, 2017, the outstanding balance was \$ 140.0 million.

Various subsidiaries of U-Haul International, Inc. entered into a revolving fleet loan for \$ 50 million. The loan matures in May 2019. This agreement contains an option to extend the maturity through January 2020. The interest rate, per the provision of the Loan Agreement, is the applicable LIBOR plus the applicable margin. At March 31, 2017, the applicable LIBOR was 0.78 % and the margin was 1.85%, the sum of which was 2.63 %. Only interest is paid during the first five years of the loan with principal due upon maturity. As of March 31, 2017, the outstanding balance was \$ 25.0 million.

Various subsidiaries of U-Haul International, Inc. entered into a revolving fleet loan for \$150 million. The loan matures in November 2021. The interest rate, per the provision of the Loan Agreement, is the applicable LIBOR plus the applicable margin. At March 31, 2017, the applicable LIBOR was 0.78% and the margin was 1.15%, the sum of which was 1.93%. Only interest is paid on the loan until the last nine months when principal is due monthly. As of March 31, 2017, the outstanding balance was \$110.0 million.

**Capital Leases**

We regularly enter into capital leases for new equipment with the terms of the leases between five and seven years. During fiscal 2017, we entered into \$446.8 million of new capital leases. At March 31, 2017 and 2016, the balance of our capital leases was \$ 876.8 million and \$672.8 million, respectively. The net book value of the corresponding capitalized assets was \$ 1,233.3 million and \$900.6 million at March 31, 2017 and 2016, respectively.

**Other Obligations**

In February 2011, AMERCO and U. S. Bank, NA (the "Trustee") entered into the U-Haul Investors Club® Indenture. AMERCO 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 March 31, 2017, the aggregate outstanding principal balance of the U-Notes® issued was \$74.3 million of which \$ 4.4 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 2017 and 2045.

Oxford is a member of the Federal Home Loan Bank ("FHLB") and, as such, the FHLB has made a deposit with Oxford. As of December 31, 2016, the deposit balance was \$30.0 million, for which Oxford pays a fixed interest rate of 0.57%, due on the maturity date of March 30, 2017. As of December 31, 2016, available-for-sale investments held with the FHLB totaled \$92.0 million, of which \$33.7 million was pledged as collateral to secure the outstanding deposit. On March 30, 2017, the deposit agreement was amended, the balance was increased to \$45.0 million, the maturity was extended to September 29, 2017, and the interest rate was increased to 1.0%. In addition on this date, another deposit agreement for \$15 million was entered into with a maturity of March 30, 2020 at an interest rate of 1.75%. The balances of these deposits are included within Liabilities from investment contracts on the consolidated balance sheet.

**AMERCO AND CONSOLIDATED SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)**

**Annual Maturities of Notes, Loans and Leases Payable**

The annual maturities of long-term debt as of March 31, 2017 for the next five years and thereafter are as follows:

<b>Years Ended March 31,</b>					
<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>Thereafter</b>
(In thousands)					

Notes, loans and leases payable, secured	\$ 488,925	\$ 540,437	\$ 496,833	\$ 239,707	\$ 285,384	\$ 1,235,947
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**Note 10. Interest on Borrowings**

**Interest Expense**

Components of interest expense include the following:

<b>Years Ended March 31,</b>			
<b>2017</b>	<b>2016</b>	<b>2015</b>	
(In thousands)			
Interest expense	\$ 106,221	\$ 85,404	\$ 80,905
Capitalized interest	(4,863)	(3,623)	(1,204)
Amortization of transaction costs	3,445	3,235	3,495
Interest expense resulting from derivatives	8,603	12,699	14,329
Total interest expense	<u>113,406</u>	<u>97,715</u>	<u>97,525</u>
Write-off of transaction costs related to early extinguishment of debt	499	–	298
Fees on early extinguishment of debt	–	–	3,783
Fees and amortization on early extinguishment of debt	499	–	4,081
Total	<u>\$ 113,905</u>	<u>\$ 97,715</u>	<u>\$ 101,606</u>

Interest paid in cash, including payments related to derivative contracts, amounted to \$ 113.7 million, \$ 95.1 million and \$ 95.0 million for fiscal 2017, 2016 and 2015, respectively. In addition, during fiscal 2015, we paid \$3.8 million of fees associated with the early extinguishment of debt.

**Interest Rates**

Interest rates and our revolving credit borrowings were as follows:

<b>Revolving Credit Activity</b>			
<b>Years Ended March 31,</b>			
<b>2017</b>	<b>2016</b>	<b>2015</b>	
(In thousands, except interest rates)			
Weighted average interest rate during the year	1.83%	1.67%	1.70%
Interest rate at year end	2.06%	1.82%	1.65%
Maximum amount outstanding during the year	\$ 597,000	\$ 347,000	\$ 232,000
Average amount outstanding during the year	\$ 477,888	\$ 237,372	\$ 187,004
Facility fees	\$ 158	\$ 201	\$ 336

**AMERCO AND CONSOLIDATED SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)**

**Note 11. 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 its counterparties and do not currently anticipate non-performance by the counterparties. Interest rate swap agreements are not entered into for trading purposes.

<b>Original variable rate debt and lease amount</b> (in millions)	<b>Agreement Date</b>	<b>Effective Date</b>	<b>Expiration Date</b>	<b>Designated cash flow hedge date</b>
\$ 300.0	8/16/2006	8/18/2006	8/10/2018	8/4/2006
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 March 31, 2017, the total notional amount of our variable interest rate swaps on debt and an operating lease was \$ 236.8 million and \$7.8 million, respectively.

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

	<b>Liability Derivative Fair Value as of</b>	
	<b>March 31, 2017</b>	<b>March 31, 2016</b>
Interest rate contracts designated as hedging instruments	\$ 4,903	\$ 14,845

	<b>The Effect of Interest Rate Contracts on the Statements of Operations Years Ended March 31,</b>		
	<b>2017</b>	<b>2016</b>	<b>2015</b>
Loss recognized in income on interest rate contracts	\$ 8,603	\$ 12,699	\$ 14,329
Gain recognized in AOCI on interest rate contracts (effective portion)	\$ (9,916)	\$ (9,721)	\$ (8,203)
Loss reclassified from AOCI into income (effective portion)	\$ 8,628	\$ 12,616	\$ 14,358
(Gain) loss recognized in income on interest rate contracts (ineffective portion and amount excluded from effectiveness testing)	\$ (25)	\$ 83	\$ (29)

**AMERCO AND CONSOLIDATED SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)**

Gains or losses recognized in income on derivatives are recorded as interest expense in the statements of operations. During fiscal 2017, we recognized an increase in the fair value of our cash flows hedges of \$ 6.1 million, net of taxes. Embedded in this change was \$ 8.6 million of losses reclassified from accumulated other comprehensive income (loss) to interest expense during the year. At March 31, 2017, we expect to reclassify \$ 4.6 million of net losses on interest rate contracts from accumulated other comprehensive income (loss) to earnings as interest expense over the next twelve months. Please see Note 3, Accounting Policies, in the Notes to Consolidated Financial Statements.

**Note 1 2. Stockholders' Equity**

<b>Common Stock Dividends</b>				
<b>Declared Date</b>	<b>Per Share Amount</b>	<b>Record Date</b>	<b>Dividend Date</b>	
February 8, 2017	\$ 1.00	February 23, 2017	March 9, 2017	
October 5, 2016	1.00	October 20, 2016	November 3, 2016	
March 15, 2016	1.00	April 5, 2016	April 21, 2016	
August 28, 2015	3.00	September 16, 2015	October 2, 2015	
June 4, 2015	1.00	June 19, 2015	July 1, 2015	
February 4, 2015	1.00	March 6, 2015	March 17, 2015	

On June 8, 2016, the stockholder's approved the 2016 AMERCO Stock Option Plan (Shelf Stock Option Plan). As of March 31, 2017, no awards had been issued under this plan.

**Note 1 3. Provision for Taxes**

Earnings before taxes and the provision for taxes consisted of the following:

	<b>Years Ended March 31,</b>		
	<b>2017</b>	<b>2016</b>	<b>2015</b>
(In thousands)			
Pretax earnings:			
U.S.	\$ 609,589	\$ 745,194	\$ 541,371
Non-U.S.	<u>18,769</u>	<u>23,717</u>	<u>20,047</u>
Total pretax earnings	<u><u>\$ 628,358</u></u>	<u><u>\$ 768,911</u></u>	<u><u>\$ 561,418</u></u>
Current provision (benefit)			
Federal	\$ 38,723	\$ 118,974	\$ 112,634
State	<u>10,818</u>	<u>15,988</u>	<u>14,248</u>
Non-U.S.	<u>3,334</u>	<u>3,303</u>	<u>2,599</u>
	<u><u>52,875</u></u>	<u><u>138,265</u></u>	<u><u>129,481</u></u>
Deferred provision (benefit)			
Federal	160,527	125,950	67,306
State	<u>15,210</u>	<u>12,561</u>	<u>5,256</u>
Non-U.S.	<u>1,322</u>	<u>3,134</u>	<u>2,634</u>
	<u><u>177,059</u></u>	<u><u>141,645</u></u>	<u><u>75,196</u></u>
Provision for income tax expense	<u><u>\$ 229,934</u></u>	<u><u>\$ 279,910</u></u>	<u><u>\$ 204,677</u></u>
Income taxes paid (net of income tax refunds received)	\$ 36,880	\$ 141,901	\$ 195,072

**AMERCO AND CONSOLIDATED SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)**

The difference between the tax provision at the statutory federal income tax rate and the tax provision attributable to income before taxes was as follows:

	<b>Years Ended March 31,</b>		
	<b>2017</b>	<b>2016</b>	<b>2015</b>
Statutory federal income tax rate	35.00%	35.00%	35.00%
Increase (reduction) in rate resulting from:			
State taxes, net of federal benefit	2.66%	2.34%	2.21%
Foreign rate differential	(0.31)%	(0.24)%	(0.32)%
Federal tax credits	(0.41)%	(0.19)%	(0.29)%
Dividend received deduction	(0.03)%	(0.02)%	(0.03)%
Other	(0.32)%	(0.49)%	(0.11)%
Actual tax expense of operations	<u>36.59%</u>	<u>36.40%</u>	<u>36.46%</u>

Significant components of our deferred tax assets and liabilities were as follows:

	<b>March 31,</b>	
	<b>2017</b>	<b>2016</b>
(In thousands)		
<b>Deferred tax assets:</b>		
Net operating loss and credit carry forwards	\$ 1,948	\$ 1,462
Accrued expenses	168,331	185,088
Policy benefit and losses, claims and loss expenses payable, net	21,287	21,911
Unrealized losses	–	–
<b>Total deferred tax assets</b>	<u>\$ 191,566</u>	<u>\$ 208,461</u>
<b>Deferred tax liabilities:</b>		
Property, plant and equipment	\$ 986,334	\$ 831,914
Deferred policy acquisition costs	20,901	20,557
Unrealized gains	19,140	9,593
Other	200	9
<b>Total deferred tax liabilities</b>	<u>\$ 1,026,575</u>	<u>\$ 862,073</u>
<b>Net deferred tax liability</b>	<u>\$ 835,009</u>	<u>\$ 653,612</u>

The net operating loss and credit carry-forwards in the above table are primarily attributable to \$ 29.0 million of state net operating losses that will begin to expire March 31, 2018 if not utilized.

ASC 740 prescribes a minimum recognition and measurement methodology that a tax position is required to meet before being recognized in the financial statements. The total amount of unrecognized tax benefits at March 31, 2016 was \$ 23.9 million. This entire amount of unrecognized tax benefits if resolved in our favor, would favorably impact our effective tax rate. During the current year we recorded tax expense ( net of settlements ), resulting from uncertain tax positions in the amount of \$ 2.8 million. At March 31, 2017, the amount of unrecognized tax benefits and the amount that would favorably affect our effective tax rate was \$ 26.7 million.

**AMERCO AND CONSOLIDATED SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)**

A reconciliation of the total amounts of unrecognized tax benefits at the beginning and end of the period are as follows:

	<b>Unrecognized Tax Benefits</b>	
	<b>March 31,</b>	
	<b>2017</b>	<b>2016</b>
(In thousands)		
Unrecognized tax benefits beginning balance	\$ 23,912	\$ 19,929
Additions based on tax positions related to the current year	2,964	4,313
Reductions for tax positions of prior years	(156)	(327)
Settlements	—	(3)
Unrecognized tax benefits ending balance	<u>\$ 26,720</u>	<u>\$ 23,912</u>

We recognize interest related to unrecognized tax benefits as interest expense, and penalties as operating expenses. At March 31, 2016, the amount of interest and penalties accrued on unrecognized tax benefits was \$ 5.9 million, net of tax. During the current year we recorded expense from interest and penalties in the amount of \$ 0.8 million, net of tax. At March 31, 2017, the amount of interest and penalties accrued on unrecognized tax benefits was \$ 6.7 million, net of tax.

We file income tax returns in the U.S. federal jurisdiction, and various states and foreign jurisdictions. With some exceptions, we are no longer subject to audit for years prior to the fiscal year ended March 31, 2014. No provision was made for U.S. taxes payable on undistributed foreign earnings since these amounts are permanently reinvested; the amount of this unrecognized deferred tax liability is not practical to determine at this time.

**Note 14. Employee Benefit Plans**

**Profit Sharing Plans**

We provide tax-qualified profit sharing retirement plans for the benefit of eligible employees, former employees and retirees in the United States and Canada. The plans are designed to provide employees with an accumulation of funds for retirement on a tax-deferred basis and provide for annual discretionary employer contributions. Amounts to be contributed are determined by the President and Chairman of the Board of the Company under the delegation of authority from the Board, pursuant to the terms of the Profit Sharing Plan. No contributions were made to the profit sharing plan during fiscal 2017, 2016 or 2015.

We also provide an employee savings plan which allows participants to defer income under Section 401(k) of the Internal Revenue Code of 1986.

**ESOP Plan**

We sponsor a leveraged ESOP that generally covers all employees with one year or more of service. The ESOP shares initially were pledged as collateral for its debt which was originally funded by U-Haul. As the debt is repaid, shares are released from collateral and allocated to active employees, based on the proportion of debt service paid in the year. ESOP shares are committed to be released monthly and ESOP compensation expense is recorded based on the current market price at the end of the month. These shares then become outstanding for the earnings per share computations. ESOP compensation expense was \$ 10.7 million, \$ 11.6 million and \$ 6.9 million for fiscal 2017, 2016 and 2015, respectively. Listed below is a summary of these financing arrangements as of fiscal year-end:

<b>Financing Date</b>	<b>Outstanding as of</b>		<b>Interest Payments</b>		
	<b>March 31, 2017</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	
(In thousands)					
June, 1991	\$ 31	\$ 2	\$ 10	\$ 48	
July, 2009	775	36	33	31	
February, 2016	5,245	—	—	—	

**AMERCO AND CONSOLIDATED SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)**

Leveraged contributions to the Plan Trust during fiscal 2017, 2016 and 2015 were \$ 0.2 million, \$ 0.4 million and \$ 1.0 million, respectively. In fiscal 2017, 2016 and 2015, the Company made non-leveraged contributions of \$11.0 million, \$4.0 and \$8.0 million, respectively to the Plan Trust. In fiscal 2017, \$0.1 million of dividends from unallocated shares were applied to debt.

Shares held by the Plan were as follows:

	<b>Years Ended March 31,</b>	
	<b>2017</b>	<b>2016</b>
(In thousands)		
Allocated shares	1,160	1,203
Unreleased shares - leveraged	21	22
Fair value of unreleased shares - leveraged	\$ 8,127	\$ 8,072
Unreleased shares - non-leveraged	9	8
Fair value of unreleased shares - non-leveraged	\$ 3,539	\$ 2,756

The fair value of unreleased shares issued prior to 1992 is defined as the historical cost of such shares. The fair value of unreleased shares issued subsequent to December 31, 1992 is defined as the trading value of such shares as of March 31, 2017 and March 31, 2016, respectively.

***Post Retirement and Post Employment Benefits***

We provide medical and life insurance benefits to our eligible employees and their dependents upon retirement from the Company. The retirees must have attained age sixty-five and earned twenty years of full-time service upon retirement for coverage under the medical plan. The medical benefits are capped at a \$20,000 lifetime maximum per covered person. The benefits are coordinated with Medicare and any other medical policies in force. Retirees who have attained age sixty-five and earned at least ten years of full-time service upon retirement from the Company are entitled to group term life insurance benefits. The life insurance benefit is \$2,000 plus \$100 for each year of employment over ten years. The plan is not funded and claims are paid as they are incurred. We use a March 31 measurement date for our post retirement benefit disclosures.

The components of net periodic post retirement benefit cost were as follows:

	<b>Years Ended March 31,</b>		
	<b>2017</b>	<b>2016</b>	<b>2015</b>
(In thousands)			
Service cost for benefits earned during the period	\$ 1,026	\$ 961	\$ 827
Interest cost on accumulated postretirement benefit	814	752	720
Other components	88	35	14
<b>Net periodic postretirement benefit cost</b>	<b>\$ 1,928</b>	<b>\$ 1,748</b>	<b>\$ 1,561</b>

**AMERCO AND CONSOLIDATED SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)**

The fiscal 2017 and fiscal 2016 post retirement benefit liability included the following components:

	<b>Years Ended March 31,</b>	
	<b>2017</b>	<b>2016</b>
	(In thousands)	
Beginning of year	\$ 20,791	\$ 18,554
Service cost for benefits earned during the period	1,026	961
Interest cost on accumulated post retirement benefit	814	752
Net benefit payments and expense	(443)	(541)
Actuarial loss	59	1,065
Accumulated postretirement benefit obligation	22,247	20,791
Current liabilities	737	658
Non-current liabilities	21,510	20,133
Total post retirement benefit liability recognized in statement of financial position	22,247	20,791
Components included in accumulated other comprehensive income (loss):		
Unrecognized net loss	(2,817)	(2,847)
Cumulative net periodic benefit cost (in excess of employer contribution)	\$ 19,430	\$ 17,944

The discount rate assumptions in computing the information above were as follows:

	<b>Years Ended March 31,</b>		
	<b>2017</b>	<b>2016</b>	<b>2015</b>
	(In percentages)		
Accumulated postretirement benefit obligation	3.94%	3.89%	3.99%

In December 2003, the Medicare Prescription Drug Improvement and Modernization Act of 2003 became law. Net periodic post retirement benefit cost above include s the effect of the subsidy. The discount rate represents the expected yield on a portfolio of high grade (AA to AAA rated or equivalent) fixed income investments with cash flow streams sufficient to satisfy benefit obligations under the plan when due. Fluctuations in the discount rate assumptions primarily reflect changes in U.S. interest rates. The assumed health care cost trend rate used to measure the accumulated postretirement benefit obligation as of the end of fiscal 2017 was 7.1 % in the initial year and was projected to decline annually to an ultimate rate of 4.5% in fiscal 2038 . The assumed health care cost trend rate used to measure the accumulated post retirement benefit obligation as of the end of fiscal 2016 (and used to measure the fiscal 2017 net periodic benefit cost) was 7.3% in the initial year and was projected to decline annually to an ultimate rate of 4.5% in fiscal 2029.

If the estimated health care cost trend rate assumptions were increased by one percent, the accumulated post retirement benefit obligation as of fiscal year-end would increase by \$266,574 and the total of the service cost and interest cost components would increase by \$ 23,834 . A decrease in the estimated health care cost trend rate assumption of one percent would decrease the accumulated post retirement benefit obligation as of fiscal year-end by \$ 300,642 and the total of the service cost and interest cost components would decrease by \$ 27,302 .

Post employment benefits provided by us , other than upon retirement, are not material.

**AMERCO AND CONSOLIDATED SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)**

Future net benefit payments are expected as follows:

Year-ended:	<b>Future Net Benefit Payments</b>	
	(In thousands)	
2018	\$	737
2019		871
2020		1,033
2021		1,208
2022		1,422
2023 through 2027		<u>9,936</u>
<b>Total</b>	<b>\$</b>	<b>15,207</b>

**Note 15. 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.

Assets and liabilities are recorded at fair value on the consolidated balance sheets and are measured and classified based upon a three tiered approach to valuation. ASC 820, *Fair Value Measurements and Disclosures*, 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.

**AMERCO AND CONSOLIDATED SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)**

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 March 31, 2017 and 2016, that are subject to ASC 820 and the valuation approach applied to each of these items.

Year Ended March 31, 2017	Total	Level 1	Level 2	Level 3
	(In thousands)			
<b>Assets</b>				
Short-term investments	\$ 521,911	\$ 521,710	\$ 201	\$ –
Fixed maturities - available for sale	1,625,845	6,491	1,619,024	330
Preferred stock	13,489	13,489	–	–
Common stock	24,434	24,434	–	–
Derivatives	4,260	4,260	–	–
Total	\$ 2,189,939	\$ 570,384	\$ 1,619,225	\$ 330

**Liabilities**

Guaranteed residual values of TRAC leases	\$ –	\$ –	\$ –	\$ –
Derivatives	4,903	–	4,903	–
Total	\$ 4,903	\$ –	\$ 4,903	\$ –

Year Ended March 31, 2016	Total	Level 1	Level 2	Level 3
	(In thousands)			
<b>Assets</b>				
Short-term investments	\$ 499,491	\$ 499,491	\$ –	\$ –
Fixed maturities - available for sale	1,448,941	96,328	1,352,275	338
Preferred stock	18,428	18,428	–	–
Common stock	23,420	23,420	–	–
Derivatives	3,344	3,344	–	–
Total	\$ 1,993,624	\$ 641,011	\$ 1,352,275	\$ 338

**Liabilities**

Guaranteed residual values of TRAC leases	\$ –	\$ –	\$ –	\$ –
Derivatives	14,845	–	14,845	–
Total	\$ 14,845	\$ –	\$ 14,845	\$ –

In light of our definition of an active market, we reclassified \$86.3 million and \$ 1,079.0 million of fixed maturities – available for sale from Level 1 to Level 2 due to a review of their trading activity for fiscal 2017 and 2016, respectively.

**AMERCO AND CONSOLIDATED SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)**

The following tables represent the fair value measurements for our assets at March 31, 2017 using significant unobservable inputs (Level 3).

	<b>Fixed Maturities - Asset Backed Securities</b>
	(In thousands)
Balance at March 31, 2015	\$ 1,004
Fixed Maturities - Asset Backed Securities - redeemed	(753)
Fixed Maturities - Asset Backed Securities - net gain (realized)	34
Fixed Maturities - Asset Backed Securities - net gain (unrealized)	53
Balance at March 31, 2016	<u>\$ 338</u>
Fixed Maturities - Asset Backed Securities - redeemed	(12)
Fixed Maturities - Asset Backed Securities - net gain (unrealized)	4
Balance at March 31, 2017	<u>\$ 330</u>

**Note 16. Reinsurance and Policy Benefits and Losses, Claims and Loss Expenses Payable**

During their normal course of business, our insurance subsidiaries assume and cede reinsurance on both a coinsurance and a risk premium basis. They also obtain reinsurance for that portion of risks exceeding their retention limits. The maximum amount of life insurance retained on any one life is \$ 110,000 .

	<b>Direct Amount (a)</b>	<b>Ceded to Other Companies</b>	<b>Assumed from Other Companies</b>	<b>Net Amount (a)</b>	<b>Percentage of Amount Assumed to Net</b>
	(In thousands)				
<b>Year ended December 31, 2016</b>					
Life insurance in force	\$ 937,779	\$ 249	\$ 915,769	\$ 1,853,299	49%
Premiums earned:					
Life	\$ 50,251	\$ –	\$ 10,626	\$ 60,877	17%
Accident and health	99,450	310	2,263	101,403	2%
Annuity	505	–	794	1,299	61%
Property and casualty	52,329	–	5	52,334	0%
Total	<u>\$ 202,535</u>	<u>\$ 310</u>	<u>\$ 13,688</u>	<u>\$ 215,913</u>	
<b>Year ended December 31, 2015</b>					
Life insurance in force	\$ 927,647	\$ 397	\$ 949,413	\$ 1,876,663	51%
Premiums earned:					
Life	\$ 49,126	\$ 8	\$ 11,310	\$ 60,428	19%
Accident and health	99,354	312	2,545	101,587	3%
Annuity	392	–	255	647	39%
Property and casualty	50,012	–	8	50,020	0%
Total	<u>\$ 198,884</u>	<u>\$ 320</u>	<u>\$ 14,118</u>	<u>\$ 212,682</u>	
<b>Year ended December 31, 2014</b>					
Life insurance in force	\$ 905,987	\$ 402	\$ 990,406	\$ 1,895,991	52%
Premiums earned:					
Life	\$ 47,298	\$ –	\$ 12,337	\$ 59,635	21%
Accident and health	93,319	345	2,796	95,770	3%
Annuity	386	–	312	698	45%
Property and casualty	46,417	–	39	46,456	0%
Total	<u>\$ 187,420</u>	<u>\$ 345</u>	<u>\$ 15,484</u>	<u>\$ 202,559</u>	

(a) Balances are reported net of inter-segment transactions.

**AMERCO AND CONSOLIDATED SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)**

To the extent that a reinsurer is unable to meet its obligation under the related reinsurance agreements, Repwest would remain liable for the unpaid losses and loss expenses. Pursuant to certain of these agreements, Repwest holds letters of credit as of December 31, 2016 in the amount of \$0.1 million from re-insurers and has issued letters of credit in the amount of \$ 1.9 million in favor of certain ceding companies.

Policy benefits and losses, claims and loss expenses payable for Property and Casualty Insurance were as follows:

	<b>December 31,</b>	
	<b>2016</b>	<b>2015</b>
	(In thousands)	
Unpaid losses and loss adjustment expense	\$ 244,400	\$ 251,964
Reinsurance losses payable	580	855
<b>Total</b>	<b>\$ 244,980</b>	<b>\$ 252,819</b>

Activity in the liability for unpaid losses and loss adjustment expenses for Property and Casualty Insurance is summarized as follows:

	<b>December 31,</b>		
	<b>2016</b>	<b>2015</b>	<b>2014</b>
	(In thousands)		
Balance at January 1	\$ 251,964	\$ 271,609	\$ 295,126
Less: reinsurance recoverable	107,311	120,894	136,535
<b>Net balance at January 1</b>	<b>144,653</b>	<b>150,715</b>	<b>158,591</b>
Incurred related to:			
Current year	13,297	11,713	11,690
Prior years	107	585	(694)
<b>Total incurred</b>	<b>13,404</b>	<b>12,298</b>	<b>10,996</b>
Paid related to:			
Current year	7,777	7,007	6,155
Prior years	9,832	11,353	12,717
<b>Total paid</b>	<b>17,609</b>	<b>18,360</b>	<b>18,872</b>
Net balance at December 31	140,448	144,653	150,715
Plus: reinsurance recoverable	103,952	107,311	120,894
<b>Balance at December 31</b>	<b>\$ 244,400</b>	<b>\$ 251,964</b>	<b>\$ 271,609</b>

The liability for incurred losses and loss adjustment expenses (net of reinsurance recoverable of \$104.0 million) decreased by \$ 4.2 million in 2016.

**AMERCO AND CONSOLIDATED SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)**

The information about property and casualty incurred and paid loss and loss adjustment expense development for the years end December 31, 2012 through 2015, and the average annual percentage payout of incurred claims by age as of December 31, 2016, is presented as supplementary information. Claims data for 2012 through 2015 is unaudited.

Accident Year						As of December 31, 2016	
						Total of Incurred-but- Not-Reported Liabilities Plus Expected Development on Reported Claims	Cumulative Number of Reported Claims
	2012	2013	2014	2015	2016		
(In thousands, except claim counts)							
2012	\$ 8,971	\$ 8,903	\$ 8,831	\$ 8,788	\$ 8,753	2	6,888
2013		9,861	9,853	9,914	9,741	100	7,640
2014			11,691	10,907	10,720	338	9,696
2015				12,214	12,459	1,779	10,700
2016					13,297	3,486	10,932
					Total	<u>5,705</u>	

The following table presents paid claims development as of December 31, 2016, net of reinsurance. Claims data for 2012 through 2015 are unaudited.

<b>Cumulative Paid Claims and Allocated Claim Adjustment Expenses, Net of Reinsurance</b>					
(In thousands)					
Accident Year	2012	2013	2014	2015	2016
2012	\$ 4,415	\$ 6,345	\$ 8,179	\$ 8,410	\$ 8,734
2013		5,227	7,608	8,718	9,462
2014			6,154	8,087	9,270
2015				7,509	9,601
2016					<u>7,777</u>
				Total	<u>44,844</u>
All outstanding liabilities before 2012, net of reinsurance					
<u>130,323</u>					
Liabilities for claims and claim adjustment expenses, net of reinsurance					
<u>140,448</u>					

The reconciliation of the net incurred and paid claims development tables for the liability for claims and claims adjustment expenses is as follows:

December 31, 2016		
(In thousands)		
Liabilities for unpaid Property and Casualty claims and claim adjustment expenses, net of reinsurance	\$	140,448
Total reinsurance recoverable on unpaid Property and Casualty claims	\$	103,952
Total gross liability for unpaid Property and Casualty claims and claim adjustment expense	\$	<u>244,400</u>

**AMERCO AND CONSOLIDATED SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)**

The following is supplementary information about average historical claims duration as of December 31, 2016.

Years	1	2	3	4	5
Property and Casualty Insurance	56.1%	20.3%	14.5%	5.1%	3.7%

**Note 17. 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 March 31, 2017, we have guaranteed \$ 16.5 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 expenses were as follows:

	Years Ended March 31,		
	2017	2016	2015
	(In thousands)		
Lease expense	\$ 37,343	\$ 49,780	\$ 79,798

Operating lease commitments and a ground lease commitment for leases having terms of more than one year were as follows:

	Property, Plant and Equipment		Rental	Total
	Ground	Operating	Equipment Operating	
(In thousands)				
Year-ended March 31:				
2018	\$ 957	\$ 15,214	\$ 10,967	\$ 27,138
2019	991	13,923	9,040	23,954
2020	1,024	14,854	1,308	17,186
2021	1,024	14,966	–	15,990
2022	1,030	14,814	–	15,844
Thereafter	46,911	34,350	–	81,261
Total	\$ 51,937	\$ 108,121	\$ 21,315	\$ 181,373

**Note 18. 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.

**AMERCO AND CONSOLIDATED SUBSIDIARIES**  
**NOTES TO 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.

**Note 19. Related Party Transactions**

As set forth in the Company's Audit Committee Charter and consistent with N ASDAQ 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 to 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 third party, arm's-length transactions.

SAC Holdings was 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 Revenues**

	<b>Years Ended March 31,</b>		
	<b>2017</b>	<b>2016</b>	<b>2015</b>
(In thousands)			
U-Haul interest income revenue from SAC Holdings	\$ 4,880	\$ 4,960	\$ 5,914
U-Haul interest income revenue from Private Mini	—	1,126	4,918
U-Haul management fee revenue from SAC Holdings	19,635	18,657	18,472
U-Haul management fee revenue from Private Mini	3,495	3,330	2,614
U-Haul management fee revenue from Mercury	5,945	4,546	4,255
	<hr/> \$ 33,955	<hr/> \$ 32,619	<hr/> \$ 36,173

During fiscal 2017, a subsidiary of ours held a junior unsecured note of SAC Holdings. Substantially all of the equity interest of SAC Holdings is controlled by Blackwater Investments, Inc. ("Blackwater"). Blackwater is wholly-owned by Willow Grove Holdings LP, which is owned by Mark V. Shoer (a significant shareholder), and various trusts associated with Edward J. Shoer (our Chairman of the Board, President and a significant shareholder) and Mark V. Shoer. We do not have an equity ownership interest in SAC Holdings. We received cash interest payments of \$ 4.5 million, \$4.6 million and \$5.7 million, from SAC Holdings during fiscal 2017, 2016 and 2015, respectively. The largest aggregate amount of notes receivable outstanding during fiscal 2017 was \$ 49.3 million and the aggregate notes receivable balance at March 31, 2017 was \$ 48.1 million. In accordance with the terms of this note, SAC Holdings may prepay the note without penalty or premium at any time. The scheduled maturity of this note is 2017.

During fiscal 2016, AMERCO held a junior note issued by Private Mini Storage Realty, L.P. ("Private Mini"). In July 2015, Private Mini repaid its note and all outstanding interest due AMERCO totaling \$56.8 million. The equity interests of Private Mini are ultimately controlled by Blackwater. We received cash interest payments of \$1.5 million from Private Mini during fiscal 2016.

**AMERCO AND CONSOLIDATED SUBSIDIARIES**  
**NOTES TO 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 \$ 27.8 million, \$ 27.1 million and \$ 25.8 million from the above mentioned entities during fiscal 2017, 2016 and 2015, 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. Mark V. Shoen controls the general partner of Mercury. The limited partner interests of Mercury are indirectly owned by Mark V. Shoen, James P. Shoen (a significant shareholder), and a trust benefitting the children and a grandchild of Edward J. Shoen.

**Related Party Costs and Expenses**

	Years Ended March 31,		
	2017	2016	2015
	(In thousands)		
U-Haul lease expenses to SAC Holdings	\$ 2,740	\$ 2,648	\$ 2,618
U-Haul commission expenses to SAC Holdings	53,334	51,036	48,833
U-Haul commission expenses to Private Mini	<u>3,779</u>	<u>3,684</u>	<u>3,258</u>
	<u><u>\$ 59,853</u></u>	<u><u>\$ 57,368</u></u>	<u><u>\$ 54,709</u></u>

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 March 31, 2017, 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 upon equipment rental revenue s.

These agreements and notes with subsidiaries of SAC Holdings, 4 SAC, 5 SAC, Galaxy and Private Mini, excluding Dealer Agreements, provided revenues of \$ 28.0 million, expenses of \$ 2.7 million and cash flows of \$ 26.1 million during fiscal 2017. Revenues and commission expenses related to the Dealer Agreements were \$ 265.1 million and \$ 57.1 million, respectively for fiscal 2017.

Pursuant to the variable interest entity model under ASC 810 – *Consolidation* ("ASC 810"), Management determined that the junior note of SAC Holdings 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 VIEs using a two - step approach in which management (i) identified all other parties that hold interests in the VIEs, and (ii) determined if any variable interest holder has the power to direct the activities of the VIEs 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 the holding entity SAC Holdings which represents a variable interest in the entity. Though we have certain protective rights within this debt agreement, we have no present influence or control over this holding entity unless the 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.

**AMERCO AND CONSOLIDATED SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)**

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 explicitly or implicitly during the fiscal years ended March 31, 2017 and 2016, respectively to any of these entities that it was 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 sheet s 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**

	March 31,	
	2017	2016
	(In thousands)	
U-Haul note receivable from SAC Holdings	\$ 48,098	\$ 49,322
U-Haul interest receivable from SAC Holdings	5,397	4,970
U-Haul receivable from SAC Holdings	23,202	23,127
U-Haul receivable from Mercury	9,195	8,016
Other (a)	276	299
	<hr/> \$ 86,168	<hr/> \$ 85,734

(a) Timing differences for intercompany balances with insurance subsidiaries resulting from the three month difference in reporting periods.

**Note 20. Statutory Financial Information of Insurance Subsidiaries**

Applicable laws and regulations of the State s of Arizona and Nevada require Property and Casualty Insurance and Life Insurance to maintain minimum capital and surplus determined in accordance with statutory accounting principles. Audited statutory net income (loss) and statutory capital and surplus for the years ended are listed below:

	Years Ended December 31,		
	2016	2015	2014
	(In thousands)		
Repwest:			
Audited statutory net income	\$ 19,580	\$ 22,308	\$ 21,287
Audited statutory capital and surplus	176,009	158,376	155,835
ARCOA:			
Audited statutory net income	1,451	1,391	1,358
Audited statutory capital and surplus	6,798	5,386	4,175
Oxford:			
Audited statutory net income	17,473	12,150	12,115
Audited statutory capital and surplus	189,279	172,282	158,512
CFLIC:			
Audited statutory net income	8,139	9,217	9,157
Audited statutory capital and surplus	28,011	28,892	28,551
NAI:			
Audited statutory net income	1,039	1,161	886
Audited statutory capital and surplus	12,691	12,685	11,589

**AMERCO AND CONSOLIDATED SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)**

The amount of dividends that can be paid to shareholders by insurance companies domiciled in the State of Arizona is limited. Any dividend in excess of the limit requires prior regulatory approval. The statutory surplus for Repwest at December 31, 2016 that could be distributed as ordinary dividends was \$ 17.6 million. The statutory surplus for Oxford at December 31, 2016 that could be distributed as ordinary dividends was \$ 18.6 million. Oxford did not pay a dividend to AMERCO in fiscal 2017, 2016 or 2015. After receiving approval from the Arizona Department of Insurance, Repwest paid a \$19.6 million non-cash dividend to AMERCO in fiscal 2016, but did not pay a dividend in fiscal 2017 or 2015.

**Note 21. Financial Information by Geographic Area**

	<b>United States</b>	<b>Canada</b>	<b>Consolidated</b>
(All amounts are in thousands U.S. \$s)			
<b>Fiscal Year Ended March 31, 2017</b>			
Total revenues	\$ 3,271,563	\$ 150,204	\$ 3,421,767
Depreciation and amortization, net of (gains) losses on disposal	466,378	5,275	471,653
Interest expense	112,834	572	113,406
Pretax earnings	609,589	18,769	628,358
Income tax expense	225,278	4,656	229,934
Identifiable assets	9,030,528	375,312	9,405,840
<b>Fiscal Year Ended March 31, 2016</b>			
Total revenues	\$ 3,129,909	\$ 145,559	\$ 3,275,468
Depreciation and amortization, net of (gains) losses on disposal	313,099	863	313,962
Interest expense	97,551	164	97,715
Pretax earnings	745,194	23,717	768,911
Income tax expense	273,473	6,437	279,910
Identifiable assets	7,859,928	249,360	8,109,288
<b>Fiscal Year Ended March 31, 2015</b>			
Total revenues	\$ 2,916,027	\$ 158,504	\$ 3,074,531
Depreciation and amortization, net of (gains) losses on disposal	292,345	5,481	297,826
Interest expense	96,979	546	97,525
Pretax earnings	541,371	20,047	561,418
Income tax expense	199,444	5,233	204,677
Identifiable assets	6,668,997	186,603	6,855,600

**AMERCO AND CONSOLIDATED SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)**

**Note 2 1 A . 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 Republic 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 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 CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)**

**Note 2 1 A . Financial Information by Consolidating Industry Segment:**

Consolidating balance sheets by industry segment as of March 31, 2017 are as follows:

	Moving & Storage Consolidated	Property & Casualty Insurance (a)	Life Insurance (a)	Eliminations	AMERCO Consolidated
(In thousands)					
<b>Assets:</b>					
Cash and cash equivalents	\$ 671,665	\$ 12,725	\$ 13,416	–	\$ 697,806
Reinsurance recoverables and trade receivables, net	41,234	107,757	29,090	–	178,081
Inventories, net	82,439	–	–	–	82,439
Prepaid expenses	124,728	–	–	–	124,728
Investments, fixed maturities and marketable equities	–	248,816	1,414,952	–	1,663,768
Investments, other	35,342	63,086	269,402	–	367,830
Deferred policy acquisition costs, net	–	–	130,213	–	130,213
Other assets	112,744	1,922	2,406	–	117,072
Related party assets	88,829	11,496	18,465	(32,622) (c)	86,168
	<u>1,156,981</u>	<u>445,802</u>	<u>1,877,944</u>	<u>(32,622)</u>	<u>3,448,105</u>
Investment in subsidiaries	477,058	–	–	(477,058) (b)	–
Property, plant and equipment, at cost:					
Land	640,938	–	–	–	640,938
Buildings and improvements	2,606,537	–	–	–	2,606,537
Furniture and equipment	510,415	–	–	–	510,415
Rental trailers and other rental equipment	492,280	–	–	–	492,280
Rental trucks	4,091,598	–	–	–	4,091,598
	<u>8,341,768</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>8,341,768</u>
Less: Accumulated depreciation	(2,384,033)	–	–	–	(2,384,033)
Total property, plant and equipment	5,957,735	–	–	–	5,957,735
Total assets	<u>\$ 7,591,774</u>	<u>\$ 445,802</u>	<u>\$ 1,877,944</u>	<u>\$ (509,680)</u>	<u>\$ 9,405,840</u>

(a) Balances as of December 31, 2016

(b) Eliminate investment in subsidiaries

(c) Eliminate intercompany receivables and payables

**AMERCO AND CONSOLIDATED SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)**

Consolidating balance sheets by industry segment as of March 31, 2017 are as follows:

	Moving & Storage Consolidated	Property & Casualty Insurance (a)	Life Insurance (a)	Eliminations	AMERCO Consolidated
(In thousands)					
<b>Liabilities:</b>					
Accounts payable and accrued expenses	\$ 441,667	\$ 1,926	\$ 6,948	\$ –	\$ 450,541
Notes, loans and leases payable, net	3,262,880	–	–	–	3,262,880
Policy benefits and losses, claims and loss expenses payable	399,181	244,980	442,161	–	1,086,322
Liabilities from investment contracts	–	–	1,112,498	–	1,112,498
Other policyholders' funds and liabilities	–	4,184	5,966	–	10,150
Deferred income	28,696	–	–	–	28,696
Deferred income taxes	809,566	11,243	14,200	–	835,009
Related party liabilities	30,040	2,539	43	(32,622) (c)	–
<b>Total liabilities</b>	<b>4,972,030</b>	<b>264,872</b>	<b>1,581,816</b>	<b>(32,622)</b>	<b>6,786,096</b>
<b>Stockholders' equity :</b>					
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	452,382	91,120	26,271	(117,601) (b)	452,172
Accumulated other comprehensive income (loss)	(51,236)	6,166	16,933	(23,099) (b)	(51,236)
Retained earnings	2,892,683	80,343	250,424	(330,557) (b)	2,892,893
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	(6,932)	–	–	–	(6,932)
<b>Total stockholders' equity</b>	<b>2,619,744</b>	<b>180,930</b>	<b>296,128</b>	<b>(477,058)</b>	<b>2,619,744</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 7,591,774</b>	<b>\$ 445,802</b>	<b>\$ 1,877,944</b>	<b>\$ (509,680)</b>	<b>\$ 9,405,840</b>

(a) Balances as of December 31, 2016

(b) Eliminate investment in subsidiaries

(c) Eliminate intercompany receivables and payables

**AMERCO AND CONSOLIDATED SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)**

Consolidating balance sheets by industry segment as of March 31, 2016 are as follows:

	Moving & Storage Consolidated	Property & Casualty Insurance (a)	Life Insurance (a)	Eliminations	AMERCO Consolidated
(In thousands)					
<b>Assets:</b>					
Cash and cash equivalents	\$ 585,666	\$ 14,049	\$ 931	–	\$ 600,646
Reinsurance recoverables and trade receivables, net	34,451	111,978	28,706	–	175,135
Inventories, net	79,756	–	–	–	79,756
Prepaid expenses	134,300	–	–	–	134,300
Investments, fixed maturities and marketable equities	–	238,570	1,252,219	–	1,490,789
Investments, other	21,431	47,374	243,016	–	311,821
Deferred policy acquisition costs, net	–	–	136,386	–	136,386
Other assets	71,719	3,088	2,403	–	77,210
Related party assets	88,022	12,465	18,688	(33,441) (c)	85,734
	<u>1,015,345</u>	<u>427,524</u>	<u>1,682,349</u>	<u>(33,441)</u>	<u>3,091,777</u>
Investment in subsidiaries	432,277	–	–	(432,277) (b)	–
Property, plant and equipment, at cost:					
Land	587,347	–	–	–	587,347
Buildings and improvements	2,187,400	–	–	–	2,187,400
Furniture and equipment	399,943	–	–	–	399,943
Rental trailers and other rental equipment	462,379	–	–	–	462,379
Rental trucks	3,514,175	–	–	–	3,514,175
	<u>7,151,244</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>7,151,244</u>
Less: Accumulated depreciation	<u>(2,133,733)</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(2,133,733)</u>
Total property, plant and equipment	<u>5,017,511</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>5,017,511</u>
Total assets	<u>\$ 6,465,133</u>	<u>\$ 427,524</u>	<u>\$ 1,682,349</u>	<u>\$ (465,718)</u>	<u>\$ 8,109,288</u>

(a) Balances as of December 31, 2015

(b) Eliminate investment in subsidiaries

(c) Eliminate intercompany receivables and payables

**AMERCO AND CONSOLIDATED SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)**

Consolidating balance sheets by industry segment as of March 31, 2016 are as follows:

	Moving & Storage Consolidated	Property & Casualty Insurance (a)	Life Insurance (a)	Eliminations	AMERCO Consolidated
(In thousands)					
<b>Liabilities:</b>					
Accounts payable and accrued expenses	\$ 492,907	\$ 1,535	\$ 8,096	\$ –	\$ 502,538
Notes, loans and leases payable, net	2,647,396	–	–	–	2,647,396
Policy benefits and losses, claims and loss expenses payable	386,366	252,819	432,227	–	1,071,412
Liabilities from investment contracts	–	–	951,490	–	951,490
Other policyholders' funds and liabilities	–	3,017	5,633	–	8,650
Deferred income	22,784	–	–	–	22,784
Deferred income taxes	633,061	7,526	13,025	–	653,612
Related party liabilities	31,213	2,067	161	(33,441) (c)	–
<b>Total liabilities</b>	<b>4,213,727</b>	<b>266,964</b>	<b>1,410,632</b>	<b>(33,441)</b>	<b>5,857,882</b>
<b>Stockholders' equity :</b>					
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	451,839	91,120	26,271	(117,601) (b)	451,629
Accumulated other comprehensive income (loss)	(60,525)	3,611	10,504	(14,115) (b)	(60,525)
Retained earnings (deficit)	2,533,431	62,528	232,442	(294,760) (b)	2,533,641
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	(6,186)	–	–	–	(6,186)
<b>Total stockholders' equity (deficit)</b>	<b>\$ 2,251,406</b>	<b>160,560</b>	<b>271,717</b>	<b>(432,277)</b>	<b>2,251,406</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 6,465,133</b>	<b>\$ 427,524</b>	<b>\$ 1,682,349</b>	<b>\$ (465,718)</b>	<b>\$ 8,109,288</b>

(a) Balances as of December 31, 2015

(b) Eliminate investment in subsidiaries

(c) Eliminate intercompany receivables and payables

**AMERCO AND CONSOLIDATED SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)**

Consolidating statements of operations by industry segment for period ending March 31, 2017 are as follows:

	Moving & Storage Consolidated	Property & Casualty Insurance (a)	Life Insurance (a)	Eliminations	AMERCO Consolidated
(In thousands)					
<b>Revenues:</b>					
Self-moving equipment rentals	\$ 2,366,526	\$ –	\$ –	(3,693)	\$ 2,362,833
Self-storage revenues	286,886	–	–	–	286,886
Self-moving & self-storage products & service sales	253,073	–	–	–	253,073
Property management fees	29,075	–	–	–	29,075
Life insurance premiums	–	–	163,579	–	163,579
Property and casualty insurance premiums	–	52,334	–	–	52,334
Net investment and interest income	9,688	16,652	77,540	(1,604)	102,276
Other revenue	167,752	–	4,480	(521)	171,711
<b>Total revenues</b>	<b>3,113,000</b>	<b>68,986</b>	<b>245,599</b>	<b>(5,818)</b>	<b>3,421,767</b>
<b>Costs and expenses:</b>					
Operating expenses	1,521,408	28,421	22,429	(4,175)	1,568,083
Commission expenses	267,230	–	–	–	267,230
Cost of sales	152,485	–	–	–	152,485
Benefits and losses	–	13,404	169,306	–	182,710
Amortization of deferred policy acquisition costs	–	–	26,218	–	26,218
Lease expense	37,529	–	–	(186)	37,343
Depreciation, net of (gains) losses on disposals	445,435	–	–	–	445,435
<b>Total costs and expenses</b>	<b>2,424,087</b>	<b>41,825</b>	<b>217,953</b>	<b>(4,361)</b>	<b>2,679,504</b>
<b>Earnings from operations before equity in earnings of subsidiaries</b>	<b>688,913</b>	<b>27,161</b>	<b>27,646</b>	<b>(1,457)</b>	<b>742,263</b>
<b>Equity in earnings of subsidiaries</b>	<b>35,797</b>	<b>–</b>	<b>–</b>	<b>(35,797)</b>	<b>(d)</b>
<b>Earnings from operations</b>	<b>724,710</b>	<b>27,161</b>	<b>27,646</b>	<b>(37,254)</b>	<b>742,263</b>
Interest expense	(114,863)	–	–	1,457	(b)
Fees and amortization on early extinguished of debt	(499)	–	–	–	(499)
Pretax earnings	609,348	27,161	27,646	(35,797)	628,358
Income tax expense	(210,924)	(9,346)	(9,664)	–	(229,934)
<b>Earnings available to common shareholders</b>	<b>\$ 398,424</b>	<b>\$ 17,815</b>	<b>\$ 17,982</b>	<b>\$ (35,797)</b>	<b>\$ 398,424</b>

(a) Balances for the year ended December 31, 2016

(b) Eliminate intercompany lease / interest income

(c) Eliminate intercompany premiums

(d) Eliminate equity in earnings of subsidiaries

**AMERCO AND CONSOLIDATED SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)**

Consolidating statements of operations by industry segment for period ending March 31, 2016 are as follows:

	Moving & Storage Consolidated	Property & Casualty Insurance (a)	Life Insurance (a)	Eliminations	AMERCO Consolidated
	(In thousands)				
<b>Revenues:</b>					
Self-moving equipment rentals	\$ 2,301,586	\$ –	\$ –	(3,606)	\$ 2,297,980
Self-storage revenues	247,944	–	–	–	247,944
Self-moving & self-storage products & service sales	251,541	–	–	–	251,541
Property management fees	26,533	–	–	–	26,533
Life insurance premiums	–	–	162,662	–	162,662
Property and casualty insurance premiums	–	50,020	–	–	50,020
Net investment and interest income	8,801	14,783	63,999	(966)	86,617
Other revenue	148,099	–	4,559	(487)	152,171
Total revenues	<u>2,984,504</u>	<u>64,803</u>	<u>231,220</u>	<u>(5,059)</u>	<u>3,275,468</u>
<b>Costs and expenses:</b>					
Operating expenses	1,423,107	27,958	23,037	(4,055)	1,470,047
Commission expenses	262,627	–	–	–	262,627
Cost of sales	144,990	–	–	–	144,990
Benefits and losses	–	12,298	155,138	–	167,436
Amortization of deferred policy acquisition costs	–	–	23,272	–	23,272
Lease expense	49,966	–	–	(186)	49,780
Depreciation, net of (gains) losses on disposals	290,690	–	–	–	290,690
Total costs and expenses	<u>2,171,380</u>	<u>40,256</u>	<u>201,447</u>	<u>(4,241)</u>	<u>2,408,842</u>
Earnings from operations before equity in earnings of subsidiaries	813,124	24,547	29,773	(818)	866,626
Equity in earnings of subsidiaries	35,522	–	–	(35,522)	–
Earnings from operations	848,646	24,547	29,773	(36,340)	866,626
Interest expense	(98,533)	–	–	818	(97,715)
Pretax earnings	750,113	24,547	29,773	(35,522)	768,911
Income tax expense	(261,112)	(8,379)	(10,419)	–	(279,910)
Earnings available to common shareholders	<u>\$ 489,001</u>	<u>\$ 16,168</u>	<u>\$ 19,354</u>	<u>\$ (35,522)</u>	<u>\$ 489,001</u>

(a) Balances for the year ended December 31, 2015

(b) Eliminate intercompany lease/interest income

(c) Eliminate intercompany premiums

(d) Eliminate equity in earnings of subsidiaries

**AMERCO AND CONSOLIDATED SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)**

Consolidating statements of operations by industry segment for period ending March 31, 2015 are as follows:

	Moving & Storage Consolidated	Property & Casualty Insurance (a)	Life Insurance (a)	Eliminations	AMERCO Consolidated
	(In thousands)				
<b>Revenues:</b>					
Self-moving equipment rentals	\$ 2,149,986	\$ –	\$ –	(3,595)	\$ 2,146,391
Self-storage revenues	211,136	–	–	–	211,136
Self-moving & self-storage products & service sales	244,177	–	–	–	244,177
Property management fees	25,341	–	–	–	25,341
Life insurance premiums	–	–	156,103	–	156,103
Property and casualty insurance premiums	–	46,456	–	–	46,456
Net investment and interest income	13,644	12,819	59,051	(786)	84,728
Other revenue	156,154	–	4,502	(457)	160,199
<b>Total revenues</b>	<b>2,800,438</b>	<b>59,275</b>	<b>219,656</b>	<b>(4,838)</b>	<b>3,074,531</b>
<b>Costs and expenses:</b>					
Operating expenses	1,436,145	24,802	22,476	(4,014)	1,479,409
Commission expenses	249,642	–	–	–	249,642
Cost of sales	146,072	–	–	–	146,072
Benefits and losses	–	10,996	147,764	–	158,760
Amortization of deferred policy acquisition costs	–	–	19,661	–	19,661
Lease expense	79,984	–	–	(186)	79,798
Depreciation, net of (gains) losses on disposals	278,165	–	–	–	278,165
<b>Total costs and expenses</b>	<b>2,190,008</b>	<b>35,798</b>	<b>189,901</b>	<b>(4,200)</b>	<b>2,411,507</b>
Earnings from operations before equity in earnings of subsidiaries	610,430	23,477	29,755	(638)	663,024
Equity in earnings of subsidiaries	34,783	–	–	(34,783)	–
Earnings from operations	645,213	23,477	29,755	(35,421)	663,024
Interest expense	(98,163)	–	–	638	(97,525)
Fees and amortization on early extinguished of debt	(4,081)	–	–	–	(4,081)
Pretax earnings	542,969	23,477	29,755	(34,783)	561,418
Income tax expense	(186,228)	(8,060)	(10,389)	–	(204,677)
<b>Earnings available to common shareholders</b>	<b>\$ 356,741</b>	<b>\$ 15,417</b>	<b>\$ 19,366</b>	<b>\$ (34,783)</b>	<b>\$ 356,741</b>

(a) Balances for the year ended December 31, 2014  
 (b) Eliminate intercompany lease/interest income  
 (c) Eliminate intercompany premiums  
 (d) Eliminate equity in earnings of subsidiaries

**AMERCO AND CONSOLIDATED SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)**

Consolidating cash flow statements by industry segment for the year ended March 31, 2017, are as follows:

	Moving & Storage Consolidated	Property & Casualty Insurance (a)	Life Insurance (a)	Elimination	AMERCO Consolidated
(In thousands)					
<b>Cash flows from operating activities:</b>					
Net earnings	\$ 398,424	\$ 17,815	\$ 17,982	\$ (35,797)	\$ 398,424
Earnings from consolidated subsidiaries					
Adjustments to reconcile net earnings to the cash provided by operations:					
Depreciation	481,520	–	–	–	481,520
Amortization of deferred policy acquisition costs	–	–	26,218	–	26,218
Amortization of debt issuance costs	4,062	–	–	–	4,062
Interest credited to policyholders	–	–	25,020	–	25,020
Change in allowance for losses on trade receivables	31	–	(77)	–	(46)
Change in allowance for inventory reserve	1,330	–	–	–	1,330
Net gain on sale of real and personal property	(36,085)	–	–	–	(36,085)
Net gain on sale of investments	–	(2,636)	(2,648)	–	(5,284)
Deferred income taxes	173,059	2,340	(2,287)	–	173,112
Net change in other operating assets and liabilities:					
Reinsurance recoverables and trade receivables	(6,806)	4,221	(305)	–	(2,890)
Inventories	(4,072)	–	–	–	(4,072)
Prepaid expenses	9,386	–	–	–	9,386
Capitalization of deferred policy acquisition costs	–	–	(27,111)	–	(27,111)
Other assets	(41,885)	1,341	(2)	–	(40,546)
Related party assets	(872)	1,215	–	–	343
Accounts payable and accrued expenses	(14,793)	392	9,345	–	(5,056)
Policy benefits and losses, claims and loss expenses payable	13,283	(7,838)	9,933	–	15,378
Other policyholders' funds and liabilities	–	1,167	332	–	1,499
Deferred income	5,921	–	–	–	5,921
Related party liabilities	(1,170)	226	(118)	–	(1,062)
Net cash provided (used) by operating activities	<u>945,536</u>	<u>18,243</u>	<u>56,282</u>	<u>–</u>	<u>1,020,061</u>
<b>Cash flows from investing activities:</b>					
Purchases of:					
Property, plant and equipment	(1,419,505)	–	–	–	(1,419,505)
Short term investments	–	(77,693)	(558,154)	–	(635,847)
Fixed maturities investments	–	(42,628)	(312,473)	–	(355,101)
Equity securities	–	–	(489)	–	(489)
Real estate	(19,406)	(4,648)	(8,753)	–	(32,807)
Mortgage loans	–	(21,021)	(133,289)	–	(154,310)
Proceeds from sales and paydowns of:					
Property, plant and equipment	487,475	–	–	–	487,475
Short term investments	–	80,225	575,501	–	655,726
Fixed maturities investments	–	32,127	158,451	–	190,578
Preferred stock	–	4,181	–	–	4,181
Real estate	6,275	–	2,478	–	8,753
Mortgage loans	–	9,890	96,942	–	106,832
Net cash provided (used) by investing activities	<u>(945,161)</u>	<u>(19,567)</u>	<u>(179,786)</u>	<u>–</u>	<u>(1,144,514)</u>

(a) Balance for the period ended December 31, 2016

**AMERCO AND CONSOLIDATED SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)**

Continuation of consolidating cash flow statements by industry segment for the year ended March 31, 2017, are as follows:

	Moving & Storage Consolidated	Property & Casualty Insurance (a)	Life Insurance (a)	Elimination	AMERCO Consolidated
(In thousands)					
Cash flows from financing activities:					
Borrowings from credit facilities	715,625	–	27,000	–	742,625
Principal repayments on credit facilities	(340,844)	–	(27,000)	–	(367,844)
Payment of debt issuance costs	(5,055)	–	–	–	(5,055)
Capital lease payments	(212,545)	–	–	–	(212,545)
Employee Stock Ownership Plan Shares	(11,106)	–	–	–	(11,106)
Securitization deposits	446	–	–	–	446
Common stock dividends paid	(58,757)	–	–	–	(58,757)
Investment contract deposits	–	–	285,148	–	285,148
Investment contract withdrawals	–	–	(149,159)	–	(149,159)
Net cash provided (used) by financing activities	<u>87,764</u>	<u>–</u>	<u>135,989</u>	<u>–</u>	<u>223,753</u>
Effects of exchange rate on cash	<u>(2,140)</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(2,140)</u>
Decrease in cash and cash equivalents	85,999	(1,324)	12,485	–	97,160
Cash and cash equivalents at beginning of period	585,666	14,049	931	–	600,646
Cash and cash equivalents at end of period	<u>\$ 671,665</u>	<u>\$ 12,725</u>	<u>\$ 13,416</u>	<u>\$ –</u>	<u>\$ 697,806</u>

(a) Balance for the period ended December 31, 2016

**AMERCO AND CONSOLIDATED SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)**

Consolidating cash flow statements by industry segment for the year ended March 31, 2016, are as follows:

	Moving & Storage Consolidated	Property & Casualty Insurance (a)	Life Insurance (a)	Elimination	AMERCO Consolidated
	(In thousands)				
<b>Cash flows from operating activities:</b>					
Net earnings	\$ 489,001	\$ 16,168	\$ 19,354	\$ (35,522)	\$ 489,001
Earnings from consolidated subsidiaries	(35,522)	–	–	35,522	–
Adjustments to reconcile net earnings to the cash provided by operations:					
Depreciation	389,393	–	–	–	389,393
Amortization of deferred policy acquisition costs	–	–	23,272	–	23,272
Amortization of debt issuance costs	3,419	–	–	–	3,419
Interest credited to policyholders	–	–	20,465	–	20,465
Change in allowance for losses on trade receivables	7	–	(212)	–	(205)
Change in allowance for inventory reserve	(1,343)	–	–	–	(1,343)
Net gain on sale of real and personal property	(98,703)	–	–	–	(98,703)
Net gain on sale of investments	–	(1,317)	(3,174)	–	(4,491)
Deferred income taxes	124,838	9,311	3,926	–	138,075
Net change in other operating assets and liabilities:					
Reinsurance recoverables and trade receivables	(2,169)	13,528	3,406	–	14,765
Inventories	(9,009)	–	–	–	(9,009)
Prepaid expenses	(10,338)	–	–	–	(10,338)
Capitalization of deferred policy acquisition costs	–	–	(32,590)	–	(32,590)
Other assets	12,812	(1,050)	141	–	11,903
Related party assets	55,962	682	(18,075)	18,075 (b)	56,644
Accounts payable and accrued expenses	26,018	1,533	9,761	–	37,312
Policy benefits and losses, claims and loss expenses payable	23,215	(18,925)	5,336	–	9,626
Other policyholders' funds and liabilities	–	(1,056)	707	–	(349)
Deferred income	4,757	–	–	–	4,757
Related party liabilities	17,296	115	48	(18,075) (b)	(616)
Net cash provided (used) by operating activities	<u>989,634</u>	<u>18,989</u>	<u>32,365</u>	<u>–</u>	<u>1,040,988</u>
<b>Cash flows from investing activities:</b>					
Purchases of:					
Property, plant and equipment	(1,509,154)	–	–	–	(1,509,154)
Short term investments	–	(44,735)	(471,164)	–	(515,899)
Fixed maturities investments	–	(45,048)	(353,939)	–	(398,987)
Equity securities	–	–	(1,315)	–	(1,315)
Preferred stock	–	(1,005)	–	–	(1,005)
Real estate	(15,384)	(36)	(39)	–	(15,459)
Mortgage loans	–	(1,800)	(85,404)	–	(87,204)
Proceeds from sales and paydowns of:					
Property, plant and equipment	539,256	–	–	–	539,256
Short term investments	–	44,756	483,424	–	528,180
Fixed maturities investments	–	26,193	128,343	–	154,536
Equity securities	–	1,236	808	–	2,044
Preferred stock	–	1,126	–	–	1,126
Real estate	21,589	–	–	–	21,589
Mortgage loans	–	5,878	21,090	–	26,968
Net cash provided (used) by investing activities	<u>(963,693)</u>	<u>(13,435)</u>	<u>(278,196)</u>	<u>–</u>	<u>(1,255,324)</u>

(a) Balance for the period ended December 31, 2015

(b) Eliminate intercompany investments

**AMERCO AND CONSOLIDATED SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)**

Continuation of consolidating cash flow statements by industry segment for the year ended March 31, 2016, are as follows:

	Moving & Storage Consolidated	Property & Casualty Insurance (a)	Life Insurance (a)	Elimination	AMERCO Consolidated
(In thousands)					
Cash flows from financing activities:					
Borrowings from credit facilities	790,972	–	47,000	–	837,972
Principal repayments on credit facilities	(381,403)	–	(47,000)	–	(428,403)
Payment of debt issuance costs	(10,184)	–	–	–	(10,184)
Capital lease payments	(168,661)	–	–	–	(168,661)
Employee Stock Ownership Plan Shares	(9,302)	–	–	–	(9,302)
Securitization deposits	544	–	–	–	544
Common stock dividends paid	(78,374)	–	–	–	(78,374)
Investment contract deposits	–	–	358,237	–	358,237
Investment contract withdrawals	–	–	(112,957)	–	(112,957)
Net cash provided (used) by financing activities	<u>143,592</u>	<u>–</u>	<u>245,280</u>	<u>–</u>	<u>388,872</u>
Effects of exchange rate on cash	<u>(15,740)</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(15,740)</u>
Increase (decrease) in cash and cash equivalents	153,793	5,554	(551)	–	158,796
Cash and cash equivalents at beginning of period	431,873	8,495	1,482	–	441,850
Cash and cash equivalents at end of period	<u>\$ 585,666</u>	<u>\$ 14,049</u>	<u>\$ 931</u>	<u>–</u>	<u>\$ 600,646</u>

(a) Balance for the period ended December 31, 2015

(page 2 of 2)

**AMERCO AND CONSOLIDATED SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)**

Consolidating cash flow statements by industry segment for the year ended March 31, 2015 are as follows:

	Moving & Storage Consolidated	Property & Casualty Insurance (a)	Life Insurance (a)	Elimination	AMERCO Consolidated
	(In thousands)				
<b>Cash flows from operating activities:</b>					
Net earnings	\$ 356,741	\$ 15,417	\$ 19,366	\$ (34,783)	\$ 356,741
Earnings from consolidated subsidiaries	(34,783)	–	–	34,783	–
Adjustments to reconcile net earnings to the cash provided by operations:					
Depreciation	352,796	–	–	–	352,796
Amortization of deferred policy acquisition costs	–	–	19,661	–	19,661
Amortization of debt issuance costs	3,786	–	–	–	3,786
Interest credited to policyholders	–	–	18,110	–	18,110
Change in allowance for losses on trade receivables	(179)	–	11	–	(168)
Change in allowance for inventory reserve	(872)	–	–	–	(872)
Net gain on sale of real and personal property	(74,631)	–	–	–	(74,631)
Net gain on sale of investments	–	(841)	(3,084)	–	(3,925)
Deferred income taxes	66,628	8,030	1,842	–	76,500
Net change in other operating assets and liabilities:					
Reinsurance recoverables and trade receivables	(3,213)	16,830	(3,985)	–	9,632
Inventories	(1,579)	–	–	–	(1,579)
Prepaid expenses	(65,720)	–	–	–	(65,720)
Capitalization of deferred policy acquisition costs	–	–	(27,084)	–	(27,084)
Other assets	651	102	(804)	–	(51)
Related party assets	27,753	(258)	–	211 (b)	27,706
Accounts payable and accrued expenses	91,409	22	7,446	–	98,877
Policy benefits and losses, claims and loss expenses payable	(4,327)	(23,472)	10,178	–	(17,621)
Other policyholders' funds and liabilities	–	317	671	–	988
Deferred income	(13,181)	–	–	–	(13,181)
Related party liabilities	(1,016)	428	(67)	(211) (b)	(866)
Net cash provided (used) by operating activities	<u>700,263</u>	<u>16,575</u>	<u>42,261</u>	<u>–</u>	<u>759,099</u>
<b>Cash flows from investing activities:</b>					
Purchases of:					
Property, plant and equipment	(1,041,931)	–	–	–	(1,041,931)
Short term investments	–	(40,583)	(249,796)	–	(290,379)
Fixed maturities investments	–	(43,062)	(171,309)	–	(214,371)
Equity securities	–	(3,333)	(426)	–	(3,759)
Preferred stock	–	(1,006)	(1,000)	–	(2,006)
Real estate	(22,876)	(7,857)	(7,542)	–	(38,275)
Mortgage loans	–	(4,350)	(15,457)	–	(19,807)
Proceeds from sales and paydowns of:					
Property, plant and equipment	411,629	–	–	–	411,629
Short term investments	–	53,112	234,771	–	287,883
Fixed maturities investments	–	18,556	89,311	–	107,867
Equity securities	–	3,082	–	–	3,082
Preferred stock	–	400	2,027	–	2,427
Real estate	28,089	–	396	–	28,485
Mortgage loans	–	4,203	9,691	–	13,894
Net cash provided (used) by investing activities	<u>(625,089)</u>	<u>(20,838)</u>	<u>(109,334)</u>	<u>–</u>	<u>(755,261)</u>

(a) Balance for the period ended December 31, 2014

(b) Eliminate intercompany investments

**AMERCO AND CONSOLIDATED SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)**

Continuation of consolidating cash flow statements by industry segment for the year ended March 31, 2015 are as follows:

	Moving & Storage Consolidated	Property & Casualty Insurance (a)	Life Insurance (a)	Elimination	AMERCO Consolidated
(In thousands)					
Cash flows from financing activities:					
Borrowings from credit facilities	657,535	–	–	–	657,535
Principal repayments on credit facilities	(593,722)	–	–	–	(593,722)
Payment of debt issuance costs	(12,327)	–	–	–	(12,327)
Capital lease payments	(121,202)	–	–	–	(121,202)
Employee Stock Ownership Plan Shares	(7,939)	–	–	–	(7,939)
Common stock dividends paid	(19,594)	–	–	–	(19,594)
Investment contract deposits	–	–	105,019	–	105,019
Investment contract withdrawals	–	–	(54,108)	–	(54,108)
Net cash provided (used) by financing activities	<u>(97,249)</u>	<u>–</u>	<u>50,911</u>	<u>–</u>	<u>(46,338)</u>
Effects of exchange rate on cash	<u>(10,762)</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(10,762)</u>
Increase (decrease) in cash and cash equivalents	(32,837)	(4,263)	(16,162)	–	(53,262)
Cash and cash equivalents at beginning of period	464,710	12,758	17,644	–	495,112
Cash and cash equivalents at end of period	<u>\$ 431,873</u>	<u>\$ 8,495</u>	<u>\$ 1,482</u>	<u>\$ –</u>	<u>\$ 441,850</u>

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(a) Balance for the period ended December 31, 2014

**Note 2 2. Subsequent Events**

Our management has evaluated subsequent events occurring after March 31, 2017. We do not believe any other subsequent events have occurred that would require further disclosure or adjustment to our financial statements other than those stated below.

**Real Estate Agreement**

On October 15, 2015, Real Estate entered into a Purchase and Sale Agreement with 23<sup>rd</sup> and 11<sup>th</sup> Associates, L.L.C., for the sale of a portion of Real Estate's real property and improvements thereon located in Manhattan, New York for \$200.0 million. Such agreement has been amended from time to time and was subject to several material regulatory contingencies. Real Estate believes that as of April 26, 2017, the last significant local regulatory contingency has been resolved and the closing of the sale of such property is reasonably expected to occur in August 2017. Real Estate will maintain ownership of one building at the Manhattan location thus allowing U-Haul to serve the equipment rental needs of our customers in the area. Real Estate's book value of the property being sold is approximately \$5 million. The Company intends to reinvest the proceeds into its self-storage holdings via a tax free exchange pursuant to Section 1031 of the Internal Revenue Code.

**SCHEDULE I**  
**CONDENSED FINANCIAL INFORMATION OF AMERCO**

**BALANCE SHEETS**

	March 31,	
	2017	2016
<b>ASSETS</b>	(In thousands)	
Cash and cash equivalents	\$ 361,231	\$ 381,690
Investment in subsidiaries	1,522,083	1,185,021
Related party assets	1,474,948	1,249,835
Other assets	78,119	94,128
<b>Total assets</b>	<b>\$ 3,436,381</b>	<b>\$ 2,910,674</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Liabilities:		
Other liabilities	\$ 809,705	\$ 653,082
	809,705	653,082
Stockholders' equity:		
Preferred stock	-	-
Common stock	10,497	10,497
Additional paid-in capital	452,382	451,839
Accumulated other comprehensive loss	(51,236)	(60,525)
Retained earnings:		
Beginning of period	2,533,431	2,142,390
Net earnings	398,424	489,001
Dividends	(39,172)	(97,960)
End of period	2,892,683	2,533,431
Cost of common shares in treasury	(525,653)	(525,653)
Cost of preferred shares in treasury	(151,997)	(151,997)
<b>Total stockholders' equity</b>	<b>\$ 2,626,676</b>	<b>\$ 2,257,592</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 3,436,381</b>	<b>\$ 2,910,674</b>

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

**CONDENSED FINANCIAL INFORMATION OF AMERCO**  
**STATEMENTS OF OPERATIONS**

	<b>Years Ended March 31,</b>		
	<b>2017</b>	<b>2016</b>	<b>2015</b>
(In thousands, except share and per share data)			
Revenues:			
Net interest income and other revenues	\$ 1,912	\$ 2,420	\$ 4,862
Expenses:			
Operating expenses	7,115	7,525	7,055
Other expenses	109	111	99
Total expenses	7,224	7,636	7,154
Equity in earnings of subsidiaries	327,773	417,087	300,566
Interest income	103,211	93,873	75,241
Pretax earnings	425,672	505,744	373,515
Income tax expense	(27,248)	(16,743)	(16,774)
Earnings available to common shareholders	\$ 398,424	\$ 489,001	\$ 356,741
Basic and diluted earnings per common share	\$ 20.34	\$ 24.95	\$ 18.21
Weighted average common shares outstanding: Basic and diluted	19,586,606	19,596,110	19,586,633

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

**CONDENSED FINANCIAL INFORMATION OF AMERCO**  
**STATEMENTS OF COMPREHENSIVE INCOME**

	<b>Years Ended March 31,</b>		
	<b>2017</b>	<b>2016</b>	<b>2015</b>
(In thousands, except share and per share data)			
Net earnings	\$ 398,424	\$ 489,001	\$ 356,741
Other comprehensive income (loss)	9,289	(26,160)	19,558
Total comprehensive income	\$ 407,713	\$ 462,841	\$ 376,299

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

**CONDENSED FINANCIAL INFORMATION OF AMERCO**  
**STATEMENTS OF CASH FLOW**

	<b>Years Ended March 31,</b>		
	<b>2017</b>	<b>2016</b>	<b>2015</b>
	(In thousands)		
<b>Cash flows from operating activities:</b>			
Net earnings	\$ 398,424	\$ 489,001	\$ 356,741
Change in investments in subsidiaries	(327,773)	(417,087)	(300,566)
Adjustments to reconcile net earnings to cash provided by operations:			
Depreciation	10	6	6
Net loss on sale of real and personal property	13	-	-
Deferred income taxes	173,059	124,838	66,628
Net change in other operating assets and liabilities:			
Prepaid expenses	16,021	(8,723)	(66,786)
Other assets	(20)	6	84
Related party assets	1	56,849	(539)
Accounts payable and accrued expenses	(297)	(14)	5,239
Net cash provided by operating activities	<u>259,438</u>	<u>244,876</u>	<u>60,807</u>
<b>Cash flows from investing activities:</b>			
Purchases of property, plant and equipment	(55)	(8)	-
Proceeds of property, plant and equipment	39	-	-
Net cash provided by investing activities	<u>(16)</u>	<u>(8)</u>	<u>-</u>
<b>Cash flows from financing activities:</b>			
Proceeds from (repayments) of intercompany loans	(221,124)	(76,354)	(71,207)
Common stock dividends paid	(58,757)	(78,374)	(19,594)
Net cash provided (used) by financing activities	<u>(279,881)</u>	<u>(154,728)</u>	<u>(90,801)</u>
Increase (decrease) in cash and cash equivalents	(20,459)	90,140	(29,994)
Cash and cash equivalents at beginning of period	381,690	291,550	321,544
Cash and cash equivalents at end of period	<u>\$ 361,231</u>	<u>\$ 381,690</u>	<u>\$ 291,550</u>

Income taxes paid, net of income taxes refunds received, amounted to \$ 36.9 million, \$ 1 41.9 million and \$ 1 95 . 1 million for fiscal 201 7 , 201 6 and 201 5 , respectively.

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

**CONDENSED FINANCIAL INFORMATION OF AMERCO**

**NOTES TO CONDENSED FINANCIAL INFORMATION**

**MARCH 31, 2017, 2016, AND 2015**

**1. Summary of Significant Accounting Policies**

AMERCO, a Nevada corporation, was incorporated in April, 1969, and is the holding Company for U-Haul International, Inc., Amerco Real Estate Company, Republic General Insurance Company and Oxford Life Insurance Company. The financial statements of the Registrant should be read in conjunction with the Consolidated Financial Statements and notes thereto included in this Annual Report.

AMERCO is included in a consolidated Federal income tax return with all of its U.S. subsidiaries. Accordingly, the provision for income taxes has been calculated for Federal income taxes of AMERCO and subsidiaries included in the consolidated return of the Registrant. State taxes for all subsidiaries are allocated to the respective subsidiaries.

The financial statements include only the accounts of AMERCO, which include certain of the corporate operations of AMERCO. The interest in AMERCO's majority owned subsidiaries is accounted for on the equity method. The intercompany interest income and expenses are eliminated in the Consolidated Financial Statements.

**2. Guarantees**

AMERCO has guaranteed performance of certain long-term leases and other obligations. See Note 17, Contingent Liabilities and Commitments, and Note 19, Related Party Transactions, of the Notes to Consolidated Financial Statements.

**SCHEDULE II**  
**AMERCO AND CONSOLIDATED SUBSIDIARIES**  
**VALUATION AND QUALIFYING ACCOUNTS**

	<u>Balance at Beginning of Year</u>	<u>Additions Charged to Costs and Expenses</u>	<u>Additions Charged to Other Accounts</u>	<u>Deductions</u>	<u>Balance at Year End</u>
<b>Year ended March 31, 2017</b>					
(In thousands)					
Allowance for doubtful accounts					
(deducted from trade receivable)	\$ 585	\$ 913	\$ -	\$ (959)	\$ 539
Allowance for obsolescence					
(deducted from inventory)	\$ 1,597	\$ 1,218	\$ -	\$ (765)	\$ 2,050
Allowance for LIFO					
(deducted from inventory)	\$ 13,463	\$ 877	\$ -	\$ -	\$ 14,340
Allowance for probable losses					
(deducted from mortgage loans)	\$ 368	\$ 125	\$ -	\$ -	\$ 493
<b>Year ended March 31, 2016</b>					
Allowance for doubtful accounts					
(deducted from trade receivable)	\$ 790	\$ 967	\$ -	\$ (1,172)	\$ 585
Allowance for obsolescence					
(deducted from inventory)	\$ 1,384	\$ 213	\$ -	\$ -	\$ 1,597
Allowance for LIFO					
(deducted from inventory)	\$ 15,019	\$ -	\$ -	\$ (1,556)	\$ 13,463
Allowance for probable losses					
(deducted from mortgage loans)	\$ 370	\$ -	\$ -	\$ (2)	\$ 368
<b>Year ended March 31, 2015</b>					
Allowance for doubtful accounts					
(deducted from trade receivable)	\$ 958	\$ 994	\$ -	\$ (1,162)	\$ 790
Allowance for obsolescence					
(deducted from inventory)	\$ 2,487	\$ -	\$ -	\$ (1,103)	\$ 1,384
Allowance for LIFO					
(deducted from inventory)	\$ 14,788	\$ 231	\$ -	\$ -	\$ 15,019
Allowance for probable losses					
(deducted from mortgage loans)	\$ 370	\$ -	\$ -	\$ -	\$ 370

**SCHEDULE V**  
**AMERCO AND CONSOLIDATED SUBSIDIARIES**  
**SUPPLEMENTAL INFORMATION (FOR PROPERTY-CASUALTY INSURANCE OPERATIONS)**  
**YEARS ENDED DECEMBER 31, 2016, 2015, AND 2014**

Fiscal Year	Affiliation with Registrant	Deferred Policy Acquisition Cost	Reserves for Unpaid Claims and Adjustment Expenses	Discount if any, Deducted	Unearned Premiums	Net Earned Premiums (1)	Net Investment Income (2)	Claim and Claim Adjustment Expenses Incurred Related to Current Year	Claim and Claim Adjustment Expenses Incurred Related to Prior Year	Amortization of Deferred Policy Acquisition Costs	Paid Claims and Claim Adjustment Expense	Net Premiums Written (1)
2017	Consolidated property casualty entity	\$ –	\$ 244,400	N/A	49	\$ 52,334	\$ 14,015	\$ 13,297	\$ 107	–	\$ 17,609	\$ 52,324
2016	Consolidated property casualty entity	\$ –	\$ 251,964	N/A	59	\$ 50,020	\$ 13,491	\$ 11,713	\$ 585	–	\$ 18,360	\$ 50,034
2015	Consolidated property casualty entity	\$ –	\$ 271,609	N/A	49	\$ 46,456	\$ 11,980	\$ 11,690	\$ (694)	–	\$ 18,872	\$ 46,452

(1) The earned and written premiums are reported net of intersegment transactions. There were no earned premiums eliminated for the years ended December 31, 2016, 2015 and 2014, respectively.

(2) Net Investment Income excludes net realized (gains) losses on investments of (\$2.6) million, (\$1.3) million and (\$0.8) million for the years ended December 31, 2016, 2015 and 2014, respectively.

**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) 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: May 24, 2017

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

Date: May 24, 2017

/s/ Jason A. Berg  
Jason A. Berg  
Chief Financial Officer  
(Principal Financial Officer)

POWER OF ATTORNEY

**KNOW ALL MEN BY THESE PRESENTS**, that each person whose signature appears below constitutes and appoints Edward J. Shoen his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K, and to file the same, with all exhibits thereto and other documents in connection therewith with the Securities and Exchange Commission, granting unto said attorney-in-fact and agent full power and authority to do and perform each and every act or things requisite and necessary to be done in and about the premises, as fully and to all intents and purposes as he might or could do in person hereby ratifying and confirming all that said attorney-in-fact and agent, or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Jason A. Berg</u> Jason A. Berg	Chief Financial Officer	May 24, 2017
<u>/s/ James E. Acridge</u> James E. Acridge	Director	May 24, 2017
<u>/s/ Charles J. Bayer</u> Charles J. Bayer	Director	May 24, 2017
<u>/s/ John P. Brogan</u> John P. Brogan	Director	May 24, 2017
<u>/s/ John M. Dodds</u> John M. Dodds	Director	May 24, 2017
<u>/s/ James J. Grogan</u> James J. Grogan	Director	May 24, 2017
<u>/s/ Karl A. Schmidt</u> Karl A. Schmidt	Director	May 24, 2017
<u>/s/ Samuel J. Shoen</u> Samuel J. Shoen	Director	May 24, 2017

## PURCHASE AND SALE AGREEMENT

THIS PURCHASE AND SALE AGREEMENT (this " Agreement ") made as of the \_\_\_\_ day of October , 2015 between AMERCO REAL ESTATE COMPANY, a Nevada corporation, having an address at 2727 North Central Avenue, Phoenix, Arizona 85004 (" Seller ") and 23<sup>RD</sup> AND 11<sup>TH</sup> ASSOCIATES, L.L.C. , a Delaware limited liability company, having an address c/o The Related Companies, L.P., 60 Columbus Circle, New York, New York 10023 (" Purchaser "). Each of Seller and Purchaser may be referred to in this Agreement as a " Party," and collectively as the " Parties."

### WITNESSETH:

WHEREAS, Seller is the owner and holder of the fee simple estate in and to those certain plots, pieces and parcels of land (the " Land ") known as (i) 555 West 22nd Street, New York, New York (Block 694, Lot 5) and more particularly described in Schedule A-1, (ii) 548 West 23rd Street, New York, New York (Block 694, Lot 60) and more particularly described in Schedule A-2, (iii) 552 West 23rd Street, New York, New York (Block 694, Lot 61) and more particularly described in Schedule A-3, and (iv) 170 11th Avenue, New York, New York (Block 694, Lot 65) and more particularly described in Schedule A-4, together with the buildings and all other improvements located on the Land (collectively, the " Buildings "; the Buildings and the Land are sometimes collectively referred to as the " Premises ");

WHEREAS, Seller desires to cause the sale and conveyance of its interests in and to the Premises to Purchaser and Purchaser desires to purchase such interests from Seller upon the terms of this Agreement;

WHEREAS, Seller is the owner and holder of the fee simple estate in and to that certain plot, piece and parcel of land (the " Lot 58 Land ") known as 536 West 23<sup>rd</sup> Street, New York, New York (Block 694, Lot 58) and more particularly described in Schedule A-5, which is improved with that certain building (the " Lot 58 Existing Building ") that does not utilize all of its Development Rights (as hereinafter defined) that, pursuant to the Zoning Resolution (as hereinafter defined), and that may be used to increase the height and floor area of the buildings located on the Lot 58 Land (the Lot 58 Existing Building and the Lot 58 Land, collectively, " Lot 58 ");

WHEREAS, Seller desires to cause the sale and conveyance of its interests in and to only (i) the Fee Above a Plane (as hereinafter defined); and (ii) the Excess Development Rights (as hereinafter defined) for the construction and development of a new building (the " New Building ") on the Premises and any other parcel that Purchaser may designate within the Combined Zoning Lot (as hereinafter defined) in accordance with this Agreement and the ZLDA (as hereinafter defined); and

WHEREAS, pursuant to the terms of this Agreement, Seller hereby desires to sell, and the Purchaser hereby desires to acquire, the Excess Development Rights and, in furtherance thereof, Seller and any other parties having an interest in Lot 58 at the Closing (as hereinafter defined) will join with Purchaser and any others reasonably designated by Purchaser in executing and recording a Declaration (as hereinafter defined) (or a waiver, as the case may be) that Lot 58, the Premises and

any other parcels that Purchaser may reasonably designate in addition to hereto or in lieu thereof thereafter shall constitute one zoning lot (the “Combined Zoning Lot”) for the purpose of Section 12-10 of the Zoning Resolution and will execute and deliver the Zoning Lot Development Agreement to Purchaser on the Closing Date.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements herein contained, the Parties hereto covenant and agree as follows:

1. DEFINITIONS. The schedule of the defined terms for this Agreement is attached hereto as Schedule B and is incorporated into this Agreement by this reference. The following additional capitalized terms shall have the meanings specified in this Section 1:

(a) “*Development Rights*” shall mean the rights, determined in accordance with the Zoning Resolution, that are appurtenant to a zoning lot, to develop such zoning lot by erecting thereon a structure or structures with (i) a total floor area determined by multiplying the area of the zoning lot by the maximum allowable floor area ratio for structures in such zoning district or districts in which such zoning lot is located, and (ii) any bulk, density and other development rights permitted under the Zoning Resolution.

(b) “*Excess Development Rights*” shall mean those Development Rights that are appurtenant to Lot 58 in excess of the Owner Utilized Development Rights, and accordingly are available for transfer pursuant to the Zoning Resolution, which amount shall be determined by a development rights survey of Lot 58, which calculation is to be completed by Purchaser’s architect, at Purchaser’s sole cost and expense, promptly following the date of this Agreement.

(c) “*Fee Above a Plane*” shall mean that portion of Lot 58 containing the volume of space which lies (i) above a horizontal plane having an elevation commencing twelve (12) feet above the existing roof of the Lot 58 Existing Building (other than that portion of the roof containing the bulkhead) and (ii) above a horizontal plane having an elevation commencing fifteen (15) feet above the existing bulkhead of the Lot 58 Existing Building, as more specifically defined in the ZLDA.

(d) “*Mortgagee*” shall mean any lender who has a security interest or mortgage encumbering any of Lot 58.

(e) “*Owner Utilized Development Rights*” shall mean the Development Rights utilized by the Lot 58 Existing Building as of the date of the development rights survey of Lot 58, which amount shall be determined by Purchaser’s architect, at Purchaser’s sole cost and expense, promptly following the date of this Agreement and which amount shall be specified in the ZLDA.

(f) “*Parties In Interest*” shall mean those “*Parties in Interest*” listed in a certification of Parties in Interest pursuant to Section 12-10 (d) of the Zoning Resolution (definition of “Zoning Lot”). The Title Company (as hereinafter defined) shall indicate in its title search or report of Lot 58 who the Parties In Interest are for Lot 58.

(g) “*Zoning Lot Development Agreement*” or “*ZLDA*” shall mean the agreement set forth in the attached Exhibit 6.

(h) "Zoning Resolution" shall mean the Zoning Resolution of the City of New York, adopted December 16, 1961, as amended from time to time.

2. PURCHASE AND SALE.

(a) Seller shall sell and convey to Purchaser, and Purchaser shall purchase and assume from Seller, subject to the terms and conditions of this Agreement, (i) the Premises ; (ii) all of Seller's right, title and interest in, to and under (a) the land lying in the bed of any street, highway, road or avenue, opened or proposed, public or private, in front of or adjoining the Land to the center line thereof, (b) any rights of way, rights of ingress and ingress, appendages, appurtenances, easements, sidewalks, alleys, gores or strips of land adjoining or appurtenant to the Land or any portion thereof and used in conjunction therewith, (c) any air or development rights appurtenant to the Land or any portion thereof, and (d) any award or payment made or to be made in lieu of any of the foregoing or any portion thereof, it being understood and agreed that Seller will execute and deliver to Purchaser on the Closing Date or thereafter (which obligation shall survive the Closing), upon reasonable written request, all reasonably necessary and appropriate instruments for the conveyance of its right, title and interest and for the assignment and collection of any such awards or payments, without representation or warranty by or recourse to Seller, except to the extent specifically provided herein and without extension of any survival periods relating thereto ; and (iii) the Fee Above a Plane. The items described in clauses (i), (ii) and (iii) above are referred to collectively as the "Property."

(b) Subject to the terms and conditions of this Agreement and the terms and conditions set forth in the ZLDA, Seller hereby agrees to execute and deliver the ZLDA and thereby to create the Combined Zoning Lot effective as of the Closing; and Seller shall sell and convey to Purchaser, and Purchaser shall purchase and assume from Seller all of the Excess Development Rights. Purchaser is not accepting, assuming or taking the Excess Development Rights subject to any of the debts, liabilities or other obligations of, or claims against, Seller of any kind or nature, whether direct or contingent, and whether known or unknown .

(c) The Parties hereto acknowledge and agree that no tangible personal property is included in the sale of the Property and the Excess Development Rights, and no part of the Purchase Price is allocable to any tangible personal property .

(d) The Lot 58 Land, the Lot 58 Existing Building, the Owner Utilized Development Rights and all other real property interests appurtenant to Lot 58 that are not expressly Excess Development Rights or granted to Purchaser pursuant to the ZLDA, are expressly retained by Seller and are not included in this Agreement, such property interests being referred to collectively in this Agreement as "Seller's Retained Property."

3. ACCESS.

(a) Subject to the provisions of Sections 3(c) (d) and (e), Purchaser and its agents, employees, consultants, inspectors, appraisers, engineers and contractors (collectively " Purchaser's Representatives ") shall have the right, through the Closing Date, from time to time, upon the advance notice required pursuant to Section 3(c), to enter upon and pass through the Premises and Lot 58 during normal business hours to examine and inspect the same ; provided, however, that the inspections of Lot 58 as permitted by this Section 3 shall be limited solely to

conducting a physical survey and pre-construction survey of Lot 58 . Any such inspections are for Purchaser's information only.

(b) Seller shall make available to Purchaser, at Seller's management office at the Premises or other location reasonably selected by Seller, to the extent maintained by (or on behalf of) Seller and in Seller's possession or control: plans and specifications relating to the Property and the Lot 58 Existing Building ; environmental and engineering reports relating to the Property and Lot 58 ; and Seller's books and records relating solely to the physical condition of the Property (collectively, the " Premises Documents " ) , but expressly excluding (i) all records relating to the existing business operations being conducted on or from the Property or Lot 58, (ii) Seller's accounting and income tax records, (iii) Seller's proprietary business and corporate records and (iv) any records relating to Seller's selling or financing negotiations or third party appraisals or any internal documents relating to the value of the Property. Seller disclaims the content , conclusions and accuracy of any such materials delivered to Purchaser pursuant to this Section 3(b), it being expressly agreed and understood that Seller is delivering such materials without representation or warranty, and that Purchaser is receiving all such items "as-is" with no right to rely on the content, conclusions and accuracy of any such materials . Purchaser shall rely only on its own due diligence in connection with the transactions contemplated by this Agreement.

(c) In conducting the inspection of the Premises and the surveys of Lot 58 and its due diligence review, Purchaser shall at all times comply with all laws and regulations of all applicable governmental authorities, and neither Purchaser nor any of Purchaser's Representatives shall (a) contact or have any discussions with any of Seller's employees, agents or representatives, or with any tenants at, or contractors providing services to the Premises or Lot 58 , unless in each case Purchaser obtains the prior written consent of Seller (which may be granted , withheld , conditioned or delayed in Seller's sole discretion), (b) interfere in any material respect with the business of Seller (or any of its tenants) conducted at the Premises or Lot 58 or disturb in any material respect the use or occupancy of any occupant of the Premises or Lot 58, or (c) damage the Premises or Lot 58 . Purchaser shall schedule and coordinate all inspections, including, without limitation, any environmental tests, with Seller 's designated environmental representative and shall give such representative at least five (5) business days' prior Notice thereof. Seller shall be entitled to have a representative present at all times during each such inspection. Purchaser agrees to pay to Seller within five (5) business days following written demand the cost of repairing and restoring any damage or disturbance which Purchaser or Purchaser's Representatives shall cause the Property or Lot 58 to be restored to substantially the same condition the Property or Lot 58 (as applicable) was in immediately prior to such damage or disturbance, ordinary wear and tear excepted. All inspection fees, appraisal fees, engineering fees and other costs and expenses of any kind incurred by Purchaser or Purchaser's Representatives relating to such inspection and its other due diligence shall be at the sole expense of Purchaser. In the event that the Closing does not occur for any reason whatsoever, Purchaser shall promptly return to Seller copies of all due diligence materials delivered by Seller to Purchaser and shall destroy all copies and abstracts prepared by, for or on behalf of Purchaser, and Purchaser will furnish to Seller true, correct and complete copies of all third party documents, reports and other information obtained by Purchaser in the course of its due diligence, along with the identity of all contractors who have performed services for Purchaser in connection with its due diligence; provided, however, that if the Closing does not take place by reason of the default or alleged default of Seller, Purchaser shall not be required to return due diligence materials delivered by Seller and furnish such documents, reports and other information so long as any dispute or litigation resulting from Seller's default or alleged default remains

unresolved. Provided that such work (i) be performed by a licensed professional, (ii) be performed at Purchaser's sole cost and expense, (iii) be performed or conducted only upon the issuance of all applicable permits, (iv) be conducted solely after the delivery to Seller of suitable certificates of liability insurance naming Seller as an additional insured in amounts reasonably determined by Seller, (v) not unreasonably disturb any business operations being conducted on or at the Property, whether by Seller or a tenant or other invitee of Seller, and (vi) require that the Property be physically restored to its physical condition existing prior to such examinations. Purchaser shall be permitted to conduct borings of the Premises in connection with the preparation of an environmental audit or in connection with any other inspection of the Premises (reasonable wear and tear excepted). The provisions of Section 3(c) shall survive the Closing or any termination of this Agreement.

(d) Prior to conducting any physical inspection or testing at the Premises, other than mere visual examination, including without limitation, boring, drilling and sampling of soil, Purchaser shall obtain, and during the period of such inspection or testing shall maintain, at its expense, comprehensive general liability insurance, including a contractual liability endorsement, and personal injury liability coverage, with Seller, its managing agent, if any, and any other Affiliate designated by Seller, as additional insureds, from an insurer reasonably acceptable to Seller, which insurance policies must have limits for bodily injury and death of not less than Five Million Dollars (\$ 5,000,000.00) for any one occurrence and not less than Five Million (\$ 5,000,000.00) Dollars for property damage liability for any one occurrence. Prior to making any entry upon the Premises, Purchaser shall furnish to Seller a certificate or certificates of insurance from Purchaser's insurance carrier or broker evidencing the foregoing coverages.

(e) Purchaser agrees to indemnify, defend, pay and hold harmless Seller and its direct and indirect shareholders, officers, directors, partners, principals, members, employees, Affiliates, agents, attorneys and contractors, their spouses and any successors or assigns of the foregoing (collectively with Seller, "Seller Related Parties") for, from and against any and all actual losses, costs, actual damages, liens, claims, liabilities or other expenses (including, but not limited to, reasonable attorneys' fees, court costs and disbursements) incurred by any of Seller's Related Parties arising from or by reason of Purchaser's and/or Purchaser's Representatives' access to, or inspection of, the Premises, or any tests, inspections or other due diligence conducted by or on behalf of Purchaser; provided, however, that the foregoing indemnity shall not include any loss, costs, damages or expenses, of any kind or nature (including, without limitation, reasonable attorneys' fees and expenses) that result from (i) the sole negligence or willful misconduct of Seller Related Parties or (ii) the discovery, by Purchaser or Purchaser's Representatives, of existing conditions on the Property during any inspection, investigation and/or entry upon the Property conducted pursuant to, and in accordance with, the terms of this Agreement. The provisions of this Section 3(e) shall survive the Closing or any termination of this Agreement.

(f) The inspection of the Premises and the Purchaser's due diligence is solely for the information of Purchaser and this Agreement, and Purchaser's obligations under this Agreement are not contingent upon the findings disclosed by inspection or upon the results of any due diligence conducted by Purchaser.

4. PURCHASE PRICE AND DEPOSIT

The purchase price to be paid by Purchaser to Seller for the Property and Excess Development Rights (the " Purchase Price ") shall be Two Hundred Million and no/100 Dollars (\$200,000,000.00) . The Purchase Price shall be payable as follows:

(a) Within one (1) business day of the execution of this Agreement by Purchaser and Seller, Purchaser shall deliver to Stewart Title Insurance Company , as escrow agent (the " Escrow Agent ") a wire transfer in immediately available federal funds the amount of Ten Million Dollars (\$10,000,000.00 ) to the escrow account of Escrow Agent in accordance with the wire instructions set forth on Exhibit 1 (such deposit which is made pursuant to this subsection (a) (together with interest thereon), the " Initial Deposit , " and, together with the Additional Deposit (as hereinafter defined), if applicable, are herein collectively referred to as the " Deposit "). If the Initial Deposit has not been delivered on or prior to such date, Seller shall have the right, in its sole discretion, to terminate , in which event neither Seller nor Purchaser shall have any further rights or obligations in this Agreement , except those arising under provisions of this Agreement that expressly survive the termination of this Agreement .

(b) (i) Upon receipt by Escrow Agent of the Deposit, Escrow Agent shall cause the same to be deposited into an interest bearing account in a bank, savings and loan association trust company, or other banking institution selected by Escrow Agent that is a member and co-owner of The Clearing House Association (a " TCH Bank " ), it being agreed that Escrow Agent shall not be liable for (y) any loss of such investment (unless due to Escrow Agent's gross negligence or willful misconduct) or (z) any failure to attain a favorable rate of return on such investment. Escrow Agent shall deliver the Deposit, and the interest accrued thereon, to Seller or to Purchaser, as the case may be, under the following conditions:

(1) The Deposit (together with all interest accrued thereon) shall be delivered to Seller at the Closing upon receipt by Escrow Agent of a statement executed by Seller and Purchaser that the Deposit and the interest accrued thereon may be released ; or

(2) The Deposit, and the interest accrued thereon, shall be delivered to Seller following receipt by Escrow Agent of written demand therefor from Seller stating that Purchaser has defaulted in the performance of its obligations under this Agreement and specifying the Section(s) of this Agreement which entitles Seller to the Deposit, if Purchaser shall have given Notice of objection in accordance with the provisions of Section 19 of this Agreement; or

(3) The Deposit, and the interest accrued thereon, shall be delivered to Purchaser following receipt by Escrow Agent of written demand therefor from Purchaser stating that (i) the conditions to closing set forth in Section 10(b) of this Agreement have not been fulfilled or waived by Purchaser or (ii) this Agreement was terminated under circumstances entitling Purchaser to the return of the Deposit, and specifying the Section of this Agreement which entitles Purchaser to the return of the Deposit, if Seller shall not have given Notice of objection in accordance with the provisions of Section 19 of this Agreement; or

(4) The Deposit, and the interest accrued thereon, shall be delivered to Purchaser or Seller as directed by joint written instructions of Seller and Purchaser.

(ii) Upon the filing of a written demand for the Deposit by Seller or Purchaser, pursuant to subsection (2) or (3) above, Escrow Agent shall promptly give notice ther eof (including a copy of such demand) to the other Party . The other Party shall have the right to object to the delivery of the Deposit , by giving written notice of such objection to Escrow Agent at any time within ten (10) days after such Party 's receipt of notice from Escrow Agent, but not thereafter. Such notice shall set forth the basis for objecting to the delivery of the Deposit . Upon receipt of such notice of objection, Escrow Agent shall promptly give a copy of such notice to the Party who filed the written demand. If Escrow Agent shall have timely received such notice of objection, Escrow Agent shall continue to hold the Deposit , and the interest accrued thereon, until (x) Escrow Agent receives written notice from Seller and Purchaser directing the disbursement of the Deposit , in which case Escrow Agent shall then disburse the Deposit , and the interest accrued thereon, in accordance with said direction, or (y) litigation is commenced between Seller and Purchaser, in which case Escrow Agent shall deposit the Deposit , and the interest accrued thereon, with the clerk of the court in which said litigation is pending, or (z) Escrow Agent takes such affirmative steps as Escrow Agent may elect, at Escrow Agent's option, in order to terminate Escrow Agent 's duties described in this Agreement , including but not limited to depositing the Deposit , and the interest accrued thereon, in court and commencing an action for interpleader, the costs thereof to be borne by whichever of Seller or Purchaser is the losin g party.

(iii) Escrow Agent may rely and act upon any instrument or other writing reasonably believed by Escrow Agent to be genuine and purporting to be signed and presented by any person or persons purporting to have authority to act on behalf of Seller or Purc haser, as the case may be, and shall not be liable in connection with the performance of any duties imposed upon Escrow Agent by the provisions of this Agreement, except for Escrow Agent's own gross negligence, willful misconduct or default. Escrow Agent shall have no duties or responsibilities except those set forth herein. Escrow Agent shall not be bound by any modification, cancellation or rescission of this Agreement unless the same is in writing and signed by Purchaser and Seller, and, if Escrow Agen t's duties described in this Agreement are affected, unless Escrow Agent shall have given prior written consent thereto. Escrow Agent shall be indemnified and held harmless by Seller and Purchaser from, and reimbursed by Seller and Purchaser for, any clai ms, liabilities, costs and expenses incurred in connection with claims of third parties (including reasonable legal fees and disbursements of its own and outside counsel), including all of Escrow Agent's fees and expenses with respect to any interpleader a ction incurred in connection with this Agreement, and such liability shall be joint and several; provided that, as between Purchaser and Seller there shall be no obligation of contribution by one P arty with respect to the unlawful acts of the other, and th e prevailing party in any dispute over the Deposit shall be entitled to reimbursement of any such expenses paid to Escrow Agent. In the event that Escrow Agent shall be uncertain as to Escrow Agent's duties or rights described in this Agreement , or shall receive instructions from Purchaser or Seller that, in Escrow Agent's opinion, are in conflict with any of the provisions of this Agreement , Escrow Agent shall be entitled to hold and apply the Deposit, and the interest accrued thereon and may decline to t ake any other action. After delivery of the Deposit, and the interest accrued thereon, in accordance herewith, Escrow Agent shall have no further liability or obligation of any kind whatsoever.

(iv) Escrow Agent shall have the right at any time to resign upon ten (10) business days prior written Notice to Seller and Purchaser. Seller and Purchaser shall jointly select a successor Escrow Agent and shall notify Escrow Agent of the name and address of such successor Escrow Agent within ten (10) business days afte r receipt of Notice f rom Escrow Agent of its intent

to resign. If Escrow Agent has not received Notice of the name and address of such successor Escrow Agent within such period, Escrow Agent shall have the right to select on behalf of Seller and Purchaser a TCH Bank to act as successor Escrow Agent. At any time after the ten (10) business day period, Escrow Agent shall have the right to deliver the Deposit, and the interest accrued thereon, to any successor Escrow Agent selected pursuant to this Section 4 (b)(iv), provided such successor Escrow Agent shall execute and deliver to Seller and Purchaser an assumption agreement whereby it assumes all of Escrow Agent's obligations described in this Agreement. Upon the delivery of all such amounts and such assumption agreement, the successor Escrow Agent shall become the Escrow Agent for all purposes of this Agreement and shall have all of the rights and obligations of the Escrow Agent described in this Agreement, and the resigning Escrow Agent shall have no further responsibilities or obligations under the terms of this Agreement for matters arising after such assumption.

(v) The interest earned on the Deposit shall be paid to the Party entitled to receive the Deposit as provided in this Agreement. The Party receiving such interest shall pay any income taxes thereon; provided, that, if Seller receives the interest on the Deposit as a credit against the Purchase Price to Purchaser, then Purchaser shall pay any income taxes on such interest received by Seller. Seller's taxpayer identification number is \_\_\_\_\_; and Purchaser's taxpayer identification number is \_\_\_\_\_. The provisions of this Section 4(b) shall survive the Closing or earlier termination of this Agreement.

(c) At the Closing, Seller shall be entitled to receive and be paid the Deposit (and the Parties shall instruct Escrow Agent accordingly) and Purchaser shall deliver the balance of the Purchase Price (i.e., the Purchase Price less the Deposit, together with all unpaid interest thereon), to Seller, as adjusted pursuant to Section 7.

(d) All monies payable by Purchaser under this Agreement shall be paid by Purchaser causing said amount to be wire transferred in immediately available federal funds for credit to such bank account or accounts, in such amounts as may be required to consummate the transactions contemplated by this Agreement.

As used in this Agreement, the term "business day" shall mean every day other than Saturdays, Sundays, all days observed by the federal or New York State government as legal holidays and all days on which commercial banks in New York State are required by law to be closed.

##### 5. STATUS OF TITLE.

Subject to the terms and provisions of this Agreement, Seller's interest in the Premises and the Excess Development Rights shall be sold and conveyed by Seller to Purchaser, and Purchaser shall accept same, subject only to the following (collectively, the "Permitted Encumbrances "):

(a) the state of facts disclosed on the survey of the Premises prepared by First Order LLC and originally dated January 15, 2015 (the "Existing Survey");

(b) the standard printed exclusions from coverage contained in the ALTA form of owners title policy currently in use in New York State and pertaining to the Premises;

(c) Any liens, encumbrances or other title exceptions pertaining to the Premises approved or waived by Purchaser in writing as provided in Section 6;

(d) Property Taxes which are a lien upon the Premises but not yet due and payable, subject to proration in accordance with Section 7;

(e) any laws, rules, regulations, statutes, ordinances, orders or other legal requirements affecting the Premises or Lot 58, including, without limitation, those relating to zoning and land use;

(f) any recorded utility company rights, easements and franchises for electricity, water, steam, gas, telephone or other service or the right to use and maintain poles, lines, wires, cables, pipes, boxes and other fixtures and facilities in, over, under and upon the Premises;

(g) any installment not yet due and payable as of the Closing Date of assessments imposed after the date of this Agreement and affecting the Premises or Lot 58 or any portion thereof;

(h) the right, lack of right or restricted right of Seller to construct and/or maintain (and the right of any governmental authority to require the removal of) any vault or vaulted area, in or under the streets, sidewalks or other areas abutting the Premises and any applicable licensing statute, ordinance and regulation, the terms of any license pertaining thereto and the lien of the street, sidewalk or other area vault taxes, subject to proration as provided in Section 7;

(i) any immaterial variation between tax lot lines and lines of record title; and

(j) subject to the provisions of Section 6(c) below, all violations of laws, rules, regulations, statutes, ordinances, orders or requirements, now or hereafter issued or noted.

#### 6. TITLE INSURANCE; LIENS.

(a) (i) Purchaser shall order, at its sole cost and expense, within five (5) days following the date of this Agreement, a commitment for (A) an owner's policy of title insurance with respect to the Premises, and (B) a Development Rights Endorsement with respect to the Excess Development Rights (the " Commitment ") from Royal Abstract of New York LLC (the " Title Company "). Such Commitment shall contain a certificate of Parties in Interest for Lot 58 and the Premises (the " Zoning Lot Certification ") by the Title Company certifying to the Seller and the Purchaser the metes and bounds description of Lot 58 and the Premises, the identity of the parties that own fee simple title to each of Lot 58 and the Premises and the identity of all other Parties in Interest with respect to the Combined Zoning Lot for Lot 58 and the Premises. Purchaser, at its option and expense, may obtain a new survey or an update of the Existing Survey (the " Updated Survey ") of the Property. Purchaser shall (i) direct the Title Company to deliver a copy of the Commitment (and any update thereto) to Seller simultaneously with its delivery of the same to Purchaser and (ii) if applicable, direct the surveyor to deliver a copy of the Updated Survey (and any update thereto) to Seller simultaneously with its delivery of the same to Purchaser. No later than three (3) business days prior to the Closing Date, Purchaser shall provide Seller's attorney with a title continuation for the Zoning Lot Certification in order to determine if there is any change in the Parties in Interest who will be required to execute and deliver at Closing any documents or other instruments required to be executed and delivered by Purchaser at Closing.

(ii) If the Commitment or the Updated Survey discloses any liens, encumbrances or other title exceptions other than the Permitted Exceptions (each, an "Initial Exception"), then Purchaser shall have ten (10) business days (the "Objection Date") to deliver notice to Seller objecting to any of the Exceptions (the "Initial Objections"). If Purchaser fails to deliver such objection notice by the Objection Date, Purchaser shall be deemed to have waived its right to object to any Initial Exceptions (and the same shall be deemed Permitted Encumbrances). If Purchaser shall deliver such objection notice by the Objection Date, any Initial Exceptions which are not objected to in such notice shall be deemed Permitted Encumbrances.

If, prior to the Closing Date, Purchaser shall receive any update to the Commitment or the Updated Survey which discloses additional liens, encumbrances or other title exceptions which were not disclosed by the Commitment and which are not otherwise permitted in this Agreement (each, an "Update Exception"), then Purchaser shall have until the earlier of (x) five (5) business days after delivery of such update or (y) the Closing Date (the "Update Objection Date") to deliver notice to Seller objecting to any of the Update Exceptions (the "Update Objections"; the Update Objections and the Initial Objections are collectively, the "Title Objections"). If Purchaser fails to deliver such objection notice by the Update Objection Date, Purchaser shall be deemed to have waived its right to object to any Update Exceptions (and the same shall be deemed Permitted Encumbrances). If Purchaser shall deliver such objection notice by the Update Objection Date, any Update Exceptions which are not objected to in such notice shall be deemed Permitted Encumbrances.

(iii) Notwithstanding anything to the contrary contained herein, subject to Section 6(c) below, if Seller is unable or unwilling in Seller's sole and absolute discretion, to eliminate the Title Objections by the Scheduled Closing Date, unless the same are waived by Purchaser in writing without any abatement in the Purchase Price, Seller may, upon at least two (2) business days' prior notice ("Title Cure Notice") to Purchaser (except with respect to matters first disclosed during such two (2) business day period, as to which matters Notice may be given at any time through and including the Scheduled Closing Date) adjourn the Scheduled Closing Date (such date to which Seller adjourns the Scheduled Closing Date is the "Adjourned Closing Date"), for a period not to exceed sixty (60) days ("Title Cure Period"), in order to attempt to eliminate such exceptions.

(b) If Seller is unable or unwilling, in Seller's sole and absolute discretion, to eliminate any Title Objection within the Title Cure Period, unless the same is waived by Purchaser, then, subject to Section 6(c) below (failure to comply with which shall be deemed a default by Seller of this Agreement), Purchaser may (i) accept the Property subject to such Title Objection (thereby unconditionally waiving any related claim or objection) without abatement of the Purchase Price, in which event (x) such Title Objection shall be deemed to be, for all purposes, a Permitted Encumbrance, (y) Purchaser shall complete the transactions contemplated by this Agreement notwithstanding the existence of such Title Objection, and (z) Seller shall have no obligations whatsoever after the Closing Date with respect to Seller's failure to cause such Title Objection to be eliminated, or (ii) terminate this Agreement by Notice given to Seller within ten (10) business days following expiration of the Title Cure Period, time being of the essence, in which event Escrow Agent shall immediately return to Purchaser the Deposit upon receipt of written demand from Purchaser. If Purchaser shall fail to deliver the Notice described in clause (ii) within the ten (10) business day period described therein, time being of the essence, Purchaser shall be deemed to have made the election under clause (i). Upon the timely giving of any Notice under clause (ii), this

Agreement shall terminate and neither Party hereto shall have any further rights or obligations arising under this Agreement other than those which are expressly provided to survive the termination of this Agreement.

(c) It is expressly understood that in no event shall Seller be required to bring any action or institute any proceeding, or to otherwise incur any costs or expenses in order to attempt to eliminate any Title Objections or to otherwise cause title in the Premises to be in accordance with the terms of this Agreement on the Closing Date. Notwithstanding anything in this Article 6 to the contrary, Seller shall be required to remove by payment (or bonding with respect to mechanics liens) any mortgages, liens, encumbrances or other title exceptions which are Voluntary Liens. “Voluntary Liens” as used herein shall mean (x) unpaid real estate taxes, assessments and water and sewer charges with respect to the Property which are due and payable as of the Closing Date, and (y) liens and other encumbrances (other than Permitted Exceptions) which Seller has affirmatively placed on the Property, including without limitation, liens of any mortgages affecting all or any portion of the Property, mechanics’ liens that arise from Seller’s acts or omissions, judgments, and federal, state and municipal tax liens. Furthermore, at Closing, Seller shall pay all Violations that have been reduced to a monetary amount and all fines and penalties assessed against the Property for Violations of record as of the Closing Date, provided that with respect to such Violations, in no event shall Seller be obligated to expend amounts in excess of \$100,000, in aggregate. “Violations” as used herein shall mean any and all notes or notices of violations of law, or municipal ordinances, orders, designations or requirements whatsoever noted in or issued by any governmental authority having jurisdiction over the Property.

(d) If Seller shall have adjourned the Scheduled Closing Date in order to cure Title Objections in accordance with the provisions of this Section 6, Seller shall, upon the satisfactory cure thereof, promptly reschedule the Scheduled Closing Date, upon at least five (5) business days’ prior notice to Purchaser (the “New Closing Notice”); it being agreed, however, that if any matters which are Title Objections arise between the date the New Closing Notice is given and the rescheduled Scheduled Closing Date, Seller may again adjourn the Closing for a reasonable period or periods, in order to attempt to cause such exceptions to be eliminated by sending Purchaser a Title Cure Notice, it being agreed, however, that Seller shall not be entitled to adjourn the new Scheduled Closing Date pursuant to this Section 6(d) for a period or periods in excess of thirty (30) days in the aggregate.

(e) If the Commitment discloses judgments, bankruptcies or other returns against other persons having names the same as or similar to that of Seller, on request Seller shall deliver to the Title Company affidavits (in ordinary and customary form) showing that such judgments, bankruptcies or other returns are not against Seller in order to induce the Title Company to omit exceptions with respect to such judgments, bankruptcies or other returns or to insure over same. In addition, Seller shall deliver to the Title Company all customary affidavits, reasonably acceptable to Seller, required to omit (i) exceptions with respect to municipal emergency repairs, (ii) exceptions with respect to (A) retroactive street vault charges, together with interest and penalties thereon, and (B) work done by the City of New York upon the Premises or any demand made by the City of New York for any such work that may result in charges by the New York City Department of Environmental Protection for water tap closings or any related work, (iii) exceptions with respect to fees for inspections, re-inspections, examinations and services performed by the New York City Department of Buildings (“DOB”) or for permits issued by the DOB, and (iv) similar types of exceptions (provided that the same are customarily omitted from a title report on the basis of an

affidavit from the owner of the property being insured without the expenditure of money by such owner).

(f) Notwithstanding anything contained herein to the contrary, Seller shall (i) give and the Purchaser shall only be required to accept title to the Excess Development Rights being transferred to the Purchaser, pursuant to this Agreement, such as the Title Company is willing to issue pursuant to a title insurance policy with a New York City Development Rights endorsement, for the Excess Development Rights being transferred to Purchaser, without any special premium in excess of the standard rates; and (ii) convey and transfer the Excess Development Rights to the Purchaser free and clear of all liens, encumbrances, Violations and unpaid real estate taxes, assessments and water and sewer charges with respect to Lot 58 and as otherwise provided in this Agreement.

7. APPORTIONMENTS.

(a) The following shall be apportioned between Seller and Purchaser as of 11:59 p.m. on the day immediately preceding the Closing Date (the "Apportionment Date") on the basis of the actual number of days of the month which shall have elapsed as of the Closing Date and based upon the actual number of days in the month and a 365 day year:

(i) real estate taxes, sewer rents and taxes, water rates and charges (to the extent not accounted for pursuant to clause (i) above), vault charges and taxes, business improvement district taxes and assessments and any other governmental taxes, charges or assessments levied or assessed against the Premises (collectively, "Property Taxes"), on the basis of the respective periods for which each is assessed or imposed, to be apportioned in accordance with Section 7(c); and

(ii) such other items as are customarily apportioned in accordance with real estate closings of commercial properties in the City of New York, State of New York.

(b) Property Taxes shall be apportioned on the basis of the fiscal period for which assessed. If the Closing Date shall occur either before an assessment is made or a tax rate is fixed for the tax period in which the Closing Date occurs, the apportionment of such Property Taxes based thereon shall be made at the Closing Date by applying the tax rate for the preceding year to the latest assessed valuation, but, promptly after the assessment and/or tax rate for the current year are fixed, the apportionment thereof shall be recalculated and Seller or Purchaser, as the case may be, shall make an appropriate payment to the other within five (5) business days based on such recalculations. If as of the Closing Date the Premises or any portion thereof shall be affected by any special or general assessments which are or may become payable in installments of which the first installment is then a lien and has become payable, Seller shall pay the unpaid installments of such assessments which are due prior to the Closing Date and Purchaser shall pay the installments which are due on or after the Closing Date, with apportionment as of the Apportionment Date.

(c) Promptly following the execution of this Agreement, Seller shall prepare and file with the New York City Department of Finance (and any other required governmental authority) all required applications needed to separate Lot 58 into two separate tax parcels, one of which will consist of the Lot 58 Existing Building, that portion of the Lot 58 Land below the Fee Above a Plane and the Owner Utilized Development Rights (the "Owner Tax Parcel"), and the

other of which will consist of the real property rights and interests contemplated by this Agreement to be sold by Seller to Purchaser, and consisting of the Fee Above a Plane and the Excess Development Rights, (the “Sale Tax Parcel”). All costs and expenses of such separation shall be borne solely by the Seller, and Purchaser shall have the right to approve (such approval not to be unreasonably withheld) all such filings and applications by Seller. The purpose of such separation is (i) for the Property, from and after the Closing, to be burdened with the obligations of the Sale Tax Parcel, and (ii) for Seller’s taxes obligation with respect to Lot 58, from and after the closing, to be reduced as a result of the conveyance to Purchaser of the Fee Above a Plane and the Excess Development Rights, and further to insure that Seller’s real property tax obligations with respect to Lot 58 are not increased as a result of the construction of any improvements on or within the Fee Above a Plane or otherwise utilizing any of the Excess Development Rights. Notwithstanding anything to the contrary contained herein, (x) if Seller is unable to create such separate tax parcels by the Scheduled Closing Date (as defined below), Seller may, upon at least ten (10) business days’ prior notice to Seller, adjourn the Scheduled Closing Date for a period of up to thirty (30) days, and (y) in no event shall Seller be required to finalize the creation of such separate tax parcels until such time that Purchaser delivers to Seller the Termination Waiver Notice (as defined below).

Notwithstanding anything contained herein to the contrary, in the event Seller is unable to obtain the New York City Department of Finance’s approval for the Sale Tax Parcel as currently contemplated herein, (i) the Fee Above a Plane shall be revised to include that portion of Lot 58 containing the volume of space which lies above a horizontal plane having an elevation commencing fifteen (15) feet above the existing roof of the Lot 58 Existing Building, (ii) the parties shall make such modifications to the ZLDA as reasonably necessary to reflect the revised Fee Above a Plane and (ii) the parties shall make such other modifications to the ZLDA as reasonably necessary to achieve the purpose and intent of the three dimensional Fee Above a Plane as currently contemplated herein.

(d) If there are water meters at the Premises, the unfixed water rates and charges and sewer rents and taxes covered by meters, if any, shall be apportioned (i) on the basis of an actual reading done within ten (10) days prior to the Apportionment Date, or (ii) if such reading has not been made, on the basis of 110% of the last available reading. If the apportionment is not based on an actual current reading, then upon the taking of a subsequent actual reading, the Parties shall, within ten (10) business days following notice of the determination of such actual reading, readjust such apportionment and Seller shall deliver to Purchaser or Purchaser shall deliver to Seller, as the case may be, the amount determined to be due upon such readjustment. Seller shall endeavor to obtain and deliver to Purchaser at Closing a current water meter reading.

(e) Charges for all electricity, steam, gas and other utility services (collectively, “Utilities”) shall be billed to Seller’s account up to the Apportionment Date and, from and after the Apportionment Date, all utilities shall be billed to Purchaser’s account. If for any reason such changeover in billing is not practicable as of the Closing Date, as to any Utility, such Utility shall be apportioned on the basis of actual current readings or, if such readings have not been made, on the basis of the most recent bills that are available. If any apportionment is not based on an actual current reading, then upon the taking of a subsequent actual reading, the Parties shall, within ten (10) business days following notice of the determination of such actual reading, readjust such apportionment and Seller shall promptly deliver to Purchaser, or Purchaser shall promptly deliver to Seller, as the case may be, the amount determined to be due upon such adjustment.

(f) Not more than ten (10) nor fewer than seven (7) business days prior to the Closing, Escrow Agent will prepare a preliminary closing statement (the " Preliminary Closing Statement ") which will show the net amount due either to Seller or to Purchaser as the result of the adjustments and prorations provided for herein, and such net due amount will be added to or subtracted from the cash balance of the Purchase Price to be paid to Seller at the Closing pursuant to Section 4, as applicable. Within sixty (60) days following the Closing Date, Seller and Purchaser will jointly prepare a final closing statement reasonably satisfactory to Seller and Purchaser in form and substance (the " Final Closing Statement ") setting forth the final determination of the adjustments and prorations provided for herein and setting forth any items which are not capable of being determined at such time (and the manner in which such items shall be determined and paid), if any. If no adjustments or prorations are required, then the Preliminary Closing Statement shall be deemed to be the Final Closing Statement. The net amount due Seller or Purchaser, if any, by reason of adjustments to the Preliminary Closing Statement as shown in the Final Closing Statement, shall be paid in cash by the Party obligated therefor within five (5) business days following that Party's receipt of the approved Final Closing Statement. The adjustments, prorations and determinations agreed to by Seller and Purchaser in the Final Closing Statement shall be conclusive and binding on the Parties hereto except for any items which are not capable of being determined at the time the Final Closing Statement is agreed to by Seller and Purchaser, which items shall be determined and paid in the manner set forth in this Section 7 and except for other amounts payable pursuant to this Agreement pursuant to provisions which survive the Closing other than this Section 7. Prior to and following the Closing Date, each Party shall provide the other with such information as the other shall reasonably request (including, without limitation, access to the books, records, files, ledgers, information and data with respect to the Property and the Excess Development Rights during normal business hours upon reasonable advance notice) in order to make the preliminary and final adjustments and prorations provided for herein.

(g) The provisions of this Section 7 shall survive the Closing.

8. CANTILEVER OF THE NEW BUILDING OVER LOT 58 ; SELLER'S USE OF LOT 58

(a) It is hereby agreed by Seller and Purchaser that, at Purchaser's discretion, the New Building may cantilever over Lot 58, which shall be at least twelve (12) feet above the existing roof of the Lot 58 Existing Building and without structural support from the Lot 58 Existing Building or the Lot 58 Land, and with such rights, limitations, restrictions, easements, licenses, obligations and conditions of the Parties and their respective real property interests as more particularly described in the ZLDA. Accordingly, the Parties agree that, prior to the Closing, the Purchaser, at its sole cost and expense, shall retain a surveyor, engineer or architect to determine the height of such cantilever and all other physical, spatial and structural characteristics required to be set forth in the ZLDA. In addition, Purchaser hereby acknowledges and agrees that Seller shall retain the right to use and access the roof of the Lot 58 Existing Building (below the Fee Above a Plane), subject to the terms and conditions of the ZLDA. Notwithstanding the foregoing, in the event Purchaser determines, in its sole discretion, that the New Building will not need to cantilever over Lot 58, the parties hereto hereby agree to amend the ZLDA to remove such right to cantilever.

(b) Seller represents to Purchaser that Seller owns and currently operates (or permits the operation of) a U-Haul® equipment rental and storage facility, together with associated and ancillary retail uses and operations (including the sale of propane) at the Lot 58 Existing Building.

(collectively, “Seller’s Use”) and that Seller’s Use of Lot 58 is a legal nonconforming use (as defined in the Zoning Resolution) that Seller intends to continue from and after the date of this Agreement. Purchaser agrees that it shall not take any action or actions (each an “Action” and collectively, the “Actions”), directly or through a third party, to prevent, impede, limit, restrict or inhibit Seller (and Seller’s Affiliates) from continuing Seller’s Use of the Lot 58 Existing Building to the extent such use and the manner of use is in compliance with all applicable governmental requirements (the “Affirmative Covenant”). As used in the preceding sentence, the terms Action or Actions include, but are not limited to, initiating or supporting a complaint, notice of violation or similar form or document filed with any governmental agency or court (unless the same asserts that such use or manner of use is not in compliance with all applicable governmental requirements). Purchaser shall set forth in all commercial leases and any condominium offering plans for all or any portion of the New Building (in the event the property is converted to a condominium) a statement that the Lot 58 Existing Building is used by Seller for Seller’s Use and that Purchaser, for itself and with the intent to bind its successors and assigns, has agreed to the Affirmative Covenant. Purchaser further agrees that Purchaser’s agreement to the Affirmative Covenant is a material inducement to Seller’s willingness to enter into this Agreement, and is specifically enforceable by Seller (and Seller’s Affiliates), against Purchaser, its successors and assigns, and that Seller (and Seller’s Affiliates) shall have against Purchaser the right to seek all remedies available at law and in equity (including but not limited to actions for actual damages (specifically excluding, indirect, consequential, exemplary, special and punitive damages) or for mandatory injunctive or declaratory relief) for a breach of the Affirmative Covenant by Purchaser; provided, however, that, in respect of any board of managers, board of directors or other governing body of the condominium and its members and officers, any condominium unit owner, tenant or other occupant of any condominium unit in a Condominium (collectively, the “Condominium Board and Unit Owners/Occupants”), Seller’s remedies against the Condominium Board and Unit Owners/Occupants shall be strictly limited to mandatory injunctive relief and declaratory relief only and Seller (and Seller’s Affiliates) shall not seek or maintain any action for damages of any kind against the Condominium Board and Unit Owner/Occupants. The rights, obligations and covenants of this Section 8(b) shall survive the Closing, the recordation of the Deed and the conveyance and transfer of the Property to Purchaser and shall terminate only upon Seller’s transfer or conveyance of sale or the Owner Tax Parcel or Seller’s interest therein, other than a transfer or conveyance of the Owner Tax Parcel to Seller’s Affiliate.

## 9. COVENANTS

(a) During the period from the date of this Agreement until the Closing Date, Seller shall:

(i) be permitted to enter into any agreements with respect to all or any portion of the Property provided that such agreements expire by their terms on or prior to the Closing Date or may be terminated by the owner of the Property without penalty upon not more than thirty (30) days’ (or less) prior notice;

(ii) maintain in full force and effect the insurance policies currently in effect with respect to the Premises (or replacements continuing similar coverage);

(iii) pay, or make as and when due and payable, all payments of principal and interest and all deposits required to be paid or made under any existing financing for the Property and Lot 58;

(iv) not extend, amend or modify, or consent to the assignment or subletting under, any existing Lease, or enter into any new Lease for space at the Premises;

(v) keep Purchaser informed as to the ongoing operations at the Property and to all “Material” (that is, reasonably expected to influence a Party’s decision to complete the transactions contemplated by this Agreement) developments with respect to the Property or Lot 58 including, without limitation, providing Purchaser copies of all M aterial correspondence received or delivered with respect to the Property or Lot 58, promptly following receipt or delivery;

(vi) not enter into any collective bargaining agreements relating to the Property;

(vii) not affirmatively subject the Property or Lot 58 to any additional mortgages, liens, encumbrances, covenants or easements;

(viii) subject to Seller’s actual knowledge, provide Purchaser notice of all meetings with any court, board, agency, commission, office or other authority of any nature whatsoever for any governmental unit concerning the development or zoning of the Property or Lot 58, and Purchaser shall have the right to attend such meetings and Seller will reasonably cooperate with Purchaser in respect thereof;

(ix) not apply for any zoning change, variance or zoning interpretations for the Property or Lot 58;

(x) not intentionally cause to be created any additional Parties In Interest with respect to Lot 58;

(xi) not further increase the Owner Utilized Development Rights and thereby reduce the Excess Development Rights to be conveyed to Purchaser;

(xii) except as provided in Section 7(c) of this Agreement, not further subdivide or combine any of the Property or Lot 58;

(xiii) not take or authorize any action that would: (i) reduce or adversely affect the Excess Development Rights , (ii) adversely affect either (x) Seller’s ability to convey the Excess Development Rights in accordance with this Agreement or (y) Purchaser’s ability to use the Excess Development Rights under the Declaration and ZLDA or (iii) otherwise adversely affect any rights granted to Purchaser pursuant to the Declaration and/or ZLDA; and

(xiv) not voluntarily appear in opposition to Purchaser in any action brought, sought or defended by Purchaser before the Planning Commission of the City of New York, the New York City Board of Standards and Appeals, DOB, or any other city, state or federal agency, arising out of or in connection with any zoning or variance applications relating to the New Building and the incorporation of the Excess Development Rights in the New Building, so long as same are consistent with the ZLDA and Declaration .

(b) Purchaser shall have the right (as a contract vendee) prior to the Closing Date, to make application (and shall thereafter diligently prosecute such application) to any governmental authority or utility for such licenses, permits, approvals, certificates, rulings or amendments (collectively, “Approvals”) as Purchaser, in its sole discretion, deems necessary or desirable in connection with the development of the New Building. Seller agrees, at Purchaser’s sole cost and expense, to cooperate with Purchaser in all reasonable respects in connection with the development of the New Building, (but not to provide any written consent or Seller-signed application) in connection with the filing and prosecution of applications for the Approvals and any other governmental approvals (including, without limitation, other zoning and variance applications) required therefor ; provided that if the Closing does not occur, at Seller’s request, Purchaser shall, at Purchaser’s sole cost and expense, immediately withdraw any applications for the Approvals . Notwithstanding the foregoing, (i) any filing with DOB shall require Seller’s prior written consent, which may not be unreasonably withheld; and (ii) any filing by Purchaser with the Planning Commission of the City of New York or the New York City Board of Standards and Appeals that requires Seller’s consent shall be as a contract vendee and shall either permit Seller to withdraw its consent if the Closing does not occur or shall not be binding on Seller or the Property.

(c) Subject to Seller’s reasonable consent and upon not less than thirty (30) days’ prior written notice, Purchaser will have the right to merge additional properties into the zoning lot that includes the Seller Land and the Purchaser Land in order to create a larger zoning lot, as permitted by the Zoning Resolution. Seller will reasonably cooperate with Purchaser in the creation of a new or enlarged zoning lot permitted by the Zoning Resolution.

(d) Purchaser shall use commercially reasonable efforts to obtain, and shall diligently pursue, DOB approval of the ZRD1- Zoning Resolution Determination Form attached hereto as Exhibit 4 (“ZRD1”) within ninety (90) days of its execution of this Agreement (the “ZRD Deadline”), evidenced in a signed writing issued by DOB in the form commonly used by DOB, which ZRD1 has been submitted to DOB by Purchaser prior to the date of this Agreement. If Purchaser does not receive such approval on or before the expiration of the ZRD Deadline, Purchaser shall have the right to terminate this Agreement (the “Termination Option”). Purchaser shall be deemed to have exercised the Termination Option unless, on or before the expiration of the ZRD Deadline , Purchaser shall deliver to Seller written notice of Purchaser’s waiver of the right to exercise the Termination Option (herein called the “Termination Waiver Notice”). If Purchaser exercises the Termination Option or is deemed to have exercised the Termination Option, this Agreement shall automatically be terminated on and as of the ZRD Deadline , and Escrow Agent shall upon written demand from Purchaser immediately refund the Deposit to Purchaser, and both parties shall be relieved from any further liability hereunder except for those obligations and agreements which expressly survive termination of this Agreement. In the event this Agreement has not terminated pursuant to this Section 9(d), this condition (whether or not such approval has been issued or obtained) shall be deemed unconditionally waived by Purchaser and the Deposit shall thereafter be non-refundable to Purchaser; provided, however, the Deposit shall be refundable as expressly set forth in this Agreement.

10. CONDITIONS TO CLOSING.

(a) Conditions to Obligations of Seller. The obligation of Seller to effect the Closing shall be subject to the fulfillment or written waiver by Seller at or prior to the Closing Date of the following conditions:

(i) Board Approval. Seller's Board of Directors ("BOD") shall have approved the transaction represented by this Agreement, in the Board's sole discretion, on or before the ZRD Deadline. Seller shall promptly advise Purchaser of the BOD's approval or disapproval, and in the event of the BOD's disapproval, this Agreement shall automatically terminate and be of no further force and effect, the Initial Deposit shall be returned to Purchaser, and neither Party shall have any further rights or responsibilities under or arising from this Agreement (except for obligations and agreement arising under this Agreement that are expressly stated to survive the termination of this Agreement).

(ii) Representations and Warranties. The representations and warranties of Purchaser contained in this Agreement shall be true and correct in all material respects as of the Closing Date, as though made at and as of the Closing Date.

(iii) Performance of Obligations. Purchaser shall have in all material respects performed all obligations required to be performed by it under this Agreement on and prior to the Closing Date, including payment of the full Purchase Price.

(iv) Bankruptcy. No action or proceeding shall have been commenced by or against Purchaser under the federal bankruptcy code or any state law for the relief of debtors or for the enforcement of the rights of creditors.

(v) Litigation. On the Closing Date, there must be no litigation or pending, seeking to enjoin Purchaser's consummation of the transactions described in this Agreement.

(vi) Delivery of Documents. Each of the documents required to be delivered by Purchaser at Closing shall have been delivered as provided herein.

(vii) Use of Lot 58 and Owner Utilized Development Rights. There shall be no Material change in any zoning or land use resolutions with respect to Lot 58 or the Owner Utilized Development Rights as existing as of the date of this Agreement.

(b) Conditions to Obligations of Purchaser. The obligations of Purchaser to effect the Closing shall be subject to the fulfillment or written waiver by Purchaser at or prior to the Closing Date of the following conditions:

(i) Representations and Warranties. The representations and warranties of Seller contained in this Agreement shall be true and correct in all material respects as of the Closing Date, as though made at and as of the Closing Date.

(ii) Performance of Obligations. Seller shall have in all material respects performed all obligations required to be performed by Seller under this Agreement on and prior to the Closing Date.

(iii) Delivery of Documents. Each of the documents required to be delivered by Seller at Closing shall have been delivered as provided herein.

(iv) Leases. On the Closing Date, the Property shall be delivered to Purchaser unoccupied, untenanted and free of all leases, licenses and other occupancy agreements demising space at the Premises (collectively, "Leases").

(v) Title. Title to the Premises will be conveyed to Purchaser subject only to the Permitted Encumbrances. The Excess Development Rights will be transferred to Purchaser free and clear of all liens, encumbrances, Violations and unpaid real estate taxes, assessments and water and sewer charges. The Title Company shall be willing to (x) insure title to the Property pursuant to a standard owner's form of Policy of Title Insurance in the amount of the Purchase Price at regular rates and without additional premium, subject only to the Permitted Exceptions and (y) issue a Development Rights Endorsement appended to such policy for the Excess Development Rights being transferred to Purchaser, without any special premium in excess of standard or customary rates for such Endorsement.

(vi) Contracts. All management agreements with respect to all or any portion of the Property and all service, maintenance, supply and other agreements relating to the operation of the Premises, together with all modifications and amendments thereof and supplements relating thereto (collectively, "Contracts") shall have been terminated and all sums due thereunder shall have been paid by Seller.

(vii) Bankruptcy. No action or proceeding shall have been commenced by or against Seller under the federal bankruptcy code or any state law for the relief of debtors or for the enforcement of the rights of creditors, and no attachment, execution, lien or levy shall have attached to or been issued with respect to Seller's interest in the Property or Lot 58 or any portion thereof.

(viii) Litigation. On the Closing Date, there must be no litigation or pending, seeking (i) to enjoin the consummation of the sale and purchase described in this Agreement or (ii) to recover title to all or any part of the Property or Lot 58, or any interest therein.

(c) Failure of Condition. If any condition to Closing set forth in this Agreement for the benefit of Purchaser is not met (or deemed waived), Purchaser may (a) waive any such condition (if and to the extent such condition can be waived under applicable law) and proceed to Closing on the Closing Date with no offset or deduction against the Purchase Price, or (b) notify Seller of Purchaser's election to terminate this Agreement (in which event Escrow Agent shall immediately return to Purchaser the Deposit upon receipt of written demand from Purchaser); provided, however, if the failure of the condition to be met constitutes, or is the result of, a default by Seller, then Purchaser may exercise any of its remedies under Section 20(b) below.

## 11. CONDITION OF THE PROPERTY; REPRESENTATIONS.

(a) PURCHASER EXPRESSLY ACKNOWLEDGES THAT, EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT AND/OR IN ANY DOCUMENTS AND/OR INSTRUMENTS EXECUTED AND DELIVERED BY OR ON BEHALF OF SELLER IN CONNECTION WITH THIS AGREEMENT (THE "EXPRESS REPRESENTATIONS"), NEITHER SELLER, NOR ANY PERSON ACTING ON BEHALF OF SELLER, NOR ANY

PERSON OR ENTITY WHICH PREPARED OR PROVIDED ANY OF THE MATERIALS REVIEWED BY PURCHASER IN CONDUCTING ITS DUE DILIGENCE, NOR ANY DIRECT OR INDIRECT OFFICER, DIRECTOR, PARTNER, MEMBER, SHAREHOLDER, EMPLOYEE, AGENT, REPRESENTATIVE, ACCOUNTANT, ADVISOR, ATTORNEY, PRINCIPAL, AFFILIATE, CONSULTANT, CONTRACTOR, SUCCESSOR OR ASSIGNEE OF ANY OF THE FOR EGOING PARTIES (SELLER, AND ALL OF THE OTHER PARTIES DESCRIBED IN THE PRECEDING PORTIONS OF THIS SENTENCE (OTHER THAN PURCHASER) SHALL BE REFERRED TO HEREIN COLLECTIVELY AS THE " EXCULPATED PARTIES ") HAS MADE OR SHALL BE DEEMED TO HAVE MADE ANY ORAL OR WRIT TEN REPRESENTATIONS OR WARRANTIES, WHETHER EXPRESSED OR IMPLIED, BY OPERATION OF LAW OR OTHERWISE (INCLUDING WITHOUT LIMITATION WARRANTIES OF HABITABILITY, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE), WITH RESPECT TO (I) THE PROPERTY AND THE EXCESS DEVELOPMENT RIGHTS , (II) THE PERMITTED USE OF THE PROPERTY AND THE EXCESS DEVELOPMENT RIGHTS OR THE ZONING AND OTHER LAWS, REGULATIONS AND RULES APPLICABLE THERETO OR THE COMPLIANCE BY THE PROPERTY AND THE EXCESS DEVELOPMENT RIGHTS THEREWITH, (III) THE REVENUES AND EXPENSES GENERATED BY OR ASSOCIATED WITH THE PROPERTY AND THE EXCESS DEVELOPMENT RIGHTS , (IV) THE AVAILABILITY OR AMOUNT OF ANY TAX CREDITS, OR OTHERWISE RELATING TO THE PROPERTY OR THE EXCESS DEVELOPMENT RIGHTS OR THE TRANSACTIONS CONTEMPLATED HEREIN, (V) THE PHYSICAL CONDITION OF THE PROPERTY, (VI) THE CONDITION OF TITLE TO THE PROPERTY, AND (VII) ANY ENVIRONMENTAL MATTERS WITH RESPECT TO THE PROPERTY, INCLUDING THE PRESENCE OR ABSENCE OF ANY SO-CALLED "HAZARDOUS SUBSTANCES" OR "HAZARDOUS MATERIALS" AS THE SAME MAY BE DEFINED OR UNDERSTOOD TO EXIST UNDER ANY FEDERAL, STATE OR MUNICIPAL LAW, RULE, REGULATION OR ORDINANCE. PURCHASER FURTHER ACKNOWLEDGES THAT, EXCEPT FOR THE EXPRESS REPRESENTATIONS, ALL MATERIALS WHICH HAVE BEEN PROVIDED BY ANY OF THE EXCULPATED PARTIES HAVE BEEN PROVIDED WITHOUT ANY WARRANTY OR REPRESENTATION, EXPRESSED OR IMPLIED AS TO THEIR CONTENT, SUITABILITY FOR ANY PURPOSE, ACCURACY, TRUTHFULNESS OR COMPLETENESS AND PURCHASER SHALL NOT HAVE ANY RE COURSE AGAINST SELLER OR ANY OF THE OTHER EXCULPATED PARTIES IN THE EVENT OF ANY ERRORS THEREIN OR OMISSIONS THEREFROM. PURCHASER IS ACQUIRING THE PROPERTY AND THE EXCESS DEVELOPMENT RIGHTS BASED SOLELY ON ITS OWN INDEPENDENT INVESTIGATION AND INSPECTION OF THE PROPERTY AND THE EXCESS DEVELOPMENT RIGHTS AND NOT IN RELIANCE ON ANY INFORMATION PROVIDED BY SELLER, OR ANY OF THE OTHER EXCULPATED PARTIES, EXCEPT FOR THE REPRESENTATIONS EXPRESSLY SET FORTH HEREIN. PURCHASER EXPRESSLY DISCLAIMS ANY INTENT TO RELY ON ANY SUCH MATERIALS PROVIDED TO IT BY SELLER IN CONNECTION WITH ITS DUE DILIGENCE AND AGREES THAT IT SHALL RELY SOLELY ON ITS OWN INDEPENDENTLY DEVELOPED OR VERIFIED INFORMATION AND THE EXPRESS REPRESENTATIONS.

(b) EXCEPT FOR THE EXPRESS REPRESENTATIONS, PURCHASER ACKNOWLEDGES AND AGREES THAT IT IS PURCHASING THE PROPERTY AND THE EXCESS DEVELOPMENT RIGHTS "AS IS" AND "WITH ALL FAULTS", BASED UPON THE CONDITION OF THE PROPERTY AND THE EXCESS DEVELOPMENT RIGHTS AS OF THE

DATE OF THIS AGREEMENT, REASONABLE WEAR AND TEAR AND, SUBJECT TO THE PROVISIONS OF SECTIONS 12 AND 13 OF THIS AGREEMENT, LOSS BY CONDEMNATION OR FIRE OR OTHER CASUALTY EXCEPTED.

(c) With respect to the Property, but expressly excluding Seller's retained Property, Seller hereby represents and warrants to Purchaser as of the date of this Agreement and as of Closing as follows (each a "Representation"):

- (i) Seller has full power and authority to enter into and perform this Agreement in accordance with its terms. This Agreement and all documents executed by Seller which are to be delivered to Purchaser are, and at the time of Closing will be, duly authorized, executed and delivered by Seller, and at the time of Closing will be the legal, valid and binding obligations of Seller enforceable against Seller in accordance with their respective terms, and do not and, at the time of Closing will not, violate any provision of any agreement or judicial order to which Seller, the Property or Lot 58 is subject.
- (ii) On the Closing Date, the Property shall be vacant and there shall be no Leases in effect.
- (iii) On the Closing Date, the Property shall not be subject to any Contracts.
- (iv) Except as set forth on Schedule E attached hereto, there is no action, suit, litigation, hearing or administrative proceeding pending against Seller, or, to Seller's knowledge, threatened with respect to all or any portion of the Premises or Lot 58 in each case which is not or would not be covered by insurance or which would have a material adverse effect on the proposed use or operation of Premises by Purchaser.
- (v) There are no condemnation or eminent domain proceedings pending, or to Seller's knowledge, threatened against the Premises or Lot 58.
- (vi) There are no collective bargaining, union or employment contracts or agreements (written or oral) affecting the Property and there are no employees of Seller, at the Property or otherwise, who, by reason of any applicable law, or by reason of any collective bargaining, union or other employment contract or agreement, written or otherwise, or any other reason whatsoever, would become employees of Purchaser as a result of the purchase of the Property by Purchaser or for whom Purchaser would be responsible. By its execution of this Agreement, Purchaser is not expressly or implicitly assuming any liability, obligation, cost or expense whatsoever with respect to any employment contract, employee benefit plan or arrangement, employment policy or practice, collective bargaining agreement, union contract, employment related claims whether based on statute, common law, tort or otherwise or any other liability relating in any way to employees.
- (vii) No party other than Purchaser has any conditional or unconditional right and/or option to purchase all or any portion of the Property or Lot 58.
- (viii) Except as set forth on Schedule D attached hereto, no proceedings for certiorari or other proceedings to determine or contest the assessed valuation of the Property have been filed and are pending.

(ix) Except as set forth on Schedule E attached hereto, Seller has not received any written notice from any governmental authority or neighboring, upgradient or downgradient property owner or other third party regarding any non - compliance with or violation of any environmental laws with respect to the Property or Lot 58 or the presence or release of hazardous substances in, on, under, or from, the Property or Lot 58, and during the Seller's ownership of the Property and Lot 58, Seller has not caused any release or a threatened release of hazardous substances to or from the Property or Lot 58.

(x) Seller is not listed in Executive Order 13224 – Blocking Property and Prohibiting Transactions with Persons who Commit, Threaten to Commit or Support Terrorism, as amended (“Executive Order 13224”), and Seller has no present, actual knowledge that any other persons or entities holding any legal or beneficial interest whatsoever in Seller are included in, owned by, controlled by, knowingly acting for or on behalf of, knowingly providing assistance, support, sponsorship or services of any kind to, or otherwise knowingly associated with any of the persons or entities referred to or described in Executive Order 13224, or banned or blocked person, entity, nation or transaction pursuant to any law, order, rule or regulation that is enforced or administered by the Office of Foreign Assets Control.

(xi) Seller is not a “foreign person” within the meaning of Section 1445 of the Internal Revenue Code 1986, as amended, or any regulations promulgated thereunder.

(xii) Seller has not made a general assignment for the benefit of creditors, filed any voluntary petition in bankruptcy in the past ten (10) years or suffered the filing of an involuntary petition by Seller's creditors, suffered the appointment of a receiver to take possession of all, or substantially all, of Seller's assets, suffered the attachment or other judicial seizure of all, or substantially all, of Seller's assets, admitted in writing its inability to pay its debts as they generally come due or made an offer of settlement, extension or composition to its creditors generally. Seller is not insolvent and the consummation of the transactions contemplated by this Agreement shall not render Seller insolvent.

(xiii) Seller has not transferred, or entered into any agreement or option to transfer, the Excess Development Rights or Lot 58 to any other person and/or entity.

(xiv) Seller, during the pendency of this Agreement, shall not undertake any action and/or enter into any agreement which would reduce the amount of Excess Development Rights currently existing for Lot 58.

(xvi) Seller has not made any pending applications and does not know of any pending applications by any of the tenants, if any, in Lot 58 to DOB, or like agency, for permission to make any alterations or improvements to Lot 58 which would increase the floor area of the Lot 58 Existing Building, change its use, be prohibited by the ZLDA if they were in effect as of the date of this Agreement, or otherwise diminish the Excess Development Rights or Purchaser's rights to utilize the Excess Development Rights or incorporate the same into a New Building. For avoidance of doubt, the foregoing shall not prohibit Seller from performing alterations or improvements to the Lot 58 Existing Building, or changing any permitted use of the Lot 58 Existing Building, provided such alterations and/or improvements or change in use do not increase the floor area of the Lot 58 Existing Building.

(xvii) Seller has not and shall not take or authorize any action that would (i) reduce or adversely affect the Excess Development Rights; (ii) adversely affect either (x) Seller's ability to convey the Excess Development Rights in accordance with this Agreement or (y) Purchaser's ability to use the Excess Development Rights under the Declaration and ZLDA ; or (iii) otherwise adversely affect any rights granted to Purchaser pursuant to the Declaration and/or ZLDA.

(xviii) Except with respect to those documents permitted or contemplated to be filed by Purchaser pursuant to this Agreement, Seller has not applied for or executed any documents consenting to any changes in the zoning of Lot 58 or the Property.

Any and all uses of the phrase, "to the Seller's knowledge" or other references to Seller's knowledge in this Agreement shall mean the actual (and not constructive ), present, conscious knowledge of those employees of Seller reasonably charged with such knowledge as to a fact at the time given , without investigation or inquiry.

The representations and warranties of Seller contained i n this Section 11(c) shall survive the Closing until one hundred eighty (180) days following the Closing Date (such date being referred to herein as the " Limitation Date "). Each such representation and warranty shall automatically be null and void and of no further force and effect unless :

(i) on or prior to the Limitation Date, Purchaser shall have delivered a Notice to Seller alleging that Seller shall be in M aterial breach of such representation or warranty and specifying in reasonable detail the natur e of such M aterial breach. Purchaser shall allow Seller thirty (30) days after its Notice within which to cure such M aterial breach or commence to cure such M aterial breach if the same cannot be cured within thirty (30) days after N otice ;and

(ii) i f Sel ler has fail ed to cure such M aterial breach or fail ed to commence to cure such M aterial breach (and thereafter diligently and expeditiously proceed to cure the same), as the case may be, after N otice thereof as provided in subsection (i) above , Purchaser shall promptly have commence d a legal proceeding against Seller alleging that Seller shall be in M aterial breach of such representation or warranty and that Purchaser shall have suffered damages as a result thereof (a " Proceeding "). If Purchas er shall have commenced a Proceeding and a court of competent jurisdiction determine s that (1) Seller was in M aterial breach of any of the applicable representation or warranty and (2) Purchaser suffered actual damages as a result of such M aterial breach ( " Damages "), then Purchaser shall be entitled to receive an amount equal to the Damages; which Seller shall pay to Purchaser within thirty (30) days following the entry of such order and delivery of a copy thereof to Seller (subject to any applicable appeal s by Seller) ; provided, however, that in no event shall any award of Dama ges exceed Five Million Dollars (\$5,000,000) in the aggregate; and further provided that no Damages shall be compensated for consequential, economic or exemplary losses.

(d) Each of the provisions of Section 11 shall survive the Closing, but such survival shall be limited, in the case of the representations and warranties set forth in Section 11(c) (other than Section 11(c)(i)), to the extent set forth therein.

(e) Purchaser hereby represen ts and warrants to Seller, as of the date of this Agreement and as of Closing, that Purchaser has requisite power and authority to enter into and

perform this Agreement in accordance with its terms and this Agreement and all documents executed by Purchaser which are to be delivered to Seller at Closing are, and at the time of Closing will be, duly authorized, executed and delivered by Purchaser and are, and at the time of Closing will be the legal, valid and binding obligations of Purchaser, enforceable against Purchaser in accordance with their respective terms.

(f) Except with respect to any claims arising out of any breach of any Express Representations, Purchaser, for itself and its agents, Affiliates, successors and assigns, hereby releases and forever discharges Seller, its employees, agents, Affiliates, successors and assigns unconditionally for, from and against any and all rights, claims and demands at law or in equity, whether known or unknown at the time of this Agreement, which Purchaser has or may have in the future, arising out of the physical, environmental, economic or legal condition of the Property or the Lot 58 Property, including, without limitation, any claim for indemnification or contribution arising under the Comprehensive Environmental Response, Compensation, and Liability Act (42 U.S.C. Section 9601 et seq.) or any similar federal, state or local statute, rule or ordinance relating to liability of property owners for environmental matters. Notwithstanding anything to the contrary contained in this Agreement, the foregoing release shall not be applicable to Purchaser's right to implead or otherwise seek joinder of or contribution from Seller or any other person or entity with respect to any claims brought against Purchaser by a third party relating to the condition of the Property or the Excess Development Rights prior to the Closing. For the purposes of this Agreement, "Affiliate" means, as applied to any Person, any Person directly or indirectly controlling, controlled by, or under common control with, that person or a blood relative or spouse of such person, if such person is a natural Person. For the purposes of this definition, (i) "control" (including with correlative meaning, the terms "controlling," "controlled by" and "under common control"), as applied to any person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of that Person, whether through the ownership of voting securities, by contract or otherwise; and for purposes of this Agreement, "Person" means and includes natural persons, corporations, limited partnerships, general partnerships, joint stock companies, joint ventures, associations, limited liability companies, limited liability partnerships, limited liability limited partnerships, trusts, land trusts, business trusts or other organizations, whether or not legal entities.

## 12. DAMAGE AND DESTRUCTION.

(a) If all or any part of the Building is damaged by fire or other casualty occurring following the date of this Agreement and prior to the Closing Date, whether or not such damage affects a material part of the Building, then neither Party shall have the right to terminate this Agreement and the Parties shall nonetheless consummate this transaction in accordance with this Agreement, without any abatement of the Purchase Price or any liability or obligation on the part of Seller by reason of said destruction or damage. In such event, Seller shall assign to Purchaser and Purchaser shall have the right to make a claim for and to retain any casualty insurance proceeds under the casualty insurance policies in effect with respect to the Premises on account of said physical damage or destruction and Purchaser shall receive a credit from the cash due at Closing for the amount of the deductible on such casualty insurance policy.

(b) The Parties hereby waive the provisions of any statute which provides for a different outcome or treatment in the event of a casualty or a condemnation or eminent domain

proceeding, including, without limitation, Section 5-1311 of the General Obligations Law of the State of New York.

13. CONDEMNATION.

(a) If, prior to the Closing Date, any part of the Premises or Lot 58 is taken (other than a temporary taking), or if Seller shall receive an official notice from any governmental authority having eminent domain power over the Premises or Lot 58 of its intention to take, by eminent domain proceeding, any part of the Premises (a "Taking"), then Purchaser shall have the option, exercisable within twenty (20) business days after receipt of notice of such Taking, time being of the essence, to terminate this Agreement by delivering notice thereof to Seller, whereupon Seller shall return the Deposit (to the extent deposited with Seller, together with any interest earned thereon) to Purchaser and this Agreement shall be deemed canceled and of no further force or effect, and neither Party shall have any further rights or liabilities against or to the other except pursuant to the provisions of this Agreement which are expressly provided to survive the termination of this Agreement. If a Taking shall occur and Purchaser shall not timely elect to terminate this Agreement, then Purchaser and Seller shall commence this transaction in accordance with this Agreement, without any abatement of the Purchase Price or any liability or obligation on the part of Seller by reason of such Taking; provided, however, that, on the Closing Date, (i) Purchaser shall receive a credit against the Purchase Price in the amount of the proceeds of any award or other proceeds of such Taking (only for the Premises and that portion attributable to the Excess Development Rights) which may have been collected by Seller as a result of such Taking, or (ii) if no award or other proceeds shall have been collected, Seller shall deliver to Purchaser an assignment of Seller's right to any such award or other proceeds which may be payable to Seller as a result of such Taking (only for the Premises and that portion attributable to the Excess Development Rights), but excluding Seller's right to (a) severance (or similar) damages attributable to Seller's Retained Property, (b) all federal, state or local relocation (or related or similar) benefits payable to Seller with respect to any property taken; (c) payments for personal or intangible property; (d) payments for business damage or loss of goodwill; and (e) temporary construction easements or other or similar payments for periods prior to Closing.

(b) The provisions of this Section 13 supersede any law applicable to the Premises governing the effect of condemnation in contracts for real property, including, without limitation, Section 5-1311 of the General Obligations Law of the State of New York.

14. BROKERS AND ADVISORS.

(a) Purchaser represents and warrants to Seller that it has not dealt or negotiated with, or engaged on its own behalf or for its benefit, any broker, finder, consultant, advisor, or professional in the capacity of a broker or finder (each a "Broker") in connection with this Agreement or the transactions contemplated hereby. Purchaser hereby agrees to indemnify, defend, pay and hold harmless Seller and the other Seller Related Parties for, from and against any and all claims, demands, causes of action, losses, costs and expenses (including reasonable attorneys' fees, court costs and disbursements) arising from any claim for commission, fees or other compensation or reimbursement for expenses made by Broker engaged by or claiming to have dealt with Purchaser in connection with this Agreement or the transactions contemplated hereby.

(b) Seller represents and warrants to Purchaser that it has not dealt or negotiated with, or engaged on its own behalf or for its benefit, any Broker in connection with this Agreement or the transactions contemplated hereby. Seller hereby agrees to indemnify, defend and hold Purchaser and its direct and indirect shareholders, officers, directors, partners, principals, members, employees, agents, contractors and any successors or assigns of the foregoing, harmless from and against any and all claims, demands, causes of action, losses, costs and expenses (including reasonable attorneys' fees, court costs and disbursements) arising from any claim for commission, fees or other compensation or reimbursement for expenses made by any Broker engaged by or claiming to have dealt with Seller in connection with this Agreement or the transactions contemplated hereby.

(c) The provisions of this Section 14 shall survive the termination of this Agreement or the Closing.

**15. TAX REDUCTION PROCEEDINGS.**

From and after the date of this Agreement until the Closing, Seller shall not commence any new proceeding or proceedings for the reduction of the assessed valuation of the Property without Purchaser's prior written consent (which consent shall not be required for proceedings in Seller's ordinary course of business, unless the proceeding relates to the fiscal year of the Closing or will impact any subsequent fiscal years). Seller is hereby authorized to continue any proceeding or proceedings now pending for the reduction of the assessed valuation of the Property; and Seller shall have the right to withdraw, litigate or settle any such proceedings involving periods prior to the Closing without Purchaser's consent (unless the proceeding relates to the fiscal year of the Closing or will impact any subsequent fiscal years). Purchaser shall be entitled to that portion of any refund relating to the period occurring from and after the Closing. Purchaser and Seller shall each execute all consents, receipts, instruments and documents which may reasonably be requested in order to facilitate settling any proceeding for the tax year in which the Closing Date occurs and collecting the amount of any refund or tax savings. Any refunds or credits due for the periods prior to Purchaser's ownership of the Property shall remain the sole property of Seller. Any refunds or credits due for the periods from and after Purchaser's ownership of the Property shall remain the sole property of Purchaser. Purchaser and Seller agree that all sums payable to tenants under the Leases on account of such tax savings or refund shall be promptly paid to such tenants following receipt of such tax savings or refund. The provisions of this Section 15 shall survive the Closing.

**16. TRANSFER TAXES AND TRANSACTION COSTS.**

(a) At the Closing, Seller and Purchaser shall execute, acknowledge, deliver and file all such returns as may be reasonably necessary to comply with any applicable city, county or state conveyance tax laws and/or New York real estate conveyance tax laws (collectively, as the same may be amended from time to time, the "Transfer Tax Laws"). The transfer taxes payable pursuant to the Transfer Tax Laws shall collectively be referred to as the "Transfer Taxes". On the Closing Date, Seller will pay to the appropriate Party the Transfer Taxes payable under the Transfer Tax Laws in connection with the consummation of the transactions contemplated by this Agreement.

(b) Seller shall be responsible for (i) the costs of its legal counsel, advisors and other professionals employed by it in connection with the sale of the Property and the Excess

Development Rights and (ii) any recording fees relating to its obligations to remove liens, encumbrances or other title exceptions.

(c) Except as otherwise provided above, Purchaser shall be responsible for (i) the costs and expenses associated with its due diligence, (ii) the costs and expenses of its legal counsel, advisors and other professionals employed by it in connection with the sale of the Property and the Excess Development Rights, (iii) all premiums and fees for title examination and title insurance obtained by Purchaser and all related charges and survey costs in connection therewith, and (iv) any recording fees for documentation to be recorded in connection with the transactions contemplated by this Agreement.

(d) The provisions of this Section 16 shall survive the Closing.

17. DELIVERIES TO BE MADE ON THE CLOSING DATE.

(a) Seller's Documents and Deliveries: On the Closing Date, Seller shall deliver or cause to be delivered to Purchaser the following:

(i) A duly executed and acknowledged bargain and sale deed with covenant against grantor's acts in the form of Exhibit 2;

(ii) [Reserved];

(iii) Originals or, if unavailable, copies, of plans and specifications, technical manuals and similar materials for the Building and the Lot 58 Existing Building to the extent same are in Seller's possession;

(iv) A duly executed certification as to Seller's nonforeign status as prescribed in Section 21, if appropriate, in the form of Exhibit 5;

(v) Duly executed Waiver of Declaration, substantially in the form attached hereto as Exhibit 9 (the "Waiver"), which Waiver shall be executed and delivered, in a form for recording, by all Parties-In-Interest (as defined in the New York City Zoning Resolution) for Lot 58;

(vi) Originals or, if unavailable, copies, of all Premises Documents;

(vii) Originals or, if unavailable, copies, of all permits, licenses and approvals relating to the ownership, use or operation of the Premises (but expressly excluding any books and records relating to Seller's or its Affiliates' business operations on, at and from the Premises), to the extent in Seller's possession;

(viii) Keys and combinations in Seller's possession relating to the operation of the Premises; and

(ix) Evidence reasonably satisfactory to Purchaser that the Contracts which Seller is obligated to terminate have been terminated as of the Closing Date.

(b) Purchaser's Documents and Deliveries: On the Closing Date, Purchaser, shall deliver or cause to be delivered to Seller:

(i) Payment of the Purchase Price in accordance with Section 4 of this Agreement, payable at the Closing, as adjusted for apportionments under Section 7, in the manner required under this Agreement; and

(ii) A duly executed guaranty from The Related Companies, L.P., in the form attached hereto as Exhibit 10.

(c) Jointly Executed Documents: Seller and Purchaser shall, on the Closing Date, each execute, acknowledge (as appropriate) and exchange the following documents:

(i) The returns required under the Transfer Tax Laws, if any, and any other tax laws applicable to the transactions contemplated herein;

(ii) A General Assignment and Assumption Agreement in the form of Exhibit 7;

(iii) A Zoning Lot Development Agreement, substantially in the form attached hereto as Exhibit 6 (the "ZLDA"), with such changes and additions as may be required by the Title Company or required to comply with the requirements of any governmental authority having jurisdiction over Lot 58, provided that such changes and additions are ministerial and do not materially adversely affect Seller or the development potential or value of Seller's Retained Property based on the ZLDA as originally contemplated;

(iv) A Declaration of Zoning Lot Restrictions, substantially in the form attached hereto as Exhibit 8, with such changes and additions as may be required by the Title Company or required to comply with the requirements of any governmental authority having jurisdiction over Lot 58, provided that such changes and additions are ministerial and do not materially adversely affect Seller or the development potential or value of Seller's Retained Property; and

(v) Any other affidavit, document or instrument required to be delivered by Seller or Purchaser pursuant to the terms of this Agreement or reasonably requested by the Title Company.

#### 18. CLOSING DATE.

The closing (the "Closing") of the transactions described in this Agreement shall occur, and the documents referred to in Section 17 shall be delivered upon tender of the Purchase Price provided for in this Agreement, at 10:00 a.m., eastern time, on April 7, 2016 (such closing date, the "Scheduled Closing Date"; the actual date of the Closing, the "Closing Date"). Notwithstanding the foregoing, Purchaser shall have the one-time right, upon delivery of an additional deposit in the amount of Five Million and No/100 Dollars (\$5,000,000) (the "Additional Deposit") to Escrow Agent (together with written notice to Seller) not later than sixty (60) days prior to the Scheduled Closing Date, to extend the date for the Closing up to an additional sixty (60) days (the "Extended Closing Date"). The Additional Deposit shall be credited against the Purchase Price in the event of Purchaser's timely compliance with all terms, provisions and conditions of this Agreement. Time is

of the essence as to Seller's and Purchaser's obligation to close the transactions described in this Agreement on the Scheduled Closing Date (as the same may have been extended by act and payment by Purchaser in compliance with this Section 18). The Closing shall take place at the offices of Escrow Agent through an escrow and pursuant to escrow instructions consistent with the terms of this Agreement and otherwise mutually satisfactory to Seller and Purchaser.

19. NOTICES.

All notices, demands, requests or other communications (each a "Notice" or collectively, "Notices") required to be given or which may be given in connection with this Agreement shall be in writing and shall be given by (a) certified mail, return receipt requested, postage prepaid, or (b) national overnight delivery service, next business day delivery, or (c) personal service, addressed as follows:

If to Seller:

AMERCO Real Estate Company  
2727 North Central Avenue  
Phoenix, AZ 85004-1120

with a required copy to:

AMERCO Real Estate Company  
2727 North Central Avenue  
Phoenix, AZ 85004-1120

with a required copy to:

Joshua Stein PLLC  
501 Madison Avenue, Suite 402  
New York, New York 10022

with a required copy to:

Dickinson Wright PLLC  
1850 N Central Avenue, Suite 1400  
Phoenix, AZ 85004-4568

If to Purchaser:

The Related Companies, L.P.  
60 Columbus Circle  
New York, New York 10023

with a required copy to:

Any Notice shall be deemed given on the date of receipt or refusal as indicated on the return receipt, or the receipt of the national overnight delivery service or personal service. A Notice may be given either by a Party or by such Party's attorney. Seller or Purchaser may designate, by not fewer than five (5) business days' Notice given to the others in accordance with the terms of this Section 19, additional or substituted parties to whom Notices should be sent. Communications (including attached files) sent by email or other digital means will not be deemed Notices for the purposes of this Agreement.

20. DEFAULT BY PURCHASER OR SELLER.

(a) If Purchaser shall default in (i) the payment of the Purchase Price or (ii) the performance of any of its other obligations to be performed on the Closing Date and as a result of such default the transaction contemplated by this Agreement shall not close in accordance with this Agreement and, with respect to any default under this clause (ii), such default shall continue for five (5) business days after Notice to Purchaser, then, provided that Seller is not otherwise in material default under this Agreement, Seller's sole remedy by reason thereof shall be to terminate this Agreement and, upon such termination, the Escrow Agent shall release the Deposit to Seller, including all accrued interest thereon, as stated, agreed and liquidated damages for Purchaser's default of this Agreement, it being agreed that the damages by reason of Purchaser's default are difficult, if not impossible, to ascertain, and thereafter Purchaser and Seller shall have no further rights or obligations under this Agreement except for those that are expressly provided in this Agreement to survive the termination of this Agreement.

(b) If (x) Seller shall default in any of its obligations to be performed on the Closing Date or (y) Seller shall default in the performance of any of its obligations to be performed prior to the Closing Date and, with respect to any default under this clause (y), such default shall continue for five (5) business days after Notice to Seller, then, provided that Purchaser is not otherwise in material default under this Agreement, Purchaser as its sole remedy by reason thereof (in lieu of prosecuting an action for damages or proceeding with any other legal course of conduct, the right to bring such actions or proceedings being expressly unconditionally and voluntarily waived by Purchaser) shall have the right subject to the other provisions of this Section 20(b) either (i) no later than thirty (30) days following the Closing Date or any earlier default of Seller alleged by Purchaser, to seek to obtain specific performance of Seller's obligations in this Agreement, and if Purchaser prevails thereunder, Seller shall reimburse Purchaser for all reasonable legal fees, court costs and all other reasonable costs of such action, or (ii) to receive a return of the Deposit from the Escrow Agent. Upon such return and delivery of the Deposit, this Agreement shall terminate and neither Party hereto shall have any further obligations under this Agreement, except for those that are expressly provided in this Agreement to survive the termination of this Agreement.

(c) The provisions of this Section 20 shall survive the termination of this Agreement.

21. FIRPTA COMPLIANCE.

Seller shall comply with the provisions of the Foreign Investment in Real Property Tax Act, Section 1445 of the Internal Revenue Code of 1986 (as amended, "FIRPTA"). Seller acknowledges that Section 1445 of the Internal Revenue Code provides that a transferee of a United States real property interest must withhold tax if the transferor is a foreign person. To inform Purchaser that withholding of tax is not required upon the disposition of a United States real property interest by Seller, Seller hereby represents and warrants that Seller is not a foreign person as that term is defined in the Internal Revenue Code and Income Tax Regulations. On the Closing Date, Seller shall deliver to Purchaser a certification as to Seller's non-foreign status in the form of Exhibit 5, and shall comply with any temporary or final regulations promulgated with respect thereto and any relevant revenue procedures or other officially published announcements of the Internal Revenue Service of the U.S. Department of the Treasury in connection therewith.

22. ENTIRE AGREEMENT.

This Agreement contains all of the terms agreed upon between Seller and Purchaser with respect to the subject matter of this Agreement, and all prior agreements, understandings, representations and statements, oral or written, between Seller and Purchaser are merged into this Agreement. The provisions of this Section 22 shall survive the Closing or the termination of this Agreement.

23. AMENDMENTS.

This Agreement may not be changed, modified or amended, except by an instrument executed by Seller and Purchaser. The provisions of this Section 23 shall survive the Closing or the termination of this Agreement.

24. WAIVER.

No waiver by either Party of any failure or refusal by the other Party to comply with its obligations shall be deemed a waiver of any other or subsequent failure or refusal to so comply. The provisions of this Section 24 shall survive the Closing or the termination of this Agreement.

25. PARTIAL INVALIDITY.

If any term or provision of this Agreement or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Agreement, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Agreement shall be valid and shall be enforced to the fullest extent permitted by law. The provisions of this Section 25 shall survive the Closing or the termination of this Agreement.

26. SECTION HEADINGS.

The headings of the various sections of this Agreement have been inserted only for the purposes of convenience, and are not part of this Agreement and shall not be deemed in any manner to modify, explain, expand or restrict any of the provisions of this Agreement. The provisions of this Section 26 shall survive the Closing or the termination of this Agreement.

27. GOVERNING LAW.

This Agreement shall be governed by the laws of the State of New York without giving effect to conflict of laws principles thereof. The provisions of this Section 27 shall survive the Closing or the termination of this Agreement.

28. PARTIES; ASSIGNMENT AND RECORDING.

(a) This Agreement and the various rights and obligations arising under this Agreement shall (i) inure to the benefit of and be binding upon Seller and Purchaser and their respective successors and permitted assigns and (ii) survive the death or incapacitation of any signatory to this Agreement; provided that none of the representations or warranties made by Seller in this Agreement shall inure to the benefit of any person or entity that may, after the Closing Date, succeed to Purchaser's interest in the Property.

(b) Purchaser may not assign or otherwise transfer this Agreement or any of its rights or obligations in this Agreement or any of the direct or indirect ownership interests in Purchaser, without first obtaining Seller's consent thereto, which consent may be granted, withheld, conditioned or delayed in Seller's sole and absolute discretion. Notwithstanding the foregoing, Purchaser shall have the right at the Closing, without Seller's prior written consent, and at Purchaser's sole cost and expense, to assign its rights and obligations under this Agreement to an Affiliate or designee of Purchaser; provided that the transactions contemplated by this Agreement shall have been consummated.

(c) Neither this Agreement nor any memorandum of this Agreement may be recorded without first obtaining Seller's consent thereto which consent may be granted, withheld, conditioned or delayed in Seller's sole and absolute discretion, except in connection with Purchaser's exercise of its remedies provided for in Section 20(b).

(d) The provisions of Section 28(a) shall survive the Closing or the termination of this Agreement.

29. CONFIDENTIALITY AND PRESS RELEASES.

Purchaser recognizes, agrees and acknowledges that Seller's parent company is a publically-owned and traded entity, and is subject to strict rules regarding the disclosure of information relating to its acts and its transactions (including executory contracts). Accordingly, each Party shall hold in strict confidence (and cause their agents and attorneys to hold in strict confidence) the existence and terms and conditions of this Agreement, all documents and information concerning the other and its business and properties and if the transaction contemplated hereby should not close, such confidence shall be maintained, and all such documents and information (in written form) shall immediately thereafter be returned to the Party originally furnishing the same. No public disclosure, either written or oral, of the existence or terms of this Agreement shall be made by either Purchaser or Seller without the consent of the other, which may be granted or withheld in Seller's sole discretion. The foregoing provision shall not, however, be construed to prohibit any Party from making any disclosures to any governmental authority which it is required to make by law or to prohibit any Party from disclosing to its investors, potential investors, lenders, potential lenders, escrow officers, title insurer, accountants, consultants, advisors, attorneys and other parties involved in evaluating and/or completing the purchase and sale of the Property and the Excess.

Development Rights such terms of this transaction as are customarily disclosed to them in connection with similar acquisitions , so long as a customary nondisclosure form from such third party has been first received, if appropriate . In addition, Purchaser shall be permitted to contact and meet with such governmental authorities as Purchaser deems appropriate with respect to the Premises and Lot 58. Neither Purchaser and Seller shall issue a ny press release s in connection with the sale of the Property and the Excess Development Rights prior to Closing; and after the Closing, any such press release shall (i) not state the consideration paid pursuant to the terms of this Agreement or any other economic terms of this Agreement, without the prior written consent of the other Party , which consent may be granted or withheld in such Party's sole and absolute discretion, and (ii) have been approved by Purchaser prior to its issuance . The provisions of this Section shall survive the Closing and any termination of this Agreement.

30. FURTHER ASSURANCES .

Seller and Purchaser will do, execute, acknowledge and deliver all and every such further acts, deeds, conveyances, assignments, notices, transfers and assurances as may be reasonably required by the other Party (and at the requesting Party 's sole cost and expense), for the better assuring, conveying, assigning, transferring and confirming unto Purchaser the Property and the Excess Development Rights and for carrying out the intentions or facilitating the consummation of this Agreement. The provisions of this Section 30 shall survive the Closing.

31. THIRD PARTY BENEFICIARY .

This Agreement is an agreement solely for the benefit of Seller and Purchaser (and their permitted successors and/or assigns). Except as expressly permitted in this Agreement, no other person, party or entity shall have any rights in this Agreement nor shall any other person, party or entity be entitled to rely upon the terms, covenants and provisions contained herein. The provisions of this Section 31 shall survive the Closing or the termination of this Agreement .

32. JURISDICTION AND SERVICE OF PROCESS .

The Parties hereto agree to submit to personal jurisdiction in the State of New York in any action or proceeding arising out of this Agreement and, in furtherance of such agreement, the Parties hereby agree and consent that without limiting other methods of obtaining jurisdiction, personal jurisdiction over the Parties in any such action or proceeding may be obtained within or without the jurisdiction of any court located in New York County, New York and that any process or notice of motion or other application to any such court in connection with any such action or proceeding may be served upon the Parties by registered or certified mail, return receipt requested to or by personal service at the last known address of the Parties , whether such address be within or without the jurisdiction of any such court. The provisions of this Section 32 shall survive the Closing or the termination of this Agreement .

33. WAIVER OF TRIAL BY JURY .

Seller and Purchaser hereby irrevocably and unconditionally waive any and all right to trial by jury in any action, suit or counterclaim arising in connection with, out of or otherwise relating to this agreement. The provisions of this Section 33 shall survive the closing or the termination of this Agreement .

34. MISCELLANEOUS.

(a) This Agreement may be executed in multiple counterparts, each of which shall be deemed an original and together constitute one and the same instrument.

(b) Any consent or approval to be given in this Agreement (whether by Seller or Purchaser) shall not be effective unless the same shall be given in advance of the taking of the action for which consent or approval is requested and shall be in writing. Except as otherwise expressly provided herein, any consent or approval requested of Seller or Purchaser may be withheld by Seller or Purchaser in its sole and absolute discretion. If a Party has agreed not to unreasonably withhold consent, then that Party shall also not unreasonably delay or condition its consent.

(c) Escrow Agent is hereby designated the "real estate reporting person" for purposes of Section 6045 of the Code and Treasury Regulation 1.6045-4 and any instructions or settlement statement prepared by the Title Company shall so provide. Upon the consummation of the transaction contemplated by this Agreement, the Title Company shall file Form 1099 information return and send the statement to Seller as required under the aforementioned statute and regulation. Seller and Purchaser shall promptly furnish their federal tax identification numbers to the Title Company and shall otherwise reasonably cooperate with the Title Company in connection with the Title Company's duties as real estate reporting person.

(d) Purchaser and Seller agree that, at either Party's election, this transaction shall be structured as an exchange of like-kind properties under Section 1031 of the Internal Revenue Code and the regulations and proposed regulations thereunder. The Party so electing shall be known as the "Electing Party," and the other Party shall be known as the "Non-Electing Party." Seller is hereby deemed the Electing Party, and Purchaser is hereby deemed the Non-Electing Party. The Non-Electing Party shall reasonably cooperate with the Electing Party; it being understood, however, that (a) the Non-Electing Party shall not be required to acquire any property or otherwise be required to take title, or appear in the records of title, to any property as part of the Section 1031 exchange, (b) such exchange shall not delay or alter the Closing Date or otherwise adversely affect the Closing, (c) such exchange shall not directly or indirectly increase the Purchase Price, (d) there is no additional unreimbursed loss, cost, damage, tax, expense or adverse consequence incurred by the Non-Electing Party resulting from, or in connection with, such exchange, and (e) all documents to be executed by the Non-Electing Party in connection with such exchange shall be subject to the approval of the Non-Electing Party, which approval shall not be unreasonably withheld provided that the Electing Party has otherwise fully complied with the terms and provisions of this Section 34(d), and shall expressly state, without qualification, that the Non-Electing Party (x) is acting solely as an accommodating party to such exchange, (y) shall have no liability with respect thereto, and (z) is making no representation or warranty that the transactions qualify as a tax-free exchange under Section 1031 of the Internal Revenue Code or any applicable state or local laws. The Electing Party shall in all events be responsible for all costs and expenses related to the Section 1031 exchange and shall indemnify, defend and hold harmless the Non-Electing Party from and against any and all liability, claims, damages and expenses (including, without limitation, reasonable attorneys' fees and expenses incurred by the Non-Electing Party in connection with its review of the documents reasonably necessary to effect the Electing Party's exchange) actually incurred by the Non-Electing Party and arising out of such Section 1031 exchange.

(e) The provisions of this Section 34 shall survive the Closing or the earlier termination of this Agreement .

35. LITIGATION.

In the event of any litigation between the Parties hereto to enforce any of the provisions of this Agreement or any right of either Party hereto :

(a) The unsuccessful Party to such litigation agrees to pay to the successful Party all costs and expenses, including reasonable attorneys' fees and disbursements, incurred herein by the successful Party in and as part of the judgment rendered in such litigation.

(b) If the litigation is heard in the Commercial Division, New York State Supreme Court, then the Parties consent and agree to application of the Court's accelerated procedures, Uniform Rules for the Supreme and County Courts (Rules of Practice for the Commercial Division, Section 202.70(g), Rule 9).

(c) The Parties shall promptly enter into and submit to the court (with a request to be "so-ordered") a Stipulation and Order for the Production and Exchange of Confidential Information in the form promulgated by the New York City Bar Association Committee on State Courts of Superior Jurisdiction.

36. ADDITIONAL CONDITIONS TO CLOSING.

(a) Seller's Representation Updates. At the Closing, Seller shall deliver an instrument (the " Seller Representation Updates ") advising Purchaser in what respects Seller's representations set forth in this Agreement are inaccurate as of the Closing Date. It shall be a condition precedent to Purchaser's obligations to effect a Closing in accordance with the terms of this Agreement that such Seller Representation Update shall not contain information which: (x) causes any of the representations or warranties made by Seller herein on the date of this Agreement to be false or inaccurate in any material respect as of the date of this Agreement, (y) reflects a material breach of any of Seller's covenants contained herein, or (z) causes there to be a material adverse effect on the value of the Premises or the Excess Development Rights .

(b) Purchaser's Representation Updates. At the Closing, Purchaser shall deliver an instrument (the " Purchaser Representation Updates ") advising Seller in what respects Purchaser's representations set forth in this Agreement are inaccurate as of the Closing Date. It shall be a condition precedent to Seller's obligations to effect a Closing in accordance with the terms of this Agreement that such Purchaser Representation Update shall not contain information which: (x) causes any of the representations or warranties made by Purchaser herein on the date of this Agreement to be false or inaccurate in any material respect as of the date of this Agreement, or (y) reflects a material breach of any of Purchaser's covenants contained herein .

**\*SIGNATURES IMMEDIATELY FOLLOW\***

IN WITNESS WHEREOF, Seller and Purchaser have caused this Agreement to be executed the day and year first above written.

**SELLER:**

**AMERCO REAL ESTATE COMPANY**, a Nevada corporation

By: \_\_\_\_\_  
Name:  
Title: President

**PURCHASER:**

23<sup>RD</sup> AND 11<sup>TH</sup> ASSOCIATES, L.L.C. , a Delaware limited liability company

By: \_\_\_\_\_  
Vice President

The undersigned hereby  
acknowledges and consents  
to the provisions of Section 4 and Section 34(c):

**STEWART TITLE INSURANCE COMPANY**, as Escrow Agent

By: \_\_\_\_\_  
Name:  
Title:

## SCHEDULE A

### Description of the Land

#### Schedule A-1:

**ALL THAT CERTAIN** plot, piece or parcel of land, with the buildings and improvements thereon erected, situate, lying and being in the Borough of Manhattan , County of New York , City and State of New York, bounded and described as follows:

**BEGINNING** at a point on the northerly side of Twenty Second Street, distant six hundred and seventy five feet westwardly from the corner formed by the intersection of the said side of said Street with the westerly side of Tenth Avenue;

**RUNNING THENCE** northwardly and parallel with said Avenue, ninety eight feet nine inches, more or less, to the center line of the block;

**THENCE** westwardly along said center line of the block, fifty feet;

**THENCE** southwardly and parallel with said Avenue, ninety feet nine inches, more or less, to the said side of said Street; and

**THENCE** eastwardly along the said fifty feet to the point or place of **BEGINNING**.

For Information Only: Said premises are known as 555-557 West 22nd Street, New York, NY and designated as Block 694 Lot 5 as shown on the Tax Map of the City of New York , County of New York .

#### Schedule A-2:

**ALL THAT CERTAIN** plot, piece or parcel of land, with the buildings and improvements thereon erected, situate, lying and being in the Borough of Manhattan , County of New York , City and State of New York, distinguished on a map of certain land of Clement C. Moore recoded in the Register's Office in Liber 634 of Conveyances page 411 by the numbers 823 and 824 bounded and described as follows:

**BEGINNING** at a point on the southerly side of 23rd Street, distant 575 feet westerly from the corner formed by the intersection of the said side of said street with the westerly side of 10th Avenue;

**RUNNING THENCE** southerly and parallel with said avenue, 98 feet 9 inches more or less to the center of the block;

**THENCE** westerly along said center of the block, 50 feet;

**THENCE** northerly and parallel with said avenue 98 feet 9 inches more or less to the said southerly side of said street; and

**THENCE** easterly along the same 50 feet to the point or place of **BEGINNING**.

Schedule A

For Information Only: Said premises are known as 548-550 West 23rd Street, New York, NY and designated as Block 694 Lot 60 as shown on the Tax Map of the City of New York, County of New York.

Schedule A-3:

**ALL THAT CERTAIN** plot, piece or parcel of land, with the buildings and improvements thereon erected, situate, lying and being in the Borough of Manhattan, County of New York, City and State of New York, bounded and described as follows:

**BEGINNING** at a point on the southerly side of West 23rd Street, distant 125 feet easterly from the corner formed by the intersection of the southerly side of West 23rd Street and the easterly side of Eleventh Avenue;

**RUNNING THENCE** southerly and parallel with the easterly side of Eleventh Avenue, 197 feet 6 inches to the northerly side of West 22nd Street;

**THENCE** easterly along said northerly side of West 22nd Street, 50 feet;

**THENCE** northerly and parallel with the easterly side of 11th Avenue 197 feet 6 inches to the southerly side of West 23rd Street;

**THENCE** westerly along said southerly side of West 23rd Street, 50 feet to the point or place of **BEGINNING**.

**EXCEPTING THEREFROM** so much of said above described lands as conveyed by U-Haul Co. of Metro-New York, Inc. to Silas Scandel and Antoinette Scandel by deed dated 4/25/1979 and recorded 4/30/1979 in Reel 479 page 1224, said land being more particularly bounded and described as follows:

**BEGINNING** at a point on the Northerly side of West 22<sup>nd</sup> Street distant 125 feet Easterly from the corner formed by the intersection of the said Northerly side of West 22<sup>nd</sup> Street and the Easterly side of Eleventh Avenue;

**RUNNING THENCE** northerly and parallel with the Easterly side of Eleventh Avenue 79 feet 6 inches;

**THENCE** easterly and parallel with the Northerly side of West 22<sup>nd</sup> Street and through a party wall a distance of 50 feet;

**THENCE** southerly parallel with the Easterly side of Eleventh Avenue 79 feet 6 inches to the Northerly side of West 22<sup>nd</sup> Street;

**THENCE** westerly along the said Northerly side of West 22<sup>nd</sup> Street 50 feet to the point or place of **BEGINNING**.

For Information Only: Said premises are known as 552-554 West 23rd Street, New York, NY and designated as Block 694 Lot 61 as shown on the Tax Map of the City of New York, County of New York.

Schedule A

Schedule A-4:

**ALL THAT** six lots of ground which on a map of certain lands of the late Clement C. Moore, situate at Greenwich in the City of New York, recorded in the office of the Register of the County of New York in Liber 634 of Conveyances, Page 411, are designated by the numbers eight hundred and fifteen (815), eight hundred and sixteen (816), eight hundred and seventeen (817), eight hundred and eighteen (818), eight hundred and nineteen (819) and eight hundred and twenty (820), and bounded together as follows:

**BEGINNING** at a point in the southerly side of West 23rd Street, distant six hundred and seventy-five feet (675 ft.) westerly from the corner formed by the intersection of the southerly side of West 23rd Street with the westerly side of 10th Avenue;

**RUNNING THENCE** southerly and parallel with the westerly side of 10th Avenue, ninety-eight feet, eight inches (98 ft. 8 in.) more or less to the center line of the block;

**THEN CE** westerly and along the same one hundred and twenty-five feet (125 ft.) more or less to the easterly side of 11th Avenue;

**THENCE** northerly along the same ninety-eight feet, eight inches (98 ft. 8 in.) more or less to the southerly side of 23rd Street; and

**THENCE** easterly along the same one hundred and twenty-five feet (125 ft.) more or less to the point or place of **BEGINNING**.

For Information Only: Said premises are known as 556-568 West 23rd Street a/k/a 180 11th Avenue, New York, NY and designated as Block 694 Lot 65 as shown on the Tax Map of the City of New York, County of New York.

Schedule A-5:

**ALL THAT CERTAIN** plot, piece or parcel of land, with the buildings and improvements thereon erected, situate, lying and being in the Borough of Manhattan, County of New York, City and State of New York, bounded and described as follows:

**BEGINNING** at a point on the southerly side of 23rd Street, distant 225 feet easterly from the corner formed by the intersection of said southerly side of 23rd Street with the easterly side of 11th Avenue;

**THENCE** southerly and parallel with said 11th Avenue, 98 feet 9 inches to the centre line of the block;

**THENCE** easterly along said centre line of the block, 150 feet;

**THENCE** northerly and parallel with 11th Avenue, 98 feet 9 inches to the southerly side of 23rd Street, and

**THENCE** westerly along the southerly side of 23rd Street, 150 to the point or place of **BEGINNING**.

Schedule A

For Information Only: Said premises are known as 536-546 West 23rd Street, New York, NY and designated as Block 694 Lot 58 as shown on the Tax Map of the City of New York , County of New York .

Schedule A

## SCHEDULE B

### Defined Terms

Additional Deposit	Section 18
Adjourned Closing Date	Section 6(a)(iii)
Affiliate	Section 11(f)
Agreement	Preamble
Apportionment Date	Section 7(a)
Broker	Section 14(a)
Building	Recitals
business day	Section 4(d)
Closing	Section 18
Closing Date	Section 18
Commitment	Section 6(a)(i)
Contracts	Section 10(b)(vi)
Damages	Section 11(c)
Declaration	Section 17(c)(iv)
Deposit	Section 4(a)
Electing Party	Section 34(d)
Escrow Agent	Section 4(a)
Exculpated Parties	Section 11(a)
Extension Payment	Section 18
Existing Survey	Section 5(a)
Express Representations	Section 11(a)
Final Closing Statement	Section 7(f)
FIRPTA	Section 21
Initial Exception	Section 6(a)(ii)
Initial Objections	Section 6(a)(ii)
Land	Recitals
Leases	Section 10(b)(iv)
Limitation Date	Section 11
Lot 58	Recitals
Lot 58 Existing Building	Recitals
Lot 58 Land	Recitals
Material	Section 9(a)(v)
New Closing Notice	Section 6(d)
Non-Electing Party	Section 34(d)
Notices	Section 19
Objection Date	Section 6(a)(ii)
Parties	Preamble

Schedule B- 1

Party	Preamble
Permitted Encumbrances	Section 5
Person	Section 11(f)
Preliminary Closing Statement	Section 7(f)
Premises	Recitals
Premises Documents	Section 3(b)
Proceeding	Section 11(c)
Property	Section 2(a)
Property Taxes	Section 7(a)(i)
Purchase Price	Section 4
Purchaser	Preamble
Purchaser's Representatives	Section 3(a)
Representation	Section 11(c)
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Scheduled Closing Date	Section 18
Seller	Preamble
Seller Knowledge Individual	Section 11(c)
Seller Related Parties	Section 3(e)
Seller's Retained Property	Section 2(d)
Taking	Section 13(a)
Tax Certiorari Proceeding	Section 15
Title Company	Section 6(a)(i)
Title Cure Notice	Section 6(a)(iii)
Title Cure Period	Section 6(a)(iii)
Title Objections	Section 6(a)(i)
Transfer Taxes	Section 16(a)
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Update Objection Date	Section 6(a)(ii)
Updated Survey	Section 6(a)(i)
Utilities	Section 7(e)
Violations	Section 6(c)
Voluntary Liens	Section 6(c)
Waiver	Section 17(a)(v)
ZLDA	Section 17(c)(iii)
ZRD Deadline	Section 9(d)

**SCHEDULE C**

**Intentionally Omitted**

Schedule C

## SCHEDULE D

### Tax Proceedings

Proceedings for certiorari or other proceedings to determine or  
contest the assessed valuation of the Property

Approximately each year, representatives on behalf of Seller have filed applications to contest the actual assessed value of the Property or parcels thereof. The last reduction obtained was for the 2011/2012 tax year, in which Seller secured a reduction in by \$219,950, which resulted in a reduction of \$22,202.42 in property taxes.

Schedule E

## SCHEDULE E

### Environmental Disclosures

**U-HAUL ENVIRONMENTAL DOCUMENTS INDEX  
FOR  
562 WEST 23RD STREET, MANHATTAN, NY 10011**

#### Schedule E

65603

Document Identified as " Proposed (E) Destination/Chelsea Rezoning Legal Correspondence Letter s from Dept. of City Planning ( City of New York and King & Cassell ) - August 6 & 13, 1999 "

2  
32330

Document Identified as " Monitoring Well Sampling Proposal and Cost Estimate for \$1,800.00 – October 4, 1999"

3  
35725

Document Identified as " Site Closure Letter from ATC - May 18, 2000 "

13  
32383

Document Identified as " Spill Incidents Database Search - June 6, 2000 "

2  
65604

Document I dentified as " Legal Correspondence Letter from King & Cassell - July 28, 2000 "

6  
65613

Document Identified as " Legal Correspondence Letter - March 29, 1994, Order on Consent, No. R2-0165-93-09 from King & Cassell - December 28, 2000 "

12  
32390

Document Identified as " Site Investigation Letter Report ( Partial ) – July 30, 2001"

11  
32382

Document Identified as " Site Investigation Report ( Partial ) – July 30, 2001"

14  
32381

Document Identified as " Groundwater Modeling ( Partial ) – December 27, 2001"

8  
366

Document Identified as "Limited Site Investigation of Impact of USTS Removed from Facility Letter Report Requests NFA – July 30, 2001"

11  
2858

Document Identified as "NYSDEC Closure Letter: Division of Environmental Remediation - Spill Response (Spill #9700188) – February 22, 2002

1  
32385

Document Identified as " Letter From Dept. of Environmental Conservation - February 22, 2002 "

1  
32388

Document Identified as " Site Status Letter (Partial) - July 1, 2002 "

7  
32386

Document Identified as " Report on Drum Removal (Partial) - July 5, 2002 "

2  
32389

Document Identified as " Underground Storage Tank Closure and Focused Subsurface Investigation (Partial) - September 27, 2002 "

<u>U-Haul Doc #</u>	<u>Document Description</u>	<u>Total Pages</u>
35726	Document Identified as "U-Haul Corporation New York City Boring Report 1994" issued by American Hi-Tech, Inc.	54
32329	Document Identified as " Site #9 Site Location Maps/ Soil Analytical Results - October 1994"	7
43843	Document Identified as " Tank Removal Letter from Tyree Environmental - April 15, 1997"	1
31600	Document Identified as " Closure Report for the Excavation of Underground Storage Tanks prepared by Tyree Brothers Environmental Services - May 1997 "	27
31606	Document Identified as " Site Assessment Report prepared by Pinnacle Environmental Technologies - July 31, 1997 "	48
31594	Document Identified as " Closure Report for the Excavation of Underground Storage Tanks prepared by Tyree – July 1997"	41
31595	Document Identified as " Groundwater Sampling Report prepared by Pinnacle – August 14, 1998"	20
31601	Document Identified as " Quarterly Groundwater Monitoring Report prepared by Pinnacle – February 21, 1999"	22
31603	Document Identified as " Quarterly Groundwater Monitoring Report prepared by Pinnacle – April 16, 1999"	22
43837	Document Identified as " Proposed E Designation from King & Cassell, P.C. - June 30, 1999 "	70
31599	Document Identified as " Quarterly Groundwater Monitoring Report prepared by Pinnacle – July 15, 1999"	21

## Schedule E

38003	Document Identified as "No Further Remediation Letter from the NYSDEC Pertaining to Spill No. 0205608 – December 10, 2002"	4
32384	Document Identified as "Letter From Dept. of Environmental Conservation - December 10, 2002"	1
2854	Document Identified as "NYSDEC Closure Letter Division of Environmental Remediation - Spill Response (Spill#0205608)" – December 10, 2002	1
4845	Document Identified as "No Further Action Required Letter – USTs" - December 10, 2002	4
4269	Document Identified as " Sanborn Historic Insurance Maps for Site"	3
4268	Document Identified as "Environmental History UST Activity On-Site Memo" – July 1, 2002	3
32102	Document Identified as "ATC Phase I Environmental Site Assessment "	79
36039	Document Identified as "Proposal from ERM in the Amount of \$15,800.00 for the Closure of a 5,000 Gallon Tank – September 21, 2006"	2
39015	Document Identified as "Petroleum Bulk Storage Application (PBS Number 2-084069) Information Correction and Renewal of 2-1,000 Gal. Closed Tanks and 1-5,000 Gal. Never Registered - October 12, 2006 "	2
36862	Document Identified as "Petroleum Bulk Storage Certificate (PBS) for the 5,000 Gallon Tank from NYSDEC - October 12, 2006 "	2
36758	Document Identified as "Monthly Progress Report from ERM - October 2006 "	1
37615	Document Identified as "5,000 Gallon Tank Closure Letter Report from ERM - November 20, 2006"	15
39016	Document Identified as "Petroleum Bulk Storage Application (PBS Number 2-084069) Closure of 1-5,000 Gal. - December 6, 2006"	2

Schedule E

**EXHIBIT 1**

**Escrow Agent's Wire Instructions**

**EXHIBIT 2**

**FORM OF DEED**

THIS INDENTURE, made the day of , 20 15

BETWEEN Amerco Real Estate Company, a Nevada corporation,

party of the first part, and

[ ], a Delaware limited liability company, having an address c/o The Related Companies, L.P., 60 Columbus Circle, New York, New York 10023

party of the second part,

WITNESSETH, that the party of the first part, in consideration of Ten Dollars and other valuable consideration paid by the party of the second part, does hereby grant and release unto the party of the second part, the heirs or successors and assigns of the party of the second part forever,

ALL that certain plot, piece or parcel of land, with the buildings and improvements thereon erected, situate, lying and being in the City of New York, State of New York more particularly described in Schedule A attached hereto. Being the same premises conveyed to the party of the first part from [ ].

TOGETHER with all right, title and interest, if any, of the party of the first part in and to any streets and roads abutting the above described premises to the center lines thereof; TOGETHER with the appurtenances and all the estate and rights of the party of the first part in and to said premises; TO HAVE AND TO HOLD the premises herein granted unto the party of the second part, the heirs or successors and assigns of the party of the second part forever.

AND the party of the first part covenants that the party of the first part has not done or suffered anything whereby the said premises have been encumbered in any way whatever, except as aforesaid.

AND the party of the first part, in compliance with Section 13 of the Lien Law, covenants that the party of the first part will receive the consideration for this conveyance and will hold the right to receive such consideration as a trust fund to be applied first for the purpose of paying the cost of the improvement and will apply the same first to the payment of the cost of the improvement before using any part of the total of the same for any other purpose.

The word "party" shall be construed as if it read "parties" whenever the sense of this indenture so requires.

IN WITNESS WHEREOF, the party of the first part has duly executed this deed the day and year first above written.

**AMERCO REAL ESTATE COMPANY** , a Nevada corporation

By: \_\_\_\_\_  
Name:  
Title: President

STATE OF ARIZONA )

) SS.:

COUNTY OF MARICOPA )

On the \_\_\_ day of \_\_\_\_\_ in the year 2015 before me, the undersigned, personally appeared Carlos Vizcarra , personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her capacity, and that by his/her signature on the instrument, the individual, or the person or ent ity upon behalf of which the individual acted, executed the instrument.

---

Signature and Office of individual  
taking acknowledgment

Bargain and Sale Deed  
With Covenant Against Grantor's Acts

SECTION:  
BLOCK:  
LOT:  
COUNTY: New York  
ADDRESS:

RETURN BY MAIL TO:  
Levitt & Boccio, LLP  
60 Columbus Circle  
20th Floor  
New York, New York 10023  
Attention:

TO

**SCHEDULE A**

**EXHIBIT 3**

[Reserved]

**EXHIBIT 4**

**ZRD1**

0.

**EXHIBIT 5**

**FIRPTA AFFIDAVIT**

Section 1445 of the Internal Revenue Code provides that a transferee of a U.S. real property interest must withhold tax if the transferor is a foreign person. For U.S. tax purposes (including section 1445), the owner of a disregarded entity (which has legal title to a U.S. real property interest under local law) will be the transferor of the property and not the disregarded entity. To inform the transferee that withholding of tax is not required upon the disposition of a U.S. real property interest by Amerco Real Estate Company the undersigned hereby certifies the following on behalf of Amerco Real Estate Company.

1. Amerco Real Estate Company is not a foreign corporation, foreign partnership, foreign trust, or foreign estate (as such terms are defined in the Internal Revenue Code and Income Tax Regulations).
2. Amerco Real Estate Company is not a disregarded entity as defined in § 1.1445-2(b)(2)(iii).
3. Amerco Real Estate Company's U.S. employer identification number is \_\_\_\_\_. ].
4. Amerco Real Estate Company's office is 2727 North Central Avenue, Phoenix, Arizona 85004.

Amerco Real Estate Company understands that this certification may be disclosed to the Internal Revenue Service by the transferee and that any false statement contained herein could be punished by fine, imprisonment, or both.

Under penalties of perjury I declare that I have examined this certification and to the best of my knowledge and belief it is true, correct and complete, and I further declare that I have authority to sign this document on behalf of AMERCO Real Estate Company.

**AMERCO REAL ESTATE COMPANY ,**  
a Nevada corporation

By: \_\_\_\_\_  
Name:  
Title: President

\_\_\_\_\_, 2015

**EXHIBIT 6**

**ZLDA**

**EXHIBIT 7**

**GENERAL ASSIGNMENT AND ASSUMPTION AGREEMENT**

THIS GENERAL ASSIGNMENT AND ASSUMPTION AGREEMENT, made and entered into this \_\_\_\_ day of \_\_\_\_\_, 201\_\_\_\_, between Amerco Real Estate Company, a Nevada corporation, having an address at 2727 North Central Avenue, Phoenix, Arizona 85004 ("Assignor") and \_\_\_\_\_, a Delaware limited liability company, having an address c/o The Related Companies, L.P., 60 Columbus Circle, New York, New York 10023 ("Assignee").

**WITNESSETH:**

Assignor for ten dollars (\$10.00), and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, hereby assigns to Assignee all of Assignor's right, title and interest in, to and under (i) all books, records, and files owned by Assignor and relating solely to the occupancy, use or operation of the real property located at 519 West 27th Street, New York, New York (the "Premises"), but not to any business operation in the Premises or conducted on or from the Premises; (ii) all transferable licenses, approvals, certificates and permits held by Assignor and exclusively relating solely to the occupancy, use or operation of the Premises, but not to any business operation in the Premises or conducted on or from the Premises; (iii) all assignable warranties and guarantees exclusively relating to the occupancy, use or operation of the Premises, and (iv) all other items of intangible personal property owned by Assignor and exclusively relating to the occupancy, use or operation of the Premises (exclusive of the items expressly excluded from Purchaser's due diligence review pursuant to that certain Purchase and Sale Agreement, dated \_\_\_\_ 2015 between Assignor and Assignee (the "Purchase Agreement"); the items set forth in clauses (i) through (iv) above are hereinafter referred to collectively as the "Property Matters");

TO HAVE AND TO HOLD unto Assignee and its successors and assigns to its and their own use and benefit forever.

Assignee hereby expressly assumes the obligations of Assignor in respect of the Property Matters accruing from and after the date hereof.

This Agreement is made by Assignor without recourse and without any expressed or implied representation or warranty whatsoever, except to the extent expressly provided in the Purchase Agreement.

This Agreement inures to the benefit of the parties hereto and their respective successors and assigns.

IN WITNESS WHEREOF, Assignor and Assignee have executed this General Assignment and Assumption Agreement as of the date first above written.

**ASSIGNOR :**

**AMERCO REAL ESTATE COMPANY ,**  
a Nevada corporation

By: \_\_\_\_\_

Name:

Title: President

**ASSIGNEE :**

[\_\_\_\_\_]

By: \_\_\_\_\_

Name:

Title:

**EXHIBIT 8**

**DECLARATION**

**DECLARATION OF ZONING LOT RESTRICTIONS**

AMERCO REAL ESTATE COMPANY, having its principal office at 2727 North Central Avenue, Phoenix, Arizona 85004 (the "Owner") and [23<sup>rd</sup> ASSOCIATES, L.L.C.], having its principal office at c/o The Related Companies, L.P. 60 Columbus Circle, New York, New York 10023 (the "Developer"), (Owner and Developer collectively, the "Declarants") constituting the "parties in interest" (excepting those parties waiving their respective rights to join therein) as defined in Section 12-10(d) of the Zoning Resolution of the City of New York effective December 15, 1961, as amended, with respect to the land known as Lots 5, 58, 60, 61, 65, [and 9058] in Block 694 on the Tax Map of the City, County and State of New York, do hereby declare that the above-described tracts of land known as and by, respectively, the street addresses 555 West 22<sup>nd</sup> Street, 536 West 23<sup>rd</sup> Street, 548 West 23<sup>rd</sup> Street, 552 West 23<sup>rd</sup> Street, 170 11<sup>th</sup> Avenue, and 536 West 23<sup>rd</sup> Street, New York, New York, as more particularly described in **Exhibit A** attached hereto, are one zoning lot (the "Combined Zoning Lot") for the purpose of and in accordance with the provisions of the aforementioned Zoning Resolution and shall have the effect therein set forth.

If Developer shall add other parcels of real property to the Combined Zoning Lot so as to create an enlarged zoning lot for the purposes of and in accordance with the provisions of the Zoning Resolution, Owner shall, by executing this Declaration, be deemed to automatically and without any further action on its part to have consented to and waived its right to execute such new, amended, modified, or replacement declaration, regardless of whether Owner executes such new, amended, modified or replacement Declaration.

This Declaration constitutes a covenant running with the land and shall bind and inure to the benefit of the Declarants, their respective successors and assigns and every party now or hereafter acquiring any right, title or interest therein or in any part thereof. No breach of this Declaration by any of the Declarants shall affect the treatment of the interests in the property subject to this Declaration as one zoning lot, and this Declaration may be executed in counterparts, each of which shall be an original and all of which shall constitute one and the same instrument.

IN WITNESS WHEREOF, the declarants have executed this instrument this \_\_\_\_\_ day of \_\_\_\_\_, 2015.

AMERCO REAL ESTATE COMPANY

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

23<sup>RD</sup> AND 11<sup>TH</sup> ASSOCIATES, L.L.C.

By: \_\_\_\_\_  
Name:  
Title:

STATE OF NEW YORK )

) ss.:

COUNTY OF NEW YORK )

On the \_\_\_\_ day of \_\_\_\_\_, 2015 before me, the undersigned, a notary in and for said state, personally appeared \_\_\_\_\_, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity and that by his/her/their signature(s) on the instrument, the individual, or the person upon behalf of which the individual(s) acted, executed the instrument.

Notary Public

STATE OF NEW YORK )

) ss.:

COUNTY OF NEW YORK )

On the \_\_\_\_ day of \_\_\_\_\_, 2015 before me, the undersigned, a notary in and for said state, personally appeared \_\_\_\_\_, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity and that by his/her/their signature(s) on the instrument, the individual, or the person upon behalf of which the individual(s) acted, executed the instrument.

Notary Public

[Acknowledgement Page to Declaration of Zoning Lot Restrictions]

**EXHIBIT A**

**Legal Description of the Combined Zoning Lot**

**EXHIBIT 9**

**WAIVER**

**DECLARATION OF ZONING LOT RESTRICTIONS**

AMERCO REAL ESTATE COMPANY, having its principal office at 2727 North Central Avenue, Phoenix, Arizona 85004 (the "Owner") and [23<sup>rd</sup> ASSOCIATES, L.L.C.], having its principal office at c/o The Related Companies, L.P. 60 Columbus Circle, New York, New York 10023 (the "Developer"), (Owner and Developer collectively, the "Declarants") constituting the "parties in interest" (excepting those parties waiving their respective rights to join therein) as defined in Section 12-10(d) of the Zoning Resolution of the City of New York effective December 15, 1961, as amended, with respect to the land known as Lots 5, 58, 60, 61, 65, [and 9058] in Block 694 on the Tax Map of the City, County and State of New York, do hereby declare that the above-described tracts of land known as and by, respectively, the street addresses 555 West 22<sup>nd</sup> Street, 536 West 23<sup>rd</sup> Street, 548 West 23<sup>rd</sup> Street, 552 West 23<sup>rd</sup> Street, 170 11<sup>th</sup> Avenue, and 536 West 23<sup>rd</sup> Street, New York, New York, as more particularly described in **Exhibit A** attached hereto, are one zoning lot (the "Combined Zoning Lot") for the purpose of and in accordance with the provisions of the aforementioned Zoning Resolution and shall have the effect therein set forth.

If Developer shall add other parcels of real property to the Combined Zoning Lot so as to create an enlarged zoning lot for the purposes of and in accordance with the provisions of the Zoning Resolution, Owner shall, by executing this Declaration, be deemed to automatically and without any further action on its part to have consented to and waived its right to execute such new, amended, modified, or replacement declaration, regardless of whether Owner executes such new, amended, modified or replacement Declaration.

This Declaration constitutes a covenant running with the land and shall bind and inure to the benefit of the Declarants, their respective successors and assigns and every party now or hereafter acquiring any right, title or interest therein or in any part thereof. No breach of this Declaration by any of the Declarants shall affect the treatment of the interests in the property subject to this Declaration as one zoning lot, and this Declaration may be executed in counterparts, each of which shall be an original and all of which shall constitute one and the same instrument.

IN WITNESS WHEREOF, the declarants have executed this instrument this \_\_\_\_\_ day of \_\_\_\_\_, 2015.

AMERCO REAL ESTATE COMPANY

By: \_\_\_\_\_  
Name:  
Title:

23<sup>RD</sup> ASSOCIATES, L.L.C.

By: \_\_\_\_\_  
Name:  
Title:

STATE OF NEW YORK )

) ss.:

COUNTY OF NEW YORK )

On the \_\_\_\_ day of \_\_\_\_\_, 2015 before me, the undersigned, a notary in and for said state, personally appeared \_\_\_\_\_, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity and that by his/her/their signature(s) on the instrument, the individual, or the person upon behalf of which the individual(s) acted, executed the instrument.

Notary Public

STATE OF NEW YORK )

) ss.:

COUNTY OF NEW YORK )

On the \_\_\_\_ day of \_\_\_\_\_, 2015 before me, the undersigned, a notary in and for said state, personally appeared \_\_\_\_\_, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity and that by his/her/their signature(s) on the instrument, the individual, or the person upon behalf of which the individual(s) acted, executed the instrument.

Notary Public

[Acknowledgement Page to Declaration of Zoning Lot Restrictions]

**EXHIBIT A**

**Legal Description of the Combined Zoning Lot**

## EXHIBIT 10

### TRCLP GUARANTY

#### GUARANTY

**THIS GUARANTY** (this “Guaranty”) is made and entered into effective as of this \_\_\_\_ day of \_\_\_\_\_ 2015 by THE RELATED COMPANIES L.P., a New York limited partnership (“Guarantor”), having an address at 60 Columbus Circle, New York, New York 10023 and being an affiliate of 23<sup>rd</sup> ASSOCIATES, L.L.C., a New York limited liability company (the “Developer”) in favor of AMERCO REAL ESTATE COMPANY, a Nevada corporation (“Owner”) having an address at 2727 North Central Avenue, Phoenix, Arizona 85004.

#### **RECITALS:**

**WHEREAS**, Owner is the owner in fee title of certain land, with the buildings and improvements thereon, known as 536 West 23<sup>rd</sup> Street, New York, New York, and identified on the Tax Map of the City, County, and State of New York (the “Tax Map”) as Block 694, Lot 58 (the “Owner Land”); said buildings and improvements, together with any future replacements, additions or alterations thereto being referred to hereinafter collectively as “Owner Building”; and the Owner Land and the Owner Building are herein collectively referred to as the “Owner Premises”;

**WHEREAS**, Developer is the owner in fee title of certain land and air, with the buildings and improvements thereon, known as 555 West 22<sup>nd</sup> Street, 548 West 23<sup>rd</sup> Street, 552 West 23<sup>rd</sup> Street, and 170 11<sup>th</sup> Avenue, New York, New York, each respectively identified on the Tax Map as Block 694, Lots 5, 60, 61, 65, and 9058 (the “Developer Land”); said building(s) and structure(s) located thereon as of the date hereof are herein referred to as the “Existing Developer Building”;

**WHEREAS**, Developer is the owner in fee title of that certain fee above a plane located above the Owner Premises, (the “Fee Above a Plane”);

**WHEREAS**, Developer may demolish the Existing Developer Building(s) and construct a new building (the “New Developer Building”), and construct other improvements associated with such new building (the Existing Developer Building and the New Developer Building, together with any additions thereto or future alterations thereto or replacements, repairs or rebuilding thereof not prohibited by the provisions of this Agreement, are herein collectively referred to as “Developer Building”); Developer Land, Developer Building and Fee Above a Plane, are herein collectively referred to as the “Developer Premises”);

**WHEREAS** Owner and Developer have entered into that certain Zoning Lot Development and Easement Agreement, dated of even date hereof (the “ZLDA”), pursuant to which Owner and Developer agreed to (i) limit the Development Rights (as defined in the ZLDA) that may be used in the Owner Premises to the Owner Retained Development Rights (as defined in the ZLDA), and (ii) allow the Developer Premises the exclusive right to and benefit of the Developer Total Development Rights (as defined in the ZLDA);

**WHEREAS**, it is a condition precedent to Owner entering into the ZLDA that certain of Developer’s obligations under the ZLDA, as more specifically set forth herein, be guaranteed by Guarantor; and

**WHEREAS**, Guarantor is willing to guarantee certain of the obligations of Developer under the ZLDA, subject to and only as expressly provided below.

**NOW, THEREFORE**, for good and valuable consideration, the receipt and sufficiency of which is acknowledged by the Guarantor, it is agreed as follows:

#### **ARTICLE 1**

#### **THE GUARANTY .**

1.1. **Guaranty.** Subject to the terms and conditions of this Guaranty, Guarantor hereby unconditionally, absolutely and irrevocably guarantees to Owner the prompt performance of Developer’s indemnification obligations owed to an Indemnified Party (the “Guaranteed Parties”) solely with respect to the indemnification obligations of Developer set forth in Section 9(e) of

the ZLDA with respect to the Construction Work, subject to the terms, conditions and limitations set forth in the ZLDA and this Guaranty (the “Guaranteed Obligations”).

1.2. Termination of Guaranty. Guarantor’s obligations under this Guaranty shall fully cease and terminate and be automatically be discharged without necessitating that any further action be taken, upon the first to occur of (i) the sixth (6th) anniversary of the date of issuance of a temporary certificate of occupancy for the New Developer Building; or (ii) upon the transfer, sale, or conveyance of the Owner Premises to any person or entity other than an Affiliate (as defined in the ZLDA) of Owner (the “Termination Date”). The parties expressly agree and acknowledge that Guarantor’s Obligations under this Guaranty shall not include, and Guarantor shall not have any liability to any Guaranteed Parties for, any loss, damage, or liability first arising or accruing after the issuance of a certificate of occupancy.

1.3. Payment and Performance by Guarantor. Guarantor agrees that upon the failure of Developer to perform or pay any of the Guaranteed Obligations when and as such become due, Guarantor shall forthwith defend, indemnify and hold harmless the Guaranteed Parties in accordance with Section 9(e) of the ZLDA as when due and owing to the Guaranteed Parties pursuant to Section 9(e) of the ZLDA. Notwithstanding anything contained herein to the contrary (i) nothing contained herein shall be construed to increase Guarantor’s obligations beyond the obligations of Developer under the ZLDA; and (ii) the maximum liability of Guarantor hereunder shall in all events be limited to amounts actually received by the Guarantor under the Guarantor’s policies of insurance.

1.4. Benefit of the Guaranty. The provisions of this Guaranty are solely for the benefit of the Guaranteed Parties and no other person or entity.

1.5. No Assignment. Owner may not assign or otherwise transfer its rights or obligations under this Guaranty to any other person or entity, and in such case, the obligations of Guarantor hereunder shall be null and void and of no further force or effect.

## ARTICLE 2

### GENERAL TERMS .

2.1. Amendments; Terms. There shall be no modification of the provisions of this Guaranty unless the modification be in writing and signed by the Guarantor and Owner. The terms utilized in this Guaranty shall have the same meaning as defined in the ZLDA, except as otherwise expressly provided.

2.2. Headings Descriptive. The headings in this Guaranty are for purposes of reference only and shall not otherwise affect the meaning or construction of any provision of this Guaranty.

2.3. Notices. Any notice, approval, request, demand, consent or other communication hereunder (a “Notice”) shall be given pursuant to and at the addresses set forth in the ZLDA with a copy to Guarantor at 60 Columbus Circle, New York, New York 10023, Attention Gregory Gushee.

2.4. Final Expression. This Guaranty is intended by the parties as a final expression of the Guaranty and is intended as a complete and exclusive statement of the terms and conditions thereof.

2.5. Binding Effect. This Guaranty shall bind Guarantor and shall inure to the benefit of the Guaranteed Party.

2.6. Severability. In the event any provision hereof is determined to be invalid or unenforceable, the remaining provisions shall and do remain in full force and effect.

2.7. Applicable Law. This Guaranty shall be construed in accordance with and governed by the laws of the State of New York, without regard to conflict of laws principles.

[ *signature page follows* ]

IN WITNESS WHEREOF, Guarantors have caused this Guaranty to be duly executed and delivered as of the date first above written.

THE RELATED COMPANIES, L.P.

By: \_\_\_\_\_

Name:

Title:

[Signature Page to Guaranty]

## **FIRST AMENDMENT TO PURCHASE AND SALE AGREEMENT**

**THIS FIRST AMENDMENT TO PURCHASE AND SALE AGREEMENT** (this “Amendment”), is made as of the \_\_\_\_day of December 2015, by and between AMERCO REAL ESTATE COMPANY, a Nevada corporation, having an address at 2727 North Central Avenue, Phoenix, Arizona 85004 (“Seller”) and 23RD AND 11TH ASSOCIATES, L.L.C., a Delaware limited liability company, having an address c/o The Related Companies, L.P., 60 Columbus Circle, New York, New York 10023 (“Purchaser”).

### **W I T N E S S E T H:**

**WHEREAS**, Seller and Purchaser are parties to that certain Purchase and Sale Agreement, dated as of October 8, 2015 (the “Agreement”), with respect to the sale, by Seller to Purchaser, of the Property more particularly described therein; and

**WHEREAS**, Seller and Purchaser desire to amend the terms of the Agreement as hereinafter set forth.

**NOW, THEREFORE**, in consideration of the mutual covenants and agreements hereinafter set forth in this Amendment, and in consideration of other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto intending to be legally bound, hereby mutually covenant and agree as follows:

1. **Incorporation of Preamble and Recitals**. The preamble and recitals to this Amendment are incorporated herein by reference and made a part of this Amendment.

2. **Defined Terms**. All capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to such terms in the Agreement.

3. **Independent Consideration**. A portion of the Initial Deposit in the amount of One Million Dollars (\$1,000,000.00) (the “Independent Consideration”) shall be earned by Seller upon execution and delivery of this Amendment by Seller and Purchaser. Seller and Purchaser hereby mutually acknowledge and agree that the Independent Consideration represents adequate bargained for consideration for Seller’s execution and delivery of this Amendment. Upon the Closing or earlier termination of the Agreement (other than due to a Seller default under the Agreement), the Independent Consideration shall be paid to Seller.

4. **Zoning**. Section 9(d) of the Agreement is hereby deleted in its entirety and replaced with the following:

“(d) Purchaser shall, at its sole cost and expense, use commercially reasonable efforts to obtain, and shall diligently pursue, all necessary approvals, certificates, rulings or amendments to permit the development of the New Building as more particularly described in the ZRD1- Zoning Resolution Determination Form attached hereto as Exhibit 4 previously submitted to DOB (the “Required Approvals”), which Required Approvals shall be final beyond appeal and reasonably acceptable to Purchaser (the “Final Approvals”). If Purchaser does not

receive the Final Approvals on or before July 6, 2016 (the “Approval Deadline”), Purchaser shall have the right to extend the Approval Deadline for an additional six (6) month period (the “Approval Deadline Extension”) and Purchaser shall be deemed to have exercised the Approval Deadline Extension unless, on or before the expiration of the Approval Deadline, Purchaser shall deliver to Seller written notice of Purchaser’s waiver of the right to exercise the Approval Deadline Extension. Upon the Approval Deadline Extension, an additional portion of the Initial Deposit in the amount of One Million Dollars (\$1,000,000.00) (the “Additional Independent Consideration”) shall be earned by Seller. Seller and Purchaser hereby mutually acknowledge and agree that the Additional Independent Consideration represents adequate bargained for consideration for such extension. Upon the Closing or earlier termination of the Agreement (other than due to a Seller default hereunder), the Additional Independent Consideration shall be paid to Seller.

If Purchaser does not receive the Final Approvals on or before the Approval Deadline (as the same may be extended), Purchaser shall have the right to terminate this Agreement (the “Termination Option”). Purchaser shall be deemed to have exercised the Termination Option unless, on or before the expiration of the Approval Deadline (as the same may be extended), Purchaser shall deliver to Seller written notice of Purchaser’s waiver of the right to exercise the Termination Option (herein called the “Termination Waiver Notice”). If Purchaser exercises the Termination Option or is deemed to have exercised the Termination Option, this Agreement shall automatically be terminated on and as of the Approval Deadline, and Escrow Agent shall upon written demand from Purchaser immediately refund the Deposit (less the Independent Consideration and, if applicable, the Additional Independent Consideration) to Purchaser, and both parties shall be relieved from any further liability hereunder except for those obligations and agreements which expressly survive termination of this Agreement. In the event this Agreement has not terminated pursuant to this Section 9(d), this condition (whether or not such approval has been issued or obtained) shall be deemed unconditionally waived by Purchaser and the Deposit shall thereafter be non-refundable to Purchaser; provided, however, the Deposit shall be refundable as expressly set forth in this Agreement.”

5. **Closing Date**. Section 18 of the Agreement is hereby deleted in its entirety and replaced with the following:

“18 **Closing Date**.

The closing (the “Closing”) of the transactions described in this Agreement shall occur, and the documents referred to in Section 17 shall be delivered upon tender of the Purchase Price provided for in this Agreement, no later than 3:00 P.M. on the date that is sixty (60) days following Purchaser’s receipt of the Final Approvals (such closing date, the “Scheduled Closing Date”; the actual date of the Closing, the “Closing Date”). Notwithstanding the foregoing, either party shall have the one-time right, upon written notice to the other party, not later than five (5) days prior to the Scheduled Closing Date, to extend the date for the Closing up to an additional

thirty (30) days (the “Extended Closing Date”). Time is of the essence as to Seller’s and Purchaser’s obligation to close the transactions described in this Agreement on the Scheduled Closing Date (as the same may have been extended by act in compliance with this Section 18). The Closing shall take place at the offices of Escrow Agent through an escrow and pursuant to escrow instructions consistent with the terms of this Agreement and otherwise mutually satisfactory to Seller and Purchaser.”

6. **Block 694 Lots 1 and 2**. Seller hereby acknowledges that Purchaser (or its affiliate) (the “Lot 1/2 Buyer”) is currently negotiating with 22nd Street Building, LLC and 164 11th Ave Building, LLC for the purchase of certain property (the “Lot 1/2 Property”) located at 162-164 11<sup>th</sup> Avenue, New York, New York designated as Tax Lots 1 and 2 in Block 694 on the Tax Map of the City of New York, New York County. Notwithstanding anything contained herein or in the Agreement to the contrary, in the event, during the term of the Agreement, the Lot 1/2 Buyer (i) enters into a contract for the purchase of the Lot 1/2 Property (the “Lot 1/2 Contract”) or acquires the Lot 1/2 Property and (ii) the Agreement is thereafter terminated, within ten (10) business days following the termination of the Agreement, Seller shall have the right but not the obligation (in Seller’s sole and absolute discretion) to either assume the Lot 1/2 Contract or purchase the Lot 1/2 Property, as applicable, in such event Seller shall have the right (but not the obligation) to either assume the Lot 1/2 Contract from the Lot 1/2 Buyer or purchase the Lot 1/2 Property from the Lot 1/2 Buyer, as applicable, for an amount equal to the Lot 1/2 Buyer’s actual out-of-pocket costs for the Lot 1/2 Contract or the Lot 1/2 Property, as applicable. The provisions of this Section 6 shall survive any termination of the Agreement.

7. **Continued Force and Effect**. Except as expressly modified herein, all of the terms, covenants and conditions of the Contract remain unmodified and in full force and effect and are hereby ratified and confirmed. In the event of a conflict between the terms of the Agreement and this Amendment, the terms of this Amendment shall control.

8. **Governing Law**. This Amendment shall be governed by and construed and interpreted in accordance with the laws of the State of New York, without giving effect to principles of conflicts of law.

9. **Entire Agreement**. This Amendment contains the entire agreement between the parties respecting the matters herein set forth and supersedes any and all prior agreements between the parties hereto respecting such matters. This Amendment may not be modified or amended except by written agreement signed by both parties.

10. **The Agreement**. Any reference herein to the Agreement and, except insofar as reference to the contrary is made in any future instrument, any future reference to the Agreement made in any such instrument shall be deemed to be a reference to the Agreement, as amended hereby and as it may, from time to time, be hereafter further modified.

11. **Broker**. Each party to this Amendment represents to the other parties that no broker was instrumental in consummating this Amendment and that it had no conversations or negotiations with any broker concerning this Amendment. Each party to this Agreement shall indemnify, defend and hold harmless the other parties from and against any claims for a brokerage commission or other compensation which are made by any broker or other person

claiming to have dealt with it in connection with this Amendment, and all costs, expenses and liabilities in connection therewith, including attorneys' fees and expenses.

12. **Counterparts; Captions Not Binding.** This Amendment may be executed by facsimile or e-mail signatures and in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all of which counterparts together shall constitute but one and the same instrument. The captions in this Amendment are inserted for reference only and in no way define, describe or limit the scope or intent of this Amendment or of any of the provisions hereof.

13. **E-Mail Signature.** Signatures to this Amendment transmitted by e-mail in PDF format shall be valid and effective to bind the party so signing. Each party agrees to promptly deliver an executed original of this Amendment with its actual signature to the other party, but a failure to do so shall not affect the enforceability of this Amendment, it being expressly agreed that each party to this Amendment shall be bound by its own e-mailed signature and shall accept the e-mailed signature of the other party to this Amendment. Delivery of the executed original of this Amendment or any e-mail signature page thereof may be given on behalf of a party by the attorney for such party.

[Remainder of Page Intentionally Left Blank; Signatures Follow on Next Page]

IN WITNESS WHEREOF, for good and valuable consideration, the sufficiency of which is hereby acknowledged and agreed, the parties hereto have executed and delivered this Amendment as of the date first hereinabove set forth.

**SELLER:**

**AMERCO REAL ESTATE COMPANY**

By: \_\_\_\_\_

Name:

Title:

**PURCHASER:**

**23 RD AND 11TH ASSOCIATES, L.L.C.**

By: \_\_\_\_\_

Name:

Title:

## **SECOND AMENDMENT TO PURCHASE AND SALE AGREEMENT**

**THIS SECOND AMENDMENT TO PURCHASE AND SALE AGREEMENT** (this “Amendment”), is made as of the  day of November 2016 , by and between AMERCO REAL ESTATE COMPANY, a Nevada corporation, having an address at 2727 North Central Avenue, Phoenix, Arizona 85004 (“Seller”) and 23RD AND 11TH ASSOCIATES, L.L.C., a Delaware limited liability company, having an address c/o The Related Companies, L.P., 60 Columbus Circle, New York, New York 10023 (“Purchaser”).

### **W I T N E S S E T H:**

**WHEREAS** , Seller and Purchaser are parties to that certain Purchase and Sale Agreement dated as of October 8 , 2015 ( the “PSA” ) , as amended by that certain First Amendment to Purchase and Sale Agreement dated December 16, 2015 (the “First Amendment”; together with the PSA , the “Agreement”), with respect to the sale, by Seller to Purchaser, of the Property more particularly described therein; and

**WHEREAS** , Seller and Purchaser desire to amend the terms of the Agreement as hereinafter set forth.

**NOW, THEREFORE** , in consideration of the mutual covenants and agreements hereinafter set forth in this Amendment, and in consideration of other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto intending to be legally bound, hereby mutually covenant and agree as follows:

1. **Incorporation of Preamble and Recitals** . The preamble and recitals to this Amendment are incorporated herein by reference and made a part of this Amendment.

2. **Defined Terms** . All capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to such terms in the Agreement.

3. **Independent Consideration** . Section 3 of the First Amendment is hereby deleted in its entirety .

4. **Zoning** . Section 9(d) of the Agreement is hereby deleted in its entirety and replaced with the following:

“ (d) Purchaser shall, at its sole cost and expense, use commercially reasonable efforts to obtain, and shall diligently pursue, all necessary approvals, certificates, rulings or amendments to permit the development of the New Building as more particularly described in the ZRD1- Zoning Resolution Determination Form attached hereto as Exhibit 4 previously submitted to DOB (the “Required Approvals”), which Required Approvals shall be final beyond appeal and /or reasonably acceptable to Purchaser (the “Final Approvals”).

If Purchaser does not receive the Final Approvals on or before July 6, 2017 (the “Approval Deadline”), Purchaser shall have the right to terminate this Agreement (the “Termination Option”). Purchaser shall be deemed to have exercised the Termination Option unless, on or before the expiration of the Approval Deadline, Purchaser shall deliver to Seller written notice of Purchaser’s waiver of the right to exercise the Termination Option (herein called the “Termination Waiver Notice”). If Purchaser exercises the Termination Option or is deemed to have exercised the Termination Option, this Agreement shall automatically be terminated on and as of the Approval Deadline, and Escrow Agent shall upon written demand from Purchaser immediately refund the Deposit (less the Independent Consideration (as defined below)) to Purchaser, and both parties shall be relieved from any further liability hereunder except for those obligations and agreements which expressly survive termination of this Agreement. In the event this Agreement has not terminated pursuant to this Section 9(d), this condition (whether or not such approval has been issued or obtained) shall be deemed unconditionally waived by Purchaser and the Deposit shall thereafter be non-refundable to Purchaser; provided, however, the Deposit shall be refundable as expressly set forth in this Agreement.

A portion of the Initial Deposit in the amount of Three Million Dollars (\$3,000,000.00) (the “Independent Consideration”) shall be deemed earned by Seller on the date hereof. Seller and Purchaser hereby mutually acknowledge and agree that the Independent Consideration represents adequate bargained for consideration for the Termination Option. In the event of the termination of this Agreement (other than due to a Seller default hereunder), the Independent Consideration shall be paid to Seller. For avoidance of doubt, upon the Closing the Independent Consideration shall be paid to Seller and applied against the Purchase Price as part of the Initial Deposit as set forth in Section 4(c) hereof.”

5. **Closing Date**. Section 18 of the Agreement is hereby deleted in its entirety and replaced with the following:

“18 **Closing Date**.

The closing (the “Closing”) of the transactions described in this Agreement shall occur, and the documents referred to in Section 17 shall be delivered upon tender of the Purchase Price provided for in this Agreement, no later than 3:00 P.M. on the date that is the earlier of (i) ninety (90) days following Purchaser’s receipt of the Final Approvals or (ii) ninety (90) days following Seller’s receipt of written notice from Purchaser electing to proceed with the Closing (such closing date, the “Scheduled Closing Date”; the actual date of the Closing, the “Closing Date”). Time is of the essence as to Seller’s and Purchaser’s obligation to close the transactions described in this Agreement on the Scheduled Closing Date. The Closing shall take place at the offices of Escrow Agent through an escrow and pursuant to escrow instructions consistent with the terms of this Agreement and otherwise mutually satisfactory to Seller and Purchaser.”

6. **Continued Force and Effect**. Except as expressly modified herein, all of the terms, covenants and conditions of the Contract remain unmodified and in full force and effect.

and are hereby ratified and confirmed. In the event of a conflict between the terms of the Agreement and this Amendment, the terms of this Amendment shall control.

7. **Governing Law**. This Amendment shall be governed by and construed and interpreted in accordance with the laws of the State of New York, without giving effect to principles of conflicts of law.

8. **Entire Agreement**. This Amendment contains the entire agreement between the parties respecting the matters herein set forth and supersedes any and all prior agreements between the parties hereto respecting such matters. This Amendment may not be modified or amended except by written agreement signed by both parties.

9. **The Agreement**. Any reference herein to the Agreement and, except insofar as reference to the contrary is made in any future instrument, any future reference to the Agreement made in any such instrument shall be deemed to be a reference to the Agreement, as amended hereby and as it may, from time to time, be hereafter further modified.

10. **Broker**. Each party to this Amendment represents to the other parties that no broker was instrumental in consummating this Amendment and that it had no conversations or negotiations with any broker concerning this Amendment. Each party to this Agreement shall indemnify, defend and hold harmless the other parties from and against any claims for a brokerage commission or other compensation which are made by any broker or other person claiming to have dealt with it in connection with this Amendment, and all costs, expenses and liabilities in connection therewith, including attorneys' fees and expenses.

11. **Counterparts; Captions Not Binding**. This Amendment may be executed by facsimile or e-mail signatures and in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all of which counterparts together shall constitute but one and the same instrument. The captions in this Amendment are inserted for reference only and in no way define, describe or limit the scope or intent of this Amendment or of any of the provisions hereof.

12. **E-Mail Signature**. Signatures to this Amendment transmitted by e-mail in PDF format shall be valid and effective to bind the party so signing. Each party agrees to promptly deliver an executed original of this Amendment with its actual signature to the other party, but a failure to do so shall not affect the enforceability of this Amendment, it being expressly agreed that each party to this Amendment shall be bound by its own e-mailed signature and shall accept the e-mailed signature of the other party to this Amendment. Delivery of the executed original of this Amendment or any e-mail signature page thereof may be given on behalf of a party by the attorney for such party.

[Remainder of Page Intentionally Left Blank; Signatures Follow on Next Page]

IN WITNESS WHEREOF, for good and valuable consideration, the sufficiency of which is hereby acknowledged and agreed, the parties hereto have executed and delivered this Amendment as of the date first hereinabove set forth.

**SELLER:**

**AMERCO REAL ESTATE COMPANY**

By: \_\_\_\_\_

Name:

Title:

**PURCHASER:**

**23 RD AND 11TH ASSOCIATES, L.L.C.**

By: \_\_\_\_\_

Name:

Title:

### **THIRD AMENDMENT TO PURCHASE AND SALE AGREEMENT**

**THIS THIRD AMENDMENT TO PURCHASE AND SALE AGREEMENT** (this “Amendment”), is made as of the  day of February 2017 , by and between AMERCO REAL ESTATE COMPANY, a Nevada corporation, having an address at 2727 North Central Avenue, Phoenix, Arizona 85004 (“Seller”) and 23RD AND 11TH ASSOCIATES, L.L.C., a Delaware limited liability company, having an address c/o The Related Companies, L.P., 60 Columbus Circle, New York, New York 10023 (“Purchaser”).

#### **W I T N E S S E T H:**

**WHEREAS** , Seller and Purchaser are parties to that certain Purchase and Sale Agreement dated as of October 8 , 2015 ( the “PSA” ) , as amended by that certain First Amendment to Purchase and Sale Agreement dated December 16, 2015 (the “First Amendment” ) , as further amended by that certain Second Amendment to Purchase and Sale Agreement dated November 4, 2016 (the “Second Amendment” ; together with the PSA and the First Amendment , the “Agreement” ), with respect to the sale, by Seller to Purchaser, of the Property more particularly described therein; and

**WHEREAS** , Seller and Purchaser desire to amend the terms of the Agreement as hereinafter set forth.

**NOW, THEREFORE** , in consideration of the mutual covenants and agreements hereinafter set forth in this Amendment, and in consideration of other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto intending to be legally bound, hereby mutually covenant and agree as follows:

1.        **Incorporation of Preamble and Recitals** . The preamble and recitals to this Amendment are incorporated herein by reference and made a part of this Amendment.

2.        **Defined Terms** . All capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to such terms in the Agreement.

3.        **Approval Deadline** . Notwithstanding anything contained in Section 9(d) of the Agreement to the contrary, the parties hereto hereby agree that the Approval Deadline shall be extended to August 22, 2017.

4.        **Closing Date** . Section 18 of the Agreement is hereby deleted in its entirety and replaced with the following:

“18 Closing Date .

The closing (the “Closing”) of the transactions described in this Agreement shall occur, and the documents referred to in Section 17 shall be delivered upon tender of the Purchase Price provided for in this Agreement, no later than 3:00 P.M. on August 22, 2017 (such closing date, the “Scheduled Closing Date”; the actual date of the Closing, the “Closing Date”).

Notwithstanding the foregoing, Seller shall have the one-time right, upon written notice to Purchaser not later than thirty (30) days prior to the Scheduled Closing Date, to extend the date for the Closing up to an additional ninety (90) days. Time is of the essence as to Seller's and Purchaser's obligation to close the transactions described in this Agreement on the Scheduled Closing Date (as the same may have been extended by Seller in compliance with this Section 18). The Closing shall take place at the offices of Escrow Agent through an escrow and pursuant to escrow instructions consistent with the terms of this Agreement and otherwise mutually satisfactory to Seller and Purchaser. "

5. **Continued Force and Effect**. Except as expressly modified herein, all of the terms, covenants and conditions of the Agreement remain unmodified and in full force and effect and are hereby ratified and confirmed. In the event of a conflict between the terms of the Agreement and this Amendment, the terms of this Amendment shall control.

6. **Governing Law**. This Amendment shall be governed by and construed and interpreted in accordance with the laws of the State of New York, without giving effect to principles of conflicts of law.

7. **Entire Agreement**. This Amendment contains the entire agreement between the parties respecting the matters herein set forth and supersedes any and all prior agreements between the parties hereto respecting such matters. This Amendment may not be modified or amended except by written agreement signed by both parties.

8. **The Agreement**. Any reference herein to the Agreement and, except insofar as reference to the contrary is made in any future instrument, any future reference to the Agreement made in any such instrument shall be deemed to be a reference to the Agreement, as amended hereby and as it may, from time to time, be hereafter further modified.

9. **Broker**. Each party to this Amendment represents to the other parties that no broker was instrumental in consummating this Amendment and that it had no conversations or negotiations with any broker concerning this Amendment. Each party to this Amendment shall indemnify, defend and hold harmless the other parties from and against any claims for a brokerage commission or other compensation which are made by any broker or other person claiming to have dealt with it in connection with this Amendment, and all costs, expenses and liabilities in connection therewith, including attorneys' fees and expenses.

10. **Counterparts; Captions Not Binding**. This Amendment may be executed by facsimile or e-mail signatures and in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all of which counterparts together shall constitute but one and the same instrument. The captions in this Amendment are inserted for reference only and in no way define, describe or limit the scope or intent of this Amendment or of any of the provisions hereof.

11. **E-Mail Signature**. Signatures to this Amendment transmitted by e-mail in PDF format shall be valid and effective to bind the party so signing. Each party agrees to promptly deliver an execution original of this Amendment with its actual signature to the other party, but a

failure to do so shall not affect the enforceability of this Amendment, it being expressly agreed that each party to this Amendment shall be bound by its own e-mailed signature and shall accept the e-mailed signature of the other party to this Amendment. Delivery of the executed original of this Amendment or any e-mail signature page thereof may be given on behalf of a party by the attorney for such party.

[Remainder of Page Intentionally Left Blank; Signatures Follow on Next Page]

IN WITNESS WHEREOF, for good and valuable consideration, the sufficiency of which is hereby acknowledged and agreed, the parties hereto have executed and delivered this Amendment as of the date first hereinabove set forth.

**SELLER:**

**AMERCO REAL ESTATE COMPANY**

By: \_\_\_\_\_

Name:

Title:

**PURCHASER:**

**23 RD AND 11TH ASSOCIATES, L.L.C.**

By: \_\_\_\_\_

Name:

Title:

**AMERCO (Nevada)**  
**Consolidated Subsidiaries**

Patriot Truck Leasing, LLC	NV
Picacho Peak Investments Co.	NV
ARCOA Risk Retention Group, Inc.	NV
Repwest Insurance Company	AZ
Republic Claims Service Company	AZ
Ponderosa Insurance Agency, LLC	AZ
RWIC Investments, Inc.	AZ
Oxford Life Insurance Company	AZ
Oxford Life Insurance Agency, Inc.	AZ
North American Insurance Company	WI
Christian Fidelity Life Insurance Company	TX
Amerco Real Estate Company	NV
Amerco Real Estate Company of Alabama, Inc.	AL
Amerco Real Estate Company of Texas, Inc.	TX
Amerco Real Estate Services, Inc.	NV
AREC 905, LLC	DE
Rainbow-Queen Properties, LLC	AZ
One PAC Company	NV
Two PAC Company	NV
Three PAC Company	NV
Eight PAC Company	NV
Ten PAC Company	NV
Eighteen PAC Company	NV
Twenty PAC Company	NV
Twenty-One PAC Company	NV
Nationwide Commercial Co.	AZ
PF&F Holdings Corporation	DE
Fourteen PAC Company	NV
Fifteen PAC Company	NV
AREC Holdings, LLC	DE
AREC 1, LLC	DE
AREC 2, LLC	DE
AREC 3, LLC	DE
AREC 4, LLC	DE
AREC 5, LLC	DE
AREC 6, LLC	DE
AREC 7, LLC	DE
AREC 8, LLC	DE
AREC 9, LLC	DE
AREC 10, LLC	DE
AREC 11, LLC	DE

AREC 12, LLC	DE
AREC 13, LLC	DE
AREC 14, LLC	NV
AREC 15, LLC	NV
AREC 19, LLC	NV
AREC 20, LLC	NV
AREC 21, LLC	NV
AREC 2 2 , LLC	DE
AREC 2 3 , LLC	DE
AREC 2 4 , LLC	DE
AREC 2018, LLC	NV
AREC RW, LLC	DE
41 Haig, LLC	NV
53 Roanoke, LLC	NV
Ariel, Inc	AZ
74-5583 Pawai, LLC	NV
125 Beechwood, LLC	NV
333 Sunrise , LLC	NV
344 Erie, LLC	NV
365 Cherry, LLC	NV
370 Orange Street, LLC	NV
380 Union, LLC	NV
407 Park, LLC	NV
500 Cermack, LLC	NV
560 Waterbury, LLC	NV
5 9 0 National , LLC	DE
1000 13th, LLC	NV
1020 Randolph, LLC	NV
1315 3rd, LLC	NV
1450 Walbridge, LLC	NV
1506 Woodlawn, LLC	DE
CRP Holdings Michael, LLC	DE
1508 Woodlawn, LLC	DE
CRP Holdings Dunleavey, LLC	DE
2160 Erie, LLC	NV
3001 Boxmeer, LLC	NV
3400 MacArthur, LLC	NV
3410 Galena, LLC	DE
3463 Billie Hext, LLC	NV
3700 Bigelow, LLC	NV
4710 Northpark, LLC	NV
5655 Whipple LLC	NV
8250 Hwy 99, LLC	NV
8525 Oso Blanca, LLC	NV
11700 Capitol , LLC	NV
19525 Water, LLC	NV
Foster 81st, LLC	DE

West 16th, LLC	NV
U-Haul International, Inc.	NV
<u>United States:</u>	
A & M Associates, Inc	AZ
Web Team Associates, Inc.	NV
EMove, Inc.	NV
Orange Line Technologies, LLC	NV
U-Haul Business Consultants, Inc	AZ
U-Haul Leasing & Sales Co.	NV
RTAC, LLC	NV
U-Haul R Fleet, LLC	NV
2010 BE-BP-2, LLC	NV
2010 U-Haul S Fleet, LLC	NV
2010 TM-1, LLC	NV
2010 TT-1, LLC	NV
2010 DC-1, LLC	NV
2013 U-Haul R Fleet, LLC	NV
2013 BP, LLC	NV
2013 U-Haul R Fleet 2, LLC	NV
2013 BOA-BE, LLC	NV
2013 U-Haul R Fleet 3 , LLC	NV
2013 NYCB -BE, LLC	NV
U-Box, LLC	NV
U-Haul Moving Partners, Inc.	NV
U-Haul Self-Storage Corporation	NV
U-Haul Self-Storage Management (WPC), Inc.	NV
U-Haul Co. of Alabama, Inc.	AL
U-Haul Co. of Alaska	AK
U-Haul Co. of Arizona	AZ
Boxman Rentals, LLC	NV
U-Haul Titling, LLC	NV
2010 U-Haul Titling 2, LLC	NV
2010 U-Haul Titling 3, LLC	NV
2013 U-Haul Titling 1, LLC	NV
2013 U-Haul Titling 2, LLC	NV
2013 U-Haul Titling 3, LLC	NV
CGAF Holdings, LLC	NV
Casa Grande Alternative Fuel Co., LLC	NV
U-Haul Co. of Arkansas	AR
U-Haul Co. of California	CA
U-Haul Co. of Colorado	CO
U-Haul Co. of Connecticut	CT
U-Haul Co. of District of Columbia, Inc.	DC
U-Haul Co. of Florida	FL
U-Haul Co. of Florida 2, LLC	DE
U-Haul Co. of Florida 3, LLC	DE
U-Haul Co. of Florida 4, LLC	DE
U-Haul Co. of Florida 5, LLC	DE
U-Haul Co. of Florida 8 , LLC	DE
U-Haul Co. of Florida 9 , LLC	DE

U-Haul Co. of Florida 10 , LLC	DE
U-Haul Co. of Florida 905, LLC	DE
U-Haul Co. of Florida 14, LLC	NV
U-Haul Co. of Florida 15, LLC	NV
U-Haul Co. of Florida 19, LLC	NV
U-Haul Co. of Florida 21, LLC	NV
U-Haul Co. of Florida 2 2 , LLC	DE
U-Haul Co. of Florida 23 , LLC	DE
U-Haul Co. of Florida 24 , LLC	DE
U-Haul Co. of Georgia	GA
U-Haul of Hawaii, Inc.	HI
U-Haul Co. of Idaho, Inc.	ID
U-Haul Co. of Illinois, Inc.	IL
U-Haul Co. of Indiana, Inc.	IN
U-Haul Co. of Iowa, Inc.	IA
U-Haul Co. of Kansas, Inc.	KS
U-Haul Co. of Kentucky	KY
U-Haul Co. of Louisiana	LA
U-Haul Co. of Maine, Inc.	ME
U-Haul Co. of Maryland, Inc.	MD
U-Haul Co. of Massachusetts and Ohio, Inc.	MA
Collegeboxes, LLC	MA
U-Haul Co. of Michigan	MI
U-Haul Co. of Minnesota	MN
U-Haul Co. of Mississippi	MS
U-Haul Company of Missouri	MO
U-Haul Co. of Montana, Inc.	MT
U-Haul Co. of Nebraska	NE
U-Haul Co. of Nevada, Inc.	NV
U-Haul Co. of New Hampshire, Inc.	NH
U-Haul Co. of New Jersey, Inc.	NJ
U-Haul Co. of New Mexico, Inc.	NM
U-Haul Co. of New York and Vermont, Inc.	NY
U-Haul Co. of North Carolina	NC
U-Haul Co. of North Dakota	ND
U-Haul Co. of Oklahoma, Inc.	OK
U-Haul Co. of Oregon	OR
U-Haul Co. of Pennsylvania	PA
U-Haul Co. of Rhode Island	RI
U-Haul Co. of South Carolina, Inc.	SC
U-Haul Co. of South Dakota, Inc.	SD
U-Haul Co. of Tennessee	TN
U-Haul Co. of Texas	TX
U-Haul Propane of Texas, LLC	NV
U-Haul Co. of Utah, Inc.	UT
U-Haul Co. of Virginia	VA
U-Haul Co. of Washington	WA
U-Haul Co. of West Virginia	WV
U-Haul Co. of Wisconsin, Inc.	WI
U-Haul Co. of Wyoming, Inc.	WY
UHIL Holdings, LLC	DE

UHIL 1, LLC	DE
UHIL 2, LLC	DE
UHIL 3, LLC	DE
UHIL 4, LLC	DE
UHIL 5, LLC	DE
UHIL 6, LLC	DE
UHIL 7, LLC	DE
UHIL 8, LLC	DE
UHIL 9, LLC	DE
UHIL 10, LLC	DE
UHIL 11, LLC	DE
UHIL 12, LLC	DE
UHIL 13, LLC	DE
UHIL 14, LLC	NV
UHIL 15, LLC	NV
UHIL 16, LLC	NV
UHIL 19, LLC	NV
UHIL 20, LLC	NV
UHIL 21, LLC	NV
UHIL 2 2 , LLC	DE
UHIL 2 3 , LLC	DE
UHIL 2 4 , LLC	DE
UHIL RW , LLC	DE

Canada:

U-Haul Co. (Canada) Ltd. U-Haul Co. (Canada) Ltee	ON
U-Haul Inspections, Ltd.	BC
239 Station (Canada), Ltd.	ON
900 Water (Canada), Ltd.	ON
2100 Norman (Canada), Ltd.	QC
4605 Kent (Canada), Ltd.	ON
9082 Tecumseh (Canada), Ltd.	ON
1508 Walker ( Canada ), Ltd.	ON

**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

AMERCO  
Reno, Nevada

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (No. 33-56571 and 333-215546) of AMERCO and consolidated subsidiaries (the "Company") of our reports dated May 24, 2017, relating to the consolidated financial statements and financial statement schedules, and the effectiveness of the Company's internal control over financial reporting, which appear in this Form 10-K.

/s/ BDO USA, LLP

Phoenix, Arizona  
May 24, 2017

**Rule 13a-14(a)/15d-14(a) Certification**

I, Edward J. Shoen, certify that:

1. I have reviewed this annual report on Form 10-K of AMERCO;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
  - A. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - B. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - C. Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - D. Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
5. The Registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

/s/ Edward J. Shoen

Edward J. Shoen  
President and Chairman of the Board

Date: May 24, 2017

**Rule 13a-14(a)/15d-14(a) Certification**

I, Jason A. Berg, certify that:

- 1.I have reviewed this annual report on Form 10-K of AMERCO;
- 2.Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3.Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
- 4.The Registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
- 5.The Registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

/s/ Jason A. Berg

Jason A. Berg  
Chief Financial Officer

Date: May 24, 2017

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Form 10-K for the year ended March 31, 2017 of AMERCO (the "Company"), as filed with the Securities and Exchange Commission on May 24, 2017 (the "Report"), I, Edward J. Shoen, President and Chairman of the Board of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Edward J. Shoen

Edward J. Shoen  
President and Chairman of the Board

Date: May 24, 2017

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Form 10-K for the year ended March 31, 2017 of AMERCO (the "Company"), as filed with the Securities and Exchange Commission on May 24, 2017 (the "Report"), I, Jason A. Berg, Chief Financial Officer of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- 1)The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and
- 2)The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Jason A. Berg

Jason A. Berg  
Chief Financial Officer

Date: May 24, 2017