

# 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, 2011

or

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

**Commission  
File Number**

**Registrant, State of Incorporation  
Address and Telephone Number**

**I.R.S. Employer  
Identification No.**

1-11255

**AMERCO**

**AMERCO**  
(A Nevada Corporation)  
1325 Airmotive Way, Ste. 100  
Reno, Nevada 89502-3239  
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88-0106815

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

**Registrant**  
AMERCO

**Title of Class**  
Common

**Name of Each Exchange  
on Which Registered**  
NASDAQ

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 Securities 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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) 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: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files.) Yes  No

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

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company

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

The aggregate market value of AMERCO common stock held by non-affiliates on September 30, 2010 was \$588,807,710. 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 June 1, 2011.

Documents incorporated by reference: portions of AMERCO's definitive proxy statement for the 2011 annual meeting of stockholders, to be filed within 120 days after AMERCO's fiscal year ended March 31, 2011, 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" refers 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 centers, through which we rent our trucks and trailers, self-storage rooms 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 1,400 Company operated retail moving centers and approximately 15,000 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 eMove<sup>®</sup> web site.

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 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 need for total large capacity vehicles. We remain focused on reducing waste and are dedicated to manufacturing reusable components and recyclable products. We believe that our commitment to sustainability, through our products and services and everyday operations has helped us to reduce our impact on the environment.

Through Repwest Insurance Company ("Repwest"), our property and casualty insurance subsidiary, 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 annuities and other related products to non U-Haul customers.

#### Available Information

AMERCO and U-Haul are each incorporated in Nevada. U-Haul's internet address is uhaul.com. On AMERCO's investor relations web site, 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"). All such filings on our web site are available free of charge. Additionally, you will find these materials on the SEC's website at 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, 2011, our rental fleet consisted of approximately 101,000 trucks, 82,000 trailers and 33,000 towing devices. This equipment and our U-Haul brand of self-moving products and services are available through our network of managed retail moving centers 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 manufactured by domestic and foreign 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 newer 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 vehicle. 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 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. Our hitches, ball mounts, and hitch balls undergo stringent testing requirements. 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 1,060 locations providing this convenient service. We employ trained, certified personnel to refill all 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. We operate nearly 1,115 self-storage locations in North America, with nearly 411,000 rentable rooms comprising 36.3 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 storage container is delivered to a location of our customer’s choosing. Once the container is filled it can be stored at the customer’s location, or taken to one of our storage facilities 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. For our customers who desire additional coverage over and above the standard Safemove protection, we also offer our Super Safemove product. This package provides the rental customer with a layer of primary liability protection.

Our eMove® web site, eMove.com, is the largest network of customers and independent businesses in the self-moving and self-storage industry. The eMove® network consists of channels where customers, businesses and service providers transact business. The eMove Moving Help marketplace connects “do-it-yourself” movers with independent service providers to assist movers in packing, loading, unloading, cleaning, driving and performing other services. Thousands of independent service providers participate in the eMove® network.

Through the eMove Storage Affiliate Program, independent storage businesses can join the world’s largest self-storage reservation system. Self-storage customers making a reservation through eMove® 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.

### **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.

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***

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

Net revenue from our Moving and Storage operating segment was approximately 88.1%, 90.6% and 91.4% of consolidated net revenue in fiscal 2011, 2010 and 2009, respectively.

During fiscal 2011, the Company placed nearly 16,400 new trucks in service. These replacements were a combination of U-Haul manufactured vehicles and purchases. Typically as new trucks are added to the fleet the Company removes older trucks from the fleet. The total number of rental trucks in the fleet increased during fiscal 2011 as we increased the pace of new additions while trucks removed for retirement and sale were generally consistent with fiscal 2010.

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 effective distribution of the truck and trailer fleets among the over 1,400 Company operated centers and approximately 15,000 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 55% of all U-Move rental revenue originates from the Company operated centers.

At our owned and operated retail centers 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, maintaining longer hours of operation 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.

Our self-moving related products and services, such as boxes, pads and insurance, help our customers have a better moving experience and helps them 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, 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 nearly 411,000 storage rooms, comprising 36.3 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 171,500 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, individually alarmed rooms, extended hour access, and an internet-based customer reservation and account management system.

eMove<sup>®</sup> is an online marketplace that connects consumers to independent Moving Help<sup>™</sup> service providers and over 5,500 independent Self-Storage Affiliates. Our network of customer-rated affiliates provides pack and load help, cleaning help, self-storage and similar services all over North America. Our goal is to further utilize our web-based technology platform to increase service to consumers and businesses in the moving and storage market.

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.

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

Our Property and Casualty Insurance operating segment provides loss adjusting and claims handling for U-Haul through regional offices across North America. Property and Casualty Insurance also underwrites components of the Safemove, Safetow, Super Safemove and Safestor protection packages to U-Haul customers. We continue to focus on increasing the penetration of these products into the moving and storage market. The business plan for Property and Casualty Insurance includes offering property and casualty products in other U-Haul related programs.

Net revenue from our Property and Casualty Insurance operating segment was approximately 1.7%, 1.6% and 1.8% of consolidated net revenue in fiscal 2011, 2010 and 2009, respectively.

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

Our Life Insurance operating segment provides life and health insurance products primarily to the senior market through the direct writing and reinsuring of life insurance, Medicare supplement and annuity policies.



Net revenue from our Life Insurance operating segment was approximately 10.2%, 7.8% and 6.8% of consolidated net revenue in fiscal 2011, 2010 and 2009, respectively.

## **Employees**

As of March 31, 2011, we employed approximately 16,600 people throughout North America with approximately 98% of these employees working within our Moving and Storage operating segment. Approximately 55% of these employees work 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 yellow pages, print and web based advertising as well as trade events, movie cameos of our rental fleet and boxes, and industry and consumer communications. Our rental equipment is our best form of advertisement. We support our independent U-Haul dealers through advertising of 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 efficiency of our rental equipment, by providing added convenience to our retail centers through independent U-Haul dealers, and by expanding the capabilities of our eMove<sup>®</sup> web sites.

A significant driver of U-Haul’s rental transaction volume is our utilization of an online reservation and sales system, through uhaul.com, eMove.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-Town and one-way moving equipment rental market are Avis Budget Group, Inc. and Penske Truck Leasing. Additionally, we have numerous small local competitors throughout North America who compete with us in the In-Town 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., and Sovran Self-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.

## **Recent Developments**

### ***Preferred Stock***

On April 15, 2011 the Company provided notice of the call for redemption of all 6,100,000 shares of its issued and outstanding Series A 8½% Preferred Stock (“Series A Preferred”) at a redemption price of \$25 per share plus accrued dividends through the date of redemption which was June 1, 2011. The total amount paid pursuant to the redemption was \$155.7 million consisting of \$152.5 million for the call price of \$25 per share plus \$3.2 million in accrued dividends.

## **Financial Strength Ratings**

In May 2011, A.M. Best affirmed the financial strength rating of B+ (Good), for Repwest and upgraded their outlook to positive. In April 2011, A.M. Best affirmed the financial strength rating of B++ (Good) for Oxford with a stable outlook.

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

This Annual Report on Form 10-K, contains “forward-looking statements” regarding future events and our future results of operations. We may make additional written or oral forward-looking statements from time to time in filings with the SEC or otherwise. We believe such forward-looking statements are within the meaning of the safe-harbor provisions of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Such statements may include, but are not limited to, projections of revenues, earnings or loss, estimates of capital expenditures, plans for future operations, products or services, financing needs and plans, our perceptions of our legal positions and anticipated outcomes of government investigations and pending litigation against us, liquidity, goals and strategies, plans for new business, storage occupancy, growth rate assumptions, pricing, costs, and access to capital and leasing markets as well as assumptions relating to the foregoing. The words “believe,” “expect,” “anticipate,” “estimate,” “project” and similar expressions identify forward-looking statements, which speak only as of the date the statement was made.

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

## **Item 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 on Form 10-K 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.

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 effect 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, 2011, we had total debt outstanding of \$1,397.8 million and total undiscounted lease commitments of \$398.8 million. Although we believe that additional leverage can be supported by the Company's operations, 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 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 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, 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 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.***

The United States economy has undergone a period of slowdown and unprecedented volatility, which resulted in a recession. It is difficult to gauge the pace of the economic recovery or if such recovery may weaken in the future. Consumer and commercial spending is generally affected by the health of the economy. Our industries, although not as traditionally cyclical as some, could experience significant downturns in connection with or in anticipation of, declines, or sustained lack of recovery, 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, or sustained lack of recovery, in the economy may 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, or 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. While we believe that we have adequate sources of liquidity to meet our anticipated requirement for working capital, debt servicing and capital expenditures through fiscal 2012, 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 program could be adversely affected if financial market conditions limit the general availability of external financing. This could lead to the Company operating trucks longer than initially planned and/or reducing 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 the organization with funds that can be used to purchase new equipment. Conditions may arise that could lead to the decrease in resale values for our used equipment. This could have a material adverse effect on our financial results, which would result in 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 ten 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. 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 seek 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. The Company enters into these arrangements with counterparties that are significant financial institutions with whom we generally have other financial arrangements. We are exposed to credit risk should these counterparties not be able to perform on their obligations. 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.

***We are controlled by a small contingent of stockholders.***

As of March 31, 2011, Edward J. Shoen, President and Chairman of the Board of AMERCO, James P. Shoen, a director of AMERCO, and Mark V. Shoen, an executive officer of U-Haul, collectively are the owners of 9,222,191 shares (approximately 47.0%) of the outstanding common shares of AMERCO. In addition, Edward J. Shoen, James P. Shoen, Mark V. Shoen, Rosmarie T. Donovan (Trustee of the Shoen Irrevocable Trusts) and Dunham Trust Company (Successor Trustee of the Irrevocable "C" Trusts) (collectively, the "Reporting Persons") are parties to a stockholder agreement dated June 30, 2006 in which the Reporting Persons agreed to vote as one as provided in this agreement (the "Stockholder Agreement"). Pursuant to the Stockholder Agreement, a collective 10,896,914 shares (approximately 55.6%) of the Company's common stock are voted at the direction of a majority in interest of the Reporting Persons. For additional information, refer to the Schedule 13Ds filed on July 13, 2006, March 9, 2007 and on June 26, 2009 with the SEC. In addition, 1,568,010 shares (approximately 8.0%) of the outstanding common shares of AMERCO are held by our Employee Savings and Employee Stock Ownership Trust.

As a result of their stock ownership and the Stockholder Agreement, Edward J. Shoen, Mark V. Shoen and James P. Shoen are in a position to significantly influence the business affairs and policies of the Company, including the approval of significant transactions, the election of the members of the Board and other matters submitted to our stockholders. There can be no assurance that the interests of the Reporting Persons will not conflict with the interest of our other stockholders. Furthermore, as a result of the Reporting Persons' voting power, the Company is a "controlled company" as defined in the Nasdaq Listing Rules and, therefore, may avail itself of certain exemptions under Nasdaq rules, including

exemptions from the rules that require the Company to have (i) a majority of independent directors on the Board; (ii) independent director oversight of executive officer compensation; and (iii) independent director oversight of director nominations. Of the above available exemptions, the Company currently avails itself to the exemption from independent director oversight of executive officer compensation, other than with respect to the compensation of the President of AMERCO.

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

At March 31, 2011, we held approximately \$196.2 million of notes receivable from SAC Holding Corporation and its subsidiaries ("SAC Holding Corporation") and SAC Holding II Corporation and its subsidiaries ("SAC Holding II") (collectively "SAC Holdings"), which consist of junior unsecured notes. 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 obligations 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 SAC Holding's senior lenders and our junior unsecured notes. We cannot assure you that SAC Holdings will not default on its loans to its senior lenders or that the value of SAC Holdings 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 a 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 19, 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 and federal 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 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 industries.

***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 and telephone systems. While our reliance on this technology lowers our cost of providing service and expands our abilities to serve, it exposes the Company to various risks including natural and man-made disasters. We have put into place backup systems and alternative procedures to mitigate this risk. However, disruptions or breaches in any portion of these systems could adversely affect our results of operations and financial condition.

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

In April 2011, A.M. Best affirmed the financial strength rating for Oxford, Christian Fidelity Life Insurance Company, North American Insurance Company and Dallas General Life Insurance Company ("DGLIC") 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 our Moving and Storage operating segment. 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 operation.

At December 31, 2010, Repwest reported \$1.0 million of reinsurance recoverables, net of allowances and \$167.3 million of reserves and liabilities ceded to reinsurers. Of this, our largest exposure to a single reinsurer was \$53.7 million.

***Item 1B. Unresolved Staff Comments***

We have no unresolved staff comments at March 31, 2011.

***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 the Company. Such facilities exist throughout the United States and Canada. The Company also manages storage facilities owned by others. The Company operates over 1,400 U-Haul retail centers of which 479 are managed for other owners, and operates 12 manufacturing and assembly facilities. We also operate 175 fixed-site repair facilities located throughout the United States and Canada. These facilities are used primarily for the benefit of our Moving and Storage operating segment.

### Item 3. *Legal Proceedings*

#### *Shoen*

In September 2002, Paul F. Shoen filed a shareholder derivative lawsuit in the Second Judicial District Court of the State of Nevada, Washoe County, captioned Paul F. Shoen vs. SAC Holding Corporation et al., CV 02-05602, seeking damages and equitable relief on behalf of AMERCO from SAC Holdings and certain current and former members of the AMERCO Board of Directors, including Edward J. Shoen, Mark V. Shoen and James P. Shoen as Defendants. AMERCO is named as a nominal Defendant in the case. The complaint alleges breach of fiduciary duty, self-dealing, usurpation of corporate opportunities, wrongful interference with prospective economic advantage and unjust enrichment and seeks the unwinding of sales of self-storage properties by subsidiaries of AMERCO to SAC prior to the filing of the complaint. The complaint seeks a declaration that such transfers are void as well as unspecified damages. In October 2002, the Defendants filed motions to dismiss the complaint. Also in October 2002, Ron Belec filed a derivative action in the Second Judicial District Court of the State of Nevada, Washoe County, captioned Ron Belec vs. William E. Carty, et al., CV 02-06331 and in January 2003, M.S. Management Company, Inc. filed a derivative action in the Second Judicial District Court of the State of Nevada, Washoe County, captioned M.S. Management Company, Inc. vs. William E. Carty, et al., CV 03-00386. Two additional derivative suits were also filed against these parties. Each of these suits is substantially similar to the Paul F. Shoen case. The Court consolidated the five cases and thereafter dismissed these actions in May 2003, concluding that the AMERCO Board of Directors had the requisite level of independence required in order to have these claims resolved by the Board. Plaintiffs appealed this decision and, in July 2006, the Nevada Supreme Court reversed the ruling of the trial court and remanded the case to the trial court for proceedings consistent with its ruling, allowing the Plaintiffs to file an amended complaint and plead in addition to substantive claims, demand futility.

In November 2006, the Plaintiffs filed an amended complaint. In December 2006, the Defendants filed motions to dismiss, based on various legal theories. In March 2007, the Court denied AMERCO's motion to dismiss regarding the issue of demand futility, stating that "Plaintiffs have satisfied the heightened pleading requirements of demand futility by showing a majority of the members of the AMERCO Board of Directors were interested parties in the SAC transactions." The Court heard oral argument on the remainder of the Defendants' motions to dismiss, including the motion ("Goldwasser Motion") based on the fact that the subject matter of the lawsuit had been settled and dismissed in earlier litigation known as Goldwasser v. Shoen, C.V.N.-94-00810-ECR (D.Nev), Washoe County, Nevada. In addition, in September and October 2007, the Defendants filed Motions for Judgment on the Pleadings or in the Alternative Summary Judgment, based on the fact that the stockholders of the Company had ratified the underlying transactions at the 2007 annual meeting of stockholders of AMERCO. In December 2007, the Court denied this motion. This ruling does not preclude a renewed motion for summary judgment after discovery and further proceedings on these issues. On April 7, 2008, the litigation was dismissed, on the basis of the Goldwasser Motion. On May 8, 2008, the Plaintiffs filed a notice of appeal of such dismissal to the Nevada Supreme Court. On May 20, 2008, AMERCO filed a cross appeal relating to the denial of its Motion to Dismiss in regard to demand futility.

On May 12, 2011, the Nevada Supreme Court affirmed in part, reversed in part, and remanded the case for further proceedings. First, the Court ruled that the Goldwasser settlement did not release claims that arose after the agreement and, therefore, reversed the trial court's dismissal of the Complaint on that ground. Second, the Court affirmed the district court's determination that the in pari delicto defense is available in a derivative suit and reversed and remanded to the district court to determine if the defense applies to this matter. Third, the Court remanded to the district court to conduct an evidentiary hearing to determine whether demand upon the AMERCO Board was, in fact, futile. Fourth, the Court invited AMERCO to seek a ruling from the district court as to the legal effect of the AMERCO Shareholders' 2008 ratification of the underlying AMERCO/SAC transactions.

Last, as to individual claims for relief, the Court affirmed the district court's dismissal of the breach of fiduciary duty of loyalty claims as to all defendants except Mark Shoen. The Court affirmed the district court's dismissal of the breach of fiduciary duty: ultra vires Acts claim as to all defendants. The Court reversed the district court's dismissal of aiding and abetting a breach of fiduciary duty and unjust enrichment claims against the SAC entities. The Court reversed the trial court's dismissal of the claim for wrongful interference with prospective economic advantage as to all defendants.

## 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

The Company is named as a defendant in various other litigation and claims arising out of the normal course of business. In management's opinion, none of these other matters will have a material effect on the Company's financial position and results of operations.

## Item 4. ( Removed and Reserved )

## PART II

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

As of June 1, 2011, there were approximately 3,400 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:

	Year Ended March 31,			
	2011		2010	
	High	Low	High	Low
First quarter	\$ 64.42	\$ 43.43	\$ 46.48	\$ 30.59
Second quarter	\$ 83.83	\$ 53.04	\$ 50.20	\$ 34.13
Third quarter	\$ 109.11	\$ 76.02	\$ 55.41	\$ 40.71
Fourth quarter	\$ 104.00	\$ 86.29	\$ 56.88	\$ 35.59

## 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.

See Note 21, 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.

See Note 12, Stockholders Equity of the Notes to Consolidated Financial Statements for a discussion of AMERCO's preferred stock and restrictions on the ability to pay dividends on common stock prior to dividends on AMERCO preferred stock.

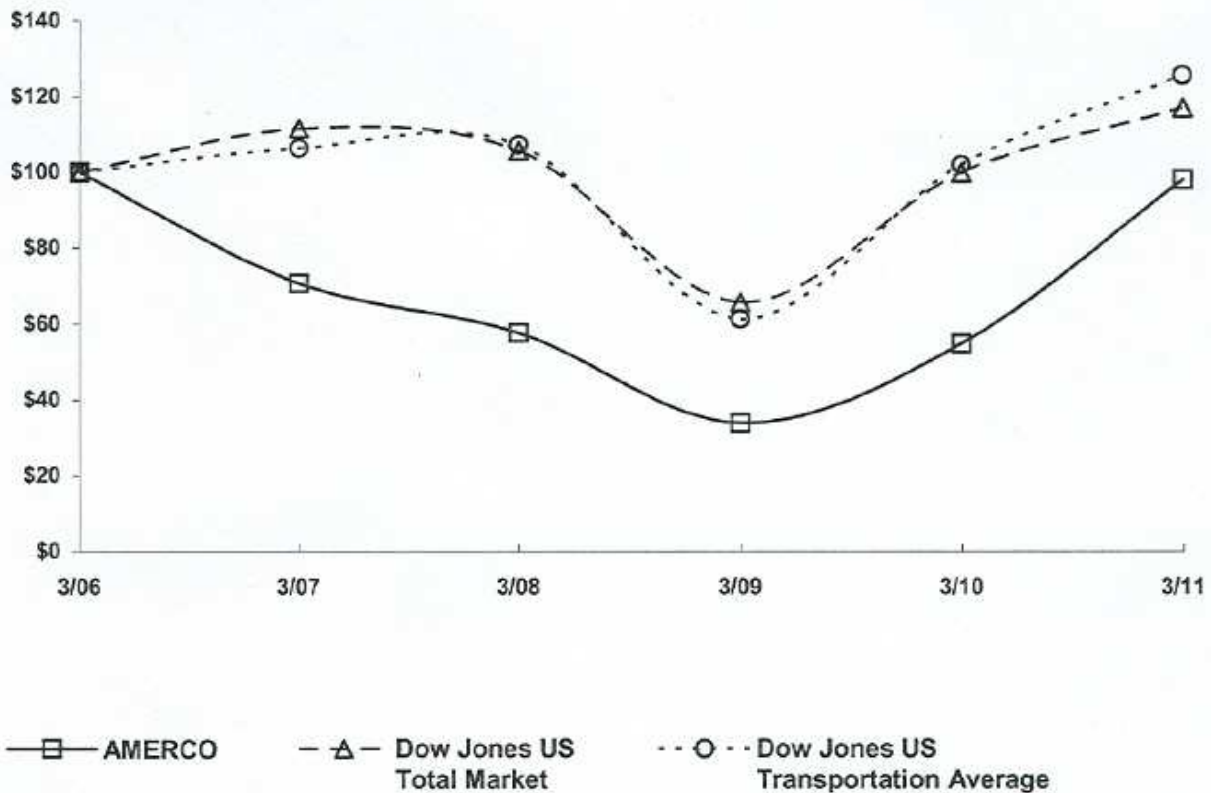


## Performance Graph

The following graph compares the cumulative total stockholder return on the Company's common stock for the period March 31, 2006 through March 31, 2011 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, 2006 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, 2007, 2008, 2009, 2010, and 2011.

### COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN\*

Among AMERCO, The Dow Jones US Total Market Index  
And The Dow Jones US Transportation Average Index



Fiscal year ended March 31:	2006	2007	2008	2009	2010	2011
AMERCO	\$ 100	\$ 71	\$ 58	\$ 34	\$ 55	\$ 98
Dow Jones US Total Market	100	112	106	66	100	117
Dow Jones US Transportation Average	100	106	107	61	102	126

\* \$100 invested on 3/31/06 in stock or index-including reinvestment of dividends.

## Issuer Purchases of Equity Securities

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

From January 1, 2009 through March 31, 2011, our insurance subsidiaries purchased 308,300 shares of Series A Preferred on the open market for \$7.2 million. Pursuant to Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 260 - *Earnings Per Share* ("ASC 260"), for earnings per share purposes, we recognize the excess or deficit of the carrying amount of the Series A Preferred over the fair value of the consideration paid. For fiscal 2011 this resulted in a \$0.2 million charge to net earnings as the amount paid by the insurance companies exceeded the carrying value, net of a prorated portion of original issue costs of the preferred stock. For fiscal 2010 we recognized a \$0.4 million gain as the amount paid was less than our adjusted carrying value.

On April 15, 2011 the Company provided notice of the call for redemption of all 6,100,000 shares of its issued and outstanding Series A Preferred stock at a redemption price of \$25 per share plus accrued dividends through the date of redemption which was June 1, 2011. The total amount paid pursuant to the redemption was \$155.7 million consisting of \$152.5 million for the call price of \$25 per share plus \$3.2 million in accrued dividends.

## 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 on Form 10-K.

Listed below is selected financial data for AMERCO and consolidated entities for each of the last five years ended March 31:

	Years Ended March 31,				
	2011	2010	2009	2008 (b), (c)	2007
	(In thousands, except share and per share data)				
<i>Summary of Operations:</i>					
Self-moving equipment rentals	\$ 1,547,015	\$ 1,419,726	\$ 1,423,022	\$ 1,451,292	\$ 1,462,470
Self-storage revenues	120,698	110,369	110,548	122,248	126,424
Self-moving and self-storage products and service sales	205,570	198,785	199,394	217,798	224,722
Property management fees	22,132	21,632	23,192	22,820	21,154
Life insurance premiums	206,992	134,345	109,572	111,996	120,399
Property and casualty insurance premiums	30,704	27,625	28,337	28,388	24,335
Net investment and interest income	52,661	49,989	58,021	62,110	59,696
Other revenue	55,503	39,534	40,180	32,522	30,098
Total revenues	<u>2,241,275</u>	<u>2,002,005</u>	<u>1,992,266</u>	<u>2,049,174</u>	<u>2,069,298</u>
Operating expenses	1,026,577	1,022,061	1,057,880	1,089,543	1,091,792
Commission expenses	190,981	169,104	171,303	167,945	162,899
Cost of sales	106,024	104,049	114,387	120,210	117,648
Benefits and losses	190,429	121,105	97,617	98,760	107,345
Amortization of deferred policy acquisition costs	9,494	7,569	12,394	13,181	17,138
Lease expense	150,809	156,951	152,424	133,931	147,659
Depreciation, net of (gains) losses on disposals (e)	189,266	227,629	265,213	221,882	189,589
Total costs and expenses	<u>1,863,580</u>	<u>1,808,468</u>	<u>1,871,218</u>	<u>1,845,452</u>	<u>1,834,070</u>
Earnings from operations	377,695	193,537	121,048	203,722	235,228
Interest expense	(88,381)	(93,347)	(98,470)	(101,420)	(82,436)
Fees and amortization on early extinguishment of debt (a)	-	-	-	-	(6,969)
Pretax earnings	289,314	100,190	22,578	102,302	145,823
Income tax expense	(105,739)	(34,567)	(9,168)	(34,518)	(55,270)
Net earnings	183,575	65,623	13,410	67,784	90,553
Excess (loss) carrying amount of preferred stock over consideration paid	(178)	388	-	-	-
Less: Preferred stock dividends (d)	(12,412)	(12,856)	(12,963)	(12,963)	(12,963)
Earnings available to common shareholders	<u>\$ 170,985</u>	<u>\$ 53,155</u>	<u>\$ 447</u>	<u>\$ 54,821</u>	<u>\$ 77,590</u>
Basic and diluted earnings per common share	\$ 8.80	\$ 2.74	\$ 0.02	\$ 2.78	\$ 3.72
Weighted average common shares outstanding: Basic and diluted	19,432,781	19,386,791	19,350,041	19,740,571	20,838,570
Cash dividends declared and accrued Preferred stock	\$ 12,963	\$ 12,963	\$ 12,963	\$ 12,963	\$ 12,963
<i>Balance Sheet Data:</i>					
Property, plant and equipment, net	\$ 2,094,573	\$ 1,948,388	\$ 2,013,928	\$ 2,011,176	\$ 1,897,071
Total assets	4,176,154	3,762,454	3,825,073	3,832,487	3,523,048
Notes, loans and leases payable	1,397,842	1,347,635	1,546,490	1,504,677	1,181,165
SAC Holding II notes and loans payable, non re-course to AMERCO	-	-	-	-	74,887
Stockholders' equity	993,020	812,911	717,629	758,431	718,098

(a) Includes the write-off of debt issuance costs of \$7.0 million in fiscal 2007.

(b) Fiscal 2008 summary of operations includes 7 months of activity for SAC Holding II which was deconsolidated effective October 31, 2007.

(c) Fiscal 2008 balance sheet data does not include SAC Holding II which was deconsolidated effective October 31, 2007.

(d) Fiscal 2011 and 2010 reflect eliminations of \$0.6 million and \$0.1 million, respectively paid to affiliates.

(e) (Gains) losses were (\$23.1) million, (\$2.0) million, \$16.6 million, (\$5.9) million and \$3.4 million for fiscal 2011, 2010, 2009, 2008 and 2007, respectively.

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

### **General**

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 2011 compared with fiscal 2010, and for fiscal 2010 compared with fiscal 2009 which is followed by an analysis of changes in our balance sheets and cash flows, and a discussion of our financial commitments in the sections entitled Liquidity and Capital Resources and Disclosures about Contractual Obligations and Commercial Commitments. We conclude this MD&A by discussing our outlook for fiscal 2012.

This MD&A should be read in conjunction with the other sections of this Annual Report on Form 10-K, 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 filing 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 financial position or results of operations. The Company discloses all material events occurring during the intervening period. Consequently, all references to our insurance subsidiaries' years 2010, 2009 and 2008 correspond to fiscal 2011, 2010 and 2009 for AMERCO.

### **Overall Strategy**

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

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

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

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

### **Description of Operating Segments**

AMERCO's three reportable segments are:

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

See Note 1, Basis of Presentation, Note 22, Financial Information by Geographic Area and Note 22A, Consolidating Financial Information by Industry Segment of the Notes to Consolidated Financial Statements included in this Form 10-K.

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

Our Moving and Storage operating segment consists of the rental of trucks, trailers, portable storage boxes, 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<sup>®</sup> throughout the United States and Canada.

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

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

eMove<sup>®</sup> is an online marketplace that connects consumers to independent Moving Help<sup>™</sup> service providers and over 5,500 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 North America. Our goal is to further utilize our web-based technology platform to increase service to consumers and businesses in the moving and storage market.

Since 1945 U-Haul has incorporated sustainable practices into its everyday operations. We believe that our basic business premise of equipment sharing helps reduce greenhouse gas emissions and reduces the need for total large capacity vehicles. We remain focused on reducing waste and are dedicated to manufacturing reusable components and recyclable products. We believe that our commitment to sustainability, through our products and services and everyday operations has helped us to reduce our impact on the environment.

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

Our Property and Casualty Insurance operating segment provides loss adjusting and claims handling for U-Haul through regional offices across North America. Property and Casualty Insurance also underwrites components of the Safemove, Safetow, Super Safemove and Safestor protection packages to U-Haul customers. We continue to focus on increasing the penetration of these products into the moving and storage market. The business plan for Property and Casualty Insurance includes offering property and casualty products in other U-Haul related programs.

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

Our Life Insurance operating segment provides life and health insurance products primarily to the senior market through the direct writing and reinsuring of life insurance, Medicare supplement and annuity policies.

### **Critical Accounting Policies and Estimates**

The Company's financial statements have been prepared in accordance with the generally accepted accounting principles (“GAAP”) in the United States. The methods, estimates and judgments we use in applying our accounting policies can have a significant impact on the results we report in our financial statements. Note 3, Accounting Policies of the Notes to Consolidated Financial Statements in Item 8: Financial Statements and Supplementary Data of this Form 10-K 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.

In the following pages we have set forth, with a detailed description, the accounting policies that we deem most critical to us and that require management's most difficult and subjective judgments. These estimates are based on historical experience, observance of trends in particular areas, information and valuations available from outside sources and on various other assumptions that are believed to be

reasonable under the circumstances and which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual amounts may differ from these estimates under different assumptions and conditions; such differences may be material.

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

### ***Principles of Consolidation***

The Company applies ASC 810 - *Consolidation* ("ASC 810") in its principles of consolidation. ASC 810 addresses arrangements where a company does not hold a majority of the voting or similar interests of a 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(s) have a variable interest in the entity, and whether or not the company's interest is such that it is the primary beneficiary.

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

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

In November 2007, Blackwater contributed additional capital to its wholly-owned subsidiary, SAC Holding II. This contribution was determined by us to be material with respect to the capitalization of SAC Holding II; therefore, triggering a requirement under FASB Interpretation No. 46(R) for us to reassess the Company's involvement with those entities. This required reassessment led to the conclusion that SAC Holding II had the ability to fund its own operations and execute its business plan without any future subordinated financial support; therefore, the Company was no longer the primary beneficiary of SAC Holding II as of the date of Blackwater's contribution.

Accordingly, at the date AMERCO ceased to be considered the primary beneficiary of SAC Holding II and its current subsidiaries, it deconsolidated these entities. The deconsolidation was accounted for as a distribution of SAC Holding II's interests to the sole shareholder of the SAC entities. Because of AMERCO's continuing involvement with SAC Holding II and its subsidiaries, the distribution does not qualify as discontinued operations.

It is possible that SAC Holdings could take actions that would require us to re-determine whether SAC Holdings remains a VIE and we continually monitor whether we have become the primary beneficiary of SAC Holdings. None of the events delineated in ASC 810-10-35-4 which would require a redetermination occurred during the period being reported upon in this Form 10-K. Should we determine in the future that we are the primary beneficiary of SAC Holdings, we could be required to consolidate some or all of SAC Holdings within our financial statements.

The consolidated balance sheets as of March 31, 2011 and 2010 include the accounts of AMERCO and its wholly-owned subsidiaries. The March 31, 2011, 2010 and 2009 statements of operations and cash flows include AMERCO and its wholly-owned subsidiaries.

### **Recoverability of Property, Plant and Equipment**

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

We regularly perform reviews to determine whether facts and circumstances exist which indicate that the carrying amount of assets, including estimates of residual value, may not be recoverable or that the useful life of assets are shorter or longer than originally estimated. Reductions in residual values (i.e., the price at which we ultimately expect to dispose of revenue earning equipment) or useful lives will result in an increase in depreciation expense over the life of the equipment. Reviews are performed based on vehicle class, generally subcategories of trucks and trailers. We assess the recoverability of our assets by comparing the projected undiscounted net cash flows associated with the related asset or group of assets over their estimated remaining lives against their respective carrying amounts. We consider factors such as current and expected future market price trends on used vehicles and the expected life of vehicles included in the fleet. Impairment, if any, is based on the excess of the carrying amount over the fair value of those assets. In fiscal 2010, the Company reduced the carrying value of certain older trucks by \$9.1 million or \$0.47 per share before taxes, in which the tax effect was approximately \$0.17 per share. If asset residual values are determined to be recoverable, but the useful lives are shorter or longer than originally estimated, the net book value of the assets is depreciated over the newly determined remaining useful lives.

In fiscal 2006, management performed an analysis of the expected economic value of new rental trucks and determined that additions to the fleet resulting from purchase should be depreciated on an accelerated method based upon a declining formula. The salvage value and useful life assumptions of the rental truck fleet remain unchanged. Under the declining balances method (2.4 times declining balance), the book value of a rental truck is reduced approximately 16%, 13%, 11%, 9%, 8%, 7%, and 6% during years one through seven, respectively and then reduced on a straight line basis an additional 10% by the end of year fifteen. Whereas, a standard straight line approach would reduce the book value by approximately 5.3% per year over the life of the truck. For the affected equipment, the accelerated depreciation was \$44.8 million, \$49.1 million and \$56.0 million greater than what it would have been if calculated under a straight line approach for fiscal 2011, 2010 and 2009, respectively.

Although we intend to sell our used vehicles for prices approximating book value, the extent to which we realize a gain or loss on the sale of used vehicles is dependent upon various factors including but not limited to, the general state of the used vehicle market, the age and condition of the vehicle at the time of its disposal and the depreciation rates with respect to the vehicle. We typically sell our used vehicles at our sales centers throughout North America, on our web site at [uhaul.com/trucksales](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. Liabilities for annuity contracts consist of contract account balances that accrue to the benefit of the policyholders.

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

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

### **Impairment of Investments**

Investments are evaluated pursuant to guidance contained in ASC 320 - *Investments - Debt and Equity Securities* to determine if and when a decline in market value below amortized cost is other-than-temporary. Management makes certain assumptions or judgments in its assessment including but not limited to: ability and intent to hold the security, quoted market prices, dealer quotes or discounted cash flows, industry factors, financial factors, and issuer specific information such as credit strength. Other-than-temporary impairment in value is recognized in the current period operating results. The Company's insurance subsidiaries recognized other-than-temporary impairments of \$0.8 million, \$2.2 million and \$0.4 million for fiscal 2011, 2010 and 2009, respectively.

### **Income Taxes**

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

AMERCO files a consolidated tax return with all of its legal subsidiaries, except DGLIC, a subsidiary of Oxford, which will file on a stand alone basis until 2012.

### **Fair Values**

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

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

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

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

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



## **Subsequent Events**

On April 15, 2011 the Company provided notice of the call for redemption of all 6,100,000 shares of its issued and outstanding Series A Preferred stock at a redemption price of \$25 per share plus accrued dividends through the date of redemption which was June 1, 2011. The total amount paid pursuant to the redemption was \$155.7 million consisting of \$152.5 million for the call price of \$25 per share plus \$3.2 million in accrued dividends.

The Company's management has evaluated subsequent events occurring after March 31, 2011, the date of our most recent balance sheet date, through the date our financial statements were issued. Other than the redemption of the Series A Preferred stock, we do not believe any subsequent events have occurred that would require further disclosure or adjustment to our financial statements.

## **Adoption of New Accounting Pronouncements**

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

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

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

## **Recent Accounting Pronouncements**

ASU 2010-26 amends FASB ASC 944-30 to provide further guidance regarding the capitalization of costs relating to the acquisition or renewal of insurance contracts. Specifically, only qualifying costs associated with successful contract acquisitions are permitted to be deferred. The amended guidance is effective for fiscal years beginning after December 15, 2011 (and for interim periods within such years), with early adoption permitted as of the beginning of the entity's annual reporting period. The amended guidance should be applied prospectively, but retrospective application for all prior periods is allowed. The Company does not believe that the adoption of this statement will have a material impact on our financial statements.

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

## AMERCO and Consolidated Subsidiaries

### Fiscal 2011 Compared with Fiscal 2010

Listed below, on a consolidated basis, are revenues for our major product lines for fiscal 2011 and fiscal 2010:

	Year Ended March 31,	
	2011	2010
	(In thousands)	
Self-moving equipment rentals	\$ 1,547,015	\$ 1,419,726
Self-storage revenues	120,698	110,369
Self-moving and self-storage products and service sales	205,570	198,785
Property management fees	22,132	21,632
Life insurance premiums	206,992	134,345
Property and casualty insurance premiums	30,704	27,625
Net investment and interest income	52,661	49,989
Other revenue	55,503	39,534
Consolidated revenue	<u>\$ 2,241,275</u>	<u>\$ 2,002,005</u>

Self-moving equipment rental revenues increased \$127.3 million for fiscal 2011, compared with fiscal 2010. The growth in revenue came from both In-Town and one-way business and has been spread across both truck and trailer rentals. The increase was due primarily to growth in transactions along with improvements in our average revenue per transaction. We believe the growth in transactions was influenced by an increase in demand for our services as well as from enhancements to our customer service capabilities.

Self-storage revenues increased \$10.3 million for fiscal 2011, compared with fiscal 2010 due primarily to an increase in the number of rooms rented combined with a modest improvement in overall rates per occupied square foot. Our average occupancy during fiscal 2011 increased by approximately 610,000 square feet compared with fiscal 2010. During fiscal 2011 we added over 820,000 of new net rentable square feet to our portfolio compared to just over 582,000 of new net rentable square feet in fiscal 2010.

Sales of self-moving and self-storage products and services increased \$6.8 million for fiscal 2011, compared with fiscal 2010. We experienced increased sales in each of our three major product categories including moving supplies, propane, and hitches and towing accessories.

Life insurance premiums increased \$72.6 for fiscal 2011, compared with fiscal 2010. Continued expansion of its single premium whole life product accounted for \$22.1 million of the increase with the remaining increase of \$50.5 million primarily due to two reinsurance transactions completed in the third quarter.

Property and casualty insurance premiums increased \$3.1 million for fiscal 2011, compared with fiscal 2010. A portion of Repwest's premiums are from policies sold in conjunction with U-Haul rental transactions. As moving transactions have increased this year so have the related property and casualty insurance premiums.

Other revenue increased \$16.0 million for fiscal 2011, compared with fiscal 2010 primarily due to the expansion of new business initiatives including our U-Box <sup>TM</sup> program.

As a result of the items mentioned above, revenues for AMERCO and its consolidated subsidiaries were \$2,241.3 million for fiscal 2011, compared with \$2,002.0 million for fiscal 2010.

Listed below are revenues and earnings from operations at each of our operating segments for fiscal 2011 and 2010. The insurance companies years ended December 31, 2010 and 2009.

	Year Ended March 31,	
	2011	2010
(In thousands)		
Moving and storage		
Revenues	\$ 1,977,826	\$ 1,816,322
Earnings from operations	370,100	185,329
Property and casualty insurance		
Revenues	38,663	34,390
Earnings from operations	5,638	6,279
Life insurance		
Revenues	229,911	155,725
Earnings from operations	17,435	16,858
Eliminations		
Revenues	(5,125)	(4,432)
Earnings from operations	(15,478)	(14,929)
Consolidated Results		
Revenues	2,241,275	2,002,005
Earnings from operations	377,695	193,537

Total costs and expenses increased \$55.1 million for fiscal 2011, compared with fiscal 2010. The increase in benefit costs were primarily due to the two reinsurance transactions entered into by Oxford during fiscal 2011 as well as from additional reserves and commissions associated with their single premium whole life business. Total costs at the life insurance segment increased \$73.6 million for fiscal 2011, compared with fiscal 2010.

Operating expenses for Moving and Storage decreased \$2.5 million primarily from reduced liability costs associated with the rental equipment fleet offset by increases in personnel costs resulting from the increase in the rental business. Liability costs have improved as expected losses from prior years continue to develop positively. Depreciation expense, primarily related to the rental equipment fleet, decreased \$38.4 million. Included in this decrease is a \$21.1 million improvement in the gain on disposal of property, plant and equipment. Cost of sales and commission expenses are increasing in relation to the associated revenues.

As a result of the above mentioned changes in revenues and expenses, earnings from operations increased to \$377.7 million for fiscal 2011, compared with \$193.5 million for fiscal 2010.

Interest expense for fiscal 2011 was \$88.4 million, compared with \$93.3 million for fiscal 2010. The average amount of outstanding notes, loans and capital leases payable has decreased during fiscal 2011, compared with fiscal 2010.

Income tax expense was \$105.7 million for fiscal 2011, compared with \$34.6 million for fiscal 2010 due to higher pretax earnings for fiscal 2011.

Dividends accrued on our Series A Preferred were \$12.4 million and \$12.9 million for fiscal 2011 and 2010, respectively.

As a result of the above mentioned items, earnings available to common shareholders were \$171.0 million for fiscal 2011, compared with \$53.2 million for fiscal 2010.

Basic and diluted earnings per common share for fiscal 2011 were \$8.80, compared with \$2.74 for fiscal 2010.

The weighted average common shares outstanding basic and diluted were 19,432,781 for fiscal 2011, compared with 19,386,791 for fiscal 2010.

## Results of Operations

### AMERCO and Consolidated Subsidiaries

#### Fiscal 2010 Compared with Fiscal 2009

Listed below, on a consolidated basis, are revenues for our major product lines for fiscal 2010 and fiscal 2009:

	Year Ended March 31,	
	2010	2009
	(In thousands)	
Self-moving equipment rentals	\$ 1,419,726	\$ 1,423,022
Self-storage revenues	110,369	110,548
Self-moving and self-storage products and service sales	198,785	199,394
Property management fees	21,632	23,192
Life insurance premiums	134,345	109,572
Property and casualty insurance premiums	27,625	28,337
Net investment and interest income	49,989	58,021
Other revenue	39,534	40,180
Consolidated revenue	<u>\$ 2,002,005</u>	<u>\$ 1,992,266</u>

Self-moving equipment rental revenues decreased \$3.3 million for fiscal 2010, compared with fiscal 2009. Self-moving equipment rental revenues declined \$29.1 million during the first six months of fiscal 2010 due to declines in one-way truck rental revenue caused by fewer transactions and lower revenue per transaction. Conversely, during the second six months of fiscal 2010 self-moving equipment rental revenues increased \$25.8 million from both In-Town and one-way revenue and transaction growth. This improvement in revenue resulted from growth in transactions which were tempered with lower average revenue per transactions due to a shift in usage towards smaller equipment models, an increased ratio of In-Town moves compared with one-way moves, and continued price competition.

Self-storage revenues decreased \$0.2 million for fiscal 2010, compared with fiscal 2009. Average rooms occupied during fiscal 2010 were essentially flat in comparison with fiscal 2009. Self-storage revenue during the first six months of fiscal 2010 had decreased \$1.0 million while it increased \$0.8 million during the second six months in comparison with fiscal 2009. During fiscal 2010, we added over 580,000 net rentable square feet to the storage portfolio.

Sales of self-moving and self-storage products and services decreased \$0.6 million for fiscal 2010, compared with fiscal 2009. The annual decline was due to the reduced cost of propane compared with fiscal 2009, despite an increase in gallons sold. Self-moving and self-storage product and service sales decreased \$7.5 million during the first six months of fiscal 2010, while such sales increased \$6.9 million over the last six months of fiscal 2010 compared with comparable periods in fiscal 2009.

Life insurance premiums increased \$24.8 million for fiscal 2010, compared with fiscal 2009 primarily as a result of continued expansion of Oxford's final expense life insurance business combined with the launch of its new single premium whole life product.

Net investment and interest income decreased \$8.0 million for fiscal 2010, compared with fiscal 2009 due to reduced yields earned on short-term investments.

As a result of the items mentioned above, revenues for AMERCO and its consolidated subsidiaries were \$2,002.0 million for fiscal 2010, compared with \$1,992.3 million for fiscal 2009.

Listed below are revenues and earnings from operations at each of our operating segments for fiscal 2010 and fiscal 2009. The insurance companies years ended are December 31, 2009 and 2008.

	Year Ended March 31,	
	2010	2009
	(In thousands)	
Moving and storage		
Revenues	\$ 1,816,322	\$ 1,823,049
Earnings from operations	185,329	112,080
Property and casualty insurance		
Revenues	34,390	37,419
Earnings from operations	6,279	7,505
Life insurance		
Revenues	155,725	135,056
Earnings from operations	16,858	17,748
Eliminations		
Revenues	(4,432)	(3,258)
Earnings from operations	(14,929)	(16,285)
Consolidated Results		
Revenues	2,002,005	1,992,266
Earnings from operations	193,537	121,048

Total costs and expenses decreased \$62.8 million for fiscal 2010, compared with fiscal 2009. Operating expenses for the Moving and Storage operating segment decreased \$35.8 million due to improvement in maintenance and repair costs and improved liability costs associated with the rental equipment fleet. Maintenance and repair was positively influenced by the retirement of older equipment from the truck fleet. Liability costs have improved as expected losses from prior years are developing positively. Depreciation expense decreased \$37.6 million due to a decline in the amount of new equipment added to the balance sheet in fiscal 2010 along with an \$18.6 million improvement in the gain on the disposal of rental equipment. Cost of sales decreased \$10.3 million largely from lower propane costs combined with a positive LIFO inventory adjustment.

Total costs and expenses at the insurance companies increased \$19.8 million primarily from an increase in benefits in the life insurance segment. This increase was related to the single premium whole life premium growth.

As a result of the above mentioned changes in revenues and expenses, earnings from operations increased to \$193.5 million for fiscal 2010, compared with \$121.0 million for fiscal 2009.

Interest expense for fiscal 2010 was \$93.3 million, compared with \$98.5 million for fiscal 2009.

Income tax expense was \$34.6 million for fiscal 2010, compared with \$9.2 million for fiscal 2009 due in part to higher pretax earnings for fiscal 2010.

Dividends accrued on our Series A Preferred were \$12.9 million for fiscal 2010, compared with \$13.0 million for fiscal 2009.

As a result of the above mentioned items, earnings available to common shareholders were \$53.2 million for fiscal 2010, compared with \$0.4 million for fiscal 2009.

Basic and diluted earnings per common share for fiscal 2010 were \$2.74, compared with \$0.02 for fiscal 2009.

The weighted average common shares outstanding basic and diluted were 19,386,791 for fiscal 2010, compared with 19,350,041 for fiscal 2009.

## Moving and Storage

### Fiscal 2011 Compared with Fiscal 2010

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

	Year Ended March 31,	
	2011	2010
	(In thousands)	
Self-moving equipment rentals	\$ 1,549,058	\$ 1,421,331
Self-storage revenues	120,698	110,369
Self-moving and self-storage products and service sales	205,570	198,785
Property management fees	22,132	21,632
Net investment and interest income	25,702	26,055
Other revenue	54,666	38,150
Moving and Storage revenue	<u>\$ 1,977,826</u>	<u>\$ 1,816,322</u>

Self-moving equipment rental revenues increased \$127.7 million for fiscal 2011, compared with fiscal 2010. The growth in revenue came from both In-Town and one-way business and has been spread across both truck and trailer rentals. The increase was due primarily to growth in transactions along with improvements in our average revenue per transaction. We believe the growth in transactions was influenced by an increase in demand for our services as well as from enhancements to our customer service capabilities.

Self-storage revenues increased \$10.3 million for fiscal 2011, compared with fiscal 2010 due primarily to an increase in the number of rooms rented combined with a modest improvement in overall rates per occupied square foot. Our average occupancy during fiscal 2011 increased by approximately 610,000 square feet compared with fiscal 2010. During fiscal 2011, we added over 820,000 of new net rentable square feet to our portfolio compared to just over 582,000 of new net rentable square feet in fiscal 2010.

Sales of self-moving and self-storage products and services increased \$6.8 million for fiscal 2011, compared with fiscal 2010. In particular we experienced increased sales in each of our three major product categories including propane, hitches and towing accessories and moving supplies.

Other revenue increased \$16.5 million for fiscal 2011, compared with fiscal 2010 primarily from the expansion of new business initiatives including our U-Box™ program.

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

	Year Ended March 31,	
	2011	2010
	(In thousands, except occupancy rate)	
Room count as of March 31	153	144
Square footage as of March 31	12,534	11,713
Average number of rooms occupied	113	106
Average occupancy rate based on room count	75.8%	75.2%
Average square footage occupied	9,437	8,827

Total costs and expenses decreased \$23.2 million for fiscal 2011, compared with fiscal 2010. Operating expenses decreased \$2.5 million primarily from reduced liability costs associated with the rental equipment fleet offset by increases in personnel costs resulting from the increase in the rental business. Liability costs have improved as expected losses from prior years continue to develop positively. Depreciation expense, primarily related to the rental equipment fleet, decreased \$38.4 million. Included in this decrease is a \$21.1 million improvement in the gain on disposal of property, plant and equipment. Cost of sales and commission expenses are increasing in relation to the associated revenues.

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

As a result of the above mentioned changes in revenues and expenses, earnings from operations increased to \$370.1 million for fiscal 2011, compared with \$185.3 million for fiscal 2010.

### **Moving and Storage**

#### **Fiscal 2010 Compared with Fiscal 2009**

Listed below are revenues for the major product lines at our Moving and Storage operating segment for fiscal 2010 and fiscal 2009:

	<b>Year Ended March 31,</b>	
	<b>2010</b>	<b>2009</b>
	(In thousands)	
Self-moving equipment rentals	\$ 1,421,331	\$ 1,423,330
Self-storage revenues	110,369	110,548
Self-moving and self-storage products and service sales	198,785	199,394
Property management fees	21,632	23,192
Net investment and interest income	26,055	29,865
Other revenue	38,150	36,720
Moving and Storage revenue	<u>\$ 1,816,322</u>	<u>\$ 1,823,049</u>

Self-moving equipment rental revenues decreased \$2.0 million for fiscal 2010, compared with fiscal 2009. Self-moving equipment rental revenues declined \$28.4 million during the first half of fiscal 2010 due to declines in one-way truck rental revenue caused by fewer transactions and lower revenue per transaction. Conversely, during the second six months of fiscal 2010 self-moving equipment rental revenues increased \$26.4 million from both In-Town and one-way revenue and transaction growth. This improvement in revenue resulted from growth in transactions which were tempered with lower average revenue per transaction due with a shift in usage towards smaller equipment models, an increased ratio of In-Town moves compared with one-way moves, and continued price competition.

Self-storage revenues decreased \$0.2 million for fiscal 2010, compared with fiscal 2009. Average rooms occupied during fiscal 2010 were essentially flat in comparison with fiscal 2009. Self-storage revenue during the first six months of fiscal 2010 had decreased \$1.0 million while it increased \$0.8 million during the second six months in comparison with fiscal 2009. During fiscal, 2010 we added over 580,000 net rentable square feet to the storage portfolio.

Sales of self-moving and self-storage products and services decreased \$0.6 million for fiscal 2010, compared with fiscal 2009. The annual decline was due to the reduced cost of propane compared with fiscal 2009, this despite an increase in gallons sold. Sales of self-moving and self-storage products and services decreased \$7.5 million during the first six months of fiscal 2010 while they increased \$6.9 million over the last six months of fiscal 2010 compared with comparable periods in fiscal 2009.

Net investment and interest income decreased \$3.8 million for fiscal 2010, compared with fiscal 2009 as a result of reduced investment yields on invested short-term balances.

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>2010</b>	<b>2009</b>
	(In thousands, except occupancy rate)	
Room count as of March 31	144	138
Square footage as of March 31	11,713	11,131
Average number of rooms occupied	106	106
Average occupancy rate based on room count	75.2%	78.9%
Average square footage occupied	8,827	8,745

Total costs and expenses decreased \$81.4 million for fiscal 2010, compared with fiscal 2009. Operating expenses decreased \$35.8 million from improvement in maintenance and repair costs and improved liability costs associated with the rental equipment fleet. Maintenance and repair was positively influenced by the retirement of older equipment from the truck fleet. Liability costs have improved as expected losses from prior years are developing positively. Depreciation expense decreased \$37.6 million due to a decline in the amount of new equipment added to the balance sheet in fiscal 2010 along with an \$18.6 million improvement in the gain on the disposal of rental equipment. Cost of sales decreased \$10.3 million largely from lower propane costs combined with a positive LIFO inventory adjustment.

Equity in the earnings of AMERCO's insurance subsidiaries decreased \$1.4 million for fiscal 2010, compared with fiscal 2009.

As a result of the above mentioned changes in revenues and expenses, earnings from operations increased to \$185.3 million for fiscal 2010, compared with \$112.1 million for fiscal 2009.

## **Property and Casualty Insurance**

### ***2010 Compared with 2009***

Net premiums were \$30.7 million and \$27.6 million for the years ended December 31, 2010 and 2009, respectively. A portion of Repwest's premiums are from policies sold in conjunction with U-Haul rental transactions. As moving transactions have increased this year so have the related premiums.

Net investment income was \$8.0 million and \$6.8 million for the years ended December 31, 2010 and 2009, respectively. The increase was primarily due to a reallocation of invested assets between short and long term investment opportunities.

Net operating expenses were \$15.8 million and \$13.6 million for the years ended December 31, 2010 and 2009, respectively. The increase was due to a \$1.1 million payment of prior year excess worker's compensation commissions and a \$1.1 million increase in underwriting expenses.

Benefits and losses incurred were \$17.2 million and \$14.6 million for the years ended December 31, 2010 and 2009, respectively. The increase was due to the increase in premiums on the "Safe" product line of business and the strengthening of reserves on terminated programs. Also contributing to the increase was a \$1.0 million increase in terminated lines offset by a \$1.1 million decrease in claims expenses.

As a result of the above mentioned changes in revenues and expenses, pretax earnings from operations were \$5.6 million and \$6.3 million for the years ended December 31, 2010 and 2009, respectively.

## **Property and Casualty Insurance**

### ***2009 Compared with 2008***

Net premiums were \$27.6 million and \$28.3 million for the years ended December 31, 2009 and 2008, respectively.

Net investment income was \$6.8 million and \$9.1 million for years ended December 31, 2009 and 2008, respectively. The decrease was due to a lower interest rates earned on short-term investments.

Net operating expenses were \$13.6 million and \$15.9 million for years ended December 31, 2009 and 2008. The decrease was a result of consolidating claims offices which reduced operating expenses by \$1.2 million and a \$0.8 million decrease in uncollectible reinsurance written off.

Benefits and losses incurred were \$14.6 million and \$14.0 million for years ended December 31, 2009 and 2008, respectively.

As a result of the above mentioned change in revenues and expenses, pretax earnings from operations were \$6.3 million and \$7.5 million for years ended December 31, 2009 and 2008, respectively.



## ***Life Insurance***

### ***2010 Compared with 2009***

Net premiums were \$207.0 million and \$134.3 million for the years ended December 31, 2010 and 2009, respectively. Of the increase, \$30.8 million resulted from the coinsurance agreement entered into on September 30, 2010 to reinsure a block of final expense life insurance policies. As part of the transaction, assets were transferred to us and classified as premium upon such transfer. Medicare supplement premiums increased by \$13.6 million primarily due to the acquisition of a Medicare supplement block of business and rate increases on existing policies, offset by policy lapses and terminations. Sales of the company's single premium whole life product accounted for an increase of \$22.1 million.

Net investment income was \$20.7 million and \$18.5 million for the years ended December 31, 2010 and 2009, respectively. The improvement was due to an increased asset base and from gains on sale of securities.

Net operating expenses were \$29.8 million and \$24.8 million for the years ended December 31, 2010 and 2009, respectively. The growth was a result of commissions paid on increased sales of the single premium life product plus commissions on the Medicare supplement block of business purchased in September 2010.

Benefits and losses incurred were \$173.2 million and \$106.5 million for the years ended December 31, 2010 and 2009, respectively. Life insurance benefits increased \$59.1 million, of which \$19.7 million was due to expanded sales of the single premium life product, \$6.6 million from increased sales of final expense life insurance, and \$30.8 million from reserves that were transferred under the new coinsurance agreement. Medicare supplement increased by a net of \$8.9 million, of which \$14.9 million was due to the acquisition of a Medicare supplement block of business offset by policy lapses and terminations.

Amortization of deferred acquisition costs ("DAC") and the value of business acquired ("VOBA") was \$9.5 million and \$7.6 million for the years ended December 31, 2010 and 2009, respectively.

As a result of the above mentioned changes in revenues and expenses, pretax earnings from operations were \$17.4 million and \$16.9 million for the years ended December 31, 2010 and 2009, respectively.

## ***Life Insurance***

### ***2009 Compared with 2008***

Net premiums were \$134.3 million and \$109.6 million for the years ended December 31, 2009 and 2008, respectively. The increase was primarily driven by expanded distribution resulting in an increase in life insurance premiums of \$33.5 million. This was somewhat offset by a decrease in Medicare supplement premiums of \$6.3 million.

Net investment income was \$18.5 million and \$20.4 million for the years ended December 31, 2009 and 2008, respectively. The decrease was due to lower short term investment yields and a lower average investment portfolio compared with the prior year.

Other income was \$2.9 million and \$5.1 million for the years ended December 31, 2009 and 2008, respectively. The decrease was due to the settlement of an arbitration in 2008 related to the acquisition of DGLIC.

Net operating expenses were \$24.8 million and \$21.3 million for the years ended December 31, 2009 and 2008, respectively. The increase was primarily attributable to commissions, premium taxes, licenses, and fees associated with the increase in premiums.

Benefits and losses incurred were \$106.5 million and \$83.6 million, for the years ended December 31, 2009 and 2008, respectively. The significant increase was the result of higher life insurance benefits of \$27.8 million due to the increase in reserves from expanded sales and additional claims on a larger volume of inforce business which was offset by a net decrease of \$4.9 million in the other business lines.

Amortization of DAC and VOBA was \$7.6 million and \$12.4 million for the years ended December 31, 2009 and 2008, respectively. Most of this was from a decrease of \$4.0 million in the annuity block due to a refinement in the maximum amortization periods in 2008.

As a result of the above mentioned changes in revenues and expenses, pretax earnings from operations were \$16.9 million and \$17.7 million for the years ended December 31, 2009 and 2008, respectively.

### Liquidity and Capital Resources

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

At March 31, 2011, cash and cash equivalents totaled \$375.5 million, compared with \$244.1 million on March 31, 2010. The assets of our insurance subsidiaries are generally unavailable to fulfill the obligations of non-insurance operations (AMERCO, U-Haul and Real Estate). As of March 31, 2011 (or as otherwise indicated), cash and cash equivalents, other financial assets (receivables, short-term investments, other investments, fixed maturities, and related party assets) and obligations of each operating segment were:

	<u>Moving &amp; Storage</u>	<u>Property and Casualty Insurance (a)</u>	<u>Life Insurance (a)</u>
	(In thousands)		
Cash and cash equivalents	\$ 323,495	\$ 14,700	\$ 37,301
Other financial assets	375,081	392,912	613,788
Debt obligations	1,397,842	-	-

(a) As of December 31, 2010

Our Moving and Storage segment had cash available under existing credit facilities of \$232.6 million as well as \$40.6 million of a securitized fleet loan to be used for new equipment purchases.

A summary of our consolidated cash flows for fiscal 2011, 2010 and 2009 is shown in the table below:

	<u>Years Ended March 31,</u>		
	<u>2011</u>	<u>2010</u>	<u>2009</u>
	(In thousands)		
Net cash provided by operating activities	\$ 572,794	\$ 401,348	\$ 274,426
Net cash used by investing activities	(380,988)	(117,978)	(221,192)
Net cash used by financing activities	(60,699)	(282,483)	(17,832)
Effects of exchange rate on cash	271	2,644	(1,437)
Net cash flow	131,378	3,531	33,965
Cash at the beginning of the period	244,118	240,587	206,622
Cash at the end of the period	<u>\$ 375,496</u>	<u>\$ 244,118</u>	<u>\$ 240,587</u>

Net cash provided by operating activities increased \$171.4 million in fiscal 2011, compared with fiscal 2010 primarily due to improved profitability at the Moving and Storage segment. This improvement largely came from reduced operating costs combined with an \$8.8 million reduction in claim payments related to our U-Haul self-insurance program. Operating cash flows from the Life Insurance segment increased \$67.1 million primarily due to two reinsurance arrangements entered into during fiscal 2011 combined with new premiums.

Net cash used in investing activities increased \$263.0 million in fiscal 2011, compared with fiscal 2010. Purchases of property, plant and equipment, which are reported net of cash from leases, increased \$220.9 million. Cash from new leases decreased \$30.5 million and cash used to purchase new equipment and invest in construction and real estate increased \$187.1 million. Cash from the sales of

property, plant and equipment increased \$37.5 million largely due to improving resale values for pickup and cargo vans. Cash used for investing activities at the insurance companies increased \$77.9 million primarily due to the investing of cash generated from operation, including cash from the two reinsurance agreements entered into by Oxford.

Net cash used by financing activities decreased \$221.8 million in fiscal 2011, as compared with fiscal 2010. Moving and Storage had a \$202.9 million net increase in borrowings in fiscal 2011 as compared to fiscal 2010 with a majority of this coming from the \$155.0 million fleet securitization entered into during October 2010 for the purchase of new equipment. Net annuity withdrawals at the Life Insurance segment have decreased \$12.4 million.

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

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

To meet the needs of our customers, U-Haul maintains a large fleet of rental equipment. Capital expenditures have primarily reflected new rental equipment acquisitions and the buyouts of existing fleet from leases. The capital to fund these expenditures has historically been obtained internally from operations and the sale of used equipment and externally from debt and lease financing. In the future, we anticipate that our internally generated funds will be used to service the existing debt and fund operations. U-Haul estimates that during fiscal 2012 the Company will reinvest in its truck and trailer rental fleet approximately \$220 million, net of equipment sales and excluding any lease buyouts. For fiscal 2011, the Company invested, net of sales, approximately \$209 million before any lease buyouts in its truck and trailer fleet. Fleet investments in fiscal 2012 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 2012 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 and funds from operations and sales. The Company's plan for the expansion of owned storage properties includes the acquisition of existing self-storage locations from third parties, the acquisition and development of bare land, and the acquisition and redevelopment of existing buildings not currently used for self-storage. The Company is funding these development projects through construction loans and internally generated funds. For fiscal 2011, the Company invested nearly \$64 million in real estate acquisitions, new construction and renovation and repair. For fiscal 2012, the timing of new projects will be dependent upon several factors including the entitlement process, availability of capital, weather, and the identification and successful acquisition of target properties. U-Haul's growth plan in self-storage also includes the expansion of the eMove<sup>®</sup> program, which does not require significant capital.

Net capital expenditures (purchases of property, plant and equipment less proceeds from the sale of property, plant and equipment) were \$300.0 million, \$116.6 million and \$268.5 million for fiscal 2011, 2010 and 2009, respectively. The Company entered into new equipment leases of \$44.9 million, \$74.9 million and \$298.1 million during fiscal 2011, 2010 and 2009, respectively.

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

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

State insurance regulations restrict the amount of dividends that can be paid to stockholders of insurance companies. As a result, Property and Casualty Insurance's assets are generally not available to satisfy the claims of AMERCO or its legal subsidiaries. Repwest paid a \$3.3 million cash dividend to AMERCO in December 2010.

Stockholder's equity was \$154.6 million, \$151.7 million, and \$147.9 million at December 31, 2010, 2009, and 2008, respectively. The increase in 2010 compared with 2009 resulted from earnings of \$3.8 million, offset by a dividend paid to AMERCO of \$3.3 million and an increase in other comprehensive

income of \$2.4 million. Property and Casualty Insurance does not use debt or equity issues to increase capital and therefore has no direct exposure to capital market conditions other than through its investment portfolio.

### ***Life Insurance***

The Life Insurance operating segment manages its financial assets to meet policyholder and other obligations including investment contract withdrawals. Life Insurance's net withdrawals for the year ended December 31, 2010 were \$22.1 million. State insurance regulations restrict the amount of dividends that can be paid to stockholders of insurance companies. As a result, Life Insurance's funds are generally not available to satisfy the claims of AMERCO or its legal subsidiaries.

Life Insurance's stockholder's equity was \$188.7 million, \$173.2 million, and \$156.7 million at December 31, 2010, 2009 and 2008, respectively. The increase in 2010 compared with 2009 resulted from earnings of \$11.1 million and an increase in other comprehensive income of \$4.4 million. Life Insurance does not use debt or equity issues to increase capital and therefore has no direct exposure to capital market conditions other than through its investment portfolio.

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

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

Net cash provided by operating activities was \$472.9 million, \$366.2 million and \$272.5 million in fiscal 2011, 2010 and 2009, respectively. The increase in self-moving equipment rental revenues, storage revenues and product and service sales was primarily responsible for the improved operating cash flows. Also, in the third quarter of fiscal 2011 the Company received a \$37.4 million refund related to the federal income tax loss carrybacks filed in fiscal 2010.

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

Net cash provided (used) by operating activities was \$4.3 million, \$3.6 million, and (\$1.3) million for the years ended December 31, 2010, 2009, and 2008, respectively. The increase was primarily due to the increase in premiums related to the "Safe" programs.

Property and Casualty Insurance's cash and cash equivalents and short-term investment portfolios amounted to \$76.2 million, \$106.3 million, and \$112.0 million at December 31, 2010, 2009, and 2008, respectively. This balance reflects funds in transition from maturity proceeds to long term investments. Management believes this level of liquid assets, combined with budgeted cash flow, is adequate to meet foreseeable cash needs. Capital and operating budgets allow Property and Casualty Insurance to schedule cash needs in accordance with investment and underwriting proceeds.

### ***Life Insurance***

Net cash provided by operating activities was \$97.2 million, \$30.1 million and \$3.7 million for the years ended December 31, 2010, 2009 and 2008, respectively. The increase was primarily due to net cash received with the assumption of the Medicare block of business of \$14.9 million, net cash received from a reinsurance agreement to coinsure a block of Final Expense Life insurance policies of \$24.6 million, plus increases in new sales of our single premium whole life and final expense life insurance products.

In addition to cash flows from operating activities and financing activities, a substantial amount of liquid funds are available through Life Insurance's short-term portfolio. At December 31, 2010, 2009 and 2008, cash and cash equivalents and short-term investments amounted to \$53.6 million, \$57.5 million and \$39.3 million, respectively. Management believes that the overall sources of liquidity is adequate to meet foreseeable cash needs.

### **Liquidity and Capital Resources - Summary**

We believe we have the financial resources needed to meet our business plans including our working capital needs and the redemption of our Series A Preferred Stock which occurred on June 1, 2011. The redemption was funded with existing cash on hand. The Company continues to hold significant cash and has 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 operating leases. As part of this strategy, we seek to ladder maturities and hedge floating rate loans through the use of interest rate swaps. While each of these loans typically contains provisions governing the amount that can be borrowed in relation to specific assets, the overall structure is flexible with no limits on overall Company borrowings. Management feels it has adequate liquidity between cash and cash equivalents and unused borrowing capacity in existing facilities to meet the current and expected needs of the Company over the next several years. At March 31, 2011, we had cash availability under existing credit facilities of \$232.6 million as well as \$40.6 million from a securitized fleet loan to be used for new equipment purchases. It is possible that circumstances beyond our control could alter the ability of the financial institutions to lend us the unused lines of credit. 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

On April 1, 2008, assets and liabilities recorded at fair value on the consolidated balance sheets were measured and classified based upon a three tiered approach to valuation. ASC 820 requires that financial assets and liabilities recorded at fair value be classified and disclosed in a Level 1, Level 2 or Level 3 category. For more information, please see Note 16, Fair Value Measurements of the Notes to Consolidated Financial Statements.

The available-for-sale securities held by the Company are recorded at fair value. These values are determined primarily from actively traded markets where prices are based either on direct market quotes or observed transactions. Liquidity is a factor considered during the determination of the fair value of these securities. Market price quotes may not be readily available for certain securities or the market for them has slowed or ceased. In situations where the market is determined to be illiquid, fair value is determined based upon limited available information and other factors including expected cash flows. At March 31, 2011, we had \$1.4 million of available-for-sale assets and \$0.2 million of other liabilities classified in Level 3.

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

### Disclosures about Contractual Obligations and Commercial Commitments

The following table provides contractual commitments and contingencies as of March 31, 2011:

Contractual Obligations	Total	Payment due by Period (as of March 31, 2011)			
		Prior to 03/31/12	04/01/12 03/31/14	04/01/14 03/31/16	April 1, 2016 and Thereafter
		(In thousands)			
Notes, loans and leases payable - Principal	\$ 1,397,842	\$ 147,859	\$ 412,309	\$ 535,072	\$ 302,602
Notes, loans and leases payable - Interest	302,717	79,168	124,427	75,172	23,950
Revolving credit agreements - Principal	-	-	-	-	-
Revolving credit agreements - Interest	-	-	-	-	-
Operating leases	566,344	152,934	248,059	148,586	16,765
Property and casualty obligations (a)	109,040	12,130	13,643	10,491	72,776
Life, health and annuity obligations (b)	1,833,002	133,845	246,126	204,869	1,248,162
Self insurance accruals (c)	397,381	110,493	169,106	78,605	39,177
Post retirement benefit liability	9,971	596	1,485	1,922	5,968
Total contractual obligations	<u>\$ 4,616,297</u>	<u>\$ 637,025</u>	<u>\$ 1,215,155</u>	<u>\$ 1,054,717</u>	<u>\$ 1,709,400</u>

(a) These estimated obligations for unpaid losses and loss adjustment expenses include case reserves for reported claims and incurred but not reported ("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 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 are undiscounted for interest and as a result total outflows for all years shown significantly exceed the corresponding liabilities of \$500.0 million included in our consolidated balance sheet as of March 31, 2011. 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 \$13.3 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 2017, with the exception of one land lease expiring in 2034. In the event of a shortfall in proceeds from the sales of the underlying rental equipment assets, AMERCO has guaranteed approximately \$167.6 million of residual values at March 31, 2011 for these assets at the end of their respective lease terms. AMERCO has been leasing rental equipment since 1987. To date, we have not experienced residual value shortfalls related to these leasing arrangements. Using the average cost of fleet related debt as the discount rate, the present value of AMERCO's minimum lease payments and residual value guarantees were \$455.4 million at March 31, 2011.

Historically, AMERCO has used off-balance sheet arrangements in connection with the expansion of our self-storage business. For more information please see Note 20, Related Party Transactions of the Notes to Consolidated Financial Statements. These arrangements were primarily used when the Company's overall borrowing structure was more limited. The Company does not face similar limitations currently and off-balance sheet arrangements have not been utilized in our self-storage expansion in recent years. In the future, the Company will continue to identify and consider off-balance sheet opportunities to the extent such arrangements would be economically advantageous to the Company and its stockholders.

The Company currently manages the self-storage properties owned or leased by SAC Holdings, Mercury 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 Storage Realty, L.P. ("Private Mini") pursuant to a standard form of management agreement, under which the Company receives a management fee of between 4% and 10% of the gross receipts plus reimbursement for certain expenses. The Company received management fees, exclusive of reimbursed expenses, of \$22.0 million, \$22.6 million and \$24.3 million from the above mentioned entities during fiscal 2011, 2010 and 2009, respectively. This management fee is consistent with the fee received for other properties the Company previously managed for third parties. SAC Holdings, 4 SAC, 5 SAC, Galaxy and Private Mini are substantially controlled by Blackwater Investments, Inc. ("Blackwater"). Mercury is substantially controlled by Mark V. Shoen. James P. Shoen, a significant shareholder and director of AMERCO, has an interest in Mercury.

The Company leases space for marketing company offices, vehicle repair shops and hitch installation centers from subsidiaries of SAC Holdings, 5 SAC and Galaxy. Total lease payments pursuant to such leases were \$2.5 million, \$2.5 million and \$2.4 million in fiscal 2011, 2010 and 2009, respectively. The terms of the leases are similar to the terms of leases for other properties owned by unrelated parties that are leased by the Company.

At March 31, 2011, subsidiaries of SAC Holdings, 4 SAC, 5 SAC, Galaxy and Private Mini acted as U-Haul independent dealers. The financial and other terms of the dealership contracts with the aforementioned companies and their subsidiaries are substantially identical to the terms of those with the Company's other independent dealers whereby commissions are paid by the Company based on equipment rental revenues. The Company paid the above mentioned entities \$37.3 million, \$34.7 million and \$34.7 million in commissions pursuant to such dealership contracts during fiscal 2011, 2010 and 2009, respectively.

During fiscal 2011, subsidiaries of the Company held various junior unsecured notes of SAC Holdings. Substantially all of the equity interest of SAC Holdings is controlled by Blackwater. Blackwater is wholly-owned by Mark V. Shoen. The Company does not have an equity ownership interest in SAC Holdings. The Company recorded interest income of \$19.2 million, \$18.9 million and \$18.4 million and received cash interest payments of \$15.8 million, \$13.9 million and \$14.1 million from SAC Holdings during fiscal 2011, 2010 and 2009, respectively. The largest aggregate amount of notes receivable outstanding during fiscal 2011 was \$196.9 million and the aggregate notes receivable balance at March 31, 2011 was \$196.2 million. In accordance with the terms of these notes, SAC Holdings may prepay the notes without penalty or premium at any time. The scheduled maturities of these notes are between 2019 and 2024.

These agreements along with notes with subsidiaries of SAC Holdings, 4 SAC, 5 SAC, Galaxy and Private Mini, excluding Dealer Agreements, provided revenues of \$46.7 million, expenses of \$2.5 million and cash flows of \$42.1 million during fiscal 2011. Revenues and commission expenses related to the Dealer Agreements were \$177.0 million and \$37.3 million, respectively during fiscal 2011.

### ***Fiscal 2012 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 the economic conditions or competitive pressures that are beyond our control.

We have added new storage locations and expanded at existing locations. In fiscal 2012, we are looking to complete current projects and increase occupancy in our existing portfolio of locations. New projects and acquisitions will be considered and pursued if they fit our long-term plans and meet our financial objectives. In the current environment we have focused fewer resources on new construction than in recent history. The Company will continue to invest capital and resources in the U-Box™ storage container program throughout fiscal 2012.

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

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

## Quarterly Results (unaudited)

The quarterly results shown below are derived from unaudited financial statements for the eight quarters beginning April 1, 2009 and ending March 31, 2011. The Company believes 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, 2011	December 31, 2010	September 30, 2010	June 30, 2010
	(In thousands, except for share and per share data)			
Total revenues	\$ 488,370	\$ 529,982	\$ 636,976	\$ 585,947
Earnings from operations	40,188	51,277	158,121	128,109
Net earnings	13,246	18,608	85,219	66,502
Earnings available to common shareholders	10,163	15,529	81,978	63,315
Basic and diluted earnings per common share	\$ 0.52	\$ 0.80	\$ 4.22	\$ 3.26
Weighted average common shares outstanding: basic and diluted	19,449,243	19,439,622	19,427,595	19,414,815

	Quarter Ended			
	March 31, 2010	December 31, 2009	September 30, 2009	June 30, 2009
	(In thousands, except for share and per share data)			
Total revenues	\$ 443,794	\$ 463,628	\$ 573,924	\$ 520,659
Earnings from operations	9,965	28,558	95,818	59,196
Net earnings (loss)	(5,020)	3,520	44,691	22,432
Earnings (loss) available to common shareholders	(8,211)	325	41,527	19,514
Basic and diluted earnings (loss) per common share	\$ (0.43)	\$ 0.02	\$ 2.14	\$ 1.01
Weighted average common shares outstanding: basic and diluted	19,402,035	19,393,306	19,382,101	19,369,591

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

Notional Amount	Fair Value	Effective Date	Expiration Date	Fixed Rate	Floating Rate
(In thousands)					
\$ 58,014 (a), (b)	\$ (2,209)	5/10/2006	4/10/2012	5.06%	1 Month LIBOR
58,859 (a), (b)	(4,088)	10/10/2006	10/10/2012	5.57%	1 Month LIBOR
20,324 (a)	(1,834)	7/10/2006	7/10/2013	5.67%	1 Month LIBOR
254,167 (a)	(37,541)	8/18/2006	8/10/2018	5.43%	1 Month LIBOR
13,075 (a)	(1,244)	2/12/2007	2/10/2014	5.24%	1 Month LIBOR
8,794 (a)	(799)	3/12/2007	3/10/2014	4.99%	1 Month LIBOR
8,800 (a)	(799)	3/12/2007	3/10/2014	4.99%	1 Month LIBOR
10,750 (a), (b)	(585)	8/15/2008	6/15/2015	3.62%	1 Month LIBOR
11,638 (a)	(762)	8/29/2008	7/10/2015	4.04%	1 Month LIBOR
17,238 (a)	(1,226)	9/30/2008	9/10/2015	4.16%	1 Month LIBOR
9,938 (a), (b)	(47)	3/30/2009	4/15/2016	2.24%	1 Month LIBOR
13,001 (a), (b)	82	8/15/2010	7/15/2017	2.15%	1 Month LIBOR

(a) interest rate swap agreement

(b) forward swap

As of March 31, 2011, the Company had approximately \$571.9 million of variable rate debt obligations. If the London Inter-Bank Offer Rate were to increase 100 basis points, the increase in interest expense on the variable rate debt would decrease future earnings and cash flows by approximately \$0.9 million annually (after consideration of the effect of the above derivative contracts).

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

## Foreign Currency Exchange Rate Risk

The exposure to market risk for changes in foreign currency exchange rates relates primarily to our Canadian business. Approximately 5.8%, 5.7% and 5.6% of our revenue was generated in Canada in fiscal 2011, 2010 and 2009, respectively. The result of a 10.0% change in the value of the U.S. dollar relative to the Canadian dollar would not be material to net income. We typically do not hedge any foreign currency risk since the exposure is not considered material.

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

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

**Inherent Limitations on Effectiveness of Controls**

The Company's management, including the CEO and CAO, does not expect that our Disclosure Controls or our internal control over financial reporting will prevent or detect all error and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. The design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Further, because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Projections of any evaluation of controls effectiveness to future periods are subject to risks. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures.

**Changes in Internal Control over Financial Reporting**

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

## **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, 2011, the end of our fiscal year. Management based its assessment on criteria established in Internal Control-Integrated Framework 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 2011. 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, 2011, based on criteria established in *Internal Control – Integrated Framework* 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, 2011, 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, 2011 and 2010, 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, 2011 and our report dated June 8, 2011 expressed an unqualified opinion thereon.

/s/ BDO USA, LLP

Phoenix, Arizona  
June 8, 2011

**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 annual meeting of stockholders (the "Proxy Statement"), which will be filed with the SEC within 120 days after the close of the 2011 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 accounting officer. A copy of our Code of Ethics is posted on AMERCO's web site at [amerco.com/governance.aspx](http://amerco.com/governance.aspx). We intend to satisfy the disclosure requirements of 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 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, which will be filed with the SEC within 120 days after the close of the 2011 fiscal year.

**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, which will be filed with the SEC within 120 days after the close of the 2011 fiscal year.

**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, which will be filed with the SEC within 120 days after the close of the 2011 fiscal year.

**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, which will be filed with the SEC within 120 days after the close of the 2011 fiscal year.

## PART IV

### Item 15. Exhibits and Financial Statement Schedules

The following documents are filed as part of this Report:

	Page
<b>Financial Statements:</b>	
Report of Independent Registered Public Accounting Firm	F-1
Consolidated Balance Sheets - March 31, 2011 and 2010	F-2
Consolidated Statements of Operations - Years Ended March 31, 2011, 2010, and 2009	F-3
Consolidated Statements of Changes in Stockholders' Equity - Years Ended March 31, 2011, 2010, and 2009	F-4
Consolidated Statement of Comprehensive Income (Loss) - Years Ended March 31, 2011, 2010 and 2009	F-5
Consolidated Statement of Cash Flows - Years Ended March 31, 2011, 2010 and 2009	F-6
Notes to Consolidated Financial Statements	F-7 - F-54
<b>Financial Statement Schedules required to be filed by Item 8:</b>	
Schedule I - Condensed Financial Information of AMERCO	F-55 - F-58
Schedule II - AMERCO and Consolidated Subsidiaries Valuation and Qualifying Accounts	F-59
Schedule V - AMERCO and Consolidated Subsidiaries Supplemental Information (Concerning Property-Casualty Insurance Operations)	F-60

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	Restated Articles of Incorporation of AMERCO	Incorporated by reference to AMERCO's Registration Statement on form S-4 filed March 30, 2004, file no. 1-11255
3.2	Restated Bylaws of AMERCO	Incorporated by reference to AMERCO's Current Report on Form 8-K filed on September 10, 2010, 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	First Supplemental Indenture, dated February 17, 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
4.4	Second Supplemental Indenture, dated February 17, 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
4.5	Third Supplemental Indenture, dated March 1, 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 March 4, 2011, file no. 1-11255

<b>Exhibit Number</b>	<b>Description</b>	<b>Page or Method of Filing</b>
4.6	Fourth Supplemental Indenture, dated March 15, 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 March 22, 2011, file no. 1-11255
4.7	Fifth Supplemental Indenture, dated March 15, 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 March 22, 2011, file no. 1-11255
4.8	Sixth Supplemental Indenture, dated March 29, 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 April 1, 2011, file no. 1-11255
4.9	Seventh Supplemental Indenture, dated March 29, 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 April 1, 2011, file no. 1-11255
4.10	Ninth Supplemental Indenture, dated April 19, 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 April 22, 2011, file no. 1-11255
10.1	SAC Participation and Subordination Agreement, dated as of March 15, 2004 among SAC Holding Corporation, SAC Holding II Corporation, AMERCO, U-Haul International, Inc., and Law Debenture Trust Company of New York	Incorporated by reference to AMERCO's Current Report on Form 8-K filed on March 26, 2004, file no. 1-11255
10.2	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
10.3	Share Repurchase and Registration Rights Agreement with Paul F. Shoen	Incorporated by reference to AMERCO's Annual Report on Form 10-K for the year ended March 31, 1993, file no. 1-11255
10.4	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
10.5	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
10.6	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
10.7	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
10.8	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
10.9	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
10.10	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

<b>Exhibit Number</b>	<b>Description</b>	<b>Page or Method of Filing</b>
10.11	Management Agreement between Eighteen SAC Self-Storage Corporation and U-Haul	Incorporated by reference to AMERCO's Quarterly Report on Form 10-Q for the quarter ended September 30, 2002, file no. 1-11255
10.12	Management Agreement between Nineteen SAC Self-Storage Limited Partnership and U-Haul	Incorporated by reference to AMERCO's Quarterly Report on Form 10-Q for the quarter ended September 30, 2002, file no. 1-11255
10.13	Management Agreement between Twenty SAC Self-Storage Corporation and U-Haul	Incorporated by reference to AMERCO's Quarterly Report on Form 10-Q for the quarter ended September 30, 2002, file no. 1-11255
10.14	Management Agreement between Twenty-One SAC Self-Storage Corporation and U-Haul	Incorporated by reference to AMERCO's Quarterly Report on Form 10-Q for the quarter ended September 30, 2002, file no. 1-11255
10.15	Management Agreement between Twenty-Two SAC Self-Storage Corporation and U-Haul	Incorporated by reference to AMERCO's Quarterly Report on Form 10-Q for the quarter ended September 30, 2002, file no. 1-11255
10.16	Management Agreement between Twenty-Three SAC Self-Storage Corporation and U-Haul	Incorporated by reference to AMERCO's Quarterly Report on Form 10-Q for the quarter ended September 30, 2002, file no. 1-11255
10.17	Management Agreement between Twenty-Four SAC Self-Storage Limited Partnership and U-Haul	Incorporated by reference to AMERCO's Quarterly Report on Form 10-Q for the quarter ended September 30, 2002, file no. 1-11255
10.18	Management Agreement between Twenty-Five SAC Self-Storage Limited Partnership and U-Haul	Incorporated by reference to AMERCO's Quarterly Report on Form 10-Q for the quarter ended September 30, 2002, file no. 1-11255
10.19	Management Agreement between Twenty-Six SAC Self-Storage Limited Partnership and U-Haul	Incorporated by reference to AMERCO's Quarterly Report on Form 10-Q for the quarter ended September 30, 2002, file no. 1-11255
10.20	Management Agreement between Twenty-Seven SAC Self-Storage Limited Partnership and U-Haul	Incorporated by reference to AMERCO's Quarterly Report on Form 10-Q for the quarter ended September 30, 2002, file no. 1-11255
10.21	Amended and Restated Promissory Note between SAC Holding Corporation and U-Haul International, Inc. (in an aggregate principal amount up to \$47,500,000)	Incorporated by reference to AMERCO's Form S-4 Registration Statement filed on March 30, 2004, no. 333-114042
10.22	Amended and Restated Promissory Note between SAC Holding Corporation and U-Haul International, Inc. (in an aggregate principal amount up to \$76,000,000)	Incorporated by reference to AMERCO's Form S-4 Registration Statement filed on March 30, 2004, no. 333-114042
10.23	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



<b>Exhibit Number</b>	<b>Description</b>	<b>Page or Method of Filing</b>
10.24	Property Management Agreements among Three-A through Three-D SAC Self-Storage Limited Partnership and the subsidiaries of U-Haul International, Inc.	Incorporated by reference to AMERCO's Quarterly Report on Form 10-Q for the quarter ended June 30, 2004, file no. 1-11255
10.25	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
10.26	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
10.27	Property Management Agreement between Three-SAC Self-Storage Corporation and U-Haul Co. (Canada), Ltd.	Incorporated by reference to AMERCO's Quarterly Report on Form 10-Q for the quarter ended June 30, 2004, file no. 1-11255
10.28	Property Management Agreement among subsidiaries of U-Haul International and Galaxy Storage Two, L.P.	Incorporated by reference to AMERCO's Quarterly Report on Form 10-Q for the quarter ended December 31, 2004, file no. 1-11255
10.29	Merrill Lynch Commitment Letter (re first mortgage loan)	Incorporated by reference to AMERCO's Current Report on Form 8-K, filed on May 13, 2005, file no. 1-11255
10.30	Morgan Stanley Commitment Letter	Incorporated by reference to AMERCO's Current Report on Form 8-K, filed on May 13, 2005, file no. 1-11255
10.31	Merrill Lynch Commitment Letter (re loan to Amerco Real Estate Company)	Incorporated by reference to AMERCO's Current Report on Form 8-K, filed on May 13, 2005, file no. 1-11255
10.32	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
10.33	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
10.34	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
10.35	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
10.36	Form of Mortgage, Security Agreement, Assignment of Rents and Fixture Filing, dated June 8, 2005 in favor of Morgan Stanley Mortgage Capital Inc.	Incorporated by reference to AMERCO's Current Report on Form 8-K, filed June 14, 2005, file no. 1-11255

<b>Exhibit Number</b>	<b>Description</b>	<b>Page or Method of Filing</b>
10.37	Form of Promissory Note, dated June 8, 2005, in favor of Morgan Stanley Mortgage Capital Inc.	Incorporated by reference to AMERCO's Current Report on Form 8-K, filed June 14, 2005, file no. 1-11255
10.38	Form of Mortgage, Security Agreement, Assignment of Rents and Fixture Filing, dated June 8, 2005, in favor of Merrill Lynch Mortgage Lending, Inc.	Incorporated by reference to AMERCO's Current Report on Form 8-K, filed June 14, 2005, file no. 1-11255
10.39	Form of Promissory Note, dated June 8, 2005, in favor of Merrill Lynch Mortgage Lending, Inc.	Incorporated by reference to AMERCO's Current Report on Form 8-K, filed June 14, 2005, file no. 1-11255
10.40	Property Management Agreement between Subsidiaries of U-Haul and Five SAC RW MS, LLC., dated August 17, 2005.	Incorporated by reference to AMERCO's Quarterly Report on Form 10-Q for the quarter ended September 30, 2005, file no. 1-11255
10.41	Credit agreement, dated November 10, 2005, among U-Haul Leasing & Sales Co., U-Haul Company of Arizona and U-Haul International, Inc. and Merrill Lynch Commercial Finance Corporation.	Incorporated by reference to AMERCO's Current Report on Form 8-K, filed November 17, 2005, file no. 1-11255
10.42	Property Management Agreement between Subsidiaries of U-Haul and Five SAC 905, LLC., dated September 23, 2005.	Incorporated by reference to AMERCO's Quarterly Report on Form 10-Q for the quarter ended December 31, 2005, file no. 1-11255
10.43	Property Management Agreements between Subsidiaries of U-Haul and subsidiaries of PM Partners, LP, dated June 25, 2005.	Incorporated by reference to AMERCO's Annual Report on Form 10-K for the year ended March 31, 2006, file no. 1-11255
10.44	Promissory note, dated December 1, 2005, by Private Mini Storage Realty, LP in favor of AMERCO.	Incorporated by reference to AMERCO's Annual Report on Form 10-K for the year ended March 31, 2006, file no. 1-11255
10.45	Promissory note dated December 1, 2005 by PMSI Investments, LP in favor of U-Haul International, Inc.	Incorporated by reference to AMERCO's Annual Report on Form 10-K for the year ended March 31, 2006, file no. 1-11255
10.46	Property Management Agreements between Subsidiaries of U-Haul and subsidiaries of PM Preferred Properties, LP., dated June 25, 2005	Incorporated by reference to AMERCO's Annual Report on Form 10-K for the year ended March 31, 2006, file no. 1-11255
10.47	Credit Agreement executed June 7, 2006, among U-Haul Leasing & Sales Co., U-Haul Co. of Arizona and U-Haul International, Inc. and BTMU Capital Corporation.	Incorporated by reference to AMERCO's Annual Report on Form 10-K for the year ended March 31, 2006, file no. 1-11255
10.48	Security and Collateral Agreement executed June 7, 2006, by U-Haul International, Inc., U-Haul Leasing and Sales Co., U-Haul Co. of Arizona, BTMU Capital Corporation, and Orange Truck Trust 2006	Incorporated by reference to AMERCO's Annual Report on Form 10-K for the year ended March 31, 2006, file no. 1-11255
10.49	Guarantee executed June 7, 2006, made by U-Haul International, Inc. and AMERCO in favor of BTMU Capital Corp. and Orange Truck Trust 2006.	Incorporated by reference to AMERCO's Annual Report on Form 10-K for the year ended March 31, 2006, file no. 1-11255
10.50	First Amendment to Security Agreement (New Truck Term Loan Facility) executed June 7, 2006, among U-Haul Leasing and Sales Co., U-Haul Co. of Arizona, and U-Haul International, Inc., in favor of Merrill Lynch Commercial Finance Corp.	Incorporated by reference to AMERCO's Annual Report on Form 10-K for the year ended March 31, 2006, file no. 1-11255
10.51	Credit Agreement dated June 6, 2006, among U-Haul Leasing and Sales Co., U-Haul Co. of Arizona, and U-Haul International, Inc., and HVB	Incorporated by reference to AMERCO's Annual Report on Form 10-K for the year ended March 31, 2006, file no. 1-11255

<b>Exhibit Number</b>	<b>Description</b>	<b>Page or Method of Filing</b>
10.52	Security Agreement dated June 6, 2006, among U-Haul Leasing and Sales Co., U-Haul Co. of Arizona, and U-Haul International, Inc. in favor of HVB	Incorporated by reference to AMERCO's Annual Report on Form 10-K for the year ended March 31, 2006, file no. 1-11255
10.53	Guarantee dated June 6, 2006, made by U-Haul International, Inc. in favor of HVB	Incorporated by reference to AMERCO's Annual Report on Form 10-K for the year ended March 31, 2006, file no. 1-11255
10.54	Stockholder Agreement dated June 30, 2006 between Edward J. Shoen, James P. Shoen, Mark V. Shoen, Rosmarie T. Donovan, as Trustee, and Southwest Fiduciary, Inc., as Trustee	Incorporated by reference to Exhibit 99.2, filed with the Schedule 13-D, filed on July 13, 2006, file number 5-39669
10.55	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
10.56	Stockholder Agreement dated March 9, 2007 between Edward J. Shoen, James P. Shoen, Mark V. Shoen, Rosmarie T. Donovan, as Trustee, and Adagio Trust Company, as Trustee	Incorporated by reference to Exhibit 99.2, filed with the Schedule 13-D, filed on March 9, 2007, file number 5-39669
10.57	Amended and Restated Credit Agreement, dated as of March 12, 2007, to the Credit Agreement, dated as of June 28, 2005, among U-Haul Leasing & Sales Co., U-Haul Company of Arizona and U-Haul International, Inc. and Merrill Lynch Commercial Finance Corporation.	Incorporated by reference to AMERCO's Annual Report on Form 10-K for the year ended March 31, 2007, file no. 1-11255
10.58	Amended and Restated Security Agreement, dated as of March 12, 2007, to the Security Agreement, dated June 28, 2005, among U-Haul Leasing & Sales Co., U-Haul Company of Arizona and U-Haul International, Inc. in favor of Merrill Lynch Commercial Finance Corporation.	Incorporated by reference to AMERCO's Annual Report on Form 10-K for the year ended March 31, 2007, file no. 1-11255
10.59	2007-1 BOX TRUCK BASE INDENTURE, dated as of June 1, 2007, among U-HAUL S FLEET, LLC, 2007 TM-1, LLC, 2007 DC-1, LLC, and 2007 EL-1, LLC and U.S. BANK NATIONAL ASSOCIATION.	Incorporated by reference to AMERCO's Annual Report on Form 10-K for the year ended March 31, 2007, file no. 1-11255
10.60	SCHEDULE I TO 2007-1 BOX TRUCK BASE INDENTURE, dated as of June 1, 2007.	Incorporated by reference to AMERCO's Annual Report on Form 10-K for the year ended March 31, 2007, file no. 1-11255
10.61	SERIES 2007-1 SUPPLEMENT, dated as of June 1, 2007, among U-HAUL S FLEET, LLC, 2007 TM-1, LLC, 2007 DC-1, LLC, and 2007 EL-1, LLC, and U.S. BANK NATIONAL ASSOCIATION, to the 2007-1 Box Truck Base Indenture.	Incorporated by reference to AMERCO's Annual Report on Form 10-K for the year ended March 31, 2007, file no. 1-11255
10.62	Amended and restated Property Management Agreement among Six-A 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

<b>Exhibit Number</b>	<b>Description</b>	<b>Page or Method of Filing</b>
10.63	Amended and restated Property Management Agreement among Six-B 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
10.64	Amended and restated Property Management Agreement among Six-C 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
10.65	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
10.66	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
10.67	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
10.68	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
10.69	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
10.70	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
10.71	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
10.72	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
10.73	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
10.74	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
10.75	Promissory Note. SAC Holding Corporation, a Nevada corporation ("Borrower"), pay to U-Haul International, Inc., a Nevada corporation	Incorporated by reference to AMERCO's Quarterly Report on Form 10-Q for the quarter ended September 30, 2007, file no. 1-11255

<b>Exhibit Number</b>	<b>Description</b>	<b>Page or Method of Filing</b>
10.76	Omnibus Termination and Release (Aged Truck Revolving Loan Facility), dated February 8, 2008 among U-Haul Leasing & Sales Co., U-Haul Co. of Arizona and U-Haul International, Inc. and Merrill Lynch Commercial Finance Corporation	Incorporated by reference to AMERCO's Current Report on Form 8-K filed February 13, 2008, file no. 1-11255
10.77	Stockholder Agreement dated January 1, 2009 between Edward J. Shoen, James P. Shoen, Mark V. Shoen, Rosmarie T. Donovan, as Trustee, and Dunham Trust Company, as Trustee	Incorporated by reference to Exhibit 99.2, filed with the Schedule 13-D, filed on June 26, 2009, file number 5-39669
10.78	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
10.79	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
10.80	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
10.81	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
10.82	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
10.83	Amended and Restated AMERCO Employee Savings and Profit and Sharing Plan.	Filed herewith
10.84	Amended and Restated AMERCO Employee Stock Ownership Plan	Filed herewith
10.85	Credit Agreement, dated April 29, 2011, among Amerco Real Estate Company and U-Haul Company of Florida and J.P. Morgan Chase Bank, N.A.	Filed herewith
14	Code of Ethics	Incorporated by reference to AMERCO's Current Report on Form 8-K, filed on May 5, 2004, 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	Filed herewith
31.2	Rule 13a-14(a)/15d-14(a) Certificate of Jason A. Berg, Principal Financial Officer and Chief Accounting Officer of AMERCO	Filed herewith

<b>Exhibit Number</b>	<b>Description</b>	<b>Page or Method of Filing</b>
32.1	Certificate of Edward J. Shoen, President and Chairman of the Board of AMERCO pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Furnished herewith
32.2	Certificate of Jason A. Berg, Principal Financial Officer and Chief Accounting Officer of AMERCO pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Furnished herewith

\* Indicates compensatory plan arrangement.

## 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, 2011 and 2010 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, 2011. 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, 2011 and 2010, and the results of its operations and its cash flows for each of the three years in the period ended March 31, 2011, 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, 2011, based on criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and our report dated June 8, 2011 expressed an unqualified opinion thereon.

/s/ BDO USA, LLP

Phoenix, Arizona

June 8, 2011

**AMERCO AND CONSOLIDATED SUBSIDIARIES**

**CONSOLIDATED BALANCE SHEETS**

	March 31,	
	2011	2010
	(In thousands, except share data)	
<b>ASSETS</b>		
Cash and cash equivalents	\$ 375,496	\$ 244,118
Reinsurance recoverables and trade receivables, net	205,371	198,283
Inventories, net	59,942	52,837
Prepaid expenses	57,624	53,379
Investments, fixed maturities and marketable equities	659,809	549,318
Investments, other	201,868	227,486
Deferred policy acquisition costs, net	52,870	39,194
Other assets	166,633	147,325
Related party assets	301,968	302,126
	<u>2,081,581</u>	<u>1,814,066</u>
Property, plant and equipment, at cost:		
Land	239,177	224,904
Buildings and improvements	1,024,669	970,937
Furniture and equipment	310,671	323,334
Rental trailers and other rental equipment	249,700	244,131
Rental trucks	1,611,763	1,529,817
	<u>3,435,980</u>	<u>3,293,123</u>
Less: Accumulated depreciation	<u>(1,341,407)</u>	<u>(1,344,735)</u>
Total property, plant and equipment	<u>2,094,573</u>	<u>1,948,388</u>
Total assets	<u>\$ 4,176,154</u>	<u>\$ 3,762,454</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 304,006	\$ 296,057
Notes, loans and leases payable	1,397,842	1,347,635
Policy benefits and losses, claims and loss expenses payable	927,376	816,909
Liabilities from investment contracts	246,717	268,810
Other policyholders' funds and liabilities	8,727	8,155
Deferred income	27,209	25,207
Deferred income taxes	271,257	186,770
Total liabilities	<u>3,183,134</u>	<u>2,949,543</u>
Commitments and contingencies (notes 9, 17, 18, 19 and 20)		
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; 5,791,700 and 5,992,800 shares issued and outstanding as of March 31, 2011 and 2010	-	-
Series B preferred stock, with no par value, 100,000 shares authorized; none issued and outstanding as of March 31, 2011 and 2010	-	-
Series common stock, with or without par value, 150,000,000 shares authorized:		
Series A common stock of \$0.25 par value, 10,000,000 shares authorized; none issued as of March 31, 2011 and 2010	-	-
Common stock of \$0.25 par value, 150,000,000 shares authorized; 41,985,700 issued as of March 31, 2011 and 2010	10,497	10,497
Additional paid-in capital	418,023	419,811
Accumulated other comprehensive loss	(46,467)	(56,207)
Retained earnings	1,140,002	969,017
Cost of common shares in treasury, net (22,377,912 shares as of March 31, 2011 and 2010)	(525,653)	(525,653)
Unearned employee stock ownership plan shares	(3,382)	(4,554)
Total stockholders' equity	<u>993,020</u>	<u>812,911</u>
Total liabilities and stockholders' equity	<u>\$ 4,176,154</u>	<u>\$ 3,762,454</u>

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



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

	Years Ended March 31,		
	2011	2010	2009
	(In thousands, except share and per share data)		
<b>Revenues:</b>			
Self-moving equipment rentals	\$ 1,547,015	\$ 1,419,726	\$ 1,423,022
Self-storage revenues	120,698	110,369	110,548
Self-moving and self-storage products and service sales	205,570	198,785	199,394
Property management fees	22,132	21,632	23,192
Life insurance premiums	206,992	134,345	109,572
Property and casualty insurance premiums	30,704	27,625	28,337
Net investment and interest income	52,661	49,989	58,021
Other revenue	55,503	39,534	40,180
Total revenues	<u>2,241,275</u>	<u>2,002,005</u>	<u>1,992,266</u>
<b>Costs and expenses:</b>			
Operating expenses	1,026,577	1,022,061	1,057,880
Commission expenses	190,981	169,104	171,303
Cost of sales	106,024	104,049	114,387
Benefits and losses	190,429	121,105	97,617
Amortization of deferred policy acquisition costs	9,494	7,569	12,394
Lease expense	150,809	156,951	152,424
Depreciation, net of (gains) losses on disposals ((\$23,058), (\$1,960) and \$16,644, respectively)	189,266	227,629	265,213
Total costs and expenses	<u>1,863,580</u>	<u>1,808,468</u>	<u>1,871,218</u>
Earnings from operations	377,695	193,537	121,048
Interest expense	(88,381)	(93,347)	(98,470)
Pretax earnings	289,314	100,190	22,578
Income tax expense	(105,739)	(34,567)	(9,168)
Net earnings	183,575	65,623	13,410
Excess (loss) of carrying amount of preferred stock over consideration paid	(178)	388	-
Less: Preferred stock dividends	(12,412)	(12,856)	(12,963)
Earnings available to common shareholders	<u>\$ 170,985</u>	<u>\$ 53,155</u>	<u>\$ 447</u>
Basic and diluted earnings per common share	<u>\$ 8.80</u>	<u>\$ 2.74</u>	<u>\$ 0.02</u>
Weighted average common shares outstanding: Basic and diluted	<u>19,432,781</u>	<u>19,386,791</u>	<u>19,350,041</u>

Related party revenues for fiscal 2011, 2010 and 2009, net of eliminations, were \$46.7 million, \$45.9 million and \$46.9 million, respectively.

Related party costs and expenses for fiscal 2011, 2010 and 2009, net of eliminations, were \$39.7 million, \$37.2 million and \$37.1 million, respectively.

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, \$0.25 Par Value	Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Less: Treasury Stock	Less: Unearned Employee Stock Ownership Plan Shares	Total Stockholders' Equity
	(In thousands)						
<b>Balance as of March 31, 2008</b>	<u>\$ 10,497</u>	<u>\$ 419,370</u>	<u>\$ (55,279)</u>	<u>\$ 915,415</u>	<u>\$ (524,677)</u>	<u>\$ (6,895)</u>	<u>\$ 758,431</u>
Increase in market value of released ESOP shares and release of unearned ESOP shares	-	1,218	-	-	-	1,230	2,448
Foreign currency translation	-	-	(16,030)	-	-	-	(16,030)
Unrealized loss on investments, net of tax	-	-	(8,914)	-	-	-	(8,914)
Fair market value of cash flow hedges, net of tax	-	-	(17,833)	-	-	-	(17,833)
Adjustment to post retirement benefit obligation	-	-	56	-	-	-	56
Net earnings	-	-	-	13,410	-	-	13,410
Preferred stock dividends: Series A (\$2.13 per share for fiscal 2009)	-	-	-	(12,963)	-	-	(12,963)
Treasury stock	-	-	-	-	(976)	-	(976)
Net activity	-	1,218	(42,721)	447	(976)	1,230	(40,802)
<b>Balance as of March 31, 2009</b>	<u>\$ 10,497</u>	<u>\$ 420,588</u>	<u>\$ (98,000)</u>	<u>\$ 915,862</u>	<u>\$ (525,653)</u>	<u>\$ (5,665)</u>	<u>\$ 717,629</u>
Increase in market value of released ESOP shares and release of unearned ESOP shares	-	1,336	-	-	-	1,111	2,447
Foreign currency translation	-	-	14,471	-	-	-	14,471
Unrealized gain on investments, net of tax	-	-	13,254	-	-	-	13,254
Fair market value of cash flow hedges, net of tax	-	-	14,478	-	-	-	14,478
Adjustment to post retirement benefit obligation	-	-	(410)	-	-	-	(410)
Net earnings	-	-	-	65,623	-	-	65,623
Excess of carrying amount of preferred stock over consideration paid	-	-	-	388	-	-	388
Preferred stock dividends: Series A (\$2.13 per share for fiscal 2010)	-	-	-	(12,856)	-	-	(12,856)
Contribution to related party	-	(2,113)	-	-	-	-	(2,113)
Net activity	-	(777)	41,793	53,155	-	1,111	95,282
<b>Balance as of March 31, 2010</b>	<u>\$ 10,497</u>	<u>\$ 419,811</u>	<u>\$ (56,207)</u>	<u>\$ 969,017</u>	<u>\$ (525,653)</u>	<u>\$ (4,554)</u>	<u>\$ 812,911</u>
Increase in market value of released ESOP shares and release of unearned ESOP shares	-	3,038	-	-	-	1,172	4,210
Foreign currency translation	-	-	3,114	-	-	-	3,114
Unrealized gain on investments, net of tax	-	-	4,930	-	-	-	4,930
Fair market value of cash flow hedges, net of tax	-	-	1,495	-	-	-	1,495
Adjustment to post retirement benefit obligation	-	-	201	-	-	-	201
Net earnings	-	-	-	183,575	-	-	183,575
Loss of carrying amount of preferred stock over consideration paid	-	-	-	(178)	-	-	(178)
Preferred stock dividends: Series A (\$2.13 per share for fiscal 2011)	-	-	-	(12,412)	-	-	(12,412)
Contribution to related party	-	(4,826)	-	-	-	-	(4,826)
Net activity	-	(1,788)	9,740	170,985	-	1,172	180,109
<b>Balance as of March 31, 2011</b>	<u>\$ 10,497</u>	<u>\$ 418,023</u>	<u>\$ (46,467)</u>	<u>\$ 1,140,002</u>	<u>\$ (525,653)</u>	<u>\$ (3,382)</u>	<u>\$ 993,020</u>

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

**AMERCO AND CONSOLIDATED SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**

<b>Fiscal Year Ended March 31, 2011</b>	<u>Pre-tax</u>	<u>Tax</u>	<u>Net</u>
		(In thousands)	
Comprehensive income (loss):			
Net earnings	\$ 289,314	\$ (105,739)	\$ 183,575
Other comprehensive income (loss):			
Foreign currency translation	3,114	-	3,114
Unrealized gain on investments	7,468	(2,538)	4,930
Change in fair value of cash flow hedges	2,411	(916)	1,495
Postretirement benefit obligation gain	324	(123)	201
Total comprehensive income (loss)	<u>\$ 302,631</u>	<u>\$ (109,316)</u>	<u>\$ 193,315</u>
<b>Fiscal Year Ended March 31, 2010</b>	<u>Pre-tax</u>	<u>Tax</u>	<u>Net</u>
		(In thousands)	
Comprehensive income (loss):			
Net earnings	\$ 100,190	\$ (34,567)	\$ 65,623
Other comprehensive income (loss):			
Foreign currency translation	14,471	-	14,471
Unrealized gain on investments	20,546	(7,292)	13,254
Change in fair value of cash flow hedges	23,352	(8,874)	14,478
Postretirement benefit obligation loss	(661)	251	(410)
Total comprehensive income (loss)	<u>\$ 157,898</u>	<u>\$ (50,482)</u>	<u>\$ 107,416</u>
<b>Fiscal Year Ended March 31, 2009</b>	<u>Pre-tax</u>	<u>Tax</u>	<u>Net</u>
		(In thousands)	
Comprehensive income (loss):			
Net earnings	\$ 22,578	\$ (9,168)	\$ 13,410
Other comprehensive income (loss):			
Foreign currency translation	(16,030)	-	(16,030)
Unrealized loss on investments	(13,712)	4,798	(8,914)
Change in fair value of cash flow hedges	(28,763)	10,930	(17,833)
Postretirement benefit obligation gain	92	(36)	56
Total comprehensive income (loss)	<u>\$ (35,835)</u>	<u>\$ 6,524</u>	<u>\$ (29,311)</u>

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,		
	2011	2010	2009
	(In thousands)		
<b>Cash flows from operating activities:</b>			
Net earnings	\$ 183,575	\$ 65,623	\$ 13,410
Adjustments to reconcile net earnings to cash provided by operations:			
Depreciation	212,324	229,589	248,569
Amortization of deferred policy acquisition costs	9,494	7,569	12,394
Change in allowance for losses on trade receivables	28	(163)	(17)
Change in allowance for losses on mortgage notes	-	(6)	(309)
Change in allowance for inventory reserves	(674)	1,153	792
Net (gain) loss on sale of real and personal property	(23,058)	(1,960)	16,644
Net (gain) loss on sale of investments	(1,135)	332	64
Deferred income taxes	80,898	15,497	7,941
Net change in other operating assets and liabilities:			
Reinsurance recoverables and trade receivables	(7,113)	15,715	(11,069)
Inventories	(6,431)	16,759	(6,192)
Prepaid expenses	(4,244)	822	2,428
Capitalization of deferred policy acquisition costs	(25,239)	(13,934)	(10,906)
Other assets	29,522	34,626	(4,797)
Related party assets	(87)	2,369	4,577
Accounts payable and accrued expenses	12,547	(3,096)	(1,821)
Policy benefits and losses, claims and loss expenses payable	109,599	34,589	(7,620)
Other policyholders' funds and liabilities	572	(3,805)	1,493
Deferred income	1,967	396	13,037
Related party liabilities	249	(727)	(4,192)
<b>Net cash provided by operating activities</b>	<b>572,794</b>	<b>401,348</b>	<b>274,426</b>
<b>Cash flow from investing activities:</b>			
Purchase of:			
Property, plant and equipment	(480,418)	(259,491)	(396,690)
Short term investments	(260,766)	(322,666)	(320,922)
Fixed maturity investments	(215,931)	(149,746)	(143,665)
Equity securities	(11,550)	(17,815)	(1)
Preferred stock	(14,352)	(2,185)	(2,000)
Real estate	(193)	(2,310)	(614)
Mortgage loans	(38,558)	(1,501)	(24,699)
Other investments	(2,000)	-	-
Proceeds from sales of:			
Property, plant and equipment	180,411	142,869	128,188
Short term investments	310,195	319,258	298,982
Fixed maturity investments	131,981	163,654	234,317
Equity securities	1,198	-	28
Preferred stock	1,914	5,077	-
Real estate	1,925	771	-
Mortgage loans	15,156	6,107	5,884
<b>Net cash used by investing activities</b>	<b>(380,988)</b>	<b>(117,978)</b>	<b>(221,192)</b>
<b>Cash flow from financing activities:</b>			
Borrowings from credit facilities	321,862	72,153	180,331
Principal repayments on credit facilities	(288,882)	(301,966)	(148,398)
Debt issuance costs	(1,987)	(2,345)	(414)
Capital lease payments	(11,522)	(4,057)	(776)
Leveraged Employee Stock Ownership Plan - Repayment from loan	1,172	1,111	1,230
Treasury stock repurchases	-	-	(976)
Securitization deposits	(46,838)	-	-
Preferred stock dividends paid	(12,412)	(12,856)	(12,963)
Investment contract deposits	11,138	12,712	17,739
Investment contract withdrawals	(33,230)	(47,235)	(53,605)
<b>Net cash used by financing activities</b>	<b>(60,699)</b>	<b>(282,483)</b>	<b>(17,832)</b>
Effects of exchange rate on cash	271	2,644	(1,437)
Increase in cash and cash equivalents	131,378	3,531	33,965
Cash and cash equivalents at the beginning of period	244,118	240,587	206,622
Cash and cash equivalents at the end of period	<u>\$ 375,496</u>	<u>\$ 244,118</u>	<u>\$ 240,587</u>

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. The Company discloses any material events occurring during the intervening period. Consequently, all references to our insurance subsidiaries' years 2010, 2009 and 2008 correspond to fiscal 2011, 2010 and 2009 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**

The Company applies Accounting Standards Codification ("ASC") 810 ("ASC 810") in its principles of consolidation. ASC 810 addresses arrangements where a company does not hold a majority of the voting or similar interests of a VIE. A company is required to consolidate a variable interest entity ("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 have a variable interest in the entity, and whether or not the company's interest is such that it is the primary beneficiary.

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

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

In November 2007, Blackwater contributed additional capital to its wholly-owned subsidiary, SAC Holding II. This contribution was determined by us to be material with respect to the capitalization of SAC Holding II; therefore, triggering a requirement under FIN 46(R) for us to reassess the Company's involvement with those entities. This required reassessment led to the conclusion that SAC Holding II had the ability to fund its own operations and execute its business plan without any future subordinated financial support; therefore, the Company was no longer the primary beneficiary of SAC Holding II as of the date of Blackwater's contribution.

Accordingly, at the date AMERCO ceased to be considered the primary beneficiary of SAC Holding II and its current subsidiaries, it deconsolidated these entities. The deconsolidation was accounted for as a distribution of SAC Holding II's interests to the sole shareholder of the SAC entities. Because of AMERCO's continuing involvement with SAC Holding II and its subsidiaries, the distribution does not qualify as discontinued operations.

## AMERCO AND CONSOLIDATED SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

It is possible that SAC Holdings could take actions that would require us to re-determine whether SAC Holdings remains a VIE and we continually monitor whether we have become the primary beneficiary of SAC Holdings. None of the events delineated in Financial Accounting Standards Board ("FASB") ASC 810-10-35-4 which would require a redetermination occurred during the period being reported upon in this Form 10-K. Should we determine in the future that we are the primary beneficiary of SAC Holdings, we could be required to consolidate some or all of SAC Holdings within our financial statements.

Intercompany accounts and transactions have been eliminated.

#### **Description of Legal Entities**

AMERCO is the holding company for:

U-Haul International, Inc. ("U-Haul"),

Amerco Real Estate Company ("Real Estate"),

Repwest Insurance Company ("Repwest"), and

Oxford Life Insurance Company ("Oxford").

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

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

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

Moving and Storage operations include AMERCO, U-Haul, and Real Estate and the wholly-owned subsidiaries of U-Haul and Real Estate. Operations consist of the rental of trucks and trailers, sales of moving supplies, sales of towing accessories, sales of propane, the rental of self-storage spaces to the "do-it-yourself" mover and management of self-storage properties owned by others. Operations are conducted under the registered trade name U-Haul<sup>®</sup> throughout the United States and Canada.

The Property and Casualty Insurance operating segment includes Repwest and its wholly-owned subsidiaries and ARCOA risk retention group ("ARCOA"). Property and Casualty Insurance provides loss adjusting and claims handling for U-Haul through regional offices across North America. Property and Casualty Insurance also underwrites components of the Safemove, Safetow, Super Safemove and Safestor protection packages to U-Haul customers. The business plan for Property and Casualty Insurance operating segment includes offering property and casualty products in other U-Haul related programs. ARCOA is a captive insurer owned by the Company whose purpose is to provide insurance products related to the moving and storage business.

The Life Insurance operating segment includes Oxford and its wholly-owned subsidiaries. Oxford provides life and health insurance products primarily to the senior market through the direct writing or 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 the Company may differ from management's estimates.

## AMERCO AND CONSOLIDATED SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

#### **Cash and Cash Equivalents**

The Company considers 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 the Company 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 ("FDIC") up to \$250,000. Accounts at each Canadian financial institution are insured by the Canada Deposit Insurance Corporation ("CDIC") up to \$100,000 CAD per account. At March 31, 2011 and March 31, 2010, the Company had \$309.2 million and \$204.4 million, respectively, in excess of FDIC and CDIC insured limits. To mitigate this risk, the Company selects 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 the Company's investments in these securities are 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: 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.

*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.

#### **Fair Values**

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

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

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

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

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

**AMERCO AND CONSOLIDATED SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)**

**Derivative Financial Instruments**

The Company's 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 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. The Company does not enter into these instruments for trading purposes. Counterparties to the Company's interest rate swap agreements are major financial institutions. In accordance with ASC 815 - *Derivatives and Hedging*, the Company recognizes interest rate swap agreements on the balance sheet at fair value, which is 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 recognized in 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:

	March 31,	
	2011	2010
	(In thousands)	
Truck and trailer parts and accessories (a)	\$ 53,212	\$ 46,304
Hitches and towing components (b)	12,797	13,644
Moving supplies and propane (b)	7,822	7,452
Subtotal	73,831	67,400
Less: LIFO reserves	(13,294)	(11,963)
Less: excess and obsolete reserves	(595)	(2,600)
Total	<u>\$ 59,942</u>	<u>\$ 52,837</u>

(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 Company owned locations; our independent dealers do not hold any of the Company's inventory.

Inventory cost is primarily determined using the last-in first-out method ("LIFO"). Inventories valued using LIFO consisted of approximately 95% of the total inventories for both March 31, 2011 and 2010, respectively. Had the Company utilized the first-in first-out method ("FIFO"), stated inventory balances would have been \$13.3 million and \$12.0 million higher at March 31, 2011 and 2010, respectively. In fiscal 2011, the positive effect on income due to liquidation of a portion of the LIFO inventory was \$0.7 million.

**Property, Plant and Equipment**

Property, plant and equipment are stated at cost. Interest expense incurred during the initial construction of buildings and rental equipment is considered part of cost. Depreciation is computed for financial reporting purposes using the straight line or an accelerated method based on a declining balance formula over the following estimated useful lives: rental equipment 2-20 years and buildings and non-rental equipment 3-55 years. The Company follows the deferral method of accounting based on ASC 908 - *Airlines* for major overhauls in which engine overhauls are capitalized and amortized over five years and transmission overhauls are capitalized and amortized over three years. Routine maintenance costs are charged to operating expense as they are incurred. Gains and losses on dispositions of property, plant and equipment are netted against



## AMERCO AND CONSOLIDATED SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

depreciation expense when realized. The amount of (gains) or losses netted against depreciation expense were (\$23.1) million, (\$2.0) million and \$16.6 million during fiscal 2011, 2010 and 2009, 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.

We regularly perform reviews to determine whether facts and circumstances exist which indicate that the carrying amount of assets, including estimates of residual value, may not be recoverable or that the useful life of assets are shorter or longer than originally estimated. Reductions in residual values (i.e., the price at which we ultimately expect to dispose of revenue earning equipment) or useful lives will result in an increase in depreciation expense over the life of the equipment. Reviews are performed based on vehicle class, generally subcategories of trucks and trailers. We assess the recoverability of our assets by comparing the projected undiscounted net cash flows associated with the related asset or group of assets over their estimated remaining lives against their respective carrying amounts. We consider factors such as current and expected future market price trends on used vehicles and the expected life of vehicles included in the fleet. Impairment, if any, is based on the excess of the carrying amount over the fair value of those assets. In fiscal 2010, the Company reduced the carrying value of certain older trucks by \$9.1 million or \$0.47 per share before income taxes, in which the tax effect was approximately \$0.17 per share. If asset residual values are determined to be recoverable, but the useful lives are shorter or longer than originally estimated, the net book value of the assets is depreciated over the newly determined remaining useful lives.

In fiscal 2006, management performed an analysis of the expected economic value of new rental trucks and determined that additions to the fleet resulting from purchase should be depreciated on an accelerated method based upon a declining formula. The salvage value and useful life assumptions of the rental truck fleet remain unchanged. Under the declining balances method (2.4 times declining balance), the book value of a rental truck is reduced approximately 16%, 13%, 11%, 9%, 8%, 7%, and 6% during years one through seven, respectively and then reduced on a straight line basis an additional 10% by the end of year fifteen. Whereas, a standard straight line approach would reduce the book value by approximately 5.3% per year over the life of the truck. For the affected equipment, the accelerated depreciation was \$44.8 million, \$49.1 million and \$56.0 million greater than what it would have been if calculated under a straight line approach for fiscal 2011, 2010 and 2009, respectively.

Although we intend to sell our used vehicles for prices approximating book value, the extent to which we realize a gain or loss on the sale of used vehicles is dependent upon various factors including but not limited to, the general state of the used vehicle market, the age and condition of the vehicle at the time of its disposal and the depreciation rates with respect to the vehicle. We typically sell our used vehicles at our sales centers throughout North America, on our web site at [uhaul.com/trucksales](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.

The carrying value of surplus real estate, which is lower than market value at the balance sheet date, was \$9.7 million and \$9.8 million for fiscal 2011 and 2010, respectively, and is included in Investments, other.

#### **Receivables**

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

Insurance premiums receivable for policies that are billed through contracted agents are recorded net of commission's 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. 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, the Company does not cede losses to a re-insurer if the carrier is deemed financially unable to perform on the contract. Also, reinsurance recoverables 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.

## AMERCO AND CONSOLIDATED SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

#### ***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 losses incurred, but not yet reported. Oxford's liabilities for deferred annuity contracts consist of contract account balances that accrue to the benefit of the policyholders.

Repwest'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.

#### ***Self-Insurance Reserves***

U-Haul retains the risk for certain public liability and property damage programs related to the rental equipment. The consolidated balance sheets include \$397.4 million and \$385.5 million of liabilities related to these programs as of March 31, 2011 and 2010, respectively. These liabilities are recorded in Policy benefits and losses 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. Based upon additional claims information obtained through the passage of time, the Company reduced its self-insurance reserve balance associated with prior accident years by \$15.0 million in both fiscal 2011 and fiscal 2010.

Additionally, as of March 31, 2011 and 2010, the consolidated balance sheets include liabilities of \$6.9 million and \$7.7 million, respectively, related to Company provided medical plan benefits for eligible employees. The Company estimates this liability based on actual claims outstanding as of the balance sheet date as well as an actuarial estimate of claims incurred but not reported. This liability is reported net of estimated recoveries from excess loss reinsurance policies with unaffiliated insurers of \$0.3 million in both fiscal 2011 and 2010, 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 \$14.9 million, \$20.2 million and \$24.7 million in fiscal 2011, 2010 and 2009, 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 the Life Insurance operating segment's life and health insurance products, these costs are amortized, with interest, in relation to revenue such that costs are realized as a

## AMERCO AND CONSOLIDATED SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

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. For Repwest, these costs are amortized over the related contract periods, which generally do not exceed one year.

#### ***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 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, except for Dallas General Life Insurance Company ("DGLIC"), a subsidiary of Oxford, which will file on a stand alone basis until 2012. 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.

#### ***Adoption of New Accounting Pronouncements***

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

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

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

**AMERCO AND CONSOLIDATED SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)**

**Recent Accounting Pronouncements**

ASU 2010-26 amends FASB ASC 944-30 to provide further guidance regarding the capitalization of costs relating to the acquisition or renewal of insurance contracts. Specifically, only qualifying costs associated with successful contract acquisitions are permitted to be deferred. The amended guidance is effective for fiscal years beginning after December 15, 2011 (and for interim periods within such years), with early adoption permitted as of the beginning of the entity's annual reporting period. The amended guidance should be applied prospectively, but retrospective application for all prior periods is allowed. The Company does not believe that the adoption of this statement will have a material impact on our financial statements.

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

**Note 4: Earnings Per Share**

Net earnings for purposes of computing earnings per common share are net earnings less preferred stock dividends, adjusted for the price paid by our insurance companies for purchasing AMERCO Preferred stock less its carrying value on our balance sheet. Preferred stock dividends include accrued dividends of AMERCO. Preferred stock dividends paid to or accrued for entities that are part of the consolidated group are eliminated in consolidation.

The weighted average common shares outstanding exclude post-1992 shares of the employee stock ownership plan that have not been committed to be released. The unreleased shares, net of shares committed to be released, were 153,069; 199,363; and 244,452 as of March 31, 2011, 2010, and 2009, respectively.

5,791,700 and 5,992,800 shares of preferred stock have been excluded from the weighted average shares outstanding calculation as of March 31, 2011 and 2010, respectively because they are not common stock and they are not convertible into common stock.

From January 1, 2009 through March 31, 2011, our insurance subsidiaries purchased 308,300 shares of our Series A 8½% Preferred Stock ("Series A Preferred") on the open market for \$7.2 million Pursuant to ASC 260 - *Earnings Per Share*, for earnings per share purposes, we recognize the excess or deficit of the carrying amount of the Series A Preferred over the fair value of the consideration paid. For fiscal 2011 this resulted in a \$0.2 million charge to net earnings as the amount paid by the insurance companies exceeded the carrying value, net of a prorated portion of original issue costs of the preferred stock. For fiscal 2010 we recognized a \$0.4 million gain as the amount paid was less than our adjusted carrying value.

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

Reinsurance recoverables and trade receivables, net were as follows:

	<b>March 31,</b>	
	<b>2011</b>	<b>2010</b>
	(In thousands)	
Reinsurance recoverable	\$ 168,507	\$ 163,687
Trade accounts receivable	19,615	18,034
Paid losses recoverable	1,048	3,087
Accrued investment income	7,963	6,818
Premiums and agents' balances	1,297	1,401
Independent dealer receivable	424	562
Other receivable	7,853	6,002
	<u>206,707</u>	<u>199,591</u>
Less: Allowance for doubtful accounts	(1,336)	(1,308)
	<u>\$ 205,371</u>	<u>\$ 198,283</u>

**AMERCO AND CONSOLIDATED SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)**

**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.

The Company deposits bonds with insurance regulatory authorities to meet statutory requirements. The adjusted cost of bonds on deposit with insurance regulatory authorities was \$13.9 million and \$15.1 million at March 31, 2011 and 2010, respectively.

**Available-for-Sale Investments**

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

	<u>Amortized Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses More than 12 Months</u>	<u>Gross Unrealized Losses Less than 12 Months</u>	<u>Estimated Market Value</u>
			(In thousands)		
U.S. treasury securities and government obligations	\$ 34,522	\$ 2,021	\$ (20)	\$ (4)	\$ 36,519
U.S. government agency mortgage-backed securities	74,721	6,208	-	(4)	80,925
Obligations of states and political subdivisions	79,020	1,203	(389)	(3,113)	76,721
Corporate securities	389,167	21,559	(794)	(1,177)	408,755
Mortgage-backed securities	6,740	223	(108)	(7)	6,848
Redeemable preferred stocks	31,190	1,910	(934)	(86)	32,080
Common stocks	28,293	8,153	(108)	(10,380)	25,958
Less: Preferred stock of AMERCO held by subsidiaries	(7,190)	(807)	-	-	(7,997)
	<u>\$ 636,463</u>	<u>\$ 40,470</u>	<u>\$ (2,353)</u>	<u>\$ (14,771)</u>	<u>\$ 659,809</u>

Available-for-sale investments at March 31, 2010 were as follows:

	<u>Amortized Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses More than 12 Months</u>	<u>Gross Unrealized Losses Less than 12 Months</u>	<u>Estimated Market Value</u>
			(In thousands)		
U.S. treasury securities and government obligations	\$ 44,573	\$ 1,712	\$ -	\$ (147)	\$ 46,138
U.S. government agency mortgage-backed securities	91,858	4,534	(1)	(36)	96,355
Obligations of states and political subdivisions	18,932	323	(846)	(398)	18,011
Corporate securities	336,525	13,362	(1,733)	(780)	347,374
Mortgage-backed securities	9,250	142	(530)	-	8,862
Redeemable preferred stocks	18,723	965	(2,893)	(20)	16,775
Common stocks	17,840	534	(4)	-	18,370
Less: Preferred stock of AMERCO held by subsidiaries	(2,185)	(382)	-	-	(2,567)
	<u>\$ 535,516</u>	<u>\$ 21,190</u>	<u>\$ (6,007)</u>	<u>\$ (1,381)</u>	<u>\$ 549,318</u>

The tables above 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.

The Company sold available-for-sale securities with a fair value of \$134.7 million, \$168.6 million and \$234.2 million in fiscal 2011, 2010 and 2009, respectively. The gross realized gains on these sales totaled \$2.0 million, \$2.8 million and \$0.7 million in fiscal 2011, 2010 and 2009, respectively. The Company realized gross losses on these sales of \$0.2 million, \$2.0 million and \$0.5 million in fiscal 2011, 2010 and 2009, respectively.

**AMERCO AND CONSOLIDATED SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)**

The unrealized losses of more than twelve months in the table on the previous page are considered temporary declines. The Company tracks each investment with an unrealized loss and evaluates them on an individual basis for other-than-temporary impairments including obtaining corroborating opinions from third party sources, performing trend analysis and reviewing management's future plans. Certain of these investments had declines determined by management to be other-than-temporary and the Company recognized these write-downs through earnings in the amounts of \$0.8 million, \$2.2 million and \$0.4 million in fiscal 2011, 2010 and 2009, respectively.

The investment portfolio primarily consists of corporate securities and U.S. government securities. The Company believes it monitors its investments as appropriate. The Company's methodology of assessing other-than-temporary impairments is based on security-specific analysis as of the balance sheet date and considers various factors including the length of time to maturity, the extent to which the fair value has been less than the cost, the financial condition and the near-term prospects of the issuer, and whether the debtor is current on its contractually obligated interest and principal payments. Nothing has come to management's attention that would lead to the belief that each issuer would not have the ability to meet the remaining contractual obligations of the security, including payment at maturity. The Company does not have the intent to sell its fixed maturity and common stock investments for a period of time sufficient to allow the Company to recover its costs.

The portion of other-than-temporary impairment related to a credit loss is recognized in earnings. The significant inputs utilized in the evaluation of mortgage backed securities credit losses include ratings, delinquency rates, and prepayment activity. The significant inputs utilized in the evaluation of asset backed securities credit losses include the time frame for principal recovery and the subordination and value of the underlying collateral.

Credit losses recognized in earnings for which a portion of an other-than-temporary impairment was recognized in other comprehensive income were as follows:

	<b>Credit Loss</b>
	(In thousands)
Balance at March 31, 2010	\$ 552
Additions:	
Other-than-temporary impairment not previously recognized	-
Balance at March 31, 2011	<u>\$ 552</u>

The adjusted cost and estimated market value of available-for-sale investments at March 31, 2011 and 2010, respectively, by contractual maturity, were as follows:

	<b>March 31, 2011</b>		<b>March 31, 2010</b>	
	<b>Amortized Cost</b>	<b>Estimated Market Value</b>	<b>Amortized Cost</b>	<b>Estimated Market Value</b>
	(In thousands)			
Due in one year or less	\$ 45,149	\$ 45,760	\$ 36,384	\$ 36,804
Due after one year through five years	153,389	161,685	153,816	160,329
Due after five years through ten years	128,973	136,343	105,491	109,591
Due after ten years	249,919	259,132	196,197	201,154
	<u>577,430</u>	<u>602,920</u>	<u>491,888</u>	<u>507,878</u>
Mortgage backed securities	6,740	6,848	9,250	8,862
Redeemable preferred stocks	31,190	32,080	18,723	16,775
Equity securities	28,293	25,958	17,840	18,370
Less: Preferred stock of AMERCO held by subsidiaries	(7,190)	(7,997)	(2,185)	(2,567)
	<u>\$ 636,463</u>	<u>\$ 659,809</u>	<u>\$ 535,516</u>	<u>\$ 549,318</u>

**AMERCO AND CONSOLIDATED SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)**

***Investments, other***

The carrying value of other investments was as follows:

	<b>March 31,</b>	
	<b>2011</b>	<b>2010</b>
	(In thousands)	
Short-term investments	\$ 77,745	\$ 127,385
Mortgage loans, net	79,635	72,438
Real estate	18,777	17,621
Policy loans	4,404	4,190
Other equity investments	21,307	5,852
	<u>\$ 201,868</u>	<u>\$ 227,486</u>

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.

Mortgage loans are carried at the unpaid balance, less an allowance for probable losses and any unamortized premium or discount. The allowance for probable losses was \$0.4 million as of March 31, 2011 and 2010. The estimated fair value of these loans as of March 31, 2011 and 2010 approximated the carrying value. These loans represent first lien mortgages held by the Company.

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. Equity investments are carried at cost and assessed for impairment.

Insurance policy loans are carried at their unpaid balance.

**Note 7: Other Assets**

Other assets were as follows:

	<b>March 31,</b>	
	<b>2011</b>	<b>2010</b>
	(In thousands)	
Deposits	\$ 103,191	\$ 47,323
Income taxes recoverable	2,850	37,790
Cash surrender value of life insurance policies	28,784	27,825
Deferred charges	13,076	15,330
Excess of loss reinsurance recoverable	15,000	15,000
Other	3,732	2,596
	<u>\$ 166,633</u>	<u>\$ 145,864</u>

**AMERCO AND CONSOLIDATED SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)**

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

Net investment and interest income, were as follows:

	Years Ended March 31,		
	2011	2010	2009
	(In thousands)		
Fixed maturities	\$ 32,782	\$ 31,234	\$ 38,553
Real estate	361	(56)	(99)
Insurance policy loans	259	262	236
Mortgage loans	5,249	5,226	4,962
Short-term, amounts held by ceding reinsurers, net and other investments	749	1,110	3,539
Investment income	39,400	37,776	47,191
Less: investment expenses	(1,269)	(1,020)	(1,034)
Less: interest credited on annuity policies	(10,084)	(11,000)	(11,824)
Investment income - Related party	24,614	24,233	23,688
Net investment and interest income	<u>\$ 52,661</u>	<u>\$ 49,989</u>	<u>\$ 58,021</u>

**Note 9: Borrowings**

**Long-Term Debt**

Long-term debt was as follows:

	2011 Rate (a)	Maturities	March 31,	
			2011	2010
	(In thousands)			
Real estate loan (amortizing term)	6.93%	2018	\$ 255,000	\$ 265,000
Real estate loan (revolving credit)	-	2018	-	86,000
Real estate loan (amortizing term)	5.00%	2011	11,222	31,865
	5.47% -			
Senior mortgages	6.13%	2015 - 2016	476,783	489,186
Working capital loan (revolving credit)	-	2012	-	15,000
	4.78% -			
Fleet loans (amortizing term)	7.95%	2012 - 2017	325,591	276,222
	4.90% -			
Fleet loan (securitization)	5.56%	2014 - 2017	271,290	143,170
	3.25% -			
Other obligations	9.50%	2011 - 2018	57,956	41,192
Total notes, loans and leases payable			<u>\$ 1,397,842</u>	<u>\$ 1,347,635</u>

(a) Interest rate as of March 31, 2011, including the effect of applicable hedging instruments

**Real Estate Backed Loans**

**Real Estate Loan**

Amerco Real Estate Company and certain of its subsidiaries and U-Haul Company of Florida are borrowers under a Real Estate Loan. The loan has a final maturity date of August 2018. The loan is comprised of a term loan facility with initial availability of \$300.0 million and a revolving credit facility with an availability of \$198.8 million. As of March 31, 2011, the outstanding balance on the Real Estate Loan was \$255.0 million and the Company had the full \$198.8 million available to be drawn on the revolving credit facility. U-Haul International, Inc. is a guarantor of this loan.

The amortizing term portion of the Real Estate Loan requires monthly principal and interest payments, with the unpaid loan balance and accrued and unpaid interest due at maturity. The revolving credit portion of the Real Estate Loan requires monthly interest payments when drawn, with the unpaid loan balance and any accrued and unpaid interest due at maturity. The Real Estate Loan is secured by various properties owned by the borrowers.



## AMERCO AND CONSOLIDATED SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

The interest rate for the amortizing term portion, per the provisions of the amended loan agreement, is the applicable London Inter-Bank Offer Rate ("LIBOR") plus the applicable margin. At March 31, 2011, the applicable LIBOR was 0.26% and the applicable margin was 1.50%, the sum of which was 1.76%. The rate on the term facility portion of the Real Estate Loan is hedged with an interest rate swap fixing the rate at 6.93% based on current margin.

The interest rate for the revolving credit facility, per the provision of the amended loan agreement, is the applicable LIBOR plus the applicable margin. The margin ranges from 1.50% to 2.00%.

The default provisions of the Real Estate Loan include non-payment of principal or interest and other standard reporting and change-in-control covenants. There are limited restrictions regarding our use of the funds.

Amerco Real Estate Company and a subsidiary of U-Haul International, Inc. entered into a revolving credit construction loan effective June 29, 2006. This loan was modified and extended on June 25, 2010. The loan is comprised of a term loan facility and a revolving credit facility with combined availability of \$20.0 million and a final maturity of June 2011. As of March 31, 2011, the outstanding balance was \$11.2 million.

This Real Estate Loan requires monthly principal and interest payments with the unpaid principal and any accrued and unpaid interest due at maturity. The interest rate, per the provision of this loan agreement, is the applicable LIBOR plus a margin of 3.00%. At March 31, 2011, the applicable LIBOR floor was 2.00% and the margin was 3.00%, the sum of which was 5.00%. U-Haul International, Inc. and AMERCO are guarantors of this loan. The default provisions of the loan include non-payment of principal or interest and other standard reporting and change-in-control covenants.

#### *Senior Mortgages*

Various subsidiaries of Amerco Real Estate Company and U-Haul International, Inc. are borrowers under certain senior mortgages. These senior mortgage loan balances as of March 31, 2011 were in the aggregate amount of \$420.9 million and are due July 2015. The Senior Mortgages require average monthly principal and interest payments of \$3.0 million with the unpaid loan balance and accrued and unpaid interest due at maturity. These senior mortgages are secured by certain properties owned by the borrowers. The interest rates, per the provisions of these senior mortgages, are 5.68% and 5.52% per annum. Amerco Real Estate Company and U-Haul International, Inc. have provided limited guarantees of these senior mortgages. The default provisions of these senior mortgages include non-payment of principal or interest and other standard reporting and change-in-control covenants. There are limited restrictions regarding our use of the funds.

Various subsidiaries of the Company are borrowers under the mortgage backed loans that we also classify as senior mortgages. These loans are secured by certain properties owned by the borrowers. The loan balance of these notes totals \$55.9 million as of March 31, 2011. These loans mature in 2015 and 2016. Interest rates for these loans range from 5.47% to 6.13%. The loans require monthly principal and interest payments with the balances due upon maturity. The default provisions of the loans include non-payment of principal or interest and other standard reporting and change-in-control covenants. There are limited restrictions regarding our use of the funds.

#### *Working Capital Loans*

Amerco Real Estate Company is a borrower under an asset backed working capital loan. The maximum amount that can be drawn at any one time is \$25.0 million. At March 31, 2011, the Company had the full \$25.0 million available to be drawn. This loan is secured by certain properties owned by the borrower. This loan agreement provides for revolving loans, subject to the terms of the loan agreement with final maturity in November 2012. This loan requires monthly interest payments with the unpaid loan balance and accrued and unpaid interest due at maturity. U-Haul International, Inc. and AMERCO are the guarantors of this loan. The default provisions of the loan include non-payment of principal or interest and other standard reporting and change-in-control covenants. The interest rate, per the provision of this loan agreement, is the applicable LIBOR plus a margin of 1.50%.

## AMERCO AND CONSOLIDATED SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

#### *Fleet Loans*

##### *Rental Truck Amortizing Loans*

U-Haul International, Inc. and several of its subsidiaries are borrowers under amortizing term loans. The balance of the loans as of March 31, 2011 was \$240.6 million with the final maturities between April 2012 and July 2017.

The Amortizing Loans require monthly principal and interest payments, with the unpaid loan balance and accrued and unpaid interest due at maturity. These loans were used to purchase new trucks. The interest rates, per the provision of the Loan Agreements, are the applicable LIBOR plus a margin between 0.90% and 2.63%. At March 31, 2011, the applicable LIBOR was 0.26% and applicable margins were between 1.13% and 2.63%. The interest rates are hedged with interest rate swaps fixing the rates between 4.78% and 7.32% based on current margins. Additionally, \$18.7 million of these loans are carried at a fixed rate of 7.95%.

AMERCO and U-Haul International, Inc. are guarantors of these loans. The default provisions of these loans include non-payment of principal or interest and other standard reporting and change-in-control covenants.

On December 31, 2009 a subsidiary of U-Haul International, Inc. entered into an \$85.0 million term note that will be used to fund cargo van and pickup acquisitions for the next two years. This term note has a final maturity of December 2012. The agreement contains options to extend the maturity through September 2013. The note is secured by the purchased equipment and the corresponding operating cash flows associated with their operation. At March 31, 2011, the applicable LIBOR was 0.31% and the applicable margin was 4.50%, the sum of which was 4.81%. At March 31, 2011 the Company had drawn the full \$85.0 million on this loan.

##### *Rental Truck Securitizations*

U-Haul S Fleet and its subsidiaries (collectively, "USF") issued a \$217.0 million asset-backed note ("2007 Box Truck Note") on June 1, 2007. USF is a bankruptcy-remote special purpose entity wholly-owned by U-Haul International, Inc. The net proceeds from the securitized transaction were used to finance new box truck purchases throughout fiscal 2008. U.S. Bank, NA acts as the trustee for this securitization.

The 2007 Box Truck Note has a fixed interest rate of 5.56% with an estimated final maturity of February 2014. At March 31, 2011, the outstanding balance was \$120.2 million. The note is secured by the box trucks that were purchased and the corresponding operating cash flows associated with their operation.

The 2007 Box Truck Note has the benefit of a financial guaranty insurance policy which guarantees the timely payment of interest on and the ultimate payment of the principal of this note.

2010 U-Haul S Fleet and its subsidiaries (collectively, "2010 USF") issued a \$155.0 million asset-backed note ("2010 Box Truck Note") on October 28, 2010. 2010 USF is a bankruptcy-remote special purpose entity wholly-owned by U-Haul International, Inc. The net proceeds from the securitized transaction will be 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 estimated final maturity of October 2017. At March 31, 2011, the outstanding balance was \$151.1 million. The note is securitized by the box trucks being purchased and the corresponding operating cash flows associated with their operation. The unused portion of this facility has been recorded as Other assets on our balance sheet.

The 2007 Box Truck Note and 2010 Box Truck Note are subject to certain covenants with respect to liens, additional indebtedness of the special purpose entities, the disposition of assets and other customary covenants of bankruptcy-remote special purpose entities. The default provisions of these notes include non-payment of principal or interest and other standard reporting and change-in-control covenants.

**AMERCO AND CONSOLIDATED SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)**

*Other Obligations*

The Company entered into capital leases for new equipment between April 2008 and February 2011, with terms of the leases between 3 and 7 years. At March 31, 2011, the balance of these leases was \$57.5 million.

In January 2010, the Company entered into a \$0.5 million premium financing arrangement for two years expiring in December 2011 with a fixed rate of 3.37%. The Company entered into a \$2.5 million premium financing arrangement for one year expiring in April 2011 at a rate of 3.25%. At March 31, 2011 the outstanding balance was \$0.3 million.

In February 2011, the Company and US Bank, National Association (the "Trustee") entered into the U-Haul Investors Club Indenture. The Company and the Trustee entered into this indenture to provide for the issuance of notes ("U-Notes") by the Company directly to investors over our proprietary website, uhaulinvestorsclub.com. The U-Notes will be secured by various types of collateral including rental equipment and real estate. U-Notes will be issued in smaller series that will 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, 2011 the aggregate outstanding principal balance of the U-Notes issued was \$0.2 million with interest rates between 4.00% and 7.90% and maturity dates between 2014 and 2026.

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

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

	<b>March 31,</b>					
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>Thereafter</u>
	(In thousands)					
Notes, loans and leases payable, secured	<u>\$ 147,859</u>	<u>\$ 244,326</u>	<u>\$ 167,983</u>	<u>\$ 62,941</u>	<u>\$ 472,131</u>	<u>\$ 302,602</u>

**Note 10: Interest on Borrowings**

**Interest Expense**

Components of interest expense include the following:

	<b>Years Ended March 31,</b>		
	<u>2011</u>	<u>2010</u>	<u>2009</u>
	(In thousands)		
Interest expense	\$ 60,701	\$ 63,516	\$ 76,670
Capitalized interest	(425)	(609)	(693)
Amortization of transaction costs	4,249	5,198	4,908
Interest expense resulting from derivatives	23,856	25,242	17,585
Total interest expense	<u>\$ 88,381</u>	<u>\$ 93,347</u>	<u>\$ 98,470</u>

Interest paid in cash including payments related to derivative contracts, amounted to \$78.6 million, \$64.4 million and \$90.7 million for fiscal 2011, 2010 and 2009, respectively.

**AMERCO AND CONSOLIDATED SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)**

**Interest Rates**

Interest rates and Company borrowings were as follows:

	<b>Revolving Credit Activity</b>		
	<b>Years Ended March 31,</b>		
	<b>2011</b>	<b>2010</b>	<b>2009</b>
	(In thousands, except interest rates)		
Weighted average interest rate during the year	1.75%	1.79%	3.67%
Interest rate at year end	-	1.74%	2.29%
Maximum amount outstanding during the year	\$ 111,000	\$ 207,280	\$ 212,280
Average amount outstanding during the year	\$ 36,942	\$ 184,036	\$ 177,520
Facility fees	\$ 227	\$ 906	\$ 622

**Note 11: Derivatives**

The Company manages exposure to changes in market interest rates. The Company's use of derivative instruments is limited to highly effective interest rate swaps to hedge the risk of changes in cash flows (future interest payments) attributable to changes in LIBOR swap rates, the designated benchmark interest rate being hedged on certain of our LIBOR indexed variable rate debt. The interest rate swaps effectively fix the Company's interest payments on certain LIBOR indexed variable rate debt. The Company monitors its positions and the credit ratings of its counterparties and does not currently anticipate non-performance by the counterparties. Interest rate swap agreements are not entered into for trading purposes.

<b>Original variable rate debt amount</b>	<b>Agreement Date</b>	<b>Effective Date</b>	<b>Expiration Date</b>	<b>Designated cash flow hedge date</b>
(In millions)				
\$ 142.3 (a), (b)	11/15/2005	5/10/2006	4/10/2012	5/31/2006
50.0 (a)	6/21/2006	7/10/2006	7/10/2013	6/9/2006
144.9 (a), (b)	6/9/2006	10/10/2006	10/10/2012	6/9/2006
300.0 (a)	8/16/2006	8/18/2006	8/10/2018	8/4/2006
30.0 (a)	2/9/2007	2/12/2007	2/10/2014	2/9/2007
20.0 (a)	3/8/2007	3/12/2007	3/10/2014	3/8/2007
20.0 (a)	3/8/2007	3/12/2007	3/10/2014	3/8/2007
19.3 (a), (b)	4/8/2008	8/15/2008	6/15/2015	3/31/2008
19.0 (a)	8/27/2008	8/29/2008	7/10/2015	4/10/2008
30.0 (a)	9/24/2008	9/30/2008	9/10/2015	9/24/2008
15.0 (a), (b)	3/24/2009	3/30/2009	4/15/2016	3/25/2009
14.7 (a), (b)	7/6/2010	8/15/2010	7/15/2017	7/6/2010

(a) interest rate swap agreement

(b) forward swap

As of March 31, 2011, the total notional amount of the Company's variable interest rate swaps was \$484.6 million.

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

	<b>Liability Derivative Fair Value as of</b>	
	<b>March 31, 2011</b>	<b>March 31, 2010</b>
	(In thousands)	
Interest rate contracts designated as hedging instruments	\$ 51,052	\$ 54,239

**AMERCO AND CONSOLIDATED SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)**

	<b>The Effect of Interest Rate Contracts on the Statements of Operations</b>	
	<b>March 31, 2011</b>	<b>March 31, 2010</b>
	(In thousands)	
Loss recognized in income on interest rate contracts	\$ 23,856	\$ 25,242
Gain recognized in AOCI on interest rate contracts (effective portion)	\$ (2,411)	\$ (23,352)
Loss reclassified from AOCI into income (effective portion)	\$ 24,632	\$ 26,770
Gain recognized in income on interest rate contracts (ineffective portion and amount excluded from effectiveness testing)	\$ (775)	\$ (1,528)

Gains or losses recognized in income on derivatives are recorded as interest expense in the statement of operations. At March 31, 2011, the Company expects to reclassify \$22.1 million of net losses on interest rate contracts from accumulated other comprehensive income to earnings that will offset interest payments over the next twelve months. Please see Note 3, Accounting Policies in the Notes to Consolidated Financial Statements.

**Note 12: Stockholders' Equity**

The Serial common stock may be issued in such series and on such terms as the AMERCO Board of Directors (the "Board") shall determine. The Serial preferred stock may be issued with or without par value. The 6,100,000 shares of Series A Preferred that are issued and outstanding are not convertible into, or exchangeable for, shares of any other class or classes of stock of AMERCO. Dividends on the Series A Preferred are payable quarterly in arrears and have priority as to dividends over the common stock of AMERCO.

Between January 1, 2009 and March 31, 2011 our insurance subsidiaries purchased 308,300 shares of Series A Preferred on the open market for \$7.2 million.

On April 15, 2011 the Company provided notice of the call for redemption of all 6,100,000 shares of its issued and outstanding Series A Preferred stock at a redemption price of \$25 per share plus accrued dividends through the date of redemption which was June 1, 2011. The total amount paid pursuant to the redemption was \$155.7 million consisting of \$152.5 million for the call price of \$25 per share plus \$3.2 million in accrued dividends.

**AMERCO AND CONSOLIDATED SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)**

**Note 13: Comprehensive Income (Loss)**

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

	<u>Foreign Currency Translation</u>	<u>Unrealized Gain (Loss) on Investments</u>	<u>Fair Market Value of Cash Flow Hedge</u>	<u>Postretirement Benefit Obligation Gain (Loss)</u>	<u>Accumulated Other Comprehensive Income (Loss)</u>
			(In thousands)		
<b>Balance at March 31, 2008</b>	\$ (27,583)	\$ 1,591	\$ (30,578)	\$ 1,291	\$ (55,279)
Foreign currency translation	(16,030)	-	-	-	(16,030)
Unrealized loss on investments	-	(8,914)	-	-	(8,914)
Change in fair value of cash flow hedge	-	-	(17,833)	-	(17,833)
Change in postretirement benefit obligation	-	-	-	56	56
<b>Balance at March 31, 2009</b>	<u>(43,613)</u>	<u>(7,323)</u>	<u>(48,411)</u>	<u>1,347</u>	<u>(98,000)</u>
Foreign currency translation	14,471	-	-	-	14,471
Unrealized gain on investments	-	13,254	-	-	13,254
Change in fair value of cash flow hedge	-	-	14,478	-	14,478
Change in postretirement benefit obligation	-	-	-	(410)	(410)
<b>Balance at March 31, 2010</b>	<u>(29,142)</u>	<u>5,931</u>	<u>(33,933)</u>	<u>937</u>	<u>(56,207)</u>
Foreign currency translation	3,114	-	-	-	3,114
Unrealized gain on investments	-	4,930	-	-	4,930
Change in fair value of cash flow hedge	-	-	1,495	-	1,495
Change in postretirement benefit obligation	-	-	-	201	201
<b>Balance at March 31, 2011</b>	<u><u>\$ (26,028)</u></u>	<u><u>\$ 10,861</u></u>	<u><u>\$ (32,438)</u></u>	<u><u>\$ 1,138</u></u>	<u><u>\$ (46,467)</u></u>

**Note 14: Provision for Taxes**

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

	<u>Years Ended March 31,</u>		
	<u>2011</u>	<u>2010</u>	<u>2009</u>
		(In thousands)	
Pretax earnings:			
U.S.	\$ 270,695	\$ 89,350	\$ 18,254
Non-U.S.	18,619	10,840	4,324
Total pretax earnings	<u>\$ 289,314</u>	<u>\$ 100,190</u>	<u>\$ 22,578</u>
Current provision (benefit)			
Federal	\$ 14,784	\$ (23,965)	\$ 5,202
State	7,475	1,965	1,436
Non-U.S.	3,861	34	(31)
	26,120	(21,966)	6,607
Deferred provision (benefit)			
Federal	70,653	53,174	149
State	7,300	3,472	1,387
Non-U.S.	1,666	(113)	1,025
	79,619	56,533	2,561
Provision for income tax expense	<u>\$ 105,739</u>	<u>\$ 34,567</u>	<u>\$ 9,168</u>
Income taxes paid (net of income tax refunds received)	\$ 14,265	\$ 1,558	\$ 2,037

**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:

	Years Ended March 31,		
	2011	2010	2009
	(In percentages)		
Statutory federal income tax rate	35.00%	35.00%	35.00%
Increase (reduction) in rate resulting from:			
State taxes, net of federal benefit	3.24%	3.50%	8.17%
Foreign rate differential	(0.34)%	(1.17)%	(2.30)%
Federal tax credits	(0.18)%	(0.46)%	(2.10)%
Interest on deferred tax	0.13%	0.52%	2.86%
Dividend received deduction	(0.08)%	(0.09)%	-%
Change in valuation allowance	-%	(2.70)%	-%
Other	(1.22)%	(0.10)%	(1.02)%
Actual tax expense of operations	<u>36.55%</u>	<u>34.50%</u>	<u>40.61%</u>

Significant components of the Company's deferred tax assets and liabilities were as follows:

	March 31,	
	2011	2010
	(In thousands)	
Deferred tax assets:		
Net operating loss and credit carry forwards	\$ 3,559	\$ 2,637
Accrued expenses	132,140	127,785
Policy benefit and losses, claims and loss expenses payable, net	10,355	14,420
Unrealized gains	8,834	14,818
Other	583	-
Total deferred tax assets	<u>\$ 155,471</u>	<u>\$ 159,660</u>
Deferred tax liabilities:		
Property, plant and equipment	\$ 421,521	\$ 340,641
Deferred policy acquisition costs	5,207	5,673
Other	-	116
Total deferred tax liabilities	426,728	346,430
Net deferred tax liability	<u>\$ 271,257</u>	<u>\$ 186,770</u>

The net operating loss and credit carry-forwards in the above table are primarily attributable to \$35.5 million of state net operating losses that will begin to expire March 31, 2012 if not utilized.

The change in deferred tax balances from April 1, 2010 to March 31, 2011 includes \$3.6 million resulting from net-of-tax other comprehensive income items as well as other items which do not flow through the provision for income tax expense.

ASC 740 (formerly FIN 48) 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 April 1, 2010 was \$8.3 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 \$1.2 million. At March 31, 2011, the amount of unrecognized tax benefits and the amount that would favorably affect our effective tax rate was \$9.5 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>
	(In thousands)
Unrecognized tax benefits as of March 31, 2010	\$ 8,290
Additions based on tax positions related to the current year	1,873
Reductions for tax positions of prior years	(642)
Settlements	(18)
Unrecognized tax benefits as of March 31, 2011	<u>\$ 9,503</u>

The Company recognizes interest related to unrecognized tax benefits as interest expense, and penalties as operating expenses. At April 1, 2010, the amount of interest and penalties accrued on unrecognized tax benefits was \$3.5 million, net of tax. During the current year we recorded expense from interest in the amount of \$0.3 million, net of tax. At March 31, 2011, the amount of interest and penalties accrued on unrecognized tax benefits was \$3.8 million, net of tax.

The Company files income tax returns in the U.S. federal jurisdiction, and various states and foreign jurisdictions. With some exceptions, the Company is no longer subject to audit for years prior to the fiscal year ended March 31, 2008.

**Note 15: Employee Benefit Plans**

***Profit Sharing Plans***

The Company provides tax-qualified profit sharing retirement plans for the benefit of eligible employees, former employees and retirees in the U.S. 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 2011, 2010 or 2009.

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

***ESOP Plan***

The Company sponsors 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. When shares are scheduled to be released from collateral, prorated over the year, the Company reports compensation expense equal to the current market price of the shares scheduled to be released, and the shares become outstanding for earnings per share computations. ESOP compensation expense was \$3.9 million, \$2.4 million and \$2.9 million for fiscal 2011, 2010 and 2009, respectively. Listed below is a summary of these financing arrangements as of fiscal year-end:



**AMERCO AND CONSOLIDATED SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)**

Financing Date	Outstanding as of March 31, 2011	Interest Payments		
		2011	2010	2009
		(In thousands)		
June, 1991	\$ 5,026	\$ 386	\$ 443	\$ 560
March, 1999	-	-	1	2
February, 2000	-	6	12	19
April, 2001	87	9	8	7
July, 2009	316	5	-	-

Shares are released from collateral and allocated to active employees based on the proportion of debt service paid in the plan year. Contributions to the Plan Trust during fiscal 2011, 2010 and 2009 were \$2.1 million, \$2.0 million and \$2.1 million, respectively.

Shares held by the Plan were as follows:

	Years Ended March 31,	
	2011	2010
	(In thousands)	
Allocated shares	1,387	1,431
Unreleased shares	194	269
Fair value of unreleased shares	\$ 16,252	\$ 12,114

For purposes of the schedule on the previous page, 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, 2011 and March 31, 2010, respectively.

**Post Retirement and Post Employment Benefits**

The Company provides medical and life insurance benefits to its 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. The Company uses a March 31 measurement date for its post retirement benefit disclosures.

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

	Years Ended March 31,		
	2011	2010	2009
	(In thousands)		
Service cost for benefits earned during the period	\$ 462	\$ 420	\$ 411
Interest cost on accumulated postretirement benefit	567	603	537
Other components	(39)	(104)	(93)
Net periodic postretirement benefit cost	\$ 990	\$ 919	\$ 855

**AMERCO AND CONSOLIDATED SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)**

The fiscal 2011 and fiscal 2010 post retirement benefit liability included the following components:

	<b>Years Ended March 31,</b>	
	<b>2011</b>	<b>2010</b>
	(In thousands)	
Beginning of year	\$ 10,787	\$ 9,563
Service cost for benefits earned during the period	462	420
Interest cost on accumulated post retirement benefit	567	603
Net benefit payments and expense	(350)	(356)
Actuarial loss (gain)	(363)	557
Accumulated postretirement benefit obligation	11,103	10,787
Current liabilities	596	589
Non-current liabilities	10,507	10,198
Total post retirement benefit liability recognized in statement of financial position	11,103	10,787
Components included in accumulated other comprehensive income:		
Unrecognized net gain	1,871	1,547
Cumulative net periodic benefit cost (in excess of employer contribution)	<u>\$ 12,974</u>	<u>\$ 12,334</u>

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

	<b>Years Ended March 31,</b>		
	<b>2011</b>	<b>2010</b>	<b>2009</b>
	(In percentages)		
Accumulated postretirement benefit obligation	5.00%	5.41%	6.50%

In December 2003, the Medicare Prescription Drug Improvement and Modernization Act of 2003 became law. Amounts shown above include 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 2011 was 8.4% in the initial year and was projected to decline annually to an ultimate rate of 4.5% in fiscal 2029. The assumed health care cost trend rate used to measure the accumulated postretirement benefit obligation as of the end of fiscal 2010 (and used to measure the fiscal 2011 net periodic benefit cost) was 8.7% 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 approximately \$112,212 and the total of the service cost and interest cost components would increase by \$10,433. 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 \$124,040 and the total of the service cost and interest cost components would decrease by \$11,791.

Post employment benefits provided by the Company, 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:

	<b>Future Net Benefit Payments</b>
	(In thousands)
Year-ended:	
2012	\$ 596
2013	690
2014	795
2015	903
2016	1,019
2017 through 2021	5,968
Total	<u>\$ 9,971</u>

**Note 16: Fair Value Measurements**

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

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

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

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

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

On April 1, 2008, assets and liabilities recorded at fair value on the condensed consolidated balance sheets were measured and classified based upon a three tiered approach to valuation. ASC 820 *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;

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, 2011, that are subject to ASC 820 and the valuation approach applied to each of these items.

	<u>Total</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
	(In thousands)			
<b>Assets</b>				
Short-term investments	\$ 379,521	\$ 379,521	\$ -	\$ -
Fixed maturities - available for sale	609,767	484,921	123,469	1,377
Preferred stock	32,081	32,081	-	-
Common stock	25,958	25,958	-	-
Less: Preferred stock of AMERCO held by subsidiaries	(7,997)	(7,997)	-	-
<b>Total</b>	<u>\$ 1,039,330</u>	<u>\$ 914,484</u>	<u>\$ 123,469</u>	<u>\$ 1,377</u>
<b>Liabilities</b>				
Guaranteed residual values of TRAC leases	\$ -	\$ -	\$ -	\$ -
Derivatives	51,052	-	51,052	-
Other obligations	174	-	-	174
<b>Total</b>	<u>\$ 51,226</u>	<u>\$ -</u>	<u>\$ 51,052</u>	<u>\$ 174</u>

The following tables represent the fair value measurements for our assets and liabilities at March 31, 2011 using significant unobservable inputs (Level 3).

	<b>Fixed Maturities</b>		<b>Total</b>
	<u>Auction Rate Securities</u>	<u>Asset Backed Securities</u>	
	(In thousands)		
Balance at March 31, 2010	\$ 1,673	\$ 1,615	\$ 3,288
Transfers into Level 3 (a)	43	-	43
Fixed Maturities - Auction Rate Securities gain (unrealized)	2	-	2
Fixed Maturities - Auction Rate Securities loss (unrealized)	(24)	-	(24)
Fixed Maturities - Asset Backed Securities gain (unrealized)	-	315	315
Fixed Maturities - Asset Backed Securities loss (unrealized)	-	(202)	(202)
Securities called at par	(1,694)	(95)	(1,789)
Securities OTTI loss (realized)	-	(256)	(256)
<b>Balance at March 31, 2011</b>	<u>\$ -</u>	<u>\$ 1,377</u>	<u>\$ 1,377</u>

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

**AMERCO AND CONSOLIDATED SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)**

	<b>Other Obligations</b>
	(In thousands)
Balance at March 31, 2010	\$ -
Issuance of U-Haul Investors Club Securities	174
Balance at March 31, 2011	\$ 174

**Note 17: 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, 2010</b>					
Life insurance in force	\$ 668,740	\$ 3,567	\$ 884,932	\$ 1,550,105	57%
Premiums earned:					
Life	\$ 77,721	\$ -	\$ 37,300	\$ 115,021	32%
Accident and health	88,441	575	3,815	91,681	4%
Annuity	-	-	290	290	100%
Property and casualty	28,179	68	2,593	30,704	8%
Total	\$ 194,341	\$ 643	\$ 43,998	\$ 237,696	
<b>Year ended December 31, 2009</b>					
Life insurance in force	\$ 543,236	\$ 4,100	\$ 943,371	\$ 1,482,507	64%
Premiums earned:					
Life	\$ 49,335	\$ 37	\$ 5,108	\$ 54,406	9%
Accident and health	74,271	(803)	4,582	79,656	6%
Annuity	140	-	143	283	51%
Property and casualty	23,260	13	4,378	27,625	16%
Total	\$ 147,006	\$ (753)	\$ 14,211	\$ 161,970	
<b>Year ended December 31, 2008</b>					
Life insurance in force	\$ 387,783	\$ 4,499	\$ 1,147,982	\$ 1,531,266	75%
Premiums earned:					
Life	\$ 16,240	\$ 36	\$ 5,020	\$ 21,224	24%
Accident and health	81,241	1,066	4,581	84,756	5%
Annuity	1,436	-	2,156	3,592	60%
Property and casualty	19,253	83	9,167	28,337	32%
Total	\$ 118,170	\$ 1,185	\$ 20,924	\$ 137,909	

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

To the extent that a re-insurer 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 at year end in the amount of \$1.9 million from re-insurers and has issued letters of credit in the amount of \$8.8 million in favor of certain ceding companies.

**AMERCO AND CONSOLIDATED SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)**

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

	Years Ended December 31,	
	2010	2009
	(In thousands)	
Unpaid losses and loss adjustment expense	\$ 276,355	\$ 271,677
Reinsurance losses payable	367	759
Unearned premiums	4	2
<b>Total</b>	<b>\$ 276,726</b>	<b>\$ 272,438</b>

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

	Years Ended December 31,		
	2010	2009	2008
	(In thousands)		
Balance at January 1	\$ 271,677	\$ 287,501	\$ 288,410
Less: reinsurance recoverable	162,711	173,098	164,181
Net balance at January 1	108,966	114,403	124,229
Incurred related to:			
Current year	9,453	8,043	8,497
Prior years	7,832	6,516	9,384
Total incurred	17,285	14,559	17,881
Paid related to:			
Current year	4,971	3,974	5,006
Prior years	12,240	16,022	22,701
Total paid	17,211	19,996	27,707
Net balance at December 31	109,040	108,966	114,403
Plus: reinsurance recoverable	167,315	162,711	173,098
<b>Balance at December 31</b>	<b>\$ 276,355</b>	<b>\$ 271,677</b>	<b>\$ 287,501</b>

The liability for incurred losses and loss adjustment expenses (net of reinsurance recoverable of \$167.3 million) increased by \$0.1 million in 2010.

**Note 18: Contingent Liabilities and Commitments**

The Company leases a portion of its rental equipment and certain of its facilities under operating leases with terms that expire at various dates substantially through 2017, with the exception of one land lease expiring in 2034. As of March 31, 2011, AMERCO has guaranteed \$167.6 million of residual values for these rental equipment assets at the end of the respective lease terms. Certain leases contain renewal and fair market value purchase options as well as mileage and other restrictions. At the expiration of the lease, the Company has the option to renew the lease, purchase the asset for fair market value, or sell the asset to a third party on behalf of the lessor. AMERCO has been leasing equipment since 1987 and has experienced no material losses relating to these types of residual value guarantees.

**AMERCO AND CONSOLIDATED SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)**

Lease expenses were as follows:

	Years Ended March 31,		
	2011	2010	2009
		(In thousands)	
Lease expense	\$ 150,809	\$ 156,951	\$ 152,424

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

	Property, Plant and Equipment	Rental Equipment	Total
	(In thousands)		
Year-ended March 31:			
2012	\$ 14,859	\$ 105,364	\$ 120,223
2013	13,959	91,722	105,681
2014	12,889	73,914	86,803
2015	2,761	50,252	53,013
2016	622	22,254	22,876
Thereafter	5,387	4,772	10,159
Total	\$ 50,477	\$ 348,278	\$ 398,755

**Note 19: Contingencies**

**Shoen**

In September 2002, Paul F. Shoen filed a shareholder derivative lawsuit in the Second Judicial District Court of the State of Nevada, Washoe County, captioned Paul F. Shoen vs. SAC Holding Corporation et al., CV 02-05602, seeking damages and equitable relief on behalf of AMERCO from SAC Holdings and certain current and former members of the AMERCO Board of Directors, including Edward J. Shoen, Mark V. Shoen and James P. Shoen as Defendants. AMERCO is named as a nominal Defendant in the case. The complaint alleges breach of fiduciary duty, self-dealing, usurpation of corporate opportunities, wrongful interference with prospective economic advantage and unjust enrichment and seeks the unwinding of sales of self-storage properties by subsidiaries of AMERCO to SAC prior to the filing of the complaint. The complaint seeks a declaration that such transfers are void as well as unspecified damages. In October 2002, the Defendants filed motions to dismiss the complaint. Also in October 2002, Ron Belec filed a derivative action in the Second Judicial District Court of the State of Nevada, Washoe County, captioned Ron Belec vs. William E. Carty, et al., CV 02-06331 and in January 2003, M.S. Management Company, Inc. filed a derivative action in the Second Judicial District Court of the State of Nevada, Washoe County, captioned M.S. Management Company, Inc. vs. William E. Carty, et al., CV 03-00386. Two additional derivative suits were also filed against these parties. Each of these suits is substantially similar to the Paul F. Shoen case. The Court consolidated the five cases and thereafter dismissed these actions in May 2003, concluding that the AMERCO Board of Directors had the requisite level of independence required in order to have these claims resolved by the Board. Plaintiffs appealed this decision and, in July 2006, the Nevada Supreme Court reversed the ruling of the trial court and remanded the case to the trial court for proceedings consistent with its ruling, allowing the Plaintiffs to file an amended complaint and plead in addition to substantive claims, demand futility.

In November 2006, the Plaintiffs filed an amended complaint. In December 2006, the Defendants filed motions to dismiss, based on various legal theories. In March 2007, the Court denied AMERCO's motion to dismiss regarding the issue of demand futility, stating that "Plaintiffs have satisfied the heightened pleading requirements of demand futility by showing a majority of the members of the AMERCO Board of Directors were interested parties in the SAC transactions." The Court heard oral argument on the remainder of the Defendants' motions to dismiss, including the motion ("Goldwasser Motion") based on the fact that the subject matter of the lawsuit had been settled and dismissed in earlier litigation known as Goldwasser v. Shoen, C.V.N.-94-00810-

## AMERCO AND CONSOLIDATED SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

ECR (D.Nev), Washoe County, Nevada. In addition, in September and October 2007, the Defendants filed Motions for Judgment on the Pleadings or in the Alternative Summary Judgment, based on the fact that the stockholders of the Company had ratified the underlying transactions at the 2007 annual meeting of stockholders of AMERCO. In December 2007, the Court denied this motion. This ruling does not preclude a renewed motion for summary judgment after discovery and further proceedings on these issues. On April 7, 2008, the litigation was dismissed, on the basis of the Goldwasser Motion. On May 8, 2008, the Plaintiffs filed a notice of appeal of such dismissal to the Nevada Supreme Court. On May 20, 2008, AMERCO filed a cross appeal relating to the denial of its Motion to Dismiss in regard to demand futility.

On May 12, 2011, the Nevada Supreme Court affirmed in part, reversed in part, and remanded the case for further proceedings. First, the Court ruled that the Goldwasser settlement did not release claims that arose after the agreement and, therefore, reversed the trial court's dismissal of the Complaint on that ground. Second, the Court affirmed the district court's determination that the in pari delicto defense is available in a derivative suit and reversed and remanded to the district court to determine if the defense applies to this matter. Third, the Court remanded to the district court to conduct an evidentiary hearing to determine whether demand upon the AMERCO Board was, in fact, futile. Fourth, the Court invited AMERCO to seek a ruling from the district court as to the legal effect of the AMERCO Shareholders' 2008 ratification of the underlying AMERCO/SAC transactions.

Last, as to individual claims for relief, the Court affirmed the district court's dismissal of the breach of fiduciary duty of loyalty claims as to all defendants except Mark Shoen. The Court affirmed the district court's dismissal of the breach of fiduciary duty: ultra vires Acts claim as to all defendants. The Court reversed the district court's dismissal of aiding and abetting a breach of fiduciary duty and unjust enrichment claims against the SAC entities. The Court reversed the trial court's dismissal of the claim for wrongful interference with prospective economic advantage as to all defendants.

#### ***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***

The Company is named as a defendant in various other litigation and claims arising out of the normal course of business. In management's opinion, none of these other matters will have a material effect on the Company's financial position and results of operations.

#### **Note 20: Related Party Transactions**

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

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



## AMERCO AND CONSOLIDATED SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

SAC Holdings was established in order to acquire self-storage properties. These properties are being managed by the Company pursuant to management agreements. In the past, the Company sold various self-storage properties to SAC Holdings, and such sales provided significant cash flows to the Company.

Management believes that the sales of self-storage properties to SAC Holdings has provided a unique structure for the Company to earn moving equipment rental revenues and property management fee revenues from the SAC Holdings self-storage properties that the Company manages.

#### Related Party Revenues

	Years Ended March 31,		
	2011	2010	2009
	(In thousands)		
U-Haul interest income revenue from SAC Holdings	\$ 19,163	\$ 18,900	\$ 18,375
U-Haul interest income revenue from Private Mini	5,451	5,333	5,313
U-Haul management fee revenue from SAC Holdings	16,873	16,321	17,241
U-Haul management fee revenue from Private Mini	2,174	2,202	2,260
U-Haul management fee revenue from Mercury	3,085	3,109	3,691
	<u>\$ 46,746</u>	<u>\$ 45,865</u>	<u>\$ 46,880</u>

During fiscal 2011, subsidiaries of the Company held various junior unsecured notes of SAC Holdings. Substantially all of the equity interest of SAC Holdings is controlled by Blackwater Investments, Inc. ("Blackwater"). Blackwater is wholly-owned by Mark V. Shoen, a significant shareholder and executive officer of AMERCO. The Company does not have an equity ownership interest in SAC Holdings. The Company received cash interest payments of \$15.8 million, \$13.9 million and \$14.1 million, from SAC Holdings during fiscal 2011, 2010 and 2009, respectively. The largest aggregate amount of notes receivable outstanding during fiscal 2011 was \$196.9 million and the aggregate notes receivable balance at March 31, 2011 was \$196.2 million. In accordance with the terms of these notes, SAC Holdings may prepay the notes without penalty or premium at any time. The scheduled maturities of these notes are between 2019 and 2024.

Interest accrues on the outstanding principal balance of junior notes of SAC Holdings that the Company holds at a 9.0% rate per annum. A fixed portion of that basic interest is paid on a monthly basis. Additional interest can be earned on notes totaling \$122.2 million of principal depending upon the amount of remaining basic interest and the cash flow generated by the underlying property. This amount is referred to as the "cash flow-based calculation."

To the extent that this cash flow-based calculation exceeds the amount of remaining basic interest, contingent interest would be paid on the same monthly date as the fixed portion of basic interest. To the extent that the cash flow-based calculation is less than the amount of remaining basic interest, the additional interest payable on the applicable monthly date is limited to the amount of that cash flow-based calculation. In such a case, the excess of the remaining basic interest over the cash flow-based calculation is deferred. In addition, subject to certain contingencies, the junior notes provide that the holder of the note is entitled to receive a portion of the appreciation realized upon, among other things, the sale of such property by SAC Holdings. To date, no excess cash flows related to these arrangements have been earned or paid.

During fiscal 2011, AMERCO and U-Haul held various junior notes issued by Private Mini Storage Realty, L.P. ("Private Mini"). The equity interests of Private Mini are ultimately controlled by Blackwater. The Company received cash interest payments of \$5.5 million, \$5.3 million and \$5.3 million, from Private Mini during fiscal 2011, 2010 and 2009, respectively. The largest aggregate amount outstanding during fiscal 2011 was \$67.3 million. The balance of notes receivable from Private Mini at March 31, 2011 was \$66.7 million.

The Company currently manages the self-storage properties owned or leased by SAC Holdings, Mercury Partners, L.P. ("Mercury"), Four SAC Self-Storage Corporation ("4 SAC"), Five SAC Self-Storage Corporation

## AMERCO AND CONSOLIDATED SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

("5 SAC"), Galaxy Investments, L.P. ("Galaxy") and Private Mini pursuant to a standard form of management agreement, under which the Company receives a management fee of between 4% and 10% of the gross receipts plus reimbursement for certain expenses. The Company received management fees, exclusive of reimbursed expenses, of \$22.0 million, \$22.6 million and \$24.3 million from the above mentioned entities during fiscal 2011, 2010 and 2009, respectively. This management fee is consistent with the fee received for other properties the Company previously managed for third parties. SAC Holdings, 4 SAC, 5 SAC, Galaxy and Private Mini are substantially controlled by Blackwater. Mercury is substantially controlled by Mark V. Shoen. James P. Shoen, a significant shareholder and director of AMERCO, has an interest in Mercury.

#### Related Party Costs and Expenses

	Years Ended March 31,		
	2011	2010	2009
		(In thousands)	
U-Haul lease expenses to SAC Holdings	\$ 2,491	\$ 2,446	\$ 2,418
U-Haul commission expenses to SAC Holdings	34,858	32,621	32,837
U-Haul commission expenses to Private Mini	2,399	2,116	1,825
	<u>\$ 39,748</u>	<u>\$ 37,183</u>	<u>\$ 37,080</u>

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

At March 31, 2011, subsidiaries of SAC Holdings, 4 SAC, 5 SAC, Galaxy and Private Mini acted as U-Haul independent dealers. The financial and other terms of the dealership contracts with the aforementioned companies and their subsidiaries are substantially identical to the terms of those with the Company's other independent dealers whereby commissions are paid by the Company based upon equipment rental revenue.

These agreements and notes with subsidiaries of SAC Holdings, 4 SAC, 5 SAC, Galaxy and Private Mini, excluding Dealer Agreements, provided revenues of \$46.7 million, expenses of \$2.5 million and cash flows of \$42.1 million during fiscal 2011. Revenues and commission expenses related to the Dealer Agreements were \$177.0 million and \$37.3 million, respectively for fiscal 2011.

The Company adopted ASU 2009-17, which amends the FASB ASC for the issuance of FASB Statement No. 167, *Amendments to FASB Interpretation No. 46(R)*, as of April 1, 2010. Management determined that the junior notes of SAC Holdings and Private Mini and the management agreements with SAC Holdings, Mercury, 4 SAC, 5 SAC, Galaxy, and Private Mini represent potential variable interests for the Company. Management evaluated whether it should be identified as the primary beneficiary of one or more of these VIE's using a two step approach in which management a) identified all other parties that hold interests in the VIE's, and b) determined if any variable interest holder has the power to direct the activities of the VIE's that most significantly impact their economic performance.

Management determined that they do not have a variable interest in the holding entities Mercury, 4 SAC, 5 SAC, or Galaxy through management agreements which are with the individual operating entities or through the issuance of junior debt therefore the Company is precluded from consolidating these entities, which is consistent with the accounting treatment immediately prior to adopting ASU 2009-17.

The Company has junior debt with the holding entities SAC Holding Corporation, SAC Holding II Corporation, and Private Mini which represents a variable interest in each individual entity. Though the Company has certain protective rights within these debt agreements, the Company has no present influence or control over these holding entities unless their protective rights become exercisable, which management considers unlikely based on their payment history. As a result, the Company has no basis under ASC 810 - *Consolidation* ("ASC 810") to consolidate these entities, which is consistent with the accounting treatment immediately prior to adopting ASU 2009-17.

## AMERCO AND CONSOLIDATED SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

The Company does not have the power to direct the activities that most significantly impact the economic performance of the individual operating entities which have management agreements with U-Haul. Through control of the holding entities assets, and its ability and history of making key decisions relating to the entity and its assets, Blackwater, and its owner, are the variable interest holder with the power to direct the activities that most significantly impact each of the individual holding entities and the individual operating entities' performance. As a result, the Company has no basis under ASC 810 to consolidate these entities, which is consistent with the accounting treatment immediately prior to adopting ASU 2009-17.

The Company has not provided financial or other support explicitly or implicitly during the fiscal year ended March 31, 2011 to any of these entities that it was not previously contractually required to provide. The carrying amount and classification of the assets and liabilities in the Company's balance sheet that relate to the Company's variable interests in the aforementioned entities are as follows, which approximate the maximum exposure to loss as a result of the Company's involvement with these entities:

#### **Related Party Assets**

	March 31,	
	2011	2010
	(In thousands)	
U-Haul notes, receivables and interest from Private Mini	\$ 69,201	\$ 69,867
U-Haul notes receivable from SAC Holdings	196,191	196,903
U-Haul interest receivable from SAC Holdings	17,096	13,775
U-Haul receivable from SAC Holdings	16,346	15,780
U-Haul receivable from Mercury	3,534	6,138
Other (a)	(400)	(337)
	\$ 301,968	\$ 302,126

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

Between January 1, 2009 and March 31, 2011 our insurance subsidiaries purchased 308,300 shares of Series A Preferred on the open market for \$7.2 million.

**AMERCO AND CONSOLIDATED SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)**

**Note 21: Statutory Financial Information of Insurance Subsidiaries**

Applicable laws and regulations of the State of Arizona 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,		
	2010	2009	2008
	(In thousands)		
Repwest:			
Audited statutory net income	\$ 6,946	\$ 6,016	\$ 6,724
Audited statutory capital and surplus	125,102	118,447	103,842
NAFCIC*:			
Audited statutory net income (loss)	-	(6)	13
Audited statutory capital and surplus	-	3,019	3,025
ARCOA**:			
Audited statutory net income (loss)	(773)	96	(29)
Audited statutory capital and surplus	2,769	3,566	3,471
Oxford:			
Audited statutory net income	4,640	3,277	9,789
Audited statutory capital and surplus	129,173	133,867	129,702
CFLIC:			
Audited statutory net income	4,347	6,439	4,712
Audited statutory capital and surplus	32,799	39,784	34,357
NAI:			
Audited statutory net income (loss)	(857)	847	1,663
Audited statutory capital and surplus	11,265	9,301	10,340
DGLIC:			
Audited statutory net income	796	347	299
Audited statutory capital and surplus	5,966	5,115	4,528

\* Dissolved in August 2010.

\*\* Commenced business in June 2008.

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, 2010 that could be distributed as ordinary dividends was \$8.1 million. Repwest paid a \$3.3 million cash dividend to AMERCO in December 2010. The statutory surplus for Oxford at December 31, 2010 that could be distributed as ordinary dividends was \$3.2 million. Oxford did not pay a dividend to AMERCO in 2010.

**AMERCO AND CONSOLIDATED SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)**

**Note 22: Financial Information by Geographic Area**

	<u>United States</u>	<u>Canada</u>	<u>Consolidated</u>
	(All amounts are in thousands U.S. \$'s)		
<b>Fiscal Year Ended March 31, 2011</b>			
Total revenues	\$ 2,110,513	\$ 130,762	\$ 2,241,275
Depreciation and amortization, net of (gains) losses on disposal	192,328	6,432	198,760
Interest expense	87,717	664	88,381
Pretax earnings	270,695	18,619	289,314
Income tax expense	100,212	5,527	105,739
Identifiable assets	4,046,369	129,785	4,176,154

	<u>United States</u>	<u>Canada</u>	<u>Consolidated</u>
	(All amounts are in thousands U.S. \$'s)		
<b>Fiscal Year Ended March 31, 2010</b>			
Total revenues	\$ 1,886,990	\$ 115,015	\$ 2,002,005
Depreciation and amortization, net of (gains) losses on disposal	229,136	6,062	235,198
Interest expense	92,756	591	93,347
Pretax earnings	89,350	10,840	100,190
Income tax expense (benefit)	34,646	(79)	34,567
Identifiable assets	3,646,684	115,770	3,762,454

	<u>United States</u>	<u>Canada</u>	<u>Consolidated</u>
	(All amounts are in thousands U.S. \$'s)		
<b>Fiscal Year Ended March 31, 2009</b>			
Total revenues	\$ 1,881,635	\$ 110,631	\$ 1,992,266
Depreciation and amortization, net of (gains) losses on disposal	269,658	7,949	277,607
Interest expense	97,863	607	98,470
Pretax earnings	18,254	4,324	22,578
Income tax expense	8,174	994	9,168
Identifiable assets	3,733,302	91,771	3,825,073

**AMERCO AND CONSOLIDATED SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)**

**Note 22A: Consolidating Financial Information by Industry Segment**

AMERCO's three reportable segments are:

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

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

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

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

**AMERCO AND CONSOLIDATED SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)**

**Note 22A: Financial Information by Consolidating Industry Segment:**

Consolidating balance sheets by industry segment as of March 31, 2011 are as follows:

	Moving & Storage				AMERCO Legal Group				
	AMERCO	U-Haul	Real Estate	Eliminations	Moving & Storage Consolidated	Property & Casualty Insurance (a)	Life Insurance (a)	Eliminations	AMERCO Consolidated
	(In thousands)								
<b>Assets:</b>									
Cash and cash equivalents	\$ 250,104	\$ 72,634	\$ 757	\$ -	\$ 323,495	\$ 14,700	\$ 37,301	\$ -	\$ 375,496
Reinsurance recoverables and trade receivables, net	-	19,210	-	-	19,210	173,256	12,905	-	205,371
Inventories, net	-	59,942	-	-	59,942	-	-	-	59,942
Prepaid expenses	15,966	41,533	125	-	57,624	-	-	-	57,624
Investments, fixed maturities and marketable equities	22,946	-	-	-	22,946	126,240	518,620	(7,997) (d)	659,809
Investments, other	-	10,385	18,605	-	28,990	90,615	82,263	-	201,868
Deferred policy acquisition costs, net	-	-	-	-	-	-	52,870	-	52,870
Other assets	2,863	134,330	28,251	-	165,444	877	312	-	166,633
Related party assets	1,146,296	247,024	72	(1,089,457) (c)	303,935	2,801	-	(4,768) (c)	301,968
	<u>1,438,175</u>	<u>585,058</u>	<u>47,810</u>	<u>(1,089,457)</u>	<u>981,586</u>	<u>408,489</u>	<u>704,271</u>	<u>(12,765)</u>	<u>2,081,581</u>
Investment in subsidiaries	(138,714)	-	-	482,025 (b)	343,311	-	-	(343,311) (b)	-
<b>Property, plant and equipment, at cost:</b>									
Land	-	46,651	192,526	-	239,177	-	-	-	239,177
Buildings and improvements	-	150,585	874,084	-	1,024,669	-	-	-	1,024,669
Furniture and equipment	203	292,242	18,226	-	310,671	-	-	-	310,671
Rental trailers and other rental equipment	-	249,700	-	-	249,700	-	-	-	249,700
Rental trucks	-	1,611,763	-	-	1,611,763	-	-	-	1,611,763
	203	2,350,941	1,084,836	-	3,435,980	-	-	-	3,435,980
Less: Accumulated depreciation	(176)	(996,192)	(345,039)	-	(1,341,407)	-	-	-	(1,341,407)
Total property, plant and equipment	27	1,354,749	739,797	-	2,094,573	-	-	-	2,094,573
<b>Total assets</b>	<u>\$ 1,299,488</u>	<u>\$ 1,939,807</u>	<u>\$ 787,607</u>	<u>\$ (607,432)</u>	<u>\$ 3,419,470</u>	<u>\$ 408,489</u>	<u>\$ 704,271</u>	<u>\$ (356,076)</u>	<u>\$ 4,176,154</u>

(a) Balances as of December 31, 2010

(b) Eliminate investment in subsidiaries

(c) Eliminate intercompany receivables and payables

(d) Eliminate intercompany preferred stock investment

**AMERCO AND CONSOLIDATED SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)**

Consolidating balance sheets by industry segment as of March 31, 2011 are as follows:

	Moving & Storage				AMERCO Legal Group					AMERCO Consolidated
	AMERCO	U-Haul	Real Estate	Eliminations	Moving & Storage Consolidated	Property & Casualty Insurance (a)	Life Insurance (a)	Eliminations		
	(In thousands)									
<b>Liabilities:</b>										
Accounts payable and accrued expenses	\$ 854	\$ 294,387	\$ 3,729	\$ -	\$ 298,970	\$ -	\$ 5,036	\$ -	\$ -	\$ 304,006
Notes, loans and leases payable	-	693,801	704,041	-	1,397,842	-	-	-	-	1,397,842
Policy benefits and losses, claims and loss expenses payable	-	397,381	-	-	397,381	276,726	253,269	-	-	927,376
Liabilities from investment contracts	-	-	-	-	-	-	246,717	-	-	246,717
Other policyholders' funds and liabilities	-	-	-	-	-	4,820	3,907	-	-	8,727
Deferred income	-	27,209	-	-	27,209	-	-	-	-	27,209
Deferred income taxes	294,518	-	-	-	294,518	(29,519)	6,541	(283)	(d)	271,257
Related party liabilities	-	858,655	233,618	(1,089,457)	(c) 2,816	1,816	136	(4,768)	(c)	-
<b>Total liabilities</b>	<b>295,372</b>	<b>2,271,433</b>	<b>941,388</b>	<b>(1,089,457)</b>	<b>2,418,736</b>	<b>253,843</b>	<b>515,606</b>	<b>(5,051)</b>		<b>3,183,134</b>
<b>Stockholders' equity :</b>										
Series preferred stock:										
Series A preferred stock	-	-	-	-	-	-	-	-	-	-
Series B preferred stock	-	-	-	-	-	-	-	-	-	-
Series A common stock	-	-	-	-	-	-	-	-	-	-
Common stock	10,497	540	1	(541)	(b) 10,497	3,301	2,500	(5,801)	(b)	10,497
Additional paid-in capital	425,422	121,230	147,941	(269,171)	(b) 425,422	89,620	26,271	(123,290)	(b,d)	418,023
Accumulated other comprehensive income (loss)	(45,942)	(57,328)	-	57,328	(b) (45,942)	2,707	9,951	(13,183)	(b,d)	(46,467)
Retained earnings (deficit)	1,139,792	(392,686)	(301,723)	694,409	(b) 1,139,792	59,018	149,943	(208,751)	(b,d)	1,140,002
Cost of common shares in treasury, net	(525,653)	-	-	-	(525,653)	-	-	-	-	(525,653)
Unearned employee stock ownership plan shares	-	(3,382)	-	-	(3,382)	-	-	-	-	(3,382)
<b>Total stockholders' equity (deficit)</b>	<b>1,004,116</b>	<b>(331,626)</b>	<b>(153,781)</b>	<b>482,025</b>	<b>1,000,734</b>	<b>154,646</b>	<b>188,665</b>	<b>(351,025)</b>		<b>993,020</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$1,299,488</b>	<b>\$1,939,807</b>	<b>\$ 787,607</b>	<b>\$ (607,432)</b>	<b>\$ 3,419,470</b>	<b>\$ 408,489</b>	<b>\$ 704,271</b>	<b>\$ (356,076)</b>		<b>\$ 4,176,154</b>

(a) Balances as of December 31, 2010

(b) Eliminate investment in subsidiaries

(c) Eliminate intercompany receivables and payables

(d) Eliminate intercompany preferred stock investment



**AMERCO AND CONSOLIDATED SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)**

Consolidating balance sheets by industry segment as of March 31, 2010 are as follows:

	Moving & Storage				AMERCO Legal Group					AMERCO Consolidated	
	AMERCO	U-Haul	Real Estate	Eliminations	Moving & Storage Consolidated	Property & Casualty Insurance (a)	Life Insurance (a)	Eliminations			
	(In thousands)										
<b>Assets:</b>											
Cash and cash equivalents	\$ 100,460	\$ 107,241	\$ 4	\$ -	\$ 207,705	\$ 22,126	\$ 14,287	\$ -	\$ -	\$ 244,118	
Reinsurance recoverables and trade receivables, net	-	17,797	-	-	17,797	168,119	12,367	-	-	198,283	
Inventories, net	-	52,837	-	-	52,837	-	-	-	-	52,837	
Prepaid expenses	-	53,305	74	-	53,379	-	-	-	-	53,379	
Investments, fixed maturities and marketable equities	18,247	-	-	-	18,247	98,623	435,015	(2,567)	(d)	549,318	
Investments, other	-	2,626	12,990	-	15,616	106,334	105,536	-	-	227,486	
Deferred policy acquisition costs, net	-	-	-	-	-	-	39,194	-	-	39,194	
Other assets	37,800	79,607	28,489	-	145,896	912	517	-	-	147,325	
Related party assets	1,176,096	247,074	8	(1,118,983)	304,195	2,446	-	(4,515)	(c)	302,126	
	<u>1,332,603</u>	<u>560,487</u>	<u>41,565</u>	<u>(1,118,983)</u>	<u>815,672</u>	<u>398,560</u>	<u>606,916</u>	<u>(7,082)</u>		<u>1,814,066</u>	
Investment in subsidiaries	(279,582)	-	-	604,478	(b)	324,896	-	-	(324,896)	(b)	-
<b>Property, plant and equipment, at cost:</b>											
Land	-	44,525	180,379	-	224,904	-	-	-	-	224,904	
Buildings and improvements	-	157,073	813,864	-	970,937	-	-	-	-	970,937	
Furniture and equipment	248	304,926	18,160	-	323,334	-	-	-	-	323,334	
Rental trailers and other rental equipment	-	244,131	-	-	244,131	-	-	-	-	244,131	
Rental trucks	-	1,529,817	-	-	1,529,817	-	-	-	-	1,529,817	
	248	2,280,472	1,012,403	-	3,293,123	-	-	-	-	3,293,123	
Less: Accumulated depreciation	(216)	(1,012,575)	(331,944)	-	(1,344,735)	-	-	-	-	(1,344,735)	
Total property, plant and equipment	32	1,267,897	680,459	-	1,948,388	-	-	-	-	1,948,388	
<b>Total assets</b>	<u>\$ 1,053,053</u>	<u>\$ 1,828,384</u>	<u>\$ 722,024</u>	<u>\$ (514,505)</u>	<u>\$ 3,088,956</u>	<u>\$ 398,560</u>	<u>\$ 606,916</u>	<u>\$ (331,978)</u>		<u>\$ 3,762,454</u>	

(a) Balances as of December 31, 2009

(b) Eliminate investment in subsidiaries

(c) Eliminate intercompany receivables and payables

(d) Eliminate intercompany preferred stock investment

**AMERCO AND CONSOLIDATED SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)**

Consolidating balance sheets by industry segment as of March 31, 2010 are as follows:

	Moving & Storage				AMERCO Legal Group				
	AMERCO	U-Haul	Real Estate	Eliminations	Moving & Storage Consolidated	Property & Casualty Insurance (a)	Life Insurance (a)	Eliminations	AMERCO Consolidated
	(In thousands)								
<b>Liabilities:</b>									
Accounts payable and accrued expenses	\$ 12,496	\$ 275,150	\$ 4,212	\$ -	\$ 291,858	\$ -	\$ 4,199	\$ -	\$ 296,057
Notes, loans and leases payable	-	508,930	838,705	-	1,347,635	-	-	-	1,347,635
Policy benefits and losses, claims and loss expenses payable	-	385,520	-	-	385,520	272,438	158,951	-	816,909
Liabilities from investment contracts	-	-	-	-	-	-	268,810	-	268,810
Other policyholders' funds and liabilities	-	-	-	-	-	5,609	2,546	-	8,155
Deferred income	-	25,207	-	-	25,207	-	-	-	25,207
Deferred income taxes	220,659	-	-	-	220,659	(32,819)	(936)	(134) (d)	186,770
Related party liabilities	-	1,081,278	40,438	(1,118,983) (c)	2,733	1,655	127	(4,515) (c)	-
<b>Total liabilities</b>	<b>233,155</b>	<b>2,276,085</b>	<b>883,355</b>	<b>(1,118,983)</b>	<b>2,273,612</b>	<b>246,883</b>	<b>433,697</b>	<b>(4,649)</b>	<b>2,949,543</b>
<b>Stockholders' equity:</b>									
Series preferred stock:									
Series A preferred stock	-	-	-	-	-	-	-	-	-
Series B preferred stock	-	-	-	-	-	-	-	-	-
Series A common stock	-	-	-	-	-	-	-	-	-
Common stock	10,497	540	1	(541) (b)	10,497	3,301	2,500	(5,801) (b)	10,497
Additional paid-in capital	422,384	121,230	147,941	(269,171) (b)	422,384	89,620	26,271	(118,464) (b,d)	419,811
Accumulated other comprehensive loss	(55,959)	(62,138)	-	62,138 (b)	(55,959)	242	5,625	(6,115) (b,d)	(56,207)
Retained earnings (deficit)	968,629	(502,779)	(309,273)	812,052 (b)	968,629	58,514	138,823	(196,949) (b,d)	969,017
Cost of common shares in treasury, net	(525,653)	-	-	-	(525,653)	-	-	-	(525,653)
Unearned employee stock ownership plan shares	-	(4,554)	-	-	(4,554)	-	-	-	(4,554)
<b>Total stockholders' equity (deficit)</b>	<b>819,898</b>	<b>(447,701)</b>	<b>(161,331)</b>	<b>604,478</b>	<b>815,344</b>	<b>151,677</b>	<b>173,219</b>	<b>(327,329)</b>	<b>812,911</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$1,053,053</b>	<b>\$ 828,384</b>	<b>\$ 722,024</b>	<b>\$ (514,505)</b>	<b>\$ 3,088,956</b>	<b>\$ 398,560</b>	<b>\$ 606,916</b>	<b>\$ (331,978)</b>	<b>\$ 3,762,454</b>

(a) Balances as of December 31, 2009

(b) Eliminate investment in subsidiaries

(c) Eliminate intercompany receivables and payables

(d) Eliminate intercompany preferred stock investment

**AMERCO AND CONSOLIDATED SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)**

Consolidating statements of operations by industry segment for period ending March 31, 2011 are as follows:

	Moving & Storage				AMERCO Legal Group				
	AMERCO	U-Haul	Real Estate	Eliminations	Moving & Storage Consolidated	Property & Casualty Insurance (a)	Life Insurance (a)	Eliminations	AMERCO Consolidated
	(In thousands)								
<b>Revenues:</b>									
Self-moving equipment rentals	\$ -	\$1,549,058	\$ -	\$ -	\$ 1,549,058	\$ -	\$ -	\$ (2,043)	(c) \$ 1,547,015
Self-storage revenues	-	119,359	1,339	-	120,698	-	-	-	120,698
Self-moving & self-storage products & service sales	-	205,570	-	-	205,570	-	-	-	205,570
Property management fees	-	22,132	-	-	22,132	-	-	-	22,132
Life insurance premiums	-	-	-	-	-	-	206,992	-	206,992
Property and casualty insurance premiums	-	-	-	-	-	30,704	-	-	30,704
Net investment and interest income	5,140	20,562	-	-	25,702	7,959	20,738	(1,738)	(b,e) 52,661
Other revenue	20	60,230	77,947	(83,531)	54,666	-	2,181	(1,344)	(b) 55,503
<b>Total revenues</b>	<b>5,160</b>	<b>1,976,911</b>	<b>79,286</b>	<b>(83,531)</b>	<b>1,977,826</b>	<b>38,663</b>	<b>229,911</b>	<b>(5,125)</b>	<b>2,241,275</b>
<b>Costs and expenses:</b>									
Operating expenses	7,489	1,050,921	9,473	(83,531)	984,352	15,824	29,754	(3,353)	(b,c) 1,026,577
Commission expenses	-	190,981	-	-	190,981	-	-	-	190,981
Cost of sales	-	106,024	-	-	106,024	-	-	-	106,024
Benefits and losses	-	-	-	-	-	17,201	173,228	-	190,429
Amortization of deferred policy acquisition costs	-	-	-	-	-	-	9,494	-	9,494
Lease expense	90	151,918	22	-	152,030	-	-	(1,221)	(b) 150,809
Depreciation, net of (gains) losses on disposals	9	177,116	12,141	-	189,266	-	-	-	189,266
<b>Total costs and expenses</b>	<b>7,588</b>	<b>1,676,960</b>	<b>21,636</b>	<b>(83,531)</b>	<b>1,622,653</b>	<b>33,025</b>	<b>212,476</b>	<b>(4,574)</b>	<b>1,863,580</b>
Equity in earnings of subsidiaries	132,570	-	-	(117,643)	14,927	-	-	(14,927)	(d) -
<b>Earnings from operations</b>	<b>130,142</b>	<b>299,951</b>	<b>57,650</b>	<b>(117,643)</b>	<b>370,100</b>	<b>5,638</b>	<b>17,435</b>	<b>(15,478)</b>	<b>377,695</b>
Interest income (expense)	85,584	(129,516)	(44,449)	-	(88,381)	-	-	-	(88,381)
<b>Pretax earnings</b>	<b>215,726</b>	<b>170,435</b>	<b>13,201</b>	<b>(117,643)</b>	<b>281,719</b>	<b>5,638</b>	<b>17,435</b>	<b>(15,478)</b>	<b>289,314</b>
Income tax expense	(31,600)	(60,342)	(5,651)	-	(97,593)	(1,831)	(6,315)	-	(105,739)
<b>Net earnings</b>	<b>184,126</b>	<b>110,093</b>	<b>7,550</b>	<b>(117,643)</b>	<b>184,126</b>	<b>3,807</b>	<b>11,120</b>	<b>(15,478)</b>	<b>183,575</b>
Loss of carrying amount of preferred stock over consideration paid	-	-	-	-	-	-	-	(178)	(178)
Less: Preferred stock dividends	(12,963)	-	-	-	(12,963)	-	-	551	(e) (12,412)
<b>Earnings available to common shareholders</b>	<b>\$ 171,163</b>	<b>\$ 110,093</b>	<b>\$ 7,550</b>	<b>\$ (117,643)</b>	<b>\$ 171,163</b>	<b>\$ 3,807</b>	<b>\$ 11,120</b>	<b>\$ (15,105)</b>	<b>\$ 170,985</b>

(a) Balances for the year ended December 31, 2010

(b) Eliminate intercompany lease income

(c) Eliminate intercompany premiums

(d) Eliminate equity in earnings of subsidiaries

(e) Eliminate preferred stock dividends paid to affiliates

**AMERCO AND CONSOLIDATED SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)**

Consolidating statements of operations by industry segment for period ending March 31, 2010 are as follows:

	Moving & Storage				AMERCO Legal Group				
	AMERCO	U-Haul	Real Estate	Eliminations	Moving & Storage Consolidated	Property & Casualty Insurance (a)	Life Insurance (a)	Eliminations	AMERCO Consolidated
	(In thousands)								
<b>Revenues:</b>									
Self-moving equipment rentals	\$ -	\$1,421,331	\$ -	\$ -	\$ 1,421,331	\$ -	\$ -	\$ (1,605) (c)	\$ 1,419,726
Self-storage revenues	-	109,047	1,322	-	110,369	-	-	-	110,369
Self-moving & self-storage products & service sales	-	198,785	-	-	198,785	-	-	-	198,785
Property management fees	-	21,632	-	-	21,632	-	-	-	21,632
Life insurance premiums	-	-	-	-	-	-	134,345	-	134,345
Property and casualty insurance premiums	-	-	-	-	-	27,625	-	-	27,625
Net investment and interest income	4,390	21,665	-	-	26,055	6,765	18,463	(1,294) (b,e)	49,989
Other revenue	-	43,836	74,481	(80,167) (b)	38,150	-	2,917	(1,533) (b)	39,534
<b>Total revenues</b>	<b>4,390</b>	<b>1,816,296</b>	<b>75,803</b>	<b>(80,167)</b>	<b>1,816,322</b>	<b>34,390</b>	<b>155,725</b>	<b>(4,432)</b>	<b>2,002,005</b>
<b>Costs and expenses:</b>									
Operating expenses	8,120	1,050,844	8,064	(80,167) (b)	986,861	13,552	24,752	(3,104) (b,c)	1,022,061
Commission expenses	-	169,104	-	-	169,104	-	-	-	169,104
Cost of sales	-	104,049	-	-	104,049	-	-	-	104,049
Benefits and losses	-	-	-	-	-	14,559	106,546	-	121,105
Amortization of deferred policy acquisition costs	-	-	-	-	-	-	7,569	-	7,569
Lease expense	85	158,079	8	-	158,172	-	-	(1,221) (b)	156,951
Depreciation, net of (gains) losses on disposals	17	214,625	12,987	-	227,629	-	-	-	227,629
<b>Total costs and expenses</b>	<b>8,222</b>	<b>1,696,701</b>	<b>21,059</b>	<b>(80,167)</b>	<b>1,645,815</b>	<b>28,111</b>	<b>138,867</b>	<b>(4,325)</b>	<b>1,808,468</b>
Equity in earnings of subsidiaries	7,208	-	-	7,614 (d)	14,822	-	-	(14,822) (d)	-
<b>Earnings from operations</b>	<b>3,376</b>	<b>119,595</b>	<b>54,744</b>	<b>7,614</b>	<b>185,329</b>	<b>6,279</b>	<b>16,858</b>	<b>(14,929)</b>	<b>193,537</b>
Interest income (expense)	96,274	(155,519)	(34,102)	-	(93,347)	-	-	-	(93,347)
<b>Pretax earnings (loss)</b>	<b>99,650</b>	<b>(35,924)</b>	<b>20,642</b>	<b>7,614</b>	<b>91,982</b>	<b>6,279</b>	<b>16,858</b>	<b>(14,929)</b>	<b>100,190</b>
Income tax benefit (expense)	(33,920)	16,368	(8,700)	-	(26,252)	(1,796)	(6,519)	-	(34,567)
<b>Net earnings (loss)</b>	<b>65,730</b>	<b>(19,556)</b>	<b>11,942</b>	<b>7,614</b>	<b>65,730</b>	<b>4,483</b>	<b>10,339</b>	<b>(14,929)</b>	<b>65,623</b>
Excess of carrying amount of preferred stock over consideration paid	-	-	-	-	-	-	-	388	388
Less: Preferred stock dividends	(12,963)	-	-	-	(12,963)	-	-	107 (e)	(12,856)
<b>Earnings (loss) available to common shareholders</b>	<b>\$ 52,767</b>	<b>\$ (19,556)</b>	<b>\$ 11,942</b>	<b>\$ 7,614</b>	<b>\$ 52,767</b>	<b>\$ 4,483</b>	<b>\$ 10,339</b>	<b>\$ (14,434)</b>	<b>\$ 53,155</b>

(a) Balances for the year ended December 31, 2009

(b) Eliminate intercompany lease income

(c) Eliminate intercompany premiums

(d) Eliminate equity in earnings of subsidiaries

(e) Elimination of preferred stock dividend paid to affiliate

**AMERCO AND CONSOLIDATED SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)**

Consolidating statements of operations by industry segment for period ending March 31, 2009 are as follows:

	Moving & Storage				AMERCO Legal Group					AMERCO Consolidated
	AMERCO	U-Haul	Real Estate	Eliminations	Moving & Storage Consolidated	Property & Casualty Insurance (a)	Life Insurance (a)	Eliminations		
	(In thousands)									
<b>Revenues:</b>										
Self-moving equipment rentals	\$ -	\$ 1,423,330	\$ -	\$ -	\$ 1,423,330	\$ -	\$ -	\$ (308) (c)	\$ 1,423,022	
Self-storage revenues	-	108,859	1,689	-	110,548	-	-	-	110,548	
Self-moving & self-storage products & service sales	-	199,394	-	-	199,394	-	-	-	199,394	
Property management fees	-	23,192	-	-	23,192	-	-	-	23,192	
Life insurance premiums	-	-	-	-	-	-	109,572	-	109,572	
Property and casualty insurance premiums	-	-	-	-	-	28,337	-	-	28,337	
Net investment and interest income	4,389	25,441	35	-	29,865	9,082	20,402	(1,328) (b,d)	58,021	
Other revenue	-	42,379	70,949	(76,608) (b)	36,720	-	5,082	(1,622) (b)	40,180	
<b>Total revenues</b>	<b>4,389</b>	<b>1,822,595</b>	<b>72,673</b>	<b>(76,608)</b>	<b>1,823,049</b>	<b>37,419</b>	<b>135,056</b>	<b>(3,258)</b>	<b>1,992,266</b>	
<b>Costs and expenses:</b>										
Operating expenses	8,873	1,080,255	10,166	(76,608) (b)	1,022,686	15,863	21,348	(2,017) (b,c,d)	1,057,880	
Commission expenses	-	171,303	-	-	171,303	-	-	-	171,303	
Cost of sales	-	114,387	-	-	114,387	-	-	-	114,387	
Benefits and losses	-	-	-	-	-	14,029	83,588	-	97,617	
Amortization of deferred policy acquisition costs	-	-	-	-	-	22	12,372	-	12,394	
Lease expense	91	153,534	7	-	153,632	-	-	(1,208) (b)	152,424	
Depreciation, net of (gains) losses on disposals	18	254,960	10,235	-	265,213	-	-	-	265,213	
<b>Total costs and expenses</b>	<b>8,982</b>	<b>1,774,439</b>	<b>20,408</b>	<b>(76,608)</b>	<b>1,727,221</b>	<b>29,914</b>	<b>117,308</b>	<b>(3,225)</b>	<b>1,871,218</b>	
Equity in earnings of subsidiaries	(41,557)	-	-	57,809 (e)	16,252	-	-	(16,252) (e)	-	
Earnings (loss) from operations	(46,150)	48,156	52,265	57,809	112,080	7,505	17,748	(16,285)	121,048	
Interest income (expense)	92,854	(151,163)	(40,194)	-	(98,503)	-	-	33 (d)	(98,470)	
Pretax earnings (loss)	46,704	(103,007)	12,071	57,809	13,577	7,505	17,748	(16,252)	22,578	
Income tax benefit (expense)	(33,294)	38,827	(5,700)	-	(167)	(2,494)	(6,507)	-	(9,168)	
Net earnings (loss)	13,410	(64,180)	6,371	57,809	13,410	5,011	11,241	(16,252)	13,410	
Less: Preferred stock dividends	(12,963)	-	-	-	(12,963)	-	-	-	(12,963)	
<b>Earnings (loss) available to common shareholders</b>	<b>\$ 447</b>	<b>\$ (64,180)</b>	<b>\$ 6,371</b>	<b>\$ 57,809</b>	<b>\$ 447</b>	<b>\$ 5,011</b>	<b>\$ 11,241</b>	<b>\$ (16,252)</b>	<b>\$ 447</b>	

(a) Balances for the year ended December 31, 2008

(b) Eliminate intercompany lease income

(c) Eliminate intercompany premiums

(d) Eliminate intercompany interest on debt

(e) 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, 2011, are as follows:

	Moving & Storage				AMERCO Legal Group				
	AMERCO	U-Haul	Real Estate	Elimination	Moving & Storage Consolidated	Property & Casualty Insurance (a)	Life Insurance (a)	Elimination	AMERCO Consolidated
	(In thousands)								
Cash flows from operating activities:									
Net earnings	\$ 184,126	\$ 110,093	\$ 7,550	\$ (117,643)	\$ 184,126	\$ 3,807	\$ 11,120	\$ (15,478)	\$ 183,575
Earnings from consolidated subsidiaries	(132,570)	-	-	117,643	(14,927)	-	-	14,927	-
Adjustments to reconcile net earnings to the cash provided by operations:									
Depreciation	9	198,991	13,324	-	212,324	-	-	-	212,324
Amortization of deferred policy acquisition costs	-	-	-	-	-	-	9,494	-	9,494
Change in allowance for losses on trade receivables	-	30	-	-	30	-	(2)	-	28
Change in allowance for losses on mortgage notes	-	-	-	-	-	-	-	-	-
Change in allowance for inventory reserve	-	(674)	-	-	(674)	-	-	-	(674)
Net gain on sale of real and personal property	-	(21,875)	(1,183)	-	(23,058)	-	-	-	(23,058)
Net (gain) loss on sale of investments	(65)	(11)	-	-	(76)	285	(1,344)	-	(1,135)
Deferred income taxes	73,790	-	-	-	73,790	1,960	5,148	-	80,898
Net change in other operating assets and liabilities:									
Reinsurance recoverables and trade receivables	-	(1,443)	-	-	(1,443)	(5,137)	(533)	-	(7,113)
Inventories	-	(6,431)	-	-	(6,431)	-	-	-	(6,431)
Prepaid expenses	(15,966)	11,773	(51)	-	(4,244)	-	-	-	(4,244)
Capitalization of deferred policy acquisition costs	-	-	-	-	-	-	(25,239)	-	(25,239)
Other assets	34,937	(5,888)	238	-	29,287	30	205	-	29,522
Related party assets	273	55	(64)	-	264	(351)	-	-	(87)
Accounts payable and accrued expenses	(8,603)	18,923	(486)	-	9,834	-	2,713	-	12,547
Policy benefits and losses, claims and loss expenses payable	-	10,994	-	-	10,994	4,288	94,317	-	109,599
Other policyholders' funds and liabilities	-	-	-	-	-	(789)	1,361	-	572
Deferred income	-	1,967	-	-	1,967	-	-	-	1,967
Related party liabilities	-	83	-	-	83	157	9	-	249
Net cash provided (used) by operating activities	<u>135,931</u>	<u>316,587</u>	<u>19,328</u>	<u>-</u>	<u>471,846</u>	<u>4,250</u>	<u>97,249</u>	<u>(551)</u>	<u>572,794</u>
Cash flows from investing activities:									
Purchases of:									
Property, plant and equipment	(5)	(407,526)	(72,887)	-	(480,418)	-	-	-	(480,418)
Short term investments	-	-	-	-	-	(76,381)	(184,385)	-	(260,766)
Fixed maturities investments	-	-	-	-	-	(34,580)	(181,351)	-	(215,931)
Equity securities	(8,253)	-	-	-	(8,253)	(3,297)	-	-	(11,550)
Preferred stock	-	-	-	-	-	(11,644)	(2,708)	-	(14,352)
Real estate	-	-	-	-	-	(76)	(117)	-	(193)
Mortgage loans	-	(13,117)	(8,692)	-	(21,809)	(13,244)	(7,395)	3,890	(38,558)
Other investments	-	-	-	-	-	-	(2,000)	-	(2,000)
Proceeds from sales of:									
Property, plant and equipment	-	179,043	1,368	-	180,411	-	-	-	180,411
Short term investments	-	-	-	-	-	99,112	211,083	-	310,195
Fixed maturities investments	-	-	-	-	-	23,275	108,706	-	131,981
Equity securities	1,065	-	-	-	1,065	133	-	-	1,198
Preferred stock	-	-	-	-	-	1,914	-	-	1,914
Real estate	-	-	125	-	125	309	1,491	-	1,925
Mortgage loans	-	5,412	2,995	-	8,407	6,106	4,533	(3,890)	15,156
Net cash provided (used) by investing activities	<u>(7,193)</u>	<u>(236,188)</u>	<u>(77,091)</u>	<u>-</u>	<u>(320,472)</u>	<u>(8,373)</u>	<u>(52,143)</u>	<u>-</u>	<u>(380,988)</u>

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(a) Balance for the period ended December 31, 2010

**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, 2011, are as follows:

	Moving & Storage				AMERCO Legal Group				
	AMERCO	U-Haul	Real Estate	Elimination	Moving & Storage Consolidated	Property & Casualty Insurance (a)	Life Insurance (a)	Elimination	AMERCO Consolidated
	(In thousands)								
Cash flows from financing activities:									
Borrowings from credit facilities	-	257,728	64,134	-	321,862	-	-	-	321,862
Principal repayments on credit facilities	-	(90,084)	(198,798)	-	(288,882)	-	-	-	(288,882)
Debt issuance costs	-	(1,987)	-	-	(1,987)	-	-	-	(1,987)
Capital lease payments	-	(11,522)	-	-	(11,522)	-	-	-	(11,522)
Leveraged Employee Stock Ownership Plan - repayments from loan	-	1,172	-	-	1,172	-	-	-	1,172
Securitization deposits	-	(46,838)	-	-	(46,838)	-	-	-	(46,838)
Proceeds from (repayment of) intercompany loans	30,566	(223,746)	193,180	-	-	-	-	-	-
Preferred stock dividends paid	(12,963)	-	-	-	(12,963)	-	-	551 (b)	(12,412)
Dividend from (to) related party	3,303	-	-	-	3,303	(3,303)	-	-	-
Investment contract deposits	-	-	-	-	-	-	11,138	-	11,138
Investment contract withdrawals	-	-	-	-	-	-	(33,230)	-	(33,230)
Net cash provided (used) by financing activities	<u>20,906</u>	<u>(115,277)</u>	<u>58,516</u>	<u>-</u>	<u>(35,855)</u>	<u>(3,303)</u>	<u>(22,092)</u>	<u>551</u>	<u>(60,699)</u>
Effects of exchange rate on cash	-	271	-	-	271	-	-	-	271
Increase (decrease) in cash and cash equivalents	149,644	(34,607)	753	-	115,790	(7,426)	23,014	-	131,378
Cash and cash equivalents at beginning of period	<u>100,460</u>	<u>107,241</u>	<u>4</u>	<u>-</u>	<u>207,705</u>	<u>22,126</u>	<u>14,287</u>	<u>-</u>	<u>244,118</u>
Cash and cash equivalents at end of period	<u>\$ 250,104</u>	<u>\$ 72,634</u>	<u>\$ 757</u>	<u>\$ -</u>	<u>\$ 323,495</u>	<u>\$ 14,700</u>	<u>\$ 37,301</u>	<u>\$ -</u>	<u>\$ 375,496</u>

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(a) Balance for the period ended December 31, 2010

(b) Eliminate preferred stock dividends paid to affiliates

**AMERCO AND CONSOLIDATED SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)**

Consolidating cash flow statements by industry segment for the year ended March 31, 2010, are as follows:

	Moving & Storage				AMERCO Legal Group				
	AMERCO	U-Haul	Real Estate	Elimination	Moving & Storage Consolidated	Property & Casualty Insurance (a)	Life Insurance (a)	Elimination	AMERCO Consolidated
	(In thousands)								
Cash flows from operating activities:									
Net earnings (loss)	\$ 65,730	\$ (19,556)	\$ 11,942	\$ 7,614	\$ 65,730	\$ 4,483	\$ 10,339	\$ (14,929)	\$ 65,623
Earnings from consolidated subsidiaries	(7,208)	-	-	(7,614)	(14,822)	-	-	14,822	-
Adjustments to reconcile net earnings to cash provided by operations:									
Depreciation	17	216,685	12,887	-	229,589	-	-	-	229,589
Amortization of deferred policy acquisition costs	-	-	-	-	-	-	7,569	-	7,569
Change in allowance for losses on trade receivables	-	(158)	-	-	(158)	-	(5)	-	(163)
Change in allowance for losses on mortgage notes	-	(6)	-	-	(6)	-	-	-	(6)
Change in allowance for inventory reserve	-	1,153	-	-	1,153	-	-	-	1,153
Net (gain) loss on sale of real and personal property	-	(2,060)	100	-	(1,960)	-	-	-	(1,960)
Net loss on sale of investments	-	-	-	-	-	710	(378)	-	332
Deferred income taxes	7,828	-	-	-	7,828	1,876	5,793	-	15,497
Net change in other operating assets and liabilities:									
Reinsurance recoverables and trade receivables	-	625	31	-	656	16,793	(1,734)	-	15,715
Inventories	-	16,759	-	-	16,759	-	-	-	16,759
Prepaid expenses	1,129	(304)	(3)	-	822	-	-	-	822
Capitalization of deferred policy acquisition costs	-	-	-	-	-	-	(13,934)	-	(13,934)
Other assets	5,187	28,076	1,573	-	34,836	(65)	(145)	-	34,626
Related party assets	665	899	34	-	1,598	771	-	-	2,369
Accounts payable and accrued expenses	11,604	(7,188)	(3,305)	-	1,111	-	(4,207)	-	(3,096)
Policy benefits and losses, claims and loss expenses payable	-	24,228	-	-	24,228	(16,011)	26,372	-	34,589
Other policyholders' funds and liabilities	-	-	-	-	-	(4,167)	362	-	(3,805)
Deferred income	-	396	-	-	396	-	-	-	396
Related party liabilities	-	(62)	-	-	(62)	(742)	77	-	(727)
Net cash provided (used) by operating activities	84,952	259,487	23,259	-	367,698	3,648	30,109	(107)	401,348
Cash flows from investing activities:									
Purchases of:									
Property, plant and equipment	(3)	(233,136)	(26,352)	-	(259,491)	-	-	-	(259,491)
Short term investments	-	-	-	-	-	(130,977)	(191,689)	-	(322,666)
Fixed maturities investments	-	-	-	-	-	(37,071)	(112,675)	-	(149,746)
Equity securities	(17,745)	-	-	-	(17,745)	(70)	-	-	(17,815)
Preferred stock	-	-	-	-	-	(2,185)	-	-	(2,185)
Real estate	-	(1,752)	-	-	(1,752)	-	(558)	-	(2,310)
Mortgage loans	-	-	-	-	-	(1,364)	(137)	-	(1,501)
Proceeds from sales of:									
Property, plant and equipment	-	141,788	1,081	-	142,869	-	-	-	142,869
Short term investments	-	-	-	-	-	139,593	179,665	-	319,258
Fixed maturities investments	-	-	-	-	-	31,719	131,935	-	163,654
Preferred stock	-	-	-	-	-	4,061	1,016	-	5,077
Real estate	-	-	707	-	707	64	-	-	771
Mortgage loans	-	-	-	-	-	75	6,032	-	6,107
Net cash provided (used) by investing activities	(17,748)	(93,100)	(24,564)	-	(135,412)	3,845	13,589	-	(117,978)

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(a) Balance for the period ended December 31, 2009



**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, 2010, are as follows:

	Moving & Storage				AMERCO Legal Group				
	AMERCO	U-Haul	Real Estate	Elimination	Moving & Storage Consolidated	Property & Casualty Insurance (a)	Life Insurance (a)	Elimination	AMERCO Consolidated
	(In thousands)								
Cash flows from financing activities:									
Borrowings from credit facilities	-	42,794	29,359	-	72,153	-	-	-	72,153
Principal repayments on credit facilities	-	(187,410)	(114,556)	-	(301,966)	-	-	-	(301,966)
Debt issuance costs	-	(2,129)	(216)	-	(2,345)	-	-	-	(2,345)
Capital lease payments	-	(4,057)	-	-	(4,057)	-	-	-	(4,057)
Leveraged Employee Stock Ownership Plan - repayments from loan	-	1,111	-	-	1,111	-	-	-	1,111
Proceeds from (repayment of) intercompany loans	38,417	(125,139)	86,722	-	-	-	-	-	-
Preferred stock dividends paid	(12,963)	-	-	-	(12,963)	-	-	107 (b)	(12,856)
Dividend from (to) related party	7,764	-	-	-	7,764	(4,564)	(3,200)	-	-
Investment contract deposits	-	-	-	-	-	-	12,712	-	12,712
Investment contract withdrawals	-	-	-	-	-	-	(47,235)	-	(47,235)
Net cash provided (used) by financing activities	<u>33,218</u>	<u>(274,830)</u>	<u>1,309</u>	<u>-</u>	<u>(240,303)</u>	<u>(4,564)</u>	<u>(37,723)</u>	<u>107</u>	<u>(282,483)</u>
Effects of exchange rate on cash	-	2,644	-	-	2,644	-	-	-	2,644
Increase (decrease) in cash and cash equivalents	100,422	(105,799)	4	-	(5,373)	2,929	5,975	-	3,531
Cash and cash equivalents at beginning of period	38	213,040	-	-	213,078	19,197	8,312	-	240,587
Cash and cash equivalents at end of period	<u>\$ 100,460</u>	<u>\$ 107,241</u>	<u>\$ 4</u>	<u>\$ -</u>	<u>\$ 207,705</u>	<u>\$ 22,126</u>	<u>\$ 14,287</u>	<u>\$ -</u>	<u>\$ 244,118</u>

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(a) Balance for the period ended December 31, 2009

(b) Eliminate preferred stock dividends paid to affiliate

**AMERCO AND CONSOLIDATED SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)**

Consolidating cash flow statements by industry segment for the year ended March 31, 2009 are as follows:

	Moving & Storage				AMERCO Legal Group				
	AMERCO	U-Haul	Real Estate	Elimination	Moving & Storage Consolidated	Property & Casualty Insurance (a)	Life Insurance (a)	Elimination	AMERCO Consolidated
	(In thousands)								
<b>Cash flows from operating activities:</b>									
Net earnings (loss)	\$ 13,410	\$ (64,180)	\$ 6,371	\$ 57,809	\$ 13,410	\$ 5,011	\$ 11,241	\$ (16,252)	\$ 13,410
Earnings from consolidated subsidiaries	41,557	-	-	(57,809)	(16,252)	-	-	16,252	-
Adjustments to reconcile net earnings to cash provided by operations:									
Depreciation	18	235,916	12,635	-	248,569	-	-	-	248,569
Amortization of deferred policy acquisition costs	-	-	-	-	-	22	12,372	-	12,394
Change in allowance for losses on trade receivables	-	(118)	-	-	(118)	-	101	-	(17)
Change in allowance for losses on mortgage notes	-	(309)	-	-	(309)	-	-	-	(309)
Change in allowance for inventory reserves	-	792	-	-	792	-	-	-	792
Net (gain) loss on sale of real and personal property	-	19,044	(2,400)	-	16,644	-	-	-	16,644
Net (gain) loss on sale of investments	-	-	-	-	-	110	(46)	-	64
Deferred income taxes	4,353	-	-	-	4,353	1,992	1,596	-	7,941
Net change in other operating assets and liabilities:									
Reinsurance recoverables and trade receivables	-	2,383	4	-	2,387	(12,958)	(498)	-	(11,069)
Inventories	-	(6,192)	-	-	(6,192)	-	-	-	(6,192)
Prepaid expenses	3,681	(1,417)	164	-	2,428	-	-	-	2,428
Capitalization of deferred policy acquisition costs	-	-	-	-	-	8	(10,914)	-	(10,906)
Other assets	(302)	(6,607)	1,630	-	(5,279)	312	170	-	(4,797)
Related party assets	3,857	(3,071)	(23)	-	763	3,814	-	-	4,577
Accounts payable and accrued expenses	2,521	(4,256)	416	-	(1,319)	-	(502)	-	(1,821)
Policy benefits and losses, claims and loss expenses payable	-	417	-	-	417	(2,869)	(5,168)	-	(7,620)
Other policyholders' funds and liabilities	-	-	-	-	-	2,922	(1,429)	-	1,493
Deferred income	-	13,037	-	-	13,037	-	-	-	13,037
Related party liabilities	-	(1,390)	-	-	(1,390)	385	(3,187)	-	(4,192)
<b>Net cash provided (used) by operating activities</b>	<b>69,095</b>	<b>184,049</b>	<b>18,797</b>	<b>-</b>	<b>271,941</b>	<b>(1,251)</b>	<b>3,736</b>	<b>-</b>	<b>274,426</b>
<b>Cash flows from investing activities:</b>									
Purchases of:									
Property, plant and equipment	(1)	(342,180)	(54,509)	-	(396,690)	-	-	-	(396,690)
Short term investments	-	-	-	-	-	(116,778)	(204,144)	-	(320,922)
Fixed maturities investments	-	-	-	-	-	(15,321)	(128,344)	-	(143,665)
Equity securities	-	-	-	-	-	-	(1)	-	(1)
Preferred stock	-	-	-	-	-	-	(2,000)	-	(2,000)
Real estate	-	(36)	(182)	-	(218)	(396)	-	-	(614)
Mortgage loans	-	-	-	-	-	(12,187)	(12,512)	-	(24,699)
Proceeds from sales of:									
Property, plant and equipment	-	124,892	3,296	-	128,188	-	-	-	128,188
Short term investments	-	-	-	-	-	96,420	202,562	-	298,982
Fixed maturities investments	-	-	-	-	-	63,871	170,446	-	234,317
Equity securities	-	-	-	-	-	-	28	-	28
Preferred stock	-	-	-	-	-	-	-	-	-
Real estate	-	-	-	-	-	-	-	-	-
Mortgage loans	-	-	-	-	-	1	5,883	-	5,884
<b>Net cash provided (used) by investing activities</b>	<b>(1)</b>	<b>(217,324)</b>	<b>(51,395)</b>	<b>-</b>	<b>(268,720)</b>	<b>15,610</b>	<b>31,918</b>	<b>-</b>	<b>(221,192)</b>

(page 1 of 2)

(a) Balance for the period ended December 31, 2008

**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, 2009 are as follows:

	Moving & Storage				AMERCO Legal Group				
	AMERCO	U-Haul	Real Estate	Elimination	Moving & Storage Consolidated	Property & Casualty Insurance (a)	Life Insurance (a)	Elimination	AMERCO Consolidated
	(In thousands)								
Cash flows from financing activities:									
Borrowings from credit facilities	-	98,099	82,232	-	180,331	-	-	-	180,331
Principal repayments on credit facilities	-	(115,923)	(32,475)	-	(148,398)	-	-	-	(148,398)
Debt issuance costs	-	(360)	(54)	-	(414)	-	-	-	(414)
Capital lease payments	-	(776)	-	-	(776)	-	-	-	(776)
Leveraged Employee Stock Ownership Plan - repayments from loan	-	1,230	-	-	1,230	-	-	-	1,230
Treasury stock repurchase	(976)	-	-	-	(976)	-	-	-	(976)
Proceeds from (repayment of) intercompany loans	(57,157)	74,262	(17,105)	-	-	-	-	-	-
Preferred stock dividends paid	(12,963)	-	-	-	(12,963)	-	-	-	(12,963)
Net dividend from (to) related party	2,010	-	-	-	2,010	(2,010)	-	-	-
Investment contract deposits	-	-	-	-	-	-	17,739	-	17,739
Investment contract withdrawals	-	-	-	-	-	-	(53,605)	-	(53,605)
Net cash provided (used) by financing activities	(69,086)	56,532	32,598	-	20,044	(2,010)	(35,866)	-	(17,832)
Effects of exchange rate on cash	-	(1,437)	-	-	(1,437)	-	-	-	(1,437)
Increase (decrease) in cash and cash equivalents	8	21,820	-	-	21,828	12,349	(212)	-	33,965
Cash and cash equivalents at beginning of period	30	191,220	-	-	191,250	6,848	8,524	-	206,622
Cash and cash equivalents at end of period	<u>\$ 38</u>	<u>\$ 213,040</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 213,078</u>	<u>\$ 19,197</u>	<u>\$ 8,312</u>	<u>\$ -</u>	<u>\$ 240,587</u>

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(a) Balance for the period ended December 31, 2008

**AMERCO AND CONSOLIDATED SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)**

**Note 23: Subsequent Events**

***Preferred Stock***

On April 15, 2011 the Company provided notice of the call for redemption of all 6,100,000 shares of its issued and outstanding Series A Preferred Stock at a redemption price of \$25 per share plus accrued dividends through the date of redemption which was June 1, 2011. The total amount paid pursuant to the redemption was \$155.7 million consisting of \$152.5 million for the call price of \$25 per share plus \$3.2 million in accrued dividends.

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

	<b>March 31,</b>	
	<b>2011</b>	<b>2010</b>
	(In thousands)	
<b>ASSETS</b>		
Cash and cash equivalents	\$ 250,104	\$ 100,460
Investment in subsidiaries	(138,714)	(279,582)
Related party assets	1,146,296	1,176,096
Other assets	41,802	56,079
<b>Total assets</b>	<b><u>\$ 1,299,488</u></b>	<b><u>\$ 1,053,053</u></b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Liabilities:		
Other liabilities	\$ 295,372	\$ 233,155
	295,372	233,155
Stockholders' equity:		
Preferred stock	-	-
Common stock	10,497	10,497
Additional paid-in capital	425,422	422,384
Accumulated other comprehensive loss	(45,942)	(55,959)
Retained earnings:		
Beginning of period	968,629	915,862
Net earnings	184,126	65,730
Dividends	(12,963)	(12,963)
	1,529,769	1,345,551
Cost of common shares in treasury	(525,653)	(525,653)
<b>Total stockholders' equity</b>	<b><u>1,004,116</u></b>	<b><u>819,898</u></b>
<b>Total liabilities and stockholders' equity</b>	<b><u>\$ 1,299,488</u></b>	<b><u>\$ 1,053,053</u></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>2011</b>	<b>2010</b>	<b>2009</b>
	(In thousands, except share and per share data)		
Revenues:			
Net interest income from subsidiaries	\$ 5,160	\$ 4,390	\$ 4,389
Expenses:			
Operating expenses	7,489	8,120	8,873
Other expenses	99	102	109
Total expenses	7,588	8,222	8,982
Equity in earnings of subsidiaries	132,570	7,208	(41,557)
Interest income	85,584	96,274	92,854
Pretax earnings	215,726	99,650	46,704
Income tax expense	(31,600)	(33,920)	(33,294)
Net earnings	184,126	65,730	13,410
Less: Preferred stock dividends	(12,963)	(12,963)	(12,963)
Earnings available to common shareholders	\$ 171,163	\$ 52,767	\$ 447
Basic and diluted earnings per common share	\$ 8.81	\$ 2.72	\$ 0.02
Weighted average common shares outstanding: Basic and diluted	19,432,781	19,386,791	19,350,041

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

**CONDENSED FINANCIAL INFORMATION OF AMERCO**

**STATEMENTS OF CASH FLOW**

	Years Ended March 31,		
	2011	2010	2009
	(In thousands)		
Cash flows from operating activities:			
Net earnings	\$ 184,126	\$ 65,730	\$ 13,410
Change in investments in subsidiaries	(132,570)	(7,208)	41,557
Adjustments to reconcile net earnings to cash provided by operations:			
Depreciation	9	17	18
Net gain on sale of investments	(65)	-	-
Deferred income taxes	73,790	7,828	4,353
Net change in other operating assets and liabilities:			
Prepaid expenses	(15,966)	1,129	3,681
Other assets	34,937	5,187	(302)
Related party assets	273	665	3,857
Accounts payable and accrued expenses	(8,603)	11,604	2,521
Related party liabilities	-	-	-
Net cash provided by operating activities	<u>135,931</u>	<u>84,952</u>	<u>69,095</u>
Cash flows from investing activities:			
Purchases of property, plant and equipment	(5)	(3)	(1)
Purchases of equity securities	(8,253)	(17,745)	-
Proceeds of equity securities	1,065	-	-
Net cash used by investing activities	<u>(7,193)</u>	<u>(17,748)</u>	<u>(1)</u>
Cash flows from financing activities:			
Treasury stock repurchases	-	-	(976)
Proceeds from (repayments) of intercompany loans	30,566	38,417	(57,157)
Preferred stock dividends paid	(12,963)	(12,963)	(12,963)
Dividend from related party	3,303	7,764	2,010
Net cash provided (used) by financing activities	<u>20,906</u>	<u>33,218</u>	<u>(69,086)</u>
Increase in cash and cash equivalents	149,644	100,422	8
Cash and cash equivalents at beginning of period	100,460	38	30
Cash and cash equivalents at end of period	<u>\$ 250,104</u>	<u>\$ 100,460</u>	<u>\$ 38</u>

Income taxes paid net of income taxes refunds received amounted to \$14.3 million, \$1.6 million and \$2.0 million for fiscal 2011, 2010 and 2009, 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, 2011, 2010, AND 2009**

**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, Repwest 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 Form 10-K.

AMERCO is included in a consolidated Federal income tax return with all of its U.S. subsidiaries excluding Dallas General Life Insurance Company, a subsidiary of Oxford. 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 18, Contingent Liabilities and Commitments and Note 20, Related Party Transactions of the Notes to Consolidated Financial Statements.



**SCHEDULE II**

**AMERCO AND CONSOLIDATED SUBSIDIARIES**

**VALUATION AND QUALIFYING ACCOUNTS**

**Years Ended March 31, 2011, 2010 and 2009**

	<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>
(In thousands)					
<b>Year ended March 31, 2011</b>					
Allowance for doubtful accounts					
(deducted from trade receivable)	\$ 1,308	\$ 2,611	\$ -	\$ (2,583)	\$ 1,336
Allowance for doubtful accounts					
(deducted from notes and mortgage receivable)	\$ -	\$ -	\$ -	\$ -	\$ -
Allowance for obsolescence					
(deducted from inventory)	\$ 2,600	\$ -	\$ -	\$ (2,005)	\$ 595
Allowance for probable losses					
(deducted from mortgage loans)	\$ 370	\$ -	\$ -	\$ -	\$ 370
<b>Year ended March 31, 2010</b>					
Allowance for doubtful accounts					
(deducted from trade receivable)	\$ 1,471	\$ 2,141	\$ -	\$ (2,304)	\$ 1,308
Allowance for doubtful accounts					
(deducted from notes and mortgage receivable)	\$ 6	\$ -	\$ -	\$ (6)	\$ -
Allowance for obsolescence					
(deducted from inventory)	\$ 941	\$ 1,659	\$ -	\$ -	\$ 2,600
Allowance for probable losses					
(deducted from mortgage loans)	\$ 621	\$ -	\$ -	\$ (251)	\$ 370
<b>Year ended March 31, 2009</b>					
Allowance for doubtful accounts					
(deducted from trade receivable)	\$ 1,488	\$ 3,101	\$ -	\$ (3,118)	\$ 1,471
Allowance for doubtful accounts					
(deducted from notes and mortgage receivable)	\$ 315	\$ -	\$ -	\$ (309)	\$ 6
Allowance for obsolescence					
(deducted from inventory)	\$ 1,542	\$ -	\$ -	\$ (601)	\$ 941
Allowance for probable losses					
(deducted from mortgage loans)	\$ 675	\$ -	\$ -	\$ (54)	\$ 621

**SCHEDULE V**

**AMERCO AND CONSOLIDATED SUBSIDIARIES**

**SUPPLEMENTAL INFORMATION (FOR PROPERTY-CASUALTY INSURANCE OPERATIONS)**

**Years Ended December 31, 2010, 2009 AND 2008**

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)
						(In thousands)						
2011	Consolidated property casualty entity	\$ -	\$ 276,355	N/A	\$ 4	\$ 30,704	\$ 8,234	\$ 9,453	\$ 7,832	\$ -	\$ 17,211	\$ 30,706
2010	Consolidated property casualty entity	-	271,677	N/A	2	27,625	7,411	8,043	6,516	-	19,996	27,608
2009	Consolidated property casualty entity	-	287,501	N/A	19	28,337	9,192	8,497	9,384	22	27,707	28,157

(1) The earned and written premiums are reported net of intersegment transactions. There were no earned premiums eliminated for the years ended December 31, 2010, 2009 and 2008, respectively.

(2) Net Investment Income excludes net realized losses on investments of \$0.3 million, \$0.6 million and \$0.1 million for the years ended December 31, 2010, 2009 and 2008, 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

By: /s/ Edward J. Shoen

Edward J. Shoen

President and Chairman of the Board

Dated: June 8, 2011

AMERCO

By: /s/ Jason A. Berg

Jason A. Berg

Principal Financial Officer and Chief Accounting Officer

Dated: June 8, 2011

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## 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 Form 10-K Annual Report, 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/ Edward J. Shoen</u> Edward J. Shoen	President and Chairman of the Board (Principal Executive Officer)	June 8, 2011
<u>/s/ Jason A. Berg</u> Jason A. Berg	Chief Accounting Officer (Principal Financial Officer)	June 8, 2011
<u>/s/ Charles J. Bayer</u> Charles J. Bayer	Director	June 8, 2011
<u>/s/ John P. Brogan</u> John P. Brogan	Director	June 8, 2011
<u>/s/ John M. Dodds</u> John M. Dodds	Director	June 8, 2011
<u>/s/ Michael L. Gallagher</u> Michael L. Gallagher	Director	June 8, 2011
<u>/s/ M. Frank Lyons</u> M. Frank Lyons	Director	June 8, 2011
<u>/s/ Daniel R. Mullen</u> Daniel R. Mullen	Director	June 8, 2011
<u>/s/ James P. Shoen</u> James P. Shoen	Director	June 8, 2011

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**AMENDED AND RESTATED AMERCO  
EMPLOYEE SAVINGS AND PROFIT SHARING PLAN**

**PREAMBLE AND INTRODUCTION**

On March 16, 1973, AMERCO, a Nevada corporation (the "Corporation") established the AMERCO Profit Sharing Retirement Trust (the "Profit Sharing Plan") for certain of its employees. The Profit Sharing Plan was subsequently amended from time to time. Effective April 1, 1984, the Corporation established the AMERCO Employee Savings and Protection Plan (the "Savings Plan") to permit employee contributions to be made on a favorable tax basis through utilization of the provisions of Section 401(k) of the Internal Revenue Code (the "Code"). The Savings Plan was subsequently amended from time to time. Effective January 1, 1988, the Profit Sharing Plan and the Savings Plan were merged into a single plan called the "AMERCO Retirement Savings and Profit Sharing Plan" (the "Employee Savings and Profit Sharing Plan").

Effective as of July 24, 1988, AMERCO established an "employee stock ownership plan" (as defined in Section 407(d)(6) of the Employee Retirement Income Security Act of 1974 (the "Act") and Section 4975(e)(7) of the Code) designed to invest primarily in "qualifying employer securities" (as defined in Section 407(d)(5) of the Act and Section 4975(e)(8) of the Code) of the Corporation (the "ESOP"). At the time, the ESOP was contained in a single document with the Employee Savings and Profit Sharing Plan and became known as the "AMERCO Employee Savings, Profit Sharing and Employee Stock Ownership Plan." Notwithstanding the fact that the ESOP was contained in a single document, it was in fact a "stand alone" plan.

The AMERCO Employee Savings, Profit Sharing and Employee Stock Ownership Plan was subsequently amended and restated in its entirety effective January 1, 1989 to comply with the Tax Reform Act of 1986 ("TRA 86") and to make certain other modifications. The AMERCO Employee Savings, Profit Sharing and Employee Stock Ownership Plan was then amended on four occasions.

The AMERCO Employee Savings, Profit Sharing and Employee Stock Ownership Plan was then amended and restated in its entirety to comply with the Small Business Job Protection Act of 1996 ("SBJPA"), the Uniformed Services Employment and Reemployment Rights Act of 1994 ("USERRA"), the Taxpayer Relief Act of 1997 ("TRA 97")

The AMERCO Employee Savings, Profit Sharing and Employee Stock Ownership Plan was subsequently amended to comply with GUST and EGTRRA legislative changes and to make certain other modifications.

Effective January 1, 2007, the Employee Savings and Profit Sharing Plan (hereinafter, the "Plan") was subsequently amended and restated in its entirety in a separate plan document to incorporate certain amendments, and make certain administrative as well as other miscellaneous changes.

It is the intention of the Corporation that the Plan shall continue to be qualified under the provisions of Section 401 (a) of the Code and that the Trust Fund maintained pursuant to the Plan shall continue to be exempt from taxation pursuant to Section 501(a) of the Code. The Plan shall be qualified as a profit sharing plan.

## **ARTICLE ONE**

### **EFFECTIVE DATE**

#### 1.1. **EFFECTIVE DATE**.

Except as specifically provided with respect to a particular provision of the Plan, the provisions of this amended and restated Plan shall be effective January 1, 2010 or such other date as determined by the Board of Directors of AMERCO.

## **ARTICLE TWO**

### **DEFINITIONS AND CONSTRUCTION**

#### 2.1. **DEFINITIONS**.

When a word or phrase shall appear in this Plan with the initial letter capitalized, and the word or phrase does not commence a sentence, the word or phrase shall generally be a term defined in this Section 2.1 or in the Preamble. The following words and phrases utilized in the Plan with the initial letter capitalized shall have the meanings set forth in this Section 2.1, unless a clearly different meaning is required by the context in which the word or phrase is use:

(a) "ACCOUNTING DATE" - The Accounting Date for Profit Sharing Accounts, After-Tax Contribution Accounts, Pre-Tax Contribution Accounts, Rollover Contribution Accounts and the Employer Matching Contribution Accounts shall be the last day of each calendar month. The Accounting Date shall also be any other date so designated by the Advisory Committee.

(b) “ ACCOUNTS ” - The Pre-Tax Contribution Account, After-Tax Contribution Account, Employer Matching Contribution Account, Profit Sharing Account and the Rollover Contribution Account of a Participant.

(c) “ ADMINISTRATIVE TRUSTEE ” - The trustee or trustees which are charged under the Trust Agreement with certain duties as well the investment of assets of the Trust Fund generally.

(d) “ ADVISORY COMMITTEE ” - The Committee appointed by the President of AMERCO pursuant to Section 12.1 to serve as the Advisory Committee.

(e) “ AFFILIATE ” - Any member of a "controlled group of corporations" (within the meaning of Section 414(b) of the Code as modified by Section 415(h) of the Code) that includes the Employer as a member of the group; any member of an "affiliated service group" (within the meaning of Section 414(m)(2) of the Code) that includes the Employer as a member of the group; any member of a group of trades or businesses under common control (within the meaning of Section 414(c) of the Code as modified by Section 415(h) of the Code) that includes the Employer as a member of the group; and any other entity required to be aggregated with the Employer pursuant to regulations issued by the United States Treasury Department pursuant to Section 414(o) of the Code.

(f) “ AFTER-TAX CONTRIBUTION ACCOUNT ” - The account established pursuant to Section 8.1 to which a Participant's After-Tax Contributions and the earnings thereon are credited.

(g) “ AFTER-TAX CONTRIBUTIONS ” - The contributions made by a Participant on an "after-tax" basis prior to March 31, 1987.

(h) “ ANNIVERSARY DATE ” - January 1 of each calendar year.

(i) “ ANNUAL ADDITION ” - The sum of the following amounts allocable for a Plan Year to a Participant under this Plan or under any defined contribution plan or defined benefit plan maintained by the Employer or any Affiliate:

(1) The Employer contributions allocable for a Plan Year to the Accounts of the Participant under this Plan or any other defined contribution plan, including any amount allocable from a suspense account maintained pursuant to such plan on account of a prior Plan Year (computed as though no part of the ESOP Contribution is allocable to the Loan Suspense Account); amounts deemed to be Employer contributions pursuant to a cash-or-deferred



arrangement qualified under Section 401(k) of the Code (including the Pre-Tax Contributions allocable to a Participant pursuant to this Plan); and amounts allocated to a medical account which must be treated as annual additions pursuant to Section 415(1)(1) or Section 419A(d)(2) of the Code;

(2) All nondeductible Employee contributions allocable during a Plan Year to the Accounts of the Participant; and

(3) Forfeitures allocable for a Plan Year to the Accounts of the Participant.

Any rollover contributions or transfers from other qualified plans, restorations of forfeitures, or other items similarly enumerated in Treasury Regulation Section 1.415-6(b)(3) shall not be considered in calculating a Participant's Annual Additions for any Plan Year.

(j) “ AUTHORIZED OR APPROVED LEAVE OF ABSENCE ” - A leave of absence from the performance of active service for an Employer that is approved by the Employer in accordance with the Employer's rules regarding leave of absence. An Authorized Leave of Absence shall include an approved leave of absence for sickness or Disability. An absence from employment as a result of an Employee's service as a member of the armed forces of the United States shall also be treated as an Authorized Leave of Absence upon the Employee's return to employment with the Employer, provided that the Employee left employment with his Employer directly to enter the armed forces and returns directly to the employment of an Employer within the period during which his employment rights are protected by the Selective Service Act (or any similar law) as now in effect or as hereafter amended. Absence shall be deemed to be approved by an Employer for any period of an Employee's Disability prior to his separation from employment.

(k) “ AUTOMATIC ENROLLMENT DATE ” shall mean the first day of the first payroll period following a participant's completion of one Year of Eligibility Service.

(l) “ BALANCED FUND ” - A diversified fund that is designed to invest its holdings in bonds and stocks to achieve a high amount of current income while preserving capital.

(m) “ BENEFICIARY ” - The person or persons designated by a Participant to receive benefits under the Plan in the event of the death of the Participant.

(n) “ BENEFIT COMMENCEMENT DATE ” - The first day on which all events (including the passing of the day on which benefit payments are scheduled to commence) have occurred which entitle the Participant to receive his first benefit payment from the Plan.

(n-1) “BENEFITS DEPARTMENT” – The department within the Human Resources Department of U-Haul International, Inc. responsible for the administration and record-keeping associated with this Plan.

(o) “BOARD” - The Board of Directors of the Corporation.

(p) “BOND FUND” - A fund that is primarily designed to invest its holdings in corporate and government bonds and mortgages and is designed to achieve a high amount of current income with moderate risk. This fund was previously known as the "Profit Sharing Fund."

(q) “BREAK IN CONTINUOUS SERVICE” - A twelve (12) continuous month period, commencing with an Employee's Termination Date, in which the Employee is not credited with at least one (1) Hour of Service.

(q-1) “CANADIAN AFFILIATE” - Any corporation or company wholly owned by AMERCO which does business in Canada.

(r) “CLAIMS REVIEW BOARD” – the Committee appointed by the President of AMERCO to review certain decisions of the Advisory Committee pursuant to Section 12.3 of the Plan

(s) “COMPENSATION” - Effective for Plan Years beginning on or after January 1, 1993, the term “Compensation” shall mean all of the Participant’s wages within the meaning of Section 3401(a) of the Code and all payments of compensation to the Employee by the Employer (in the course of the Employer's trade or business) for which the Employer is required to furnish the Employee a written statement under Sections 6041(d), 6051(a)(3) and 6502 of the Code, determined without regard to any rules under Section 3401(a) that limit the remuneration included in wages based on the nature or location of the employment or the services performed. For purposes of this paragraph, Compensation for a Plan Year is the Compensation actually paid or includable in gross income during such year. Notwithstanding the foregoing, Compensation in excess of One Hundred Fifty Thousand Dollars (\$150,000) shall be disregarded for all purposes for each Plan Year. The limitations specified in the preceding sentence shall be adjusted to take into account any cost-of-living increase adjustment for that Plan Year allowable pursuant to the applicable regulations or rulings of the United States Treasury Department under Section 401(a)(17) of the Code. If an Employee receives any payments from an Affiliate which would be treated as Compensation if paid by the Employer, such amounts shall be included in calculating the Employee's Compensation for purposes of Section 415 of the Code and the corresponding provisions of this Plan. Any amounts paid to an Employee by an Affiliate shall be disregarded for all other purposes under

this Plan unless the Affiliate making the payment has elected to provide benefits to its employees pursuant to this Plan. Effective for Plan Years beginning on or after January 1, 1998, the term "Compensation shall also include, for all purposes, except for the purpose of making allocations under Top Heavy Plans pursuant to Section 8.2, amounts (such as Pre-Tax Contributions to this Plan) which are not currently includable in the Participant's gross taxable income by reason of the application of Sections 125, 402(a)(8) or 4020i(1)(B) of the Code, if such amounts are attributable to the performance of services for the Employer or any Affiliate. The annual compensation of each participant taken into account in determining allocations for any Plan Years beginning after December 31, 2001, shall not exceed \$200,000, as adjusted for cost-of-living increases in accordance with Section 401(a)(17)(B) of the Code.

(s-1) “ CONTINUOUS SERVICE ” - The aggregated service of the Employee measured in years and completed calendar months, based on the Employee's period of elapsed time of employment determined in accordance with Section 3.3 and the applicable regulations of the United States Treasury Department.

(s-2) “ CORPORATION ” OR “ COMPANY ” – AMERCO, a Nevada Corporation.

(t) “ DISABILITY ” - A continuous period of absence resulting from accidental bodily injury, sickness, mental illness or substance abuse that, in the judgment of the Advisory Committee, supported by the written opinion of a licensed physician (who may be designated by the Advisory Committee), prevents a Participant from performing the essential duties of his own occupation or a reasonable alternative made available by the Company. If a Participant is also a participant in the Amerco Disability Plan, a determination of disability thereunder shall be binding upon, and be deemed a determination of Disability for all purposes hereunder.

(u) “ DIVERSIFIED EQUITY FUND ” or “ LARGE-CAP FUND ” - A fund designed to invest its holdings in a broadly diversified group of common stocks to seek both dividend income and capital appreciation over the long term.

(v) “ EARNINGS ” - The term "Earnings" shall mean all of the Participant's wages within the meaning of Section 3401(a) of the Code and all payments of compensation to the Employee by the Employer (in the course of the Employer's trade or business) for which the Employer is required to furnish the Employee a written statement under Sections 6041(d), 6051(a)(3) and 6502 of the Code, determined without regard to any rules under Section 3401(a) that limit the remuneration included in wages based on the nature or location of the employment or the services performed. "Earnings" shall also include the amount of Pre-Tax Contributions that would have been paid to the Participant as current Earnings reportable on Internal Revenue Service Form W-2 but for the Participant's election to direct Pre-Tax Contributions. Only Earnings paid during periods of actual Plan participation shall be

includable as Earnings hereunder. Notwithstanding the foregoing, Earnings in excess of One Hundred Fifty Thousand Dollars (\$150,000), \$200,000 after December 31, 2001, shall be disregarded for all purposes. The limitations specified in the preceding sentence shall be adjusted to take into account any cost-of-living increase adjustment for that Plan Year allowable pursuant to the applicable regulations or rulings of the United States Treasury Department under Section 401 (a)(17)(B) of the Code.

(w) “EFFECTIVE DATE” - As provided in Section 1.1.

(x) “EMPLOYEE” - Each person who is classified by the Employer as a common law employee (or who would be considered a common law employee if such person were not on an Authorized Leave of Absence). Regardless of any subsequent determination by a court or a governmental agency that an individual should be treated as a common law employee, an individual will be considered an Employee under the Plan only if such individual has been so classified by the Employer for purposes of this Plan and is not a private contractor. If the Employer modifies its classification or treatment of an individual, the modification shall be applied prospectively only unless the Employer indicates otherwise, in which case the modification will be effective as of the date specified by the Employer. If an individual is characterized as a common law employee of the Employer by a governmental agency or court but not by the Employer, such individual shall be treated as an employee who has not been designated for participation in this Plan.

(y) “EMPLOYEE SELECTED INVESTMENT FUNDS” - The investment funds, if any, established pursuant to Section 6.1.

(z) “EMPLOYER” - The Corporation and any Affiliate of the Company (unless the Board has determined that the Employees of said Company should not participate in the Plan) which is designated by the Board as an Employer under the Plan and whose designation as such has become effective and has continued in effect. The designation shall become effective only when it has been accepted by the board of directors of the designated Employer. Any Employer may revoke its acceptance of such designation at any time, but until such acceptance is revoked all the provisions of the Plan and the Trust Agreement and any amendments thereto shall apply to the Employees of the Employer. In the event that the designation of an Employer as such is revoked by the board of directors of the Employer, the Plan shall be deemed terminated only as to such Employer.

(aa) “EMPLOYER MATCHING CONTRIBUTION ACCOUNT” - The account established pursuant to Section 8.1 to which Employer Matching Contributions are credited.

(bb) “EMPLOYER MATCHING CONTRIBUTIONS” - The contributions of the Employers as described in Section 5.4 of the Plan.

(cc) INTENTIONALLY DELETED

(dd) “ FUNDS ” - The various investment alternatives under the Plan, including, but not limited to, the Balanced Fund, the Income Fund, the Bond Fund, the Diversified Equity Fund (Large-Cap Fund), the Small-Cap Fund, the Mid-Cap Fund, the World Fund and the Target Funds.”

(ee) “ HIGHLY COMPENSATED EMPLOYEE ” - Each individual who is treated as a "Highly Compensated Employee" pursuant to Section 2.3 of this Plan.

(ff) “ HOUR OF SERVICE ” -

(1) An hour for which an Employee is directly or indirectly compensated, or is entitled to Compensation, by an Employer or an Affiliate for the performance of duties. Such Hours of Service shall be credited in the respective eligibility and vesting service computation periods in which the duties were performed.

(2) An hour for which an Employee is directly or indirectly compensated, or is entitled to Compensation, by an Employer or an Affiliate on account of a period of time during which no duties are performed (irrespective of whether the employment relationship has terminated) due to vacation, holiday, illness, incapacity (including Disability), layoff, jury duty, military duty or leave of absence. No more than five hundred one (501) Hours of Service shall be credited under this paragraph for any single continuous period (whether or not such period occurs in a single computation period). Hours of Service under this paragraph shall be calculated and credited pursuant to Section 2530.200b-2 of the Department of Labor Regulations governing the computation of Hours of Service, which are incorporated herein by this reference.

(3) An hour for which back pay (irrespective of mitigation of damages) is either awarded or agreed to by an Employer or an Affiliate. The same Hours of Service shall not be credited both under paragraphs (1) or (2) above, as, the case may be, and under this paragraph (3). Hours of Service attributable to back pay credits will be credited to the respective computation period or periods to which the back pay pertains, rather than to the period in which the award, agreement or payment is made.

(4) In lieu of determining Hours of Service under the foregoing paragraphs, the Benefits Department may credit an Employee with ten (10) Hours of Service for each day for which any service must be credited, or forty-five (45) Hours of Service for each week for which any service must be credited, or one hundred ninety (190) Hours of Service for each month for which any service must be credited. Such crediting of hours shall be performed on a nondiscriminatory basis.

(5) Employees also shall be credited with any additional Hours of Service required to be credited pursuant to Federal law other than the Act or the Code.

(6) Solely for purposes of determining whether an Employee has incurred a Break in Service, an Employee shall be credited with Hours of Service in accordance with the provisions of this paragraph (6) for periods of absence (with or without pay) by reason of the pregnancy of the Employee, the birth of a child of the Employee, the placement of a child with the Employee in connection with the adoption of such child by the Employee, or for purposes of caring for a child of the Employee for a period beginning immediately following the child's birth or placement. An Employee who is on an Authorized Leave of Absence for any of the foregoing reasons shall receive credit for the Hours of Service which the Employee would normally have been credited with but for such absence. If the Benefits Department and the Employer are unable to determine the Hours which would have otherwise been credited to the Employee, the Employee shall receive credit for eight (8) Hours of Service for each day of such absence. The maximum number of Hours of Service credited to an Employee pursuant to this paragraph for any one absence or any series of related absences shall not exceed five hundred one (501). The hours credited pursuant to this paragraph will be treated as Hours of Service for the service computation period during which the absence begins if the Employee would be prevented from incurring a Break in Service during such twelve (12) consecutive month period solely because of the Hours of Service credited pursuant to this paragraph. In all other cases, the Hours of Service shall be credited to the Employee for the service computation period which begins immediately following the day on which the absence commences. This paragraph (6) shall not be construed as entitling any Employee to an Authorized Leave of Absence for any of the reasons enumerated above. An Employee's entitlement to an Authorized Leave of Absence will be determined in accordance with the standard policies of the Employer. No credit will be given pursuant to this paragraph (6) unless the Employee furnishes to the Benefits Department such timely information as the Benefits Department may

reasonably require to establish the number of days for which there was such an absence and that the absence was for one of the reasons enumerated above.

(gg) “ INACTIVE PARTICIPANT ” - A Participant for who Accounts are maintained under the Plan, but who is not eligible to make Pre-Tax Contributions or to receive allocations of Employer Matching Contributions or Profit Sharing Contributions. An Inactive Participant shall continue to share in the earnings or losses on Trust investments.

(hh) “ INCOME FUND ” - A fund invested in high quality short and intermediate term bonds, insurance contracts, and money market securities, with the objective of earning interest income without exposing the fund to significant fluctuations in value.

(ii) “ KEY EMPLOYEE ” – As defined in Section 2.2.

(ii-1) “ MID-CAP FUND ” - A fund that is primarily designed to invest its holdings in the stocks of midsize companies - those with market capitalization of \$1-10 billion - and which seeks to provide long-term growth of capital.

(jj) “ NON-CONTRIBUTING PARTICIPANT ” - A Participant who is not eligible to direct his Employer to make Pre-Tax Contributions, has not elected to direct (or as of the Automatic Enrollment Date has elected not to direct) his Employer to make Pre-Tax Contributions, or has stopped directing or making Pre-Tax Contributions. This Plan refers to Non-Contributing Participants to distinguish between an Employee who does not elect to direct (or as of the Automatic Enrollment Date elects not to direct) Pre-Tax Contributions under this Plan, but who nonetheless is eligible to receive an allocation of Profit Sharing Contributions under the Plan, and an Employee who directs Pre-Tax Contributions under this Plan. An Employee who is eligible to participate in the Plan, but who does not elect to direct (or as of the Automatic Enrollment Date elects not to direct) Pre-Tax Contributions, shall automatically be a Non-Contributing Participant for the period during which he does not elect to direct (or as of the Automatic Enrollment Date elects not to direct) Pre-Tax Contributions.

(kk) “ NORMAL RETIREMENT AGE ” or “ NORMAL RETIREMENT DATE ” -

(1) Normal Retirement Age - The date on which a Participant attains the age of sixty-five (65) years.

(2) Normal Retirement Date - The last day of the month in which the Participant attains his Normal Retirement Age.

(ll) “ PARTICIPANT ” - An Employee who has satisfied the eligibility requirements specified in Section 3.1, who has elected to participate pursuant to Section 3.2 and whose

participation in the Plan has not been terminated. An Employee who is otherwise eligible to participate who does not elect to make any Pre-Tax Contributions (who is occasionally referred to as a “Non-Contributing Participant”) will be treated as a Participant for purposes of the application of the actual deferral percentage tests of Section 4.3, for purposes of the actual contribution percentage tests of Section 5.4 and for purposes of the allocation of Profit Sharing Contributions. If so indicated by the context, the term Participant shall also include former Participants whose active participation in the Plan has terminated but who have not received all amounts to which they are entitled pursuant to the terms and provisions of this Plan. Whether former Participants are allowed to exercise an option or election extended to "Participants" will be determined by the Benefits Department in the exercise of its discretion, but in making such determinations the Benefits Department shall act in a uniform, nondiscriminatory manner. In order to distinguish between individuals who are actively participating in all phases of the Plan and former active Participants and individuals who are not making Pre-Tax Contributions, the Plan occasionally refers to Inactive Participants or Non-Contributing Participants. Whether the term Participant includes Inactive Participants and/or Non-Contributing Participants will be determined by the Benefits Department based on the context in which the term is used.

(mm) “ PLAN ENTRY DATE ” - For other than eligibility to make Pre-Tax Contributions, the last day of each calendar quarter – March 31, June 30, September 30 and December 31.

(nn) “ PLAN YEAR ” - A twelve (12) month period commencing on each January 1 and ending on each following December 31.

(oo) “ PRE-TAX CONTRIBUTION ACCOUNT ” - The separate bookkeeping account established pursuant to Section 8.1 to record and credit the Pre-Tax Contributions directed by a Participant and the net gains and losses thereon.

(pp) “ PRE-TAX CONTRIBUTIONS ” - The contributions directed by a Participant pursuant to Section 4.1 of the Plan.

(qq) “ PRE-TAX CONTRIBUTION ENTRY DATE ” - The first day of the first payroll period following a Participant's completion of three months of Continuous Service.

(rr) “ PROFIT SHARING ACCOUNT ” - The account established pursuant to Section 8.1 to which Profit Sharing Contributions are credited.

(ss) “ PROFIT SHARING CONTRIBUTION ” - The regular, special, or per capita Profit Sharing Contributions made by the Employers pursuant to Section 5.1(a), (b) or (c).



(tt) “ QUALIFIED DOMESTIC RELATIONS ORDER ” - A domestic relations order meeting the requirements specified in Section 14.2.

(uu) “ REQUIRED BEGINNING DATE ”

(1) 5 Percent Owners - For a Participant who is a "5-Percent Owner" as defined in Code Section 416(i)(1)(B)(i), Required Beginning Date means April 1 of the calendar year following the calendar year in which the Participant attains age 70½, regardless of whether the Participant has terminated employment with the Employer.

(2) Non 5-Percent Owners - For a Participant who is not a "5-Percent Owner" as defined in Code Section 416(i)(1)(B)(i), Required Beginning Date shall mean April 1 of the calendar year following the later of (i) the calendar year in which the Participant attains age 70½, or (ii) the calendar year in which the Participant terminates employment with the Employer. Notwithstanding the above, for any Participant who attains age 70½ prior to the Plan Year beginning January 1, 1999, Required Beginning Date shall mean, at the Participant's election, April 1 of the calendar year following (i) the calendar year in which the Participant attains age 70½, or (ii) the calendar year in which the Participant terminates employment with the Employer.

(vv) “ ROLLOVER CONTRIBUTION ” - The amounts transferred to the Trust Fund by Employees in accordance with Section 4.7.

(ww) “ ROLLOVER CONTRIBUTION ACCOUNT ” - A separate account established pursuant to Section 8.1 to which are credited the Rollover Contributions of an Employee.

(ww-1) “ SMALL-CAP FUND ” - A fund that is primarily designed to invest its holdings in stocks with a relatively small market capitalization, generally between \$300 million and \$1 billion.

(xx) “ SUPER TOP HEAVY PLAN ” - A Super Top Heavy Plan, as defined in Section 2.2.

(xx-1) “ TARGET FUND(S) ” - Funds featuring an asset mix determined by the level of risk and return that is appropriate for an individual investor's age, level of risk aversion, the investment's purpose and the length of time until the principal will be withdrawn.

(yy) “ TERMINATION DATE ” - The earliest of (1) the date on which an Employee quits, retires, is discharged or dies, or (2) the second anniversary of the first day of the period during which the Employee was absent from service with the Employer by reason of a maternity or paternity leave (within the meaning of Section 3.3), or (3) the first anniversary of the first day of the period during which the Employee was absent from service with the Employer for any reason other than a maternity or paternity leave or a separation from service due to quit, discharge, retirement or death.

(zz) “ TOP HEAVY PLAN ” - A "Top Heavy Plan," as defined in Section 2.2.

(aaa) “ TRUST AGREEMENT ” - The instrument or instruments executed in connection with the Plan by the Corporation and the Trustees to provide for the investment and administration of all of the Trust Fund. The Trust Agreement shall constitute a part of the Plan.

(bbb) “ TRUST FUND ” - The fund established by the Corporation to provide for the holding, investment, administration and distribution of all amounts contributed under the Plan, and the net gains and losses thereon. The Trust Fund will be held, administered and distributed for the exclusive benefit of Participants and their Beneficiaries. The Trust Fund shall be administered and invested by the Administrative Trustee pursuant to the Trust Agreement.

(ccc) “ TRUSTEE ” or “ TRUSTEES ” - The Administrative Trustee acting as such under the Trust Agreement.

(ccc-1) “ WORLD FUND ” - A fund that is primarily designed to invest its holdings in companies located outside the United States.

(ddd) “ YEAR OF ELIGIBILITY SERVICE ” - A twelve (12) month period (the "Computation Period") in which an Employee is credited with at least one thousand (1,000) Hours of Service, regardless of whether the Employee is employed on the last day of said period. The initial Computation Period shall commence with the first Hour of Service of the Employee. Following this initial Computation Period, a Year of Eligibility Service shall be determined on the Computation Period commencing on the first day of the Plan Year which includes the first anniversary of the date on which the Employee first performed an Hour of Service. Thereafter, the Benefits Department shall measure any subsequent Computation Period necessary for a determination of a Year of Eligibility Service by reference to succeeding Plan Years. If an individual terminates employment with the Employers prior to completing one thousand (1,000) Hours of Service in any of such Computation Periods and returns to an Employer or any Affiliate after the close of the Computation Period during which his employment was terminated, in the future the relevant Computation Periods shall

commence on the date the individual first performs an Hour of Service for an Employer or any Affiliate following his reemployment and the anniversaries thereof. Once a Participant enters the Plan pursuant to Section 3.1, the Participant need not complete any particular number of Hours of Service in order to make Pre-Tax Contributions pursuant to Section 4.1. The Participant may, however, be required to complete one thousand (1,000) Hours of Service during the Plan Year in order to receive an allocation of Employer contributions pursuant to Section 8.2(e). All years of service with any of the Employer's Canadian Affiliate(s) shall be taken into account. Effective November 1, 1997, for purposes of determining an Employee's Years of Eligibility Service under this Plan, service with North American Insurance Company and Safemate Life Insurance Company shall be taken into account.

## 2.2. TOP HEAVY PLAN PROVISIONS.

The provisions of this Section 2.2 shall be observed in determining the Plan's status as a Top Heavy Plan or a Super Top Heavy Plan:

(a) GENERAL RULES. The Plan will be a Top Heavy Plan for a Plan Year if, on the last day of the prior Plan Year (hereinafter referred to as the "determination date"), more than sixty percent (60%) of the cumulative balances credited to all accounts of all Participants are credited to or allocable to the accounts of Key Employees. The Plan will be a Super Top Heavy Plan if, on the determination date, more than ninety percent (90%) of the cumulative balances credited to the accounts of all Participants are credited or allocable to the accounts of Key Employees. For purposes of making these determinations, the following rules will apply:

(1) The balance credited to or allocable to a Participant's accounts for purposes of this Section 2.2 shall include contributions made on or before the applicable determination date, together with withdrawals and distributions made during the five (5) year period ending on the determination date.

(2) The accounts of any Participant who was formerly (but no longer is) a Key Employee shall be disregarded. In addition, the accounts of any Participant who has not performed any services for the Employer or an Affiliate during the five (5) year period ending on the determination date shall be disregarded.

(3) Rollover contributions that are both initiated by the Employee and are not derived from a plan maintained by the Employer or any Affiliate shall be disregarded unless otherwise provided in lawful regulations issued by the United States Treasury Department. Other amounts rolled over to or from this Plan to or from another qualified plan will be considered in calculating the

Plan's status as a Top Heavy Plan or Super Top Heavy Plan if and to the extent required by said regulations.

(b) AGGREGATION OF PLANS . Notwithstanding anything in this Section 2.2 to the contrary, in the event that the Plan shall be determined by the Benefits Department (in its sole and absolute discretion, but pursuant to the provisions of Section 416 of the Code) to be a constituent in an "aggregation group", this Plan shall be considered a Top Heavy Plan or a Super Top Heavy Plan only if the "aggregation group" is a "top heavy group" or a "super top heavy group". For purposes of this Section 2.2, an "aggregation group" shall include the following:

(1) Each plan intended to qualify under Section 401(a) of the Code sponsored by the Employer or an Affiliate in which one (1) or more Key Employees participate;

(2) Each other plan of the Employer or an Affiliate that is considered in conjunction with a plan referred to in clause (1) in determining whether or not the nondiscrimination and coverage requirements of Section 401(a)(4) or Section 410 of the Code are met; and

(3) If the Benefits Department, in the exercise of its discretion, so chooses, any other such plan of the Employer or an Affiliate which, if considered as a unit with the plans referred to in clauses (1) and (2), satisfies the requirements of Code Section 401(a) and Code Section 410.

A "top heavy group" for purposes of this Section 2.2 is an "aggregation group" in which the sum of the present value of the cumulative accrued benefits for Key Employees under all "defined benefit plans" (as defined in Section 414(j) of the Code) included in such group plus the aggregate of the account balances of Key Employees on the last Accounting Date in the twelve (12) month period ending on the respective determination date under all "defined contribution plans" (as defined in Section 414(i) of the Code) included in such group exceeds sixty percent (60%) of the total of such similar sum determined for all employees and beneficiaries covered by all such plans (where such present values and account balances are those present values applicable to those determination dates of each plan which fall in the same calendar year). A "super top heavy" group is an "aggregation group" for which the sum so determined for Key Employees exceeds ninety percent (90%) of the sum so determined for all employees and beneficiaries. The Benefits Department will calculate the present value of the cumulative annual benefits under a defined benefit plan in accordance with the rules set forth in the defined benefit plan. All determinations will be made in accordance with applicable regulations under Section 416 of the Code.

(c) This Section shall apply for purposes of determining whether the Plan is a top-heavy plan under Section 416(g) of the Code for Plan Years beginning after December 31, 2001, and whether the Plan satisfies the minimum benefits requirements of Section 416(c) of the Code for such years.

(i) Determination of Top-heavy Status.

(A) Key Employee. In determining whether the Plan is Top-Heavy for Plan Years beginning after December 31, 2001, Key Employee means any employee or former employee (including any deceased employee) who at any time during the plan year that includes the determination date (as defined in Section 7.6) is an officer of the Employer having annual Compensation greater than \$130,000 (as adjusted under § 416(i)(1) of the Code for Plan Years beginning after December 31, 2002), a 5-percent owner of the Employer, or a 1-percent owner of the Employer having an annual compensation of more than \$150,000.

In determining whether the Plan is top-heavy for plan years beginning before January 1, 2002, Key Employee means any employee or former employee (including any deceased employee) who at any time during the 5-year period ending on the determination date, is an officer of the employer having an annual compensation that exceeds 50 percent of the dollar limitation under § 415(b)(1)(A), an owner (or considered an owner under § 318) of one of the ten largest interests in the employer if such individual's compensation exceeds 100 percent of the dollar limitation under § 415(c)(1)(A), a 5-percent owner of the employer, or a 1-percent owner of the employer who has an annual Compensation of more than \$150,000.

The determination of who is a key employee will be made in accordance with § 416(i)(1) of the Code and the applicable regulations and other guidance of general applicability issued thereunder.

(B) Determination of Present Values and Amounts. This Section 2.2(c) shall apply for purposes of determining the present values of accrued benefits and the amounts of account balances of employees as of the determination date.

(1) Distributions During Year Ending on the Determination Date. The present value of accrued benefits and the amounts of account balances of an employee as of the determination date shall be increased by the distributions made with respect to the employee under the Plan and any plan aggregated with the Plan under Section 416(g)(2) of the Code during the one year period ending on the determination date. The preceding sentence shall also apply to distributions under a terminated plan which, had it not been terminated, would have been aggregated with the Plan under Section 416(g)(2)(A)(i) of the Code. In the case of a distribution made for a reason other than separation from service,

death, or disability, this provision shall be applied by substituting 5-year period for 1-year period.

(2) Employees Not Performing Services Having Year Ending on the Determination Date. The accrued benefits and accounts of any individual who has not performed services for the employer during the 1-year period ending on the determination date shall not be taken into account.

(C) Minimum Benefits. Employer matching contributions shall be taken into account for purposes of satisfying the minimum contribution requirements of Section 416(c)(2) of the Code and the Plan. The preceding sentence shall apply with respect to matching contributions under the Plan or, if the Plan provides that the minimum contribution requirement shall be met in another plan, such other plan. Employer matching contributions that are used to satisfy the minimum contribution requirements shall be treated as matching contributions for purposes of the actual contribution percentage test and other requirements of Section 401(m) of the Code.

### 2.3. HIGHLY COMPENSATED EMPLOYEE

(a) GENERAL. The term "Highly Compensated Employee" shall include all "highly compensated active employees" and all "highly compensated former employees."

(b) HIGHLY COMPENSATED ACTIVE EMPLOYEES. A Highly Compensated Active Employee includes any Employee who performs service for the Employer during the current Plan Year (the "determination year") and who:

(1) during the determination year, or during the preceding Plan Year, is or was a 5% owner as described in Section 416 (i)(1) of the Code and the applicable regulations thereunder; or

(2) for the preceding year received compensation from the Employer in excess of \$80,000. The \$80,000 amount is adjusted at the same time and in the same manner as under Code section 415(d), except that the base period is the calendar year ending September 30, 1996.

(c) HIGHLY COMPENSATED FORMER EMPLOYEES. The term Highly Compensated Former Employee shall mean any individual formerly employed by the Employer who satisfied the definition of "highly compensated active employee" set forth above, (i) at the time he separated from employment or (ii) at any time after he attained fifty-five (55) years of age. No highly compensated former employee shall be considered a

member of the top-paid group (as defined above), if, at any time prior to the termination of employment and prior to attaining fifty-five (55) years of age, a highly compensated active employee receives Compensation which is less than fifty percent (50%) of the Employee's annual average compensation for the three (3) consecutive years preceding the determination year during which the Employee received the greatest amount of compensation from the Employer, then such Employee shall not be deemed to be a highly compensated former employee upon his actual separation from employment with the Employer if, after the "deemed separation year," as defined in Section 1.414(q)-IT Q & A-5(a)(3) of the regulations, and before the Employee's actual year of separation such Employee's services for and Compensation from the Employer, under all the facts and circumstances increase significantly so as to result in a deemed a resumption of employment.

(d) COST-OF-LIVING ADJUSTMENTS. The dollar limitations of sub-paragraphs (b)(2) above shall be adjusted at the same time and in a similar manner pursuant to the applicable rulings or regulations of the United States Treasury Department under Code Section 415(d).

#### 2.4. CONSTRUCTION.

The masculine gender, where appearing in the Plan, shall include the feminine gender, and the singular shall include the plural, unless the context clearly indicates to the contrary. The term "delivered to the Advisory Committee," as used in the Plan, shall include delivery to a person or persons designated by the Advisory Committee for the disbursement and receipt of administrative forms. The term "delivered to the Benefits Department", as used in the Plan shall include delivery to a person or persons designated by the Benefits Department for the disbursement and receipt of administrative forms. Delivery shall be deemed to have occurred only when the form or other communication is actually received, and, with respect to the receipt of forms effective as of a payroll period, delivery effective for the payroll period must be made within the time indicated by the Advisory Committee or the Benefits Department, as the case may be, for receipt of such form or other communication to be effective as of the next-occurring payroll period. Any such rule with respect to delivery shall be uniformly applicable to all Employees and Participants. Headings and subheadings are for the purpose of reference only and are not to be considered in the construction of this Plan. If any provision of this Plan is determined to be for any reason invalid or unenforceable, the remaining provisions shall continue in full force and effect. All of the provisions of this Plan shall be construed and enforced according to the laws of the State of Arizona and shall be administered according to the laws of such state, except as otherwise required by the Act, the Code or other Federal law. It is the intention of the Corporation that the Plan as adopted by the Employers shall constitute a qualified plan under the provisions of Section 401(a) of the Code, and that the Trust Fund maintained pursuant to the Trust Agreement shall be exempt

from taxation pursuant to Section 501(a) of the Code. This Plan shall be construed in a manner consistent with the Corporation's intention.

### **ARTICLE THREE**

#### **ELIGIBILITY AND PARTICIPATION**

##### **3.1. ELIGIBILITY.**

(a) **CURRENT PARTICIPANTS.** Each Employee who was a Participant in the Plan on the day immediately preceding the Effective Date shall be a Participant in the Plan on the Effective Date.

(b) **NEW PARTICIPANTS.** Each other Employee shall become eligible to participate in the Plan as of the dates specified below:

(1) **PRE-TAX CONTRIBUTIONS.** - A Participant shall be eligible to commence making Pre-Tax Contributions as of his Pre-Tax Contribution Entry Date.

(2) **PROFIT SHARING CONTRIBUTIONS.** - A Participant will become eligible to participate in the allocation of Profit Sharing Contributions as of the Plan Entry Date coinciding with or following the Participant's completion of one (1) Year of Eligibility Service.

(c) **COLLECTIVE BARGAINING UNIT EMPLOYEES AND LEASED EMPLOYEES** Employees who are covered by a collective bargaining agreement with a union with which an Employer or Affiliate has bargained in good faith over retirement benefits shall not be eligible to participate in this Plan unless their collective bargaining agreement specifically provides for their participation in this Plan. Employees who are "leased employees" for purposes of Section 414(n) of the Code shall not be eligible to participate hereunder.

##### **3.2. PARTICIPATION.**

(a) **GENERAL.** There shall be two (2) levels of contribution participation in the Plan. An Employee who has satisfied the eligibility requirements specified in Section 3.1 but who does not elect to participate (or as of the Automatic Enrollment Date elects not to participate) in all contribution features of the Plan shall be a Non-Contributing Participant. Participation in the contribution features of this Plan, other than the allocation of discretionary Profit Sharing Contributions, shall be entirely voluntary.



(b) PRE-TAX CONTRIBUTIONS BEFORE THE AUTOMATIC ENROLLMENT DATE . Each Employee who, before the Automatic Enrollment Date, is eligible pursuant to Section 3.1 to make Pre-Tax Contributions may direct such contributions by signing an enrollment form provided by the Benefits Department and delivering the form to the Benefits Department. The enrollment form shall authorize Earnings reductions in an amount equal to the amount of Pre-Tax Contributions directed by the Participant. The Employee shall designate on the form the amount of his Pre-Tax Contributions and shall authorize the reduction of his Earnings in an amount equal to his directed Pre-Tax Contributions. On the form, the Employee also shall designate the Fund or Funds to which amounts credited to his Pre-Tax Contribution Account shall be allocated, to the extent permitted under this Plan.

(c) PRE-TAX CONTRIBUTIONS ON AND AFTER THE AUTOMATIC ENROLLMENT DATE . Each Employee who, on or after the Automatic Enrollment Date, is eligible pursuant to Section 3.1 to make Pre-Tax Contributions will automatically make Pre-Tax Contributions to the Plan in an amount equal to two percent (2%) of his Earnings, (three percent (3%) effective for Automatic Enrollment Dates occurring on or after July 1, 2007) without the necessity of signing or delivering to the Benefits Department an enrollment form. If the Employee does not want to make Pre-Tax Contributions, he may elect not to make Pre-Tax Contributions by signing a form provided by the Benefits Department and delivering the form to the Benefits Department. If an eligible Employee becomes a Participant due to automatic enrollment, his failure to elect not to make Pre-Tax Contributions will be deemed to authorize the reduction of his Earnings in an amount equal to two percent (2%) (three percent (3%) effective for Automatic Enrollment Dates occurring on or after July 1, 2007). Subject to the limitations in Section 4.1(c), an Employee who is eligible pursuant to Section 3.1 to make Pre-Tax Contributions may elect to make Pre-Tax Contributions in an amount other than two percent (2%) of his Earnings (three percent (3%) effective for Automatic Enrollment Date occurring on or after July 1, 2007), by signing an enrollment form provided by the Benefits Department and delivering the form to the Benefits Department. The enrollment form shall authorize Earnings reductions in an amount equal to the amount of Pre-Tax Contributions directed by the Participant. The Employee shall designate on the form the amount of his Pre-Tax Contributions and shall authorize the reduction of his Earnings in an amount equal to his directed Pre-Tax Contributions. On the form, the Employee also shall designate the Fund or Funds to which amounts credited to his Pre-Tax Contribution Account shall be allocated, to the extent permitted under this Plan. If an eligible Employee becomes a Participant due to this Section 3.2(c), his Pre-tax Contributions made after the Automatic Enrollment Date shall be allocated as set forth below unless and until he designates the extent to which such amounts should instead be allocated to the Funds.

BALANCED FUND -	50%
DIVERSIFIED EQUITY (LARGE-CAP) FUND -	30%
BOND FUND -	10%
INCOME FUND -	10%

Effective July 1, 2007, the Automatic Enrollment Pre-Tax Contribution deferral rate shall automatically increase by one percent (1%) on each anniversary of an Employee's Automatic Enrollment Date, up to a maximum Pre-Tax Contribution deferral rate of eight percent (8%). If the Employee does not want his Pre-Tax Contribution deferral rate to automatically increase as provided herein, he may elect not to authorize same by signing a form provided by the Benefits Department and delivering the form to the Benefits Department. If an eligible Employee becomes a Participant due to automatic enrollment, his failure to opt out of the automatic annual one percent (1%) increase will be deemed to authorize the reduction of his Earnings in accordance with same."

(d) TRANSITION TO THE AUTOMATIC ENROLLMENT SYSTEM. As of the Automatic Enrollment Date, the enrollment forms of all Participants who are, as of such date, making Pre-Tax Contributions to the Plan, will be honored and the amount of such contributions shall not be affected. However, each eligible Employee who as of the Automatic Enrollment Date is not making Pre-Tax Contributions to the Plan will automatically begin making Pre-Tax Contributions in accordance with Section 3.2(c) as of such date unless the eligible Employee elects not to make Pre-Tax Contributions in accordance with the provisions of Section 3.2(c).

(e) DELIVERY OF FORMS. All forms to be delivered to the Benefits Department pursuant to this Section 3.2 must be received by the Benefits Department at least ten (10) days prior to the earliest date on which the directions under such forms could take effect or within such shorter period as may be specified by the Benefits Department in rules of uniform application. Before the Automatic Enrollment Date, completion of a valid enrollment form shall be a mandatory requirement for participation in the Plan other than as a Non-Contributing Participant.

3.3. CREDITING OF SERVICE.

(a) GENERAL RULE. All periods of Continuous Service shall be taken into account under this Plan. An Employee's Continuous Service shall be determined by aggregating the calendar days of service included in each "period of service" performed by the Employee, and expressing the total in completed years and months, disregarding any fractional months. If two (2) or more "periods of service" are aggregated, a complete year shall consist of three hundred sixty-five (365) days and a complete month shall consist of

thirty (30) days. A "period of service" commences on the day on which the Employee performs his first Hour of Service for the Employer or an Affiliate or, when an Employee incurs a Break in Continuous Service, on the day on which the Employee performs his first Hour of Service following the Break in Continuous Service. The "period of service" ends on the Employee's Termination Date, unless the Employee again resumes employment with the Employer or an Affiliate prior to the occurrence of a Break in Continuous Service, in which case the "period of service" will continue and the Employee also will receive credit for the period of time between the Termination Date and the date of reemployment.

(b) SPECIAL RULES FOR MATERNITY AND PATERNITY LEAVES . The Continuous Service of an Employee who is absent from work by reason of a maternity or paternity leave shall not include the period of time following the first anniversary of the first day of such leave even though the Employee's Termination Date shall not be deemed to occur until the second anniversary of such leave. For purposes of this Plan, a "maternity or paternity leave" is an Authorized Leave of Absence granted for any of the following reasons: the pregnancy of the Employee; the birth of a child of the Employee; the placement of a Child with the Employee in connection with the adoption of such child by the Employee; or the caring for a child of the Employee for a period beginning immediately following the child's birth or placement with the Employee. This paragraph shall not be construed as entitling any Employee to an Authorized Leave of Absence for any of the reasons noted above. An Employee's entitlement to an Authorized Leave of Absence will be determined in accordance with the Employer's standard policies.

(c) SPECIAL RULE FOR OTHER ABSENCES . If an Employee's employment has been terminated on account of resignation, discharge or retirement and the Employee is rehired, the period between the Employee's Termination Date and his date of rehire shall be taken into account and treated as a period of Continuous Service if the Employee is rehired within twelve (12) months of his Termination Date. If the Employee is absent from employment for reasons other than resignation, discharge or retirement and, during such absence, the Employee resigns, is discharged or retires, if the Employee, is thereafter rehired, the period between the Employee's date of resignation, discharge or retirement and his date of rehire shall be taken into account and treated as a period of Continuous Service if the Employee is rehired by the Employer prior to the first anniversary of the date on which the Employee's initial period of absence from employment commenced.

#### 3.4. EFFECT OF REHIRING .

In the event that an Employee separates from employment with the Employer and is later rehired, as a general rule he shall remain credited with all of his Years of Eligibility Service and all periods of Continuous Service credited to him during his prior period of employment. If such an Employee was a Participant or had satisfied the eligibility

requirements of Section 3.1 during his prior period of employment and following his return he is otherwise eligible to participate in the Plan, the Employee shall commence participation in the Plan upon the later of his date of rehire or the date on which he would have commenced participation if his employment had not terminated.

3.5. AFFILIATED EMPLOYERS .

For the purpose of computing an Employee's Years of Eligibility Service and period of Continuous Service, employees of Affiliates of the Employer shall be given credit for their Hours of Service and periods of Continuous Service with such Affiliates in the event that they become Employees of an Employer as though during such periods they were Employees of an Employer. Persons employed by a business organization that is acquired by the Employer or by an Affiliate of the Employer shall be credited with service for their Hours of Service and periods of Continuous Service with such predecessor employer hereunder in the event that they become Employees of an Employer only to the extent required under lawful regulations of the United States Treasury Department under Section 414(a)(2) of the Code or to the extent determined by the Board of the acquiring company on a uniform basis with respect to employees of each "predecessor company," which term for this purpose means and includes any organization which is acquired by an Employer or any Affiliate.

3.6. TRANSFERS TO AND FROM AN ELIGIBLE CLASS OF EMPLOYEES .

(a) TRANSFERS OUT OF PLAN . A Participant will automatically become ineligible to participate in the Plan as of the effective date of a change in his employment classification if as a result of the change he is no longer eligible to participate in the Plan. All sums credited to the Inactive Participant's accounts will continue to be held pursuant to the terms of this Plan and will be distributed to the Inactive Participant only upon his subsequent termination of employment or the occurrence of some event permitting a distribution pursuant to the provisions of this Plan.

(b) TRANSFERS TO PLAN . If an Employee of the Employer is not eligible to, participate in the Plan due to his employment classification, he shall participate immediately upon becoming a member of an eligible class of Employees if he has satisfied the other requirements set forth in Section 3.1 and would have become a Participant previously had he been in an eligible class.

(c) SERVICE CREDIT . In any event, an Employee's service in an ineligible employment classification shall be considered in calculating the Employee's Years of Eligibility Service and years of Continuous Service.

(d) TRANSFERS TO AFFILIATES. If a Participant ceases to participate in the Plan solely as a result of his transfer to an Affiliate that has not adopted this Plan, amounts credited to his accounts as of the date of his transfer shall not be forfeited or distributed. Rather, such amounts shall be payable in accordance with the terms of this Plan upon his subsequent termination of employment with all Affiliates and the Employer or the occurrence of some other event permitting a distribution pursuant to the provisions of this Plan.

3.7. LEASED EMPLOYEES.

A "leased employee" (within the meaning of Section 414(n)(2) of the Code) shall be treated as an Employee of the Employer for purposes of the pension requirements of Section 414(n)(3) of the Code, unless leased employees constitute less than twenty percent (20%) of the Employer's non-highly compensated work force (within the meaning of Section 414(n)(5)(C)(ii) of the Code) and the leased employee is covered by a "safe harbor plan" that satisfies the requirements of Section 414(n)(5)(B) of the Code. In any event, a leased employee who is deemed to be an Employee of the Employer pursuant to the preceding sentence shall be treated as if he is employed in an employment classification that has not been designated for participation in the Plan.

**ARTICLE FOUR**

**EMPLOYEE CONTRIBUTIONS**

4.1. PRE-TAX CONTRIBUTIONS.

(a) ELECTION. Subject to Section 3.2, each Participant may direct the Employer to make Pre-Tax Contributions to the Trust Fund on the Participant's behalf during each Plan Year while he is a Participant. The amount payable to the Participant as his current salary or wages shall then be reduced by an amount equal to the Pre-Tax Contributions directed by the Participant.

(b) TRANSFER TO TRUSTEE. Pre-Tax Contributions shall be forwarded to the Trustee by the earlier of (i) the date the Pre-Tax Contributions can reasonably be segregated from the Employer's assets, or (ii) the fifteenth (15th) business day of the month following the month in which such amounts would otherwise have been payable to the Participant in cash.

(c) LIMITATIONS. The Employer and the Benefits Department shall implement such procedures as may be necessary to assure that the sum of the Pre-Tax Contributions and the Employer Contributions does not exceed the maximum amount that may be deducted by

the Employer pursuant to Section 404 of the Code. The Pre-Tax Contributions shall be in an amount of not less than two percent (2%) and not more than eighteen percent (18%) of a Participant's Earnings. Effective September 1, 2003, the maximum rate of Pre-Tax Contributions shall be one hundred percent (100%) of a Participant's Earnings. Pre-Tax Contributions also shall be subject to such other nondiscriminatory restrictions as the Employer and Benefits Department shall determine and announce to Plan Participants.

#### 4.2. PRE-TAX CONTRIBUTIONS--DOLLAR LIMITATION.

A Participant's Pre-Tax Contributions for any calendar year may not exceed the dollar limitation contained in Code Section 402(g) in effect for the Participant's taxable year beginning in such calendar year. This limitation applies in the aggregate to the Participant's "elective contributions" under all plans. For this purpose, the term "elective contributions" includes the Participant's Pre-Tax Contributions to this Plan, the Participant's pre-tax contributions to any other qualified cash or deferred arrangement (as defined in Section 401(k) of the Code), any elective employer contributions to a simplified employee pension plan that are not included in the Participant's gross income due to Section 402(h)(1)(B) of the Code and any employer contribution used to purchase an annuity contract under Section 403(b) of the Code pursuant to a salary reduction arrangement (within the meaning of Section 3121(a)(5)(D) of the Code). In the event that the Participant's elective contributions to all such programs during any calendar year exceed the limitation for that calendar year, the Participant may, by March 1 of the calendar year following the calendar year for which the excess contributions were made, so advise the Benefits Department and request the return of all or a portion of the excess contributions to this Plan. The excess contributions, along with any income thereon (as determined by the Benefits Department in accordance with rules of uniform and nondiscriminatory application) may then be returned to the Participant by the next following April 15. The Benefits Department is not under any obligation, however, to honor a request for a return.

Effective January 1, 2002, all employees who are eligible to make elective deferrals under this Plan and who have attained age 50 before the close of the Plan Year shall be eligible to make catch-up contributions in accordance with, and subject to the limitations of, Section 414(v) of the Code. Such catch-up contributions shall not be taken into account for purposes of the provisions of the Plan implementing the required limitations of Sections 402(g) and 415 of the Code. The Plan shall not be treated as failing to satisfy the provisions of the Plan implementing the requirements of Section 401(k)(3), 401(k)(11), 401(k)(12), 410(b), or 416 of the Code, as applicable, by reason of the making of such catch-up contributions. Employer discretionary matching contributions will not be made for catch up contributions made pursuant to this Article.

4.3. LIMITATION ON CONTRIBUTIONS OF HIGHLY COMPENSATED EMPLOYEES.

(a) ACTUAL DEFERRAL PERCENTAGE LIMITATIONS. The contributions made by Participants who are Highly Compensated Employees shall be limited to the extent necessary to satisfy one of the following two paragraphs:

(1) The "actual deferral percentage" for Participants who are Highly Compensated Employees for the Plan Year shall not exceed the "actual deferral percentage" for Participants who are not Highly Compensated Employees for the previous Plan Year multiplied by one and one-quarter (1.25); or

(2) The actual deferral percentage for Participants who are Highly Compensated Employees for the Plan Year shall not exceed the actual deferral percentage for Participants who are not Highly Compensated Employees for the previous Plan Year multiplied by two (2) provided that the actual deferral percentage for Participants who are Highly Compensated Employees does not exceed the actual deferral percentage for Participants who are not Highly Compensated Employees by more than two percentage points (2%).

(b) SPECIAL DEFINITIONS. For purposes of this Section alone, the following definitions shall apply:

(1) "Actual deferral percentage" - The average (expressed as a percentage) of the deferral percentages of the Participants in a group. The actual deferral percentage for a group shall be determined by adding the deferral percentage of all Participants in the group and dividing that sum by the number of Participants in the group.

(2) "Deferral percentage" - The ratio (expressed as a percentage) of the Pre-Tax Contributions under the Plan on behalf of the Participant for the Plan Year to the Participant's Compensation for the Plan.

(3) "Compensation" - Compensation shall be defined in accordance with the definition of Compensation in Section 2.1(s) of the Plan.

(c) SPECIAL RULES. For purposes of this Section, the following rules shall apply:

(1) If any Highly Compensated Employee is a participant under two (2) or more cash or deferred arrangements of the Employer, all such cash or

deferred arrangement shall be treated as one (1) cash or deferred arrangement for purposes of determining such Highly Compensated Employee's individual deferral percentage.

(2) At the election of the Employer, but in accordance with such rules as may be prescribed in applicable regulations, any matching contributions (within the meaning of Section 401(m)(4)(A) of the Code) or qualified nonelective contributions (within the meaning of Section 401(m)(4)(C) of the Code) allocated to a Participant under this or any other plan described in Section 401(a) of the Code maintained by the Employer or an Affiliate shall be aggregated with the Participant's Pre-Tax Contributions under this Plan for purposes of determining the Participant's deferral percentage. If the Employer makes such an election, such matching and qualified nonelective contributions (i) must satisfy the conditions set forth in Treasury Regulation Section 1.401(k)- I (b)(5) and (ii) must be subject to the same distribution requirements as are Pre-Tax Contributions. Additionally, in accordance with Treasury Regulations Section 1.401(k)-1(g)(13), such matching and qualified nonelective contributions must satisfy the above requirements without regard to whether they are actually treated as Pre-Tax Contributions.

(3) If this Plan satisfies the requirements of Section 401(a)(4) or Section 410 of the Code only if aggregated with one or more other plans, or if one or more other plans satisfy the requirements of Section 410(b) of the Code only if aggregated with this Plan, then the limitations of this Section shall be applied by determining the deferral percentages of Participants as if all such plans were a single plan.

(4) The determination and treatment of the contribution percentage of any Participant shall satisfy such other requirements as may be prescribed by the Secretary of the Treasury.

(5) For purposes of determining the actual deferral percentage under Section 4.3(a), Participants who are directly or indirectly eligible to make an election to make a Pre-Tax Contribution under the Plan for all or a portion of the Plan Year shall be taken into account, including a Participant who cannot make Pre-Tax Contributions because of the limitations of Sections 415(c)(1) or 415(e).

(6) Pre-Tax Contributions made by a Participant will be taken into account under the actual deferral percentage test for a Plan Year only if the contributions relate to Compensation that either would have been received by



the Participant in the Plan Year (but for the deferral election) or are attributable to services performed by the Participant in the Plan Year and would have been received by the Participant within two and one-half (2½) months after the close of the Plan Year (but for the deferral election).

(7) For Plan Years beginning on or after January 1, 1999, if the Corporation has elected to apply Code Section 410(b)(4)(B) in determining whether the cash or deferred arrangement meets the requirements of Code Section 401(k)(3)(A)(i), the Corporation may, in determining whether the Plan meets the requirements of Section 4.3(a), exclude from consideration all eligible Employees (other than Highly Compensated Employees) who have not met the minimum age and service requirements of Code Section 410(a)(1)(A).

(d) DISTRIBUTION OF EXCESS CONTRIBUTIONS. No later than the last day of each Plan Year, any "excess Pre-Tax Contributions" and the income allocable thereto will be distributed to Participants who made the excess Pre-Tax Contributions during the preceding Plan Year, except to the extent excess Pre-Tax Contributions are classified as catch-up contributions. For purposes of this paragraph, the term "excess Pre-Tax Contributions" means, with respect to any Plan Year, the aggregate amount of Pre-Tax Contributions paid to the Plan by the Highly Compensated Employees for the Plan Year over the maximum amount of Pre-Tax Contributions permitted pursuant to Section 4.3(a) and Section 401(k)(3)(A)(ii) of the Code. The distribution of excess Pre-Tax Contributions for any Plan Year shall be made to Highly Compensated Employees on the basis of the dollar amount of Pre-Tax Contributions made by each Highly Compensated Employee in accordance with the following procedure:

(1) Step One: The dollar amount of the excess Pre-Tax Contribution for each Highly Compensated Employee shall be calculated in the manner described in Code Section 401(k)(8)(B) and Treasury Regulation Section 1.401(k)-I(f)(2). However, in applying these rules, rather than distributing the amount necessary to reduce the actual deferral percentage of each Highly Compensated Employee in order of these Employees' actual deferral percentages, the Plan uses these dollar amounts in Step Two;

(2) Step Two: The sum of the dollar amounts calculated pursuant to Step One shall be calculated. The total amount calculated in this Step Two shall be distributed in accordance with Steps Three and Four;

(3) Step Three: The Pre-Tax Contributions of the Highly Compensated Employee with the highest dollar amount of Pre-Tax Contributions shall be reduced by the dollar amount required to cause that Highly Compensated Employee's Pre-Tax Contributions to equal the dollar amount of the Pre-Tax Contributions of the Highly Compensated Employee with the next highest dollar amount of Pre-Tax Contributions. This dollar amount is then distributed to the Highly Compensated Employee with the highest dollar amount of Pre-Tax Contributions. However, if a lesser reduction, when added to the total dollar amount already distributed under this Step Three, would equal the total calculated under Step Two, the lesser amount shall be distributed; and

(4) Step Four: If the total amount distributed is less than the amount calculated pursuant to Step Two, Step 3 is repeated.

The income allocable to excess Pre-Tax Contributions shall be determined by multiplying the income allocable for the Plan Year to the Participant's Pre-Tax Contributions Account from which the excess contributions are to be distributed by a fraction, the numerator of which is the excess Pre-Tax Contribution on behalf of the Participant for The preceding Plan Year and the denominator of which is the sum of the Participant's Pre-Tax Contributions Account balance on the last business day of the preceding Plan Year plus the Pre-Tax Contributions (other than excess Pre-Tax Contributions) allocated to that account during the Plan Year. If there is a loss, the total excess Pre-Tax Contributions shall nonetheless be distributed to the Participant, but the amount distributed shall not exceed the balance of the Pre-Tax Contributions Account from which the distribution is made. The amount of any excess contributions to be distributed shall be reduced by excess deferrals previously distributed for the taxable year ending in the same Plan Year in accordance with Section 402(g)(2) of the Code and excess deferrals to be distributed for a taxable year shall be reduced by excess contributions previously distributed for the Plan beginning in such taxable year.

With respect to excess deferrals (as defined in Code §402(g)) made in taxable year 2007, the Plan administrator must calculate allocable income for the taxable year and also for the gap period (i.e., the period after the close of the taxable year in which the excess deferral occurred and prior to the distribution); provided that the Plan administrator will calculate and distribute the gap period allocable income only if the Plan administrator in accordance with the Plan

terms otherwise would allocate the gap period allocable income to the Participant's account. With respect to excess deferrals made in taxable years after 2007, gap period income may not be distributed.

For purposes of determining whether the Employer maintains an alternative defined contribution plan (described in Treas. Reg. §1.401 (k)-1 (d)(4)(i)) that would prevent the Employer from distributing elective deferrals (and other amounts, such as QNECs, that are subject to the distribution restrictions that apply to elective deferrals) from a terminating 401(k) plan, an alternative defined contribution plan does not include an employee stock ownership plan defined in Code §§4975(e)(7) or 409(a), a simplified employee pension as defined in Code §408(k), a SIMPLE IRA plan as defined in Code §408(p), a plan or contract that satisfies the requirements of Code §403(b), or a plan that is described in Code §§457(b) or (f).

To the extent a Highly Compensated Employee has not reached his or her catch-up contribution limit, excess Pre-Tax Contributions allocated to such highly Compensated Employee are catch up contributions and shall not be treated as excess Pre-Tax Contributions.

(e) REDUCTION OF FUTURE CONTRIBUTIONS . If prior to the end of a Plan Year, the Benefits Department concludes that the average rate of Pre-Tax contributions made on behalf of Highly Compensated Employees would violate the rules set forth in paragraph (a) and Section 401(k) of the Code, the Benefits Department may prospectively reduce the Pre-Tax Contributions directed by the Highly Compensated Employees. The reduction shall be implemented by reducing first the highest rates of Pre-Tax voluntary Contributions within such group and then the highest rates of Pre-Tax Required Contributions within the group, with such rates to be reduced in one percent (1%) increments or fractions thereof, as determined by the Benefits Department. Any reduction pursuant to this Section shall be limited to the extent necessary to assure compliance with the requirements set forth in paragraph (a) and Section 401(k) of the Code.

#### 4.4. DESIGNATION AND CHANGE OF DESIGNATION OF PRE-TAX CONTRIBUTIONS .

(a) USE OF FORMS . All designations or changes of designation of the amount of Pre-Tax Contributions directed by a Participant shall be made on forms supplied by the Benefits Department, signed by the Participant and delivered to the Benefits Department. Notwithstanding the foregoing, as of the Automatic Enrollment Date, any designation made as a result of an automatic enrollment, need not be made on a form.

(b) FREQUENCY OF CHANGES. A Participant may change his rate of Pre-Tax Contributions as of the first day of the first payroll period in each calendar quarter, except as otherwise determined by the Advisory Committee in a uniform manner with respect to all Participants. All such designations or changes shall be made effective as of the first day of the calendar quarter following receipt by the Benefits Department of the appropriate forms, as long as the forms are received by the Benefits Department at least ten (10) days prior to the first day of such calendar quarter or within such shorter period as the Advisory Committee may prescribe pursuant to rules of uniform application.

(c) GENERAL. A payroll deduction designation form, or a payroll deduction made as a result of an automatic enrollment, shall be effective until it is succeeded by a later valid payroll deduction designation form, or until the Participant separates from employment or becomes a Non-Contributing Participant or Inactive Participant. All designations or changes of designation shall be subject to the right of the Benefits Department to refuse to accept such designation or change of designation directed by a Participant if the Benefits Department concludes that such designation or change of designation would cause the Plan to fail to satisfy Section 4.2 or Section 4.3.

(d) POST APRIL 1, 2000 DESIGNATIONS AND CHANGES. Effective as of April 1, 2000, a Participant may change his rate of Pre-Tax Contributions as of the first day of each calendar month, except as otherwise determined by the Benefits Department in a uniform non-discriminatory manner with respect to all Participants. Such designations or changes may be made electronically (i.e., e-mail) in the manner and in such form as the Benefits Department shall determine in its discretion. All such designations or changes shall be made effective as of the first day of the calendar month following receipt by the Benefits Department of the appropriate forms, as long as the forms are received by the Benefits Department at least ten (10) days prior to the first day of such calendar month or within such shorter period as the Benefits Department may prescribe pursuant to rules of uniform application.

#### 4.5. SUSPENSION OF PRE-TAX CONTRIBUTIONS.

A Participant may instruct the Benefits Department to suspend his Pre-Tax Contributions at any time. The suspension will be effective as soon as possible following receipt of the instruction from the Participant. A suspension may last indefinitely. A Participant may recommence directing contributions at any time in accordance with the procedures set forth in Section 4.4 for changing the rate of Pre-Tax Contributions. Suspension of Pre-Tax Contributions shall be made pursuant to a form supplied by the Benefits Department, signed by the Participant and delivered to the Benefits Department. Effective as of April 1, 2000, such suspension instruction may be made electronically

(i.e., e-mail) in the manner and in such form as the Benefits Department shall determine in its discretion. While a Participant is on an Approved Leave of Absence, he shall be a Non-Contributing Participant. A Participant shall not be entitled to "make up" suspended Pre-Tax Contributions, except to the extent required by Section 15.9 of the Plan.

4.6. AFTER-TAX CONTRIBUTIONS.

No current "after-tax" contributions shall be permitted under the Plan. After-Tax Contributions made to the Plan by a Participant previously shall continue to be held in the Trust Fund and shall be credited to the Participant's After-Tax Contribution Account. Until withdrawn or distributed, the After-Tax Contributions Account shall continue to share in the earnings or losses of the Trust Fund.

4.7. ROLLOVER CONTRIBUTIONS.

(a) CONTRIBUTION. Any Employee (whether or not a Participant) who has received a distribution from a profit sharing plan, stock bonus plan or pension plan intended to "qualify" under Section 401 of the Code may transfer such distribution to the Trust Fund if such contribution to the Trust Fund would constitute, in the sole and absolute discretion of the Benefits Department, a "rollover contribution" within the meaning of the applicable provisions of the Code. Additionally, an Employee may request, with the approval of the Benefits Department that the Trustee accept a transfer from the trustee of another qualified plan. Upon such approval, the Trustee shall accept such transfer. The Benefits Department may, in its sole discretion, decline to accept such transfer. For purposes of this Plan, both a "rollover contribution" within the meaning of the applicable provisions of the Code and a transfer initiated by the Employee from another plan shall be referred to as a "Rollover Contribution." If the Benefits Department decides to grant an Employee's request to make a Rollover Contribution, the Employee may contribute to the Trust Fund cash or other property acceptable to the Trustee to the extent of such distribution.

(b) ACCOUNTING AND DISTRIBUTION. The Benefits Department shall credit the Rollover Contribution to a separate account (the "Rollover Contribution Account") for the Employee's sole benefit. The separate Rollover Contribution Account shall be adjusted, valued and credited pursuant to Section 8.3. Any such Rollover Contribution Account shall be nonforfeitable and shall be paid to the Employee or his Beneficiary in the same manner as benefits would be paid to the Participant or Beneficiary under ARTICLE ELEVEN.

(c) NO GUARANTY. The Advisory Committee, the Employer, the Benefits Department and the Trustee do not guarantee the Rollover Contribution Accounts of Participants in any way from loss or depreciation. The Employer, the Advisory Committee, the Benefits Department and the Trustee do not guarantee the payment of any money which

may be or become due to any person from a Rollover Contribution Account, and the liability of the Employer, the Advisory Committee, the Benefits Department or the Trustee to make any payment therefrom shall at any and all times be limited to the then value of the Rollover Contribution Account.

(d) PROHIBITION OF ROLLOVERS FROM CERTAIN PLANS . The Benefits Department shall not permit a Participant to make a direct transfer to this Plan (as distinguished from a "rollover contribution" or "eligible rollover distribution" within the meaning, of the Code) if the plan from which the transfer is to be made is or was subject to the joint and survivor annuity and preretirement survivor annuity requirements of Section 417 of the Code by reason of Section 401(a)(11) of the Code.

(e) EFFECTIVE DATE . The provisions of this Section 4.7 shall be effective as of November 1, 1997.

## **ARTICLE FIVE**

### **EMPLOYER CONTRIBUTIONS**

#### **5.1. PROFIT SHARING CONTRIBUTIONS**

(a) REGULAR PROFIT SHARING CONTRIBUTION . Subject to the Board's right to terminate or amend this Plan, the Employer shall contribute to the Trust Fund for each Plan Year as a Profit Sharing Contribution such amount, if any, as the Board shall determine, in its sole and absolute discretion.

(b) SPECIAL PROFIT SHARING CONTRIBUTIONS . Notwithstanding whether any Profit Sharing Contribution is made for the Plan Year pursuant to Section 5.1(a) or any other provision contained herein, the Employer may make a special Profit Sharing Contribution to the Trust Fund each Plan Year in such amount and on behalf of such Participants and Non-Contributing Participants, as the Board shall determine, in its sole and absolute discretion, provided that in no event shall a special Profit Sharing Contribution be made on behalf of any Participant or any Non-Contributing Participant who is a Highly Compensated Employee.

(c) SPECIAL "PER CAPITA" PROFIT SHARING CONTRIBUTIONS . In addition to the foregoing, the Employer may make a special "per capita" Profit Sharing Contribution to the Trust Fund on behalf of each Participant and Non-Contributing Participant

in such amount, if any, as the Board shall determine, in its sole and absolute discretion, provided that each Participant and Non-Contributing Participant receives an equal allocation of such special "per capita" Profit Sharing Contribution.

(d) AGGREGATE PROFIT SHARING CONTRIBUTIONS . In no event shall the aggregate Profit Sharing Contributions for any Plan Year be more than the amount allowable as a deduction for federal income tax purposes for such Plan Year.

5.2. INTENTIONALLY OMITTED

5.3. "TOP HEAVY" CONTRIBUTIONS .

The Employer may, in its sole and absolute discretion, make additional Profit Sharing Contributions for any Plan Year in which the Plan is Top Heavy in such amounts as may be necessary to fund the Employer contribution allocation required by Section 8.2.

5.4. EMPLOYER MATCHING CONTRIBUTIONS .

(a) DISCRETIONARY MATCHING CONTRIBUTIONS . Subject to the Board's right to terminate or amend this Plan, the Employer shall contribute to the Trust Fund for each Plan Year as an Employer Matching Contribution such amount, if any, as the Board shall determine in its sole and absolute discretion. The amount of the Employer Matching Contribution made on behalf of each Participant shall be based on the Pre-Tax Contributions made by the Participant for the Plan Year.

(b) LIMITATION ON CONTRIBUTIONS OF HIGHLY COMPENSATED EMPLOYEES . The Employer Matching Contributions made on behalf of Participants who were Highly Compensated Employees are limited to the extent necessary to satisfy one of the following two paragraphs:

(1) The "average contribution percentage" for Participants who were Highly Compensated Employees for the Plan Year could not exceed the "average contribution percentage" for Participants who were not Highly Compensated Employees for the previous Plan Year multiplied by one and one-quarter (1.25); or

(2) The average contribution percentage for Participants who were Highly Compensated Employees for the Plan Year could not exceed the average contribution percentage for Participants who were not Highly Compensated Employees for the previous Plan Year multiplied by two (2), provided that the average contribution percentage for Participants who were

Highly Compensated Employees did not exceed the average contribution percentage for Participants who were not Highly Compensated Employees by more than two percentage points (2%).

(c) DEFINITIONS. For purposes of this Section alone, the following definitions shall apply:

(1) "Average contribution percentage" - The average (expressed as a percentage) of the contribution percentages of the Participants in a group.

(2) "Contribution percentage" - The ratio (expressed as a percentage) of the Matching Contributions under the Plan on behalf of the Participant for the Plan Year to the Participant's compensation for the Plan Year.

(3) "Compensation" - Compensation shall be defined in accordance with the definition of Compensation in Section 2.1(r) of the Plan.

(d) SPECIAL RULES. For purposes of this Section, the following rules shall apply:

(1) The contribution percentage for any Participant who was a Highly Compensated Employee for the Plan Year and who was eligible to make Pre-Tax Contributions (or to have employee contributions within the meaning of Section 401(m)(3)(A) of the Code, qualified nonelective contributions within the meaning of Section 401(m)(4)(C) of the Code or elective deferrals within the meaning of Section 402(g)(3)(A) of the Code allocated to his account under this Plan and one or more other plans described in Section 401(a) or arrangements described in Section 401(k) of the Code that are maintained by the Employer or an Affiliate) were determined as if all such contributions (and all such matching contributions, qualified nonelective contributions or elective deferrals) were made under a single plan.

(2) In the event that this Plan satisfied the requirements of Section 410(b) of the Code only if aggregated with one or more other plans, or if one or more other plans satisfied the requirements of Section 410(b) of the Code only if aggregated with this Plan, then the limitations of this Section were applied by determining the contribution percentages of Participants as if all such plans were a single plan.



(3) The determination and treatment of the contribution percentage of any Participant may have satisfied such other requirements as may be prescribed by the Secretary of the Treasury.

(4) For purposes of determining whether the Plan satisfies the actual contribution percentage test of Section 5.4(b) of the Plan and Section 401(m) of the Code, all Pre-Tax Contributions and Matching Contributions that are made under two or more plans that are aggregated for purposes of Section 401(a)(4) and 410(b) of the Code (other than Section 410(b)(2)(A)(ii)) shall be treated as made under a single plan.

(5) For purposes of the actual contribution percentage test of Section 5.4(b) and Section 401(m) of the Code, the actual contribution ratios of all "eligible Employees" shall be taken into account. For purposes of this paragraph, an "eligible Employee" is any Employee who is directly eligible to receive an allocation of Matching Contributions or to make Pre-Tax Contributions and includes: (i) an Employee who would be a Plan Participant but for the failure to make required contributions; (ii) an Employee whose right to make Pre-Tax Contributions or receive Matching Contributions has been suspended because of an election (other than certain one-time elections) not to participate; and (iii) an Employee who cannot make Pre-Tax Contributions or receive a Matching Contribution because Section 415(c)(1) or Section 415(e) of the Code prevents the Employee from receiving additional Annual Additions. In the case of an eligible Employee who makes no Pre-Tax Contributions and who receives no Matching Contributions, the contribution ratio that is to be included in determining the actual contribution percentage is zero (0).

(6) For Plan Years beginning on or after January 1, 1999, if the Corporation has elected to apply Code Section 410(b)(4)(B) in determining whether the Plan meets the requirements of Code Section 410(b), the Corporation may, in determining whether the arrangement meets the requirements of Section 5.4(c), exclude from consideration all eligible Employees (other than Highly Compensated Employees) who have not met the minimum age and service requirements of Code Section 410(a)(1)(A).

(e) DISTRIBUTION OF EXCESS CONTRIBUTIONS. No later than the last day of each Plan Year, any "excess aggregate contributions" and the income allocable thereto will be distributed to Participants who made excess aggregate contributions during the preceding Plan Year. For purposes of this paragraph, an "excess aggregate contribution" is

the amount described in Section 401(m)(6)(B) of the Code. The distribution of excess aggregate contributions for any Plan Year shall be made to Highly Compensated Employees on the basis of the dollar amount of excess aggregate contributions made on behalf of each Highly Compensated Employee in accordance with the following procedure:

(1) Step One: The dollar amount of the excess Matching Contribution for each Highly Compensated Employee shall be calculated in the manner described in Code Section 401(k)(8)(B) and Treasury Regulation Section 1-401(k)-1(f)(2). However, in applying these rules, rather than distributing the amount necessary to reduce the average contribution percentage Of each Highly Compensated Employee in order of these Employees', average contribution percentages, the Plan uses these dollar amounts in Step Two;

(2) Step Two: The sum of the dollar amounts calculated pursuant to Step One shall be calculated. The total amount calculated in this Step Two shall be distributed in accordance with Steps Three and Four;

(3) Step Three: The Matching Contributions of the Highly Compensated Employee with the highest dollar amount of Matching Contributions shall be reduced by the dollar amount required to cause that Highly Compensated Employee's Matching Contributions to equal the dollar amount of the Matching Contributions of the Highly Compensated Employee with the next highest dollar amount of Matching Contributions. This dollar amount is then distributed to the Highly Compensated Employee with the highest dollar amount of Matching Contributions. However, if a lesser reduction, when added to the total dollar amount already distributed under this Step Three, would equal the total calculated under Step Two, the lesser amount shall be distributed; and

(4) Step Four. If the total amount distributed is less than the amount calculated pursuant to Step Two, Step 3 is repeated.

The income allocable to excess aggregate contributions was to be determined by multiplying the income allocable to the Participant's Account for the Plan Year by a fraction, the numerator of which is the excess aggregate contributions

on behalf of the participant for the preceding Plan Year and the denominator of which is the Participant's Matching Contributions Account balance on the last business day of the preceding Plan Year. The excess aggregate contributions to be distributed to the Participant shall be adjusted for income and losses. In the case of a loss, the total excess aggregate contributions would nonetheless be distributed to the Participant, but the amount distributed could not exceed the Participant's Matching Contributions Account balance.

With respect to Plan Years beginning after December 31, 2007, the Plan administrator will not calculate and distribute allocable income for the gap period (i.e., the period after the close of the Plan Year in which the excess aggregate contribution occurred and prior to the distribution).

#### 5.5 PAYMENT OF EMPLOYER MATCHING CONTRIBUTIONS AND PROFIT SHARING CONTRIBUTIONS.

Profit Sharing Contributions pursuant to Section 5.1 and Employer Matching Contributions pursuant to Section 5.4 may be paid within the Plan Year for which such contribution is made or within the period thereafter ending on the date by which the Corporation's Federal income tax return for the corresponding year of deduction must be filed, including any extensions of such date. Employer Matching Contributions and Profit Sharing Contributions may be paid in cash or other property acceptable to the Trustee.

#### 5.6. CONDITIONAL NATURE OF CONTRIBUTIONS.

(a) MISTAKE OF FACT. Any contribution made to this Plan by the Employer because of a mistake of fact shall be returned to the Employer upon its request within one (1) year of the date of the contribution.

(b) DEDUCTIBILITY. Every contribution made by the Employer is conditional on its deductibility. If the Internal Revenue Service determines that all or part of a contribution is not deductible, the contribution (to the extent that it is not deductible) shall be refunded to the Employer upon its request within one (1) year after the date of the disallowance.

(c) LIMITATIONS ON AMOUNTS RETURNED. Notwithstanding anything to the contrary, the maximum amount that may be returned to the Employer pursuant to subparagraphs (a) and (b), above, is limited to the portion of such contribution attributable to the mistake of fact or the portion of such contribution deemed non-deductible (the "excess

contribution"). Earnings attributable to the excess contribution will not be returned to the Employer, but losses attributable thereto will reduce the amount so returned. In no case shall withdrawal of any excess contribution pursuant to subparagraphs (a) and (b), above, reduce the balance of the Participant's account to less than the balance would have been had the excess contribution not been made.

## ARTICLE SIX

### INVESTMENT OF CONTRIBUTIONS

#### 6.1. PARTICIPANT DIRECTED INDIVIDUAL ACCOUNT PLAN.

(a) GENERAL. This Plan is intended to constitute a participant directed individual account plan under Section 404(c) of the Act with respect to those amounts held in the Pre-Tax Contribution Account, the Employer Matching Contribution Account, the Profit Sharing Account, the After-Tax Contribution Account, and, effective November 1, 1997, the Rollover Contribution Account. As such, Participants shall be provided the opportunity to exercise control over some or all of the assets in their accounts under the Plan. The Advisory Committee, pursuant to uniform and nondiscriminatory rules, shall establish three or more Funds which provide each Participant with a broad range of investment alternatives in accordance with Department of Labor Regulation Section 2550.404c-1(b)(3)). The Funds available under the Plan, and any restrictions on such Funds, may be modified or supplemented from time to time by action of the Advisory Committee, without the necessity of a Plan amendment. The Advisory Committee may add or delete Funds by action as described in Section 12.1 (c) of the Plan, without the necessity of a Plan amendment.

(b) REQUIRED INFORMATION. The Benefits Department shall provide each Participant with the opportunity to obtain sufficient information to make informed decisions with regard to investment alternatives available under the Plan, and incidents of ownership appurtenant to such investments. The Benefits Department shall promulgate and distribute to Participants an explanation that the Plan is intended to comply with Section 404(c) of the Act and any relief from fiduciary liability resulting therefrom, a description of investment alternatives available under the Plan, an explanation of the circumstances under which Participants may give investment instructions and any limitations thereon, along with all other information and explanations required under Department of Labor Regulation Section 2550.404c-1(b)(2)(B)(1). In addition, the Benefits Department shall provide information to Participants upon request as required by Department of Labor Regulation Section 2550.404c-1(b)(2)(B)(2). Neither the Employer, Advisory Committee, the Benefits Department, Trustee, nor any other individual associated with the Plan or the Employer shall give investment advice to Participants with respect to Plan investments. The providing of information

pursuant to this Section 6.1 shall not in any way be deemed to be the providing of investment advice, and shall in no way obligate the Employer, Advisory Committee, the Benefits Department, Trustee or any other individual associated with the Plan or the Employer to provide any investment advice.

(c) IMPERMISSIBLE INVESTMENT INSTRUCTION. The Benefits Department shall decline to implement any Participant instructions if: (1) the instruction is inconsistent with any provisions of the Plan or Trust Agreement; (2) the instruction is inconsistent with any investment direction policies adopted by the Advisory Committee from time to time; (3) implementing the instruction would not afford a Plan fiduciary protection under Section 404(c) of the Act; (4) implementing the instruction would result in a prohibited transaction under Section 406 of the Act or Section 4975 of the Code; (5) implementing the instruction would result in taxable income to the Plan; (6) implementing the instruction would jeopardize the Plan's tax qualified status; or (7) implementing the instruction could result in a loss in excess of a Participant's account balance. The Advisory Committee, pursuant to uniform and nondiscriminatory rules, may promulgate additional limitations on investment instruction consistent with Section 404(c) of the Act from time to time.

(d) INDEPENDENT EXERCISE. A Participant shall be given the opportunity to make independent investment directions. No Plan fiduciary shall subject any Participant to improper influence with respect to any investment decisions, and nor shall any Plan fiduciary conceal any non-public facts regarding a Participant's Plan investment unless disclosure is prohibited by law. Plan fiduciaries shall remain completely neutral in all regards with respect to Participant investment direction. A Plan fiduciary may not accept investment instructions from a Participant known to be legally incompetent, and any transactions with a fiduciary, otherwise permitted under this Section 6.1 and the uniform and nondiscriminatory rules regarding investment direction promulgated by the Advisory Committee, shall be fair and reasonable to the Participant in accordance with Department of Labor Regulation Section 404c-1(c)(3).

(e) LIMITATION OF LIABILITY AND RESPONSIBILITY. The Trustee, the Advisory Committee and the Employer shall not be liable for acting in accordance with the directions of a Participant pursuant to this Section 6.1 or for failing to act in the absence of any such direction. The Trustee, the Advisory Committee, the Benefits Department and the Employer shall not be responsible for any loss resulting from any direction made by a Participant and shall have no duty to review any direction made by a Participant. The Trustee shall have no obligation to consult with any Participant regarding the propriety or advisability of any selection made by the Participant.

## 6.2. DIRECTION BY PARTICIPANT.

As permitted by Section 6.1, the following specific rules shall govern a Participant's ability to direct the investment of amounts held in his various Accounts:

(a) INVESTMENT OF PRE-TAX CONTRIBUTIONS. Subject to the provisions of this Section 6.2, each Participant shall designate, on a form supplied by the Benefits Department, signed by the Participant and delivered to the Benefits Department, the amounts credited to his Pre-Tax Contribution Account that is to be invested in one or more of the Funds, individual life insurance policies pursuant to Section 6.6 or in loans pursuant to Section 6.5. Effective as of April 1, 2000, Participant investment designations may be made electronically (i.e., e-mail) in the manner and in such form as the Benefits Department shall determine in its discretion. Effective July 1, 2007, each Participant may, except as otherwise provided in this Plan, direct the investment of all of the amounts credited to his Pre-Tax Contribution Account in a single Fund, or the Participant may direct a specific dollar amount or a percentage (in five percent (5%) increments or multiples thereof) of amounts allocable to his Pre-Tax Contribution Account to be invested in such Funds as he shall desire. As set forth in Section 3.2(c), if an eligible Employee becomes a Participant due to the automatic enrollment provisions under Section 3.2(c), his Pre-Tax Contributions made after the Automatic Enrollment Date shall be allocated as set forth in Section 3.2(c) unless he designates the Fund or Funds to which such amounts should instead be allocated.

(b) INVESTMENT OF MATCHING CONTRIBUTIONS ACCOUNTS. Subject, to the provisions of this Section 6.2, each Participant shall designate, on a form supplied by the Benefits Department, signed by the Participant and delivered to the Benefits Department, the amounts credited to his Employer Matching Contribution Account that are to be invested in one or more of the Funds. Effective as of April 1, 2000, such designations may be made electronically (i.e., e-mail) in the manner and in such form as the Benefits Department shall determine in its discretion. Each Participant may, except as otherwise provided in this Plan, direct the investment of all of the amounts credited to his Matching Contribution Account in a single Fund, or the Participant may direct five percent (5%) increments (or multiples of five percent (5%) increments) of amounts allocable to his Matching Contribution Account to be invested in such Funds as he shall desire.

(c) INTENTIONALLY OMITTED

(d) INVESTMENT OF PROFIT SHARING AND AFTER-TAX CONTRIBUTIONS ACCOUNT. Subject to the provisions of this Section 6.2, each Participant shall designate, on a form supplied by the Benefits Department, signed by the Participant and delivered to the Benefits Department, the amounts credited to his Profit Sharing Account or his After-Tax Contributions Account that are to be invested in one or more of the Funds. Each Participant may, except as otherwise provided in this Plan, direct the

investment of all the amounts credited to his Profit Sharing Account and his After-Tax Contributions Account in a single Fund, or the Participant may direct five percent (5%) increments (or multiples of five percent (5%) increments) of amounts allocable to his Profit Sharing Account and/or his After-Tax Contributions Accounts to be invested in such Funds as he shall desire.

(e) INTENTIONALLY OMITTED

(f) NO DISTINCTION BETWEEN INCOME AND PRINCIPAL . The income of and gains of each Fund shall be added to the Fund and each Fund shall be invested without distinction between principal and income.

(g) EFFECT OF WRITTEN INSTRUCTION . The written investment directive of a Participant shall be effective until another written directive is received by the Benefits Department. Subject to the last sentence of Section 3.2(c), the Trustee, in its discretion, will invest the portion of the Participant's Accounts for which the Participant has the right to issue, but has not issued, investment directions in accordance with this Plan and the Trust Agreement.

(h) FORMER PARTICIPANTS AND BENEFICIARIES . For purposes of this ARTICLE SIX, the term "Participant" shall be deemed to include former Participants and Beneficiaries of any deceased Participant.

(i) VOTING, TENDER OFFERS, OR SIMILAR RIGHTS . Unless passed through to the Participants, the Advisory Committee, in its discretion, shall vote all proxies relating to the exercise of voting, tender or similar rights that are incidental to the ownership of any asset which is held in any Fund.

(j) INVESTMENT OF ROLLOVER CONTRIBUTION ACCOUNTS . Effective November 1, 1997, subject to the provisions of this Section 6.2, each Employee shall designate, on a form supplied by the Benefits Department, signed by the Participant and delivered to the Benefits Department, the amounts credited to his Rollover Contribution Account that are to be invested one or more of the Funds. Each Participant may, except as otherwise provided in this Plan, direct the investment of all of the amounts credited to his Rollover Contribution Account in a single Fund, or the Participant may direct five percent (5%) increments (or multiples of five percent (5%) increments) of amounts allocable to his Rollover Contribution Account to be invested in such Funds as he shall desire.

### 6.3. CHANGE IN INVESTMENT DIRECTIONS .

(a) RULES. Participants may elect to change their investment directions with respect to future contributions during the months of March, June, September and December, with the changes to be effective as of the first day of the first payroll period beginning in the next succeeding calendar quarter, if the notice of change is received by the Benefits Department at least ten (10) days prior to the beginning of such calendar quarter or within such shorter period as the Benefits Department may prescribe pursuant to rules of uniform application.

Effective as of April 1, 2000, Participants may change their investment directions as of the first day of each calendar month. All such changes shall be made effective as of the first day of the calendar month following receipt by the Benefits Department of the appropriate forms, as long as the forms are received by the Benefits Department at least ten (10) days prior to the first day of such calendar month or within such shorter period as the Benefits Department may prescribe pursuant to rules of uniform application.

(b) GENERAL. All changes shall be permitted subject to the provisions of Section 6.2 regarding the available investments for various types of contributions. Any change shall be made pursuant to a form provided by the Benefits Department, signed by the Participant and delivered to the Benefits Department. Effective as of April 1, 2000, such changes may be made electronically (i.e., e-mail) in the manner and in such form as the Benefits Department shall determine in its discretion.

#### 6.4. TRANSFERS BETWEEN INVESTMENT FUNDS.

(a) GENERAL. Except as provided in this Section 6.4, a Participant may transfer all or a portion of his Accounts invested in a Fund to another Fund or Funds as of the Accounting Date for which such notice is given in accordance with uniformly applied nondiscriminatory rules of the Advisory Committee. All transfers shall be subject to the requirements and limitations of Section 6.2. Each such transfer shall be made pursuant to a form provided by the Benefits Department, signed by the Participant and delivered to the Benefits Department at least five (5) working days prior to the Accounting Date for which such notice is given or within such shorter period as the Benefits Department may prescribe for the receipt of such forms pursuant to rules of uniform application. Transfers may be made four (4) times each Plan Year, effective as of an Accounting Date.

Effective as of April 1, 2000, such Participant Fund transfers may be made monthly and shall be made effective as of the first day of the calendar month following receipt by the Benefits Department of the appropriate forms. Such transfer may be made electronically (i.e., e-mail) in the manner and in such form as the Benefits Department shall determine in its discretion. Effective July 1, 2007, such Fund transfers may be to a single Fund, or the Participant may direct a specific dollar amount or a percentage (in five percent (5%))



increments or multiples thereof) of amounts allocable to his Pre-Tax Contribution Account to be invested in such Funds as he shall desire.

6.5. LOANS TO PLAN PARTICIPANTS .

(a) GENERAL. Subject to policies established by the Advisory Committee the Benefits Department is authorized to direct the Administrative Trustee to make a loan or loans to a Participant in an earmarked investment of the Participant's Accounts. Such loan shall be available to all Participants on a non-discriminatory basis, except that the Benefits Department may refuse to make a loan or may limit a loan on the basis of credit worthiness. The Benefits Department shall not direct the Administrative Trustee to make loans to Highly Compensated Employees in amounts which, when expressed as a percentage of the Participant's vested interest in his Accounts, are greater than those available to other Participants; provided, however, that Benefits Department may adopt a rule precluding loans of less than One Thousand Dollars (\$1,000). As a general rule, a Participant may not have more than one (1) loan outstanding at any particular time and a Participant may not receive a loan for a period of one (1) year following the repayment of an earlier loan. The limitations referred to in the preceding sentence shall not apply if the Benefits Department determines that the Participant has a "hardship" within the meaning of Section 9.3.

(b) AMOUNT. The total outstanding loans from the Trust Fund to any Participant at any time shall not exceed the lesser of (a) fifty percent (50%) of the Participant's vested interest in his Accounts, or (b) ninety percent (90%) of the portion of the Participant's Accounts that is invested in the Income Fund, both determined as of the most recent Accounting Date for the Plan. Any loan which is made pursuant to this Section shall be treated as a taxable distribution to the extent that it causes the outstanding balance at any time of all loans from all "employee pension benefit plans" (as defined in the Act) of the Employer and its Affiliates that are intended to "qualify" under Section 401 (a) of the Act to exceed fifty percent (50%) of the present value of the Participant's nonforfeitable accrued benefit under all such plans; provided that such maximum shall not be less than Ten Thousand Dollars (\$10,000.00) nor more than Fifty Thousand Dollars (\$50,000.00) with such Fifty Thousand Dollar (\$50,000.00) limitation to be reduced by the highest outstanding loan balance during the twelve (12) month period preceding the date on which a loan is made. The Benefits Department may, in the exercise of its discretion, prohibit the making of any loan that would be treated as a taxable distribution. The Benefits Department may also impose such other limitations and restrictions with respect to the amount of loans as it deems necessary or advisable, provided that such limitations or restrictions shall be consistent with the applicable provisions of the Act and the Code.

(c) SECURITY. The loan shall be evidenced by the Participant's promissory note and shall be secured by an assignment of the Participant's vested interest in his Employer

Contributions Account and such additional collateral as the Benefits Department shall deem necessary, provided that in no event shall the loan be secured by an assignment of more than fifty percent (50%) of the Participant's vested nonforfeitable interest in his Accounts. In determining whether a pledge of additional collateral is necessary, the Benefits Department shall consider the Participant's credit worthiness and the impact on the Plan in the event of a default under the loan prior to the Participant's Benefit Commencement Date.

(d) INTEREST RATE. All loans shall bear interest at a rate determined by the Benefits Department which shall be commensurate with the interest rates charged by persons in the business of lending money for similar loans. Subject to the foregoing, the terms of any loan shall be arrived at by mutual agreement between the Benefits Department and the Participant pursuant to a uniform, nondiscriminatory policy.

(e) REPAYMENT. All loans shall be repayable in monthly, quarterly or more frequent installments over a period not exceeding five (5) years. All loans shall be repayable by payroll withholdings or in the case of a former Employee or an Employee on a leave of absence by any other means acceptable to the Benefits Department. Repayments will be credited to the respective Accounts from which the funds have been borrowed and shall be invested in the Income Fund.

(f) COSTS. Any costs incurred or charged by the Administrative Trustee to establish, process or collect the loan shall be charged directly and solely to the Participant. Any loan set-up fees or expenses will be subtracted from the loan proceeds unless other mutually agreeable arrangements are made by the Benefits Department and the Participant. Any other fees charged to process or collect a loan (including, but not limited to, quarterly maintenance fees) shall be paid by the Participant to the Administrative Trustee by payroll deduction (in the case of an active Employee) or by such other means as may be agreeable to the Benefits Department (in the case of a former Employee or an Employee on leave of absence).

(g) TREATMENT OF EARNINGS OR LOSSES. The portion of any Participant's Account that is loaned to the Participant shall be disregarded for purposes of allocating earnings or losses pursuant to Section 8.3. The loan shall be treated as a segregated or earmarked investment of the appropriate Account and all principal and interest payments made on the loan, and all losses suffered on the loan, shall be allocated to the appropriate Account.

(h) DEFAULT. In the event that the Participant does not repay such loan or loans and the interest thereon in a timely fashion, the Benefits Department, on behalf of the Administrative Trustee may exercise every creditor's right at law or equity available to the Administrative Trustee. The Administrative Trustee may not, however, deduct or offset the

payments in default or the unpaid outstanding balance of the loan from or against the Participant's Accounts until such time as the Account becomes payable pursuant to the provisions of this Plan. When payments become due hereunder, the Benefits Department, on behalf of the Administrative Trustee may deduct the total amount of the loan then outstanding, together with any interest then due and owing, from any payment or distribution (including any payment due to the Participant's surviving spouse pursuant to Section 11.3) to which Such Participant or his Beneficiary or Beneficiaries may become entitled. Loan instruments may provide for acceleration of payment of any unpaid balance in the event of a default following the Participant's termination of employment.

(i) DISTRIBUTION. A Participant who has (i) attained the age of fifty-nine and one-half (59-1/2) and has been a Participant in the Plan for five (5) or more years or (ii) terminated employment with the Employer shall be entitled to request to receive a distribution of one or more of the notes representing a loan or loans made to such Participant from the Plan pursuant to Section 6.5(a). The Benefits Department shall honor such requests as soon as possible following the receipt of all necessary forms. Such request shall be subject to the spousal consent requirements of Section 9.6.

(j) SPOUSAL CONSENT. For loans, or renewals of existing loans, made on or after the Effective Date, spousal consent shall no longer be required.

(k) SUSPENSION OF LOAN PAYMENTS UNDER CODE SECTION 414(U). Loan repayments will be suspended under the Plan as permitted under Section 414(u) of the Code.

(l) POLICY. The Advisory Committee shall institute a loan policy which the Benefits Department shall follow in implementing all loan requests hereunder. Said loan policy may be amended from time to time in the Advisory Committee's discretion.

#### 6.6. LIFE INSURANCE.

(a) AVAILABILITY. Each Participant who was a Participant in the Plan and had a policy in force on or before October 30, 1985, shall have the right to direct that a portion of his Employer Matching Contribution Account and Pre-Tax Contribution Account shall be invested in a policy or policies of insurance upon his life. All such investments shall be earmarked as an investment of the Participant's Accounts. Subject to the provisions of this Section 6.6, a Participant may direct investment in term life, universal life, and/or whole life policies and may specify the percentages of his Accounts to be so invested. All such directives shall be made in writing to the Benefits Department. The Participant shall also execute such application forms, statements and claim forms as the Benefits Department, Administrative Trustee or insurer may reasonably request in connection with policies acquired

pursuant to the Participant's direction. Notwithstanding anything in this Section 6.6 to the contrary, Participants may not increase their life insurance coverage beyond the levels in effect as of October 30, 1985.

(b) LIMITATION ON AMOUNT OF PREMIUMS . In all cases, the percentage of Pre-Tax Contributions and Employer Matching Contributions, exclusive of income and appreciation thereon, used to purchase whole life insurance policies must be less than fifty percent (50%) of such contributions, and the percentage of contributions, exclusive of income and appreciation thereon, used to purchase term life or universal life insurance policies must be less than twenty-five percent (25%) of such contributions. In the event that either a term or universal life insurance contract may be purchased for a Participant in addition to a whole life insurance contract, the sum of one-half (1/2) of the premiums on ordinary life insurance contracts and all premiums on term life or universal life insurance contracts shall not exceed twenty-five percent (25%) of such contributions, exclusive of income and accruals thereon, allocable to the Participant's respective Accounts.

(c) PREMIUMS AND DIVIDENDS . The Benefits Department shall take reasonable action to assure that premiums shall be paid when due. Dividends, refunds and other credits on policies shall be applied to reduce premiums on such policies, to acquire additional paid-up insurance benefits or may be taken in cash allocable to the Participant's Accounts, as the Advisory Committee shall direct. The Benefits Department may direct the Administrative Trustee to borrow against policies to pay premiums thereon. In the event that amounts to be allocated toward the purchase of insurance policies are insufficient to meet the required premium payments, the Benefits Department shall direct the Administrative Trustee to reduce policy coverage amounts, to exchange or convert policies or to allow policies to lapse.

(d) MODES OF SETTLEMENT . The modes of settlement under any policy acquired pursuant to this Section 6.6 shall be limited to the forms of distribution described in this Section 6.6. All policies shall by their express terms be nontransferable by the Participant or shall be rendered so prior to distribution to the Participant.

(e) DISTRIBUTIONS . When benefits become payable to-a Participant pursuant to this Section 6.6, and a policy is held for the benefit of such Participant pursuant to this Section 6.6, the Benefits Department shall direct the Administrative Trustee either to (1) surrender such policy in cash settlement (with such settlement being allocable to the appropriate Accounts of the Participant), (2) convert such policy to a nontransferable contract or contracts providing payments in any form described in ARTICLE ELEVEN, without life insurance coverage, and deliver such contract or contracts so converted to the Participant, or (3) deliver such policy to the Participant without conversion, after rendering such policy nontransferable.

(f) RIGHTS OF PARTICIPANT. The fact that any contract is issued or based on the life of a Participant shall not vest any right, title or interest in such contract in the Participant except at the time and upon the terms and conditions set forth in this Plan.

(g) TREATMENT OF INSURANCE POLICIES. The portion of any account or subaccount that is invested in an insurance policy on the Participant's life shall be disregarded for purposes of allocating earnings or losses pursuant to Section 8.3. The insurance policy shall be treated as a segregated or earmarked investment of the appropriate Account and all premiums payable on the policy and all dividends, credits, cash values, proceeds or other amounts payable pursuant to the policy shall be credited or charged, as the case may be, solely to that Account.

## **ARTICLE SEVEN**

**THERE SHALL BE NO ARTICLE SEVEN**

## ARTICLE EIGHT

### ACCOUNTING

#### 8.1. INDIVIDUAL ACCOUNTS.

A separate Profit Sharing Account shall be maintained for each Participant in the Plan. A separate Pre-Tax Contribution Account and Employer Matching Contribution Account shall be maintained for each Participant who elects to make Pre-Tax Contribution and on whose behalf an Employer makes Employer Matching Contributions. In addition, a separate After-Tax Contribution Account shall be maintained for each Participant who has made and not withdrawn, After-Tax Contributions. Finally, effective November 1, 1997, a separate Rollover Contribution Account shall be maintained for each Employee who has made Rollover Contributions. The Accounts will separately reflect balances derived from Profit Sharing Contributions, Employer Matching Contributions, Pre-Tax Contributions and After-Tax Contributions made by or on behalf of the Participant and shall reflect the fair market value, as of the most recent Accounting Date, of the Participant's interest in the Funds. The Accounts shall reflect any withdrawals, loans to Participants, life insurance acquisitions and distributions to the Participant. The establishment and maintenance of separate Accounts for each Participant shall not be construed as giving any person any interest in any specific assets of the Funds, which shall be administered as separately identifiable commingled Funds, and as loan and life insurance investments, unless and until otherwise directed by the Advisory Committee or expressly provided in this Plan.

#### 8.2. ALLOCATION OF CONTRIBUTIONS.

(a) EMPLOYER MATCHING CONTRIBUTIONS. Employer Matching Contributions made pursuant to Section 5.4 shall be allocated among the Employer Matching Contribution Accounts of Participants who were Employees of the Employers during the Plan Year by crediting each such respective Participant's Employer Matching Contribution Account with the Employer Matching Contribution made on his behalf.

(b) Intentionally Omitted

(c) PROFIT SHARING CONTRIBUTIONS. Regular Profit Sharing Contributions made pursuant to Section 5.1(a) shall be allocated to the Profit Sharing Account of each eligible Participant by crediting each such Participant's Profit Sharing Account in the same, ratio that each such Participant's Earnings for the Plan Year bear to the Earnings of all such Participants for the Plan Year. Special Profit Sharing Contributions made pursuant to Section 5.1 (b) shall be allocated to the Profit Sharing Accounts of each Participant on whose behalf such contribution is made by crediting each such Participant's Profit Sharing Account in the

same ratio that each such Participant's Earnings for the Plan Year bear to the Earnings of all such Participants for the Plan Year. Special "per capita" Profit Sharing Contributions made pursuant to Section 5.1 (c) shall be allocated to the Profit Sharing Accounts of each eligible Participant on whose behalf such a contribution has been made in such amount and under such terms and conditions as the Board shall direct, in its sole and absolute discretion.

(d) FORFEITURES . Forfeitures from a Profit Sharing Account that become available for allocation pursuant to Sections 10.3 and 11.8 that are not used to restore prior forfeitures pursuant to Sections 10.4 and 11.8 shall be allocated to the Profit Sharing Accounts of each eligible Participant in the same ratio that each such eligible Participant's Earnings for the Plan Year bear to the Earnings of all such eligible Participants for the Plan Year.

(e) ELIGIBLE PARTICIPANTS . As a general rule, a Participant will be entitled to share in the allocation of Profit Sharing Contributions or forfeitures for a Plan Year only if the Participant is in the active employ of the Employer on the last day of the Plan Year and has completed at least one thousand (1,000) Hours of Service during the Plan Year. If a Participant dies, retires on or after his Normal Retirement Date, or terminates employment due to a Disability during a Plan Year, however, the Participant shall be entitled to share in the allocations for that Plan Year regardless of whether the Participant is employed on the last day of the Plan Year or whether the Participant completes one thousand (1,000) Hours of Service during the Plan Year. A Non-Contributing Participant who satisfies the requirements noted above shall be considered to be a "Participant" pursuant-to this Section.

(f) TOP HEAVY ALLOCATIONS . Notwithstanding anything to the contrary in this Section or any other provision of this Plan, in any Plan Year in which the Plan is Top Heavy or Super Top Heavy, the Employer shall make a special Profit Sharing Contribution on behalf of each Participant who is not a Key Employee for The Plan Year in such amount as may be necessary to assure that the sum of the Profit Sharing Contributions and forfeitures, if any, allocated to the Participant's accounts equals at least the "minimum required contribution." The "minimum required contribution" is the lesser of (a) three percent (3%) of the Participant's Compensation for the Plan Year or (b) if the Employer does not have a defined benefit plan which is enabled to satisfy Section 401 of the Code by this Plan, the Participant's Compensation for the Plan Year multiplied by the "Employer contribution percentage" for such Plan Year for the Key Employee for whom the "Employer contribution percentage" is the highest. For this purpose, the "Employer contribution percentage" shall equal the sum of the Employer Matching Contributions, Profit Sharing Contributions and forfeitures allocated to a Participant divided by the Compensation of the Participant. The minimum required contribution called for by this paragraph will be determined without regard to Employer contributions to the Social Security System. The special Profit Sharing Contribution called for by this paragraph shall be allocated on behalf of all Employees who

are not Key Employees for the Plan Year and who are employed by the Employer on the last day of the Plan Year without regard to whether such Employees have completed one thousand (1,000) Hours of Service during the Plan Year. This special Profit Sharing Contribution shall be made regardless of any provision in this Plan requiring (as a condition of allocation of the Profit Sharing Contribution for the Plan Year) payment of Pre-Tax Contributions. In determining whether the minimum required contribution provisions of this Section have been satisfied, all Employer contributions and forfeiture allocations for the Plan Year under all "defined contribution plans," as defined in Section 414(i) of the Code, maintained by the Employer or a Key Employee who is Affiliate shall be considered as allocable under this Plan. If a non-Key Employee who is participating in this Plan is covered under a "defined benefit plan," as defined in Section 414(j) of the Code, sponsored by the Employer or an Affiliate shall be required pursuant to this paragraph if such Employee is provided with a top heavy minimum defined benefit pursuant to the defined benefit plan. All special Profit Sharing Contributions made pursuant to this paragraph on behalf of a Participant shall be allocated to that Participant's Profit Sharing Contribution Account. In determining the amount of the minimum required contributions the Pre-Tax Contributions made by Highly Compensated Employees shall be treated as Employer Matching Contributions, and such Pre-Tax Contributions shall be taken into account in determining the employer contribution percentage of Highly Compensated Employees. The Pre-Tax Contributions made by non-Highly Compensated Employees shall be disregarded.

(g) Intentionally omitted

(h) ROLLOVER CONTRIBUTIONS. Effective November 1, 1997, the Rollover Contributions of an Employee shall be credited to his Rollover Contributions Account.

### 8.3. VALUATION AND ADJUSTMENT.

The Benefits Department shall determine the fair market value of the Accounts as follows:

(a) First, as of each Accounting Date, the Benefits Department shall credit to the proper Accounts all Pre-Tax Contributions, loan repayments and insurance premium payments.

(b) Second, as of each Accounting Date, the Benefits Department shall charge to the proper Accounts all withdrawals or distributions made since the most recent Accounting Date that have not previously been charged to Accounts.

(c) Third, as of each Accounting Date, the Benefits Department shall credit each Participant's Accounts with their pro rata share of any increase, or charge each Participant's



Accounts with their pro rata share of any decrease, in the fair market value of the Funds to which the Accounts are allocated as of the current Accounting Date.

(d) Fourth, as of each Accounting Date, the Benefits Department shall charge and credit to the proper Accounts the amounts transferred from one Fund to another, as provided in Section 6.4 of the Plan.

(e) Fifth, if the Accounting Date is the final Accounting Date of the Plan Year, the Benefits Department shall credit to the proper Accounts the annual Employer Matching Contributions to be allocated for that Plan Year, in accordance with Section 8.2 of the Plan, to the extent not already allocated thereto. Forfeitures becoming allocable pursuant to Section 10.3 or 11.8 shall similarly be allocated.

#### 8.4. STATEMENTS TO PARTICIPANTS.

At least QUARTERLY, the Benefits Department shall furnish to each Participant a statement showing his Account balances in the respective Funds as of such date.

#### 8.5. LIMITATION ON ANNUAL ADDITIONS.

(a) GENERAL RULE . For Plan years beginning before January 1, 2002, the maximum Annual Additions that may be contributed or allocated to a Participant's Account under the Plan for any Plan Year shall not exceed the lesser of (1) Forty Thousand Dollars (\$40,000) (or such greater amount as may be permitted under Section 415(d)) (the "dollar limitation"), or (2) twenty five percent (25%) of the Compensation of the Participant for the Plan Year (the "compensation limitation"). For Plan Years beginning on or after January 1, 2002, except as provided in Section 4.2, under Code Section 414(v) and this Section 8.5, the Annual Additions to be allocated to the Accounts of a Participant for any Plan Year shall not exceed an amount equal to the lesser of (1) Forty Thousand Dollars (\$40,000) (or such greater amount as may be permitted under Section 415(d)) (the "dollar limitation"), or (4) one hundred percent (100%) of the Compensation of the Participant for the Plan Year (the "compensation limitation").

The compensation limit referred to in (2) and (4) above shall not apply to any contribution for medical benefits after separation from service (within the meaning of Section 401(h) or Section 419A (f)(2) of the Code) which is otherwise treated as an annual addition.

(b) Intentionally omitted

(c) MULTIPLE DEFINED CONTRIBUTION PLANS . The limitations of this Section 8.5 with respect to any Participant who is at any time participating in any other "defined contribution plan," as defined in Section 414(i) of the Code, maintained by the Corporation or by an Affiliate shall apply as if the total Annual Additions under all such defined contribution plans in which the Participant is participating were allocated under this Plan.

(d) ADJUSTING ANNUAL ADDITIONS . In the event it is necessary to limit the Annual Additions to the Accounts of a Participant under this Plan due to the allocation of forfeitures, a reasonable error in estimating a Participant's Compensation, a reasonable error in determining the amount of Pre-Tax Contributions made by a Participant, or for any other reason the Commissioner determines to be justifiable, the Benefits Department shall limit the allocation of Pre-Tax Contributions to the Participant's Pre-Tax Contribution Account and/or return any such excess Pre-Tax Contribution plus earnings allocable to any such excess Pre-Tax Contributions to the Participant. The earnings allocable to any excess Pre-Tax Contribution shall be determined in a manner consistent with determining the earnings allocable to excess Pre-Tax Contributions in Section 4.3(d). After such limitation and/or return, if necessary, Employer Matching Contributions shall be reallocated. Amounts that would be allocable to the Employer Matching Contribution Account of the Participant but for the provisions of this Section 8.5 shall be used to reduce Employer Matching Contributions to the Trust Fund and shall be allocable as a part of the Employer Matching Contributions allocable to the Employer Matching Contribution Accounts of Participants with respect to whom allocations of Employer Matching Contributions are not limited by this Section 8.5. If further limitation is required by this Section 8.5, the Benefits Department shall allocate that portion of the Employer Matching Contribution that would cause the limitations of this Section 8.5 to be exceeded to a suspense account in which such sums shall be held to be allocated on a first-in-first-out basis in reduction of Employer Matching Contributions prior to the allocation of additional Employer Matching Contributions, to the extent permitted under this Section 8.5. In the event that, after the reallocation of the Employer Contribution pursuant to this Section 9.5, the amount allocable as Annual Additions remain in excess of the limitations of this Section 8.5, the Benefits Department shall return the Pre-Tax Contributions of the Participant to the extent necessary to satisfy such limitations. No Employer Matching Contribution shall be made or allocated as a result of such Pre-Tax Contributions until allocated from the suspense account. Further reductions or adjustments to the methods described above for adjusting the Accounts of Participants may be made pursuant to the directions of the Benefits Department and may be made pursuant to priorities established under related defined contribution plans.

(e) Intentionally omitted

(f) DEFINED BENEFIT PLAN PARTICIPANTS. For Plan Years beginning before January 1, 2000, in any case where a Participant under this Plan is also a participant in one or more "defined benefit plans," as defined in Section 414(j) of the Code, maintained by the Employer or by an Affiliate of the Employer, the sum of the "defined benefit plan fraction" under such plan or plans and the "defined contribution plan fraction" under this Plan and all other defined contribution plans shall not exceed one (1.0).

(g) DEFINED BENEFIT PLAN FRACTION. The "defined benefit plan fraction" for any Plan Year is a fraction, the numerator of which is the projected annual benefit payable to the Participant as of the close of the current Plan Year under all defined benefit plans (whether or not terminated) maintained by the Employer and the denominator of which is the lesser of one hundred twenty-five percent (125%) of the defined benefit plan dollar limitation in effect for the Plan Year under Section 415(b)(1)(A) of the Code, as adjusted pursuant to Section 415(d) of the Code, or one hundred forty percent (140%) of the Participant's average Compensation for the three (3) Plan Years during which such Compensation is the highest. For any Plan Year for which the Plan is Top Heavy, the denominator of the defined benefit plan fraction will be the lesser of one hundred percent (100%) (rather than one hundred twenty-five percent (125%)) of the defined benefit plan dollar limitation referred to in the preceding sentence, as in effect for the Plan Year under Section 415(b)(1)(A) of the Code, or one hundred forty percent (140%) of the Participant's average Compensation for the three (3) Plan Years during which Compensation is highest, unless both of the following conditions are satisfied, in which case the defined benefit plan fraction shall be calculated as set forth in the preceding sentence:

- (1) The Plan is not a Super Top Heavy Plan; and
- (2) The contributions or benefits on behalf of all Participants other than Key Employees meet the requirements of Section 416(h) of the Code.

Notwithstanding the above, if a Participant was a participant in one or more defined benefit plans maintained by the Employer or an Affiliate which were in existence on May 6, 1986, the denominator of the defined benefit plan fraction will not be less than one hundred twenty-five percent (125%) of the sum of the annual benefits under such plans which the Participant had accrued as of the close of the last Plan Year beginning on or before December 31, 1986, calculated as if the Participant had terminated employment on the last day of said Plan Year. In calculating a Participant's benefits, the Benefits Department shall disregard changes in the terms and conditions of such plans occurring on or after May 6, 1986, and cost-of-living adjustments occurring on or after May 6, 1986. The preceding two sentences shall only apply if the defined benefit plans individually and in the aggregate satisfy the requirements of Section 415 of the Code as in effect at the end of the 1986 Plan Year.

(h) DEFINED CONTRIBUTION PLAN FRACTION. The "defined contribution plan fraction" for any Plan Year is a fraction, the numerator of which is the sum of the Annual Additions to the Participant's accounts under all the defined contribution plans (whether or not terminated) maintained by the Employer for the current and all prior Plan Years (including the Annual Additions attributable to the Participant's nondeductible employee contributions to any defined benefit plan, whether or not terminated by the Employer) and the denominator of which is the sum of the "maximum aggregate amounts" for the current and all prior Plan Years of service with the Employer, regardless of whether a plan was maintained by the Employer during such years. The "maximum aggregate amount" in any Plan Year is the lesser of one hundred twenty-five percent (125%) of the dollar limitation in effect under Section 415(c)(1)(A) of the Code or thirty-five percent (35%) of the Participant's Compensation for such year. For any Plan Year for which the Plan is a Top Heavy Plan, the "maximum aggregate amount" is the lesser of one hundred percent (100%) (rather than one hundred twenty-five percent (125%)) of the dollar limitation in effect under Section 415(c)(1)(A) of the Code or thirty-five percent (35%) of the Participant's Compensation for such year, unless both of the following conditions are satisfied:

- (1) The Plan is not a Super Top Heavy Plan; and
- (2) The contributions or benefits on behalf of all Participants other than Key Employees meet the requirements of Section 416(h) of the Code.

of a Participant was a participant in one or more defined contribution plans and one or more defined benefit plans maintained by the Employer which were in existence on May 6, 1985, and which satisfied all of the requirements of Section 415 of the Code for all limitation years beginning before January 1, 1987, the numerator of this fraction will be adjusted if the sum of this fraction and the defined benefit plan fraction would otherwise exceed one (1.0) under the terms of this Plan. The adjustment shall be made by permanently subtracting from the numerator of the defined contribution fraction an amount equal to the product of (1) the excess of the sum of the fractions over one (1.0) and (2) the denominator of the defined "determination date". For this purpose, the "determination date" is the last day of the last Plan Year commencing on or before December 31, 1986. Changes in the terms and conditions of any plan after May 5, 1986, must be disregarded in adjusting the defined contribution plan fraction. The adjustment will be made only after eliminating any accruals under this or any other Plan which are in excess of the accruals permitted pursuant to Section 415 of the Code.

(i) ADJUSTMENTS. In the event it is necessary to adjust benefits and/or contributions to prevent the combined fraction from being exceeded in a Plan Year, the Participant's benefits under the defined benefit plan shall be reduced so as to eliminate any excess over the combined fraction, and such reduction shall be made, if necessary, prior to the allocation of contributions to Accounts. Any further reductions necessary shall be made by

reducing the Annual Additions under this Plan as provided above, then by reducing Annual Additions in the manner and priority set out above with respect to other defined contribution plans, if any.

(j) TREATMENT OF AFFILIATES . For purposes of this Section, the Employer and all of its Affiliates shall be treated as a single entity and any plans maintained by an Affiliate shall be deemed to be maintained by the Employer.

## ARTICLE NINE

### WITHDRAWALS PRIOR TO TERMINATION OF EMPLOYMENT

#### 9.1. WITHDRAWAL FROM THE AFTER-TAX CONTRIBUTION ACCOUNT .

Subject to the provisions of this ARTICLE NINE, a Participant may withdraw all or part of the amount credited to his After-Tax Contribution Account, determined as of the most recent Participant Account status report available at the time his notice of withdrawal is received by the Benefits Department. Withdrawals pursuant to this Section 9.1 shall be requested on a form supplied by the Benefits Department, signed by the Participant and delivered to the Benefits Department. All such withdrawals shall be subject to the spousal consent requirements of Section 9.6. Amounts withdrawn from a Participant's After-Tax Contributions Account shall be charged against the subaccounts within that account in the following order:

(1) Withdrawals will first be charged against the subaccount established to record the After-Tax Contributions made by the Participant on or before December 31, 1986, and the earnings or losses thereon (the "pre-1987 subaccount") until an amount equal to the lesser of the After-Tax Contributions made by the Participant on or before December 31, 1986, or the value of such subaccount has been charged against such subaccount.

(2) Withdrawals will then be charged against the subaccount established to record the After-Tax Contributions made by the Participant on or after January 1, 1987, and the earnings or losses thereon (the "post- 1986 subaccount") unless and until such subaccount is depleted.

(3) Any remaining withdrawals will be charged against the earnings remaining in the pre-1987 subaccount.

The minimum withdrawal shall be the lesser of One Thousand Dollars (\$1,000) or the amount credited to the After-Tax Contribution Account.

9.2. IN-SERVICE WITHDRAWALS FROM THE EMPLOYER MATCHING CONTRIBUTION ACCOUNT AND THE PROFIT SHARING ACCOUNT

(a) ELIGIBILITY.

(1) ELIGIBILITY FOR WITHDRAWALS FROM THE EMPLOYER MATCHING CONTRIBUTION ACCOUNT. A Participant who has attained the age of fifty-nine and one-half (59-1/2) years may withdraw all amounts credited to his Employer Matching Contribution Account, provided that Employer Matching Contributions credited to that Account within the two (2) Plan Years preceding the Plan Year of withdrawal may not be withdrawn unless such Participant has participated in the Plan for five (5) or more years. No hardship withdrawals may be made from the Participant's Employer Matching Account.

(2) ELIGIBILITY FOR WITHDRAWALS FROM THE PROFIT SHARING ACCOUNT.

(i) A Participant who has attained the age of fifty;-nine and one-half (59-1/2) years may withdraw all amounts credited to his Profit Sharing Account.

(ii) In the event of a Hardship as determined by the Benefits Department pursuant to Section 9.3(c), (d), and (e), a Participant who has withdrawn all amounts permitted to be withdrawn under Section 9.1, Section 9.2 (a), and the preceding sentence may withdraw fifty percent (50%) of the remaining amounts, if any, credited to his Profit Sharing Account, determined as of the most recent Participant Account status report available at the time his notice of withdrawal is received by the Benefits Department. A Participant may not make a withdrawal from his Profit Sharing Account unless the Participant has a one hundred percent (100%) vested interest in that Account.

(b) PROCEDURES AND LIMITATIONS. Withdrawals pursuant to this Section 9.2 shall be subject to the spousal consent requirements of Section 9.6 and shall be requested on a form supplied by the Benefits Department, signed by the Participant, and delivered to the Benefits Department. In addition, the following limitations shall apply:

(1) LIMITATIONS ON AMOUNTS WITHDRAWN FROM THE EMPLOYER MATCHING CONTRIBUTIONS ACCOUNT. The minimum amount subject to withdrawal pursuant to this Section from an Employer Matching

Contributions Account is the lesser of (1) One Thousand Dollars (\$1,000.00); or (ii) the portion of the Account that is invested in the Income Fund. Withdrawals from the Employer Matching Contribution Account may only be made from the Income Fund and such withdrawal shall be charged against the Income Fund.

(2) LIMITATIONS ON AMOUNTS WITHDRAWN FROM THE PROFIT SHARING ACCOUNT. The minimum amount subject to withdrawal pursuant to this Section from a Profit Sharing Account shall be One Thousand Dollars (\$1,000).

9.3. WITHDRAWALS FROM THE PRE-TAX CONTRIBUTIONS AND ROLLOVER CONTRIBUTIONS ACCOUNTS.

(a) ELIGIBILITY. In accordance with rules established by the Advisory Committee uniformly applicable to all Participants, all or any part of amounts credited to the Pre-Tax Contribution Account and, effective November 1, 1997, the Rollover Contributions Account of a Participant as of the most recent available Account status report, may be distributed to the Participant in cash at any time after the Participant has attained the age of fifty-nine and one-half (59-1/2) years or in the event of a "hardship" as defined in this Section. Withdrawals only may be made from amounts allocated to the Income Fund. The Benefits Department may promulgate, uniform rules regarding the effective date of any distribution, minimum amounts to be distributed and the frequency of distributions. All withdrawals pursuant to this Section are subject to the spousal consent requirements of Section 9.6.

(b) LIMITATION ON HARDSHIP DISTRIBUTIONS. In no event shall a hardship distribution exceed the balance of the Participant's or former Participant's -Pre-Tax Contributions Accounts, determined as of the Accounting Date immediately preceding the date of the distribution, less any amounts distributed from or charged to the Pre-Tax Contributions Account since such Accounting Date. The distribution may not exceed the lesser of the amount determined pursuant to the preceding sentence or the total Pre-Tax Contributions made by the Participant prior to the date of the withdrawal less any Pre-Tax Contributions previously withdrawn. Notwithstanding any provision in the Plan to the contrary, hardship distributions may not be made from earnings credited to the Participant's Pre-Tax Contributions Accounts that were credited after December 31, 1988.

(c) HARDSHIP DEFINED. A distribution may be made pursuant to this Section due to a "hardship" only if the Participant satisfies the Benefits Department, subject to a policy adopted by the Advisory Committee, that the Participant has an immediate and heavy financial need and that the distribution is necessary in order to satisfy that need.

(d) IMMEDIATE AND HEAVY FINANCIAL NEED. The following are the only expenses or circumstances that will be deemed to give rise to an immediate and heavy financial need for purposes of this Section:

(1) Medical expenses described in Section 213(d) of the Code previously incurred by the Participant, the Participant's spouse, or any of the Participant's dependents (as defined in Section 152 of the Code) or necessary for such persons to obtain medical care described in Section 213(d);

(2) Costs directly related to the purchase (excluding mortgage payments) of a principal residence for the Participant; or

(3) Payment of tuition, room and board and related education expenses for the next twelve (12) months of post-secondary education for the Participant or the Participant's spouse, children or dependents (as defined in Section 152 of the Code); or

(4) Payments necessary to prevent the eviction of the Participant from his principal residence or foreclosure on the mortgage on the Participant's principal residence; or

(5) Burial or funeral expenses for a Participant's deceased parents, spouse and dependents; or

(6) Expenses incurred for repair of damage to a Participant's principal residence that would qualify as a deductible casualty expense under Section 165 of the Code (determined without regard to whether the loss exceeds 10% of adjusted gross income); or

(7) Any other circumstance or expense designated by the Commissioner of Internal Revenue as a deemed immediate and heavy financial need in any published revenue ruling, notice or other document of general applicability.”

(e) NECESSITY. A distribution will be deemed to be necessary to satisfy an immediate and heavy financial need of a Participant only if all of the following requirements are satisfied:

(1) The distribution is not in excess of the amount of the immediate and heavy financial need of the Participant (this amount may include any



amounts necessary to pay any federal, state or local income taxes or penalties reasonably anticipated to result from the withdrawal);

(2) The Participant has obtained all distributions, other than hardship distributions, and all nontaxable loans currently available under all plans maintained by the Employer;

(3) All plans sponsored by the Employer provide that the Participant's contributions (whether made on a pre-tax or after-tax basis) will be suspended for at least six (6) months after receipt of the distribution; and

(4) All plans sponsored by the Employer provide that the Participant may not make elective pre-tax contributions for the calendar year immediately following the calendar year in which the hardship distribution is made in excess of the applicable limit in effect for such year under Section 402(g) of the Code less the amount of the Participant's pre-tax elective contributions for the calendar-year in which the hardship distribution is made.

For purposes of subparagraphs (3) and (4), the phrase "all plans" includes all qualified and nonqualified plans of deferred compensation maintained by the compensation or any Employer, including stock option, stock purchase or similar plans or a cash or deferred arrangement that is part of a cafeteria plan within the meaning of Section 125 of the Code.

9.4. WITHDRAWALS OF AMOUNTS CREDITED TO THE PROFIT SHARING ACCOUNTS AND EMPLOYER MATCHING CONTRIBUTIONS ACCOUNTS.

There shall be no withdrawals permitted under this ARTICLE NINE from amounts credited to Profit Sharing Accounts and Employer Matching Contribution Accounts.

9.5. LIMITATIONS ON WITHDRAWALS.

The Benefits Department may direct that a Participant shall not be-entitled to withdraw funds from his Accounts below an amount equal to the unpaid principal and interest on any loan granted to him in accordance with the Plan as then in effect or an amount required to service insurance premium obligations. All withdrawals under this ARTICLE NINE shall be paid in cash. Not more than one (1) withdrawal pursuant to this ARTICLE NINE shall be permitted per Plan Year, unless the Participant has attained the age of fifty-nine and one-half (59-1/2) or terminated employment, in which case no more than one (1) withdrawal may be made per calendar quarter.

9.6. SPOUSAL CONSENT.

No married Participant shall be allowed to make a withdrawal unless the Participant's spouse consents to the withdrawal. Such consent must be in writing, must consent to a single lump sum payment of the amount to be withdrawn, must acknowledge the effect of the withdrawal on the benefits ultimately payable from the Plan, must acknowledge the effect of the spouse's consent to the withdrawal, and must be witnessed by a notary public. No spousal consent shall be required if the Benefits Department determines, in its sole and absolute discretion, that the spouse cannot be located or other circumstances exist that preclude the Participant from obtaining such consent (as permitted under applicable regulations issued by the United States Treasury Department). Any spousal consent given or dispensed with pursuant to this Section will be valid with respect to the spouse who signs the consent or with respect to whom the consent requirement is waived by the Benefits Department and any subsequent spouse. If the Participant's spouse fails to consent to the withdrawal of amounts allocated to the Participant's Accounts, the amounts in the Participant's Accounts will be held for distribution in accordance with the other provisions of this Plan unless the spouse later consents to a withdrawal pursuant to the provisions of this Section.

Notwithstanding the foregoing, and effective for all withdrawals made on or after January 1, 2007, a married participant shall no longer need the consent of his or her spouse for withdrawal of amounts allocated to the Participant's Accounts pursuant to the provisions of this Article NINE.

**ARTICLE TEN**

**VESTING**

10.1. VESTING IN THE AFTER-TAX CONTRIBUTION ACCOUNT, PRE-TAX CONTRIBUTION ACCOUNT, EMPLOYER MATCHING CONTRIBUTION ACCOUNT AND ROLLOVER CONTRIBUTION ACCOUNT.

Each Participant shall at all times be fully vested in all amounts credited to or allocable to his After-Tax Contribution Account, Pre-Tax Contribution Account, Employer Matching Contribution Account and, effective November 1, 1997, his Rollover Contribution Account and his rights and interest therein shall not be forfeitable for any reason.

10.2. VESTING IN THE PROFIT SHARING ACCOUNT.

Each Participant shall be fully vested in the amounts credited to or allocable to his Profit Sharing Account on or after January 1, 1988, on and after the first to occur of the following events:

- (a) Attainment by the Participant prior to January 1, 1991, of the age of sixty-five (65) years, or, for Participants who attain the age of sixty-five (65) on or after January 1, 1991, the later of attainment by the Participant of age sixty-five (65) or the fifth (5th) anniversary of the Participant's commencement-of participation in the Plan;
- (b) The date of his separation from employment due to Disability, as determined by the Benefits Department;
- (c) The date of death of the Participant;
- (d) Termination or partial termination of this Plan as provided in Section 13.3 of this Plan;
- (e) Complete discontinuance of contributions by the Employers as provided in Section 13.3 of this Plan; or
- (f) The completion of seven (7) years of Continuous Service by the Participant (however, see 10.3 (a) below).

Notwithstanding anything contained herein to the contrary, all Participants with five (5) or more years of Continuous Service as of January 1, 1988 shall be 100% vested in their Profit Sharing Accounts. All Profit Sharing Account balances relating to contributions actually paid to the Profit Sharing Plan prior to January 1, 1988 shall be 100% vested.

10.3. DETERMINATION OF VESTED INTEREST IN PROFIT SHARING ACCOUNT IN THE EVENT OF TERMINATION OF EMPLOYMENT.

- (a) VESTING SCHEDULE. A Participant's vested percentage shall be determined as of the day of his termination of employment. The value of the Participant's vested interest in his Profit Sharing Account shall be determined in accordance with the following schedule:

<u>Years of Continuous Service</u>	<u>Vested Percentage of Account</u>
Less than three	0%
Three but less than four	20%
Four but less than five	40%
Five but less than six	60%
Six but less than seven	80%
Seven or more	100%

Effective for Profit Sharing Contributions allocated to a Participant's Profit Sharing Account on or after January 1, 2007, the Participant's vested interest in his Profit Sharing Account shall be determined in accordance with the vesting schedule set forth in paragraph (c) below, regardless of whether the Plan is Top Heavy.

(b) TIME OF DETERMINATION. A Participant's vested percentage shall be determined as of this Termination Date. The value of the Participant's vested interest in his Profit Sharing Account shall be determined as of the earlier of (1) the Accounting Date immediately preceding the first distribution to the Participant from such Account following his termination of employment or (2) the Accounting Date coinciding with or next on which the Participant incurs his fifth (5th) consecutive one-year Break in Continuous Service. If a Participant has no vested interest in any of his Accounts, the Participant shall be deemed to have received a distribution of his zero (0) Account balance as of the date of his termination of employment. Any amounts credited to the Participant's Accounts in which the Participant is not fully vested shall be forfeited as the later of such Accounting Date or the date on which the Participant's employment terminated. The amount forfeited shall then be available for allocation to the accounts of the remaining Participants as of the year-end Accounting Date coinciding with or next following the date of the forfeiture, to the extent such forfeiture is not used to restore forfeitures previously charged to a reemployed former Participant pursuant to Section 10.4.

(c) TOP HEAVY VESTING. If this Plan is or becomes Top Heavy, the vested interest of any Participant other than a Participant who is not credited with at least one (1) Hour of Service while the Plan is Top Heavy shall be determined in accordance with the following schedule instead of the schedules set forth above:

<u>Years of Continuous Service</u>	<u>Vested Percentage of Account</u>
Less than two	0%
Two but less than three	20%
Three but less than four	40%
Four but less than five	60%
Five but less than six	80%
Six or more	100%

10.4. RESTORATION OF FORFEITURES.

(a) ELIGIBILITY. Subject to the provisions of this Section, any to the Profit Sharing Account of a former Participant will be restored if the former Participant returns to employment with an Employer or any Affiliate prior to incurring five (5) consecutive Breaks in Continuous Service. Prior forfeitures will be restored only if the former Participant repays, in a timely manner as provided bellow, the full amount, unadjusted for any subsequent gains or losses, previously distributed to him. If a former Participant who was deemed to have received a distribution pursuant to Section 10.3(b) resumes employment with the Employer prior to incurring five (5) consecutive one year Breaks in Continuous Service, any forfeitures charged to the former Participant's Account upon his prior termination of employment shall be restored to such Account immediately.

(b) RETURN OF DISTRIBUTIONS. A former Participant may repay the full amount previously distributed to him prior to the earliest of (1) the fifth (5th) anniversary of the former Participant's reemployment by the Employer or (2) the last day of the Plan Year in which the Participant incurs his fifth (5th) consecutive Break in Continuous Service. The amount of form any distribution repaid by the former Participant shall be allocated between his Accounts in Account. Any forfeitures restored by the Employer proportion to the amount distributed from each the forfeiture was pursuant to this Section charged. A Participant may not, but need not, repay amounts attributable to his Pre-Tax Contributions or After-Tax Contributions. The Participant must repay the amount distributed from his other Accounts in order to qualify for the restoration of any prior forfeiture. A Participant may not repay a prior distribution pursuant to this paragraph if the Participant had a fully vested interest in all of his Accounts when the prior distribution was made.

(c) RESTORATION CONTRIBUTIONS. Any forfeitures available for allocation as of the last day of the Plan Year in which an individual does everything necessary in order to have a prior forfeiture restored will be applied first to restore the prior forfeiture. If the

available forfeitures are not sufficient to restore the prior forfeiture, the Employer will make a special contribution equal to the balance of the amount forfeited. Such contributions or forfeitures will be allocated to the account from which the distribution was made.

10.5. AMENDMENTS TO VESTING SCHEDULE.

If the vesting schedule set forth in Section 10.3 is amended, in the case of an Employee who is a Participant on the later of (a) the date the amendment is adopted, or (b) the date the amendment is effective, the non-forfeitable percentage of the benefit to which the Employee is entitled (determined as of such date) shall not be less than the non-forfeitable percentage of the benefit to which he is entitled under the Plan without regard to such amendment. If the vesting schedule designated in Section 10.3 is amended, each Participant whose benefits would be determined under such schedule and who is credited with three (3) or more years of Continuous Service shall have the right to elect, during the period computed pursuant to this Section, to have his non-forfeitable benefit determined without regard to such amendment; provided, however, that no election shall be provided to any Participant whose non-forfeitable percentage under the Plan, as amended, cannot at any time be less than the percentage computed without regard to such amendment. The election period shall commence on the date the amendment is adopted and end on the later of (a) sixty (60) days after adoption of the amendment, (b) sixty (60) days after the effective date of the amendment, or (c) sixty (60) days after the Participant is notified of the amendment in writing by the Corporation or the Benefits Department. Such election, if exercised, shall be irrevocable, and shall be available only to an Employee who is a Participant when the election is made and who has completed at least three (3) years of Continuous Service when the election is made. Any change in the applicability of the vesting schedule set forth in Section 10.3 as a result of the Plan ceasing to be Top Heavy shall be treated as an amendment to such vesting schedule for purposes of this Section.

**ARTICLE ELEVEN**

**DISTRIBUTION OF BENEFITS**

11.1. NORMAL AND LATE RETIREMENT.

A Participant shall be entitled to full distribution of his accounts, as provided in Sections 11.5 and 11.6, upon actual retirement as of or after his Normal Retirement Date. A Participant may remain in the employment of the Employer after his Normal Retirement Date, if he desires, and shall retire at such later time as he may desire, unless the Employer lawfully directs earlier retirement.

## 11.2. DISABILITY RETIREMENT.

A Participant whose active employment is discontinued due to Disability shall be entitled to full distribution of his accounts, as provided in Sections 11.5 and 11.6. Subject to the provisions of Section 11.5, the payments may commence at any time on or after the date of his discontinuance of active employment due to Disability.

## 11.3. DEATH.

(a) BENEFIT. In the event that a Participant (which term for purposes of this Section includes former Participants) shall die prior to his Benefit Commencement Date, the Participant's surviving spouse (or his other designated Beneficiary, if the Participant is unmarried or his spouse has consented in writing to designation of another Beneficiary) shall be entitled to full distribution of the Participant's accounts at the time and in the manner provided in Sections 11.5 and 11.6.

(b) SPOUSE AS BENEFICIARY. Notwithstanding any Beneficiary designation made by the Participant to the contrary, except as otherwise noted below, a married Participant's spouse shall be deemed to be his Beneficiary for purposes of this Plan unless the Participant's spouse consents to the designation of a different Beneficiary. Once given, the spouse's consent will be irrevocable. The consent of the Participant's spouse to his election shall be in writing, acknowledge the effect of such an election, be witnessed by a notary public and be provided to the Benefits Department. The spouse may not consent to the designation of another Beneficiary generally, but rather must consent to the designation of a particular Beneficiary. If the Participant elects to change the Beneficiary, the spouse's prior consent will be null and void and a new consent will be required, unless the spouse's consent expressly permits a change of designation without the further consent of the spouse.

In the event that a Participant fails to designate a beneficiary to receive a benefit that becomes payable under the Plan, or in the event that the Participant is predeceased by all designated primary contingent beneficiaries, the death benefit shall be payable to the following classes of takers, each class to take to the exclusion of all subsequent classes, and all members of each class to share equally:

- (i) surviving spouse;
- (ii) lineal descendants (including legally adopted children), per stirpes;
- (iii) surviving parents;
- (iv) Participant's estate.

No spousal consent will be required if the Advisory Committee determines, in its sole discretion, that such consent cannot be obtained because the spouse cannot be located or other circumstances exist that preclude the Participant from obtaining such consent (to the degree permitted under applicable regulations issued by the United States Treasury Department).

Any spousal consent given pursuant to this Section or dispensed with pursuant to the preceding sentence will be valid only with respect to the spouse who signs the consent or with respect to whom the consent requirement is waived by the Advisory Committee.

Notwithstanding the foregoing, effective January 1, 2002, upon the receipt of written proof of the dissolution of marriage of a Participant, any earlier designation of the Participant's former spouse as a beneficiary shall be treated as though the Participant's former spouse had predeceased the Participant, unless, prior to payment of benefits on behalf of the Participant (1) the Participant executes and delivers another beneficiary designation that complies with this Plan and that clearly names such former spouse as a beneficiary; or (2) there is delivered to the Plan a qualified domestic relations order providing that the former spouse is to be treated as the beneficiary. In any case, once a Participant's former spouse is treated under the Participant's beneficiary designation as having predeceased the Participant, no heirs or other beneficiaries of the former spouse shall receive benefits from the Plan as beneficiary of the Participant, except as otherwise provided in the Participant's beneficiary designation.

(c) DEATH AFTER COMMENCEMENT OF BENEFITS . In the event that a former Participant shall die after his Benefit Commencement Date but prior to the complete the provisions of this distribution of all amounts to which such Participant is entitled under ARTICLE ELEVEN, the Participant's spouse or other designated Beneficiary shall be entitled to receive any remaining amounts to which the Participant would have been entitled had the Participant survived. The Benefits Department may require and rely upon such proofs of death and the right of any spouse or Beneficiary to receive benefits pursuant to this Section as the Benefits Department may reasonably determine, and its determination of death and the right of such spouse or Beneficiary to receive payment shall be binding and conclusive upon all persons whomsoever.

#### 11.4. OTHER SEPARATIONS FROM EMPLOYMENT .

A Participant who separates from employment for any reason other than retirement, death or Disability shall be entitled to distribution of his vested interest in his accounts at the time and in the manner provided in Sections 11.5 and 11.6.

#### 11.5. TIME OF DISTRIBUTION OF BENEFITS .



(a) RETIREMENT. Payment to a Participant who is entitled to benefits under Section 11.1 normally shall commence within a reasonable time following the Participant's Termination Date; except that, at the election of the Participant, payment of benefits may be postponed until after the next year-end Accounting Date, at which time losses or earnings on the Trust Fund will be allocated to the Participant's accounts.

(b) TERMINATION AND DISABILITY. Payment to a Participant who is entitled to benefits under Section 11.2 or Section 11.4 normally shall commence not later than the date on which the Participant shall attain his Normal Retirement Date. As a general rule, the Benefits Department will begin distributions pursuant to Section 11.2 or Section 11.4 as soon as possible after the year-end Accounting Date next following the Participant's termination of employment or discontinuance of active employment due to Disability. At the request of the Participant, all of the Participant's Accounts may be distributed as soon as possible following the Participant's Termination Date or discontinuance of active employment due to Disability. Effective March 28, 2005, if the total amount distributable to the Participant from all of his accounts at the time of any distribution under this ARTICLE ELEVEN exceeds Five Hundred Dollars (\$500.00) (Three Thousand Five Hundred Dollars (\$3,500.00) prior to January 1, 1998, and Five Thousand Dollars (\$5,000.00) for Plan Years beginning on or after January 1, 1998), however, no distribution may be made prior to the Participant's Normal Retirement Date unless the Participant requests said distribution in writing. For purposes of this rule, if the total amount distributable to the Participant from all his accounts at the time of any distribution exceeds Five Hundred Dollars (\$500.00) (Three Thousand Five Hundred Dollars (\$3,500.00) prior to January 1, 1998, and Five Thousand Dollars (\$5,000.00) for Plan Years beginning on or after January 1, 1998),, then the amount in the Participant's account at all times thereafter will be deemed to exceed Five Hundred Dollars (\$500.00) (Three Thousand Five Hundred Dollars (\$3,500.00) prior to January 1, 1998, and Five Thousand Dollars (\$5,000.00) for Plan Years beginning on or after January 1, 1998).

(c) DEATH AFTER COMMENCEMENT OF PAYMENTS. In the event of the death of a Participant after his Benefit Commencement Date but prior to the complete distribution to such Participant of the benefits payable to him under the Plan, any remaining benefits shall be distributed over a period that does not exceed the period over which distribution was to be made prior to the date of death of the Participant. Payment to Beneficiaries entitled to payments pursuant to Section 11.3 shall commence as soon as possible following the death of the Participant.

(d) DEATH PRIOR TO COMMENCEMENT OF BENEFITS. In the event of the death of the Participant prior to his Benefit Commencement Date, payments to the Participant's Beneficiaries must be paid in full by December 31 of the calendar year which includes the fifth (5th) anniversary of the date of the Participant's death

(e) REQUIRED COMMENCEMENT OF PAYMENTS . In no event shall payment to a former Participant continue later than sixty (60) days after the last to occur of (1) the last day of the Plan Year in which the Participant attains the age of sixty five (65) years, (2) the last day of the Plan Year in which the Participant separates from employment with the Employer, or (3) the tenth (10th) anniversary of the last day of the Plan Year in which the Participant commenced participation in the Plan. In addition, payments must commence by the Participant's Required Beginning Date.

(f) CONSENT TO EARLY DISTRIBUTIONS . Except as otherwise provided in Section 11.6 concerning the payment of small amounts, no benefit payments may commence pursuant to the preceding provisions of this Section prior to the Participant's Normal Retirement Date unless the Participant requests the earlier commencement of payments. The Participant's request must be in writing in a form acceptable to the Benefits Department.

#### 11.6. METHOD OF DISTRIBUTION .

(a) PARTICIPANT ELECTION . The Participant or Beneficiary shall select the method of payment of his or her benefits hereunder in accordance with the provisions of this Section.

(b) OPTIONAL METHODS OF DISTRIBUTION . Distribution may be made in any one (1) or more of the following methods:

(1) By payment in a cash lump sum to the Participant or his beneficiary;

(2) By making payments of amounts credited to Accounts in quarterly or annual installments over any period not in excess of five (5) years, unless elected otherwise by the Participant, but in no event in excess of the joint life expectancy of the Participant and his spouse. A former Participant who is receiving distributions in installments may direct the investment of the undistributed portion of his Accounts pursuant to the provision of Sections 6.2 and 6.4.

(c) Intentionally omitted

(d) MINIMUM DISTRIBUTION AND INCIDENTAL BENEFIT REQUIREMENTS . Notwithstanding any provision in this subsection to the contrary, distribution of a Participant's Accounts shall commence (whether or not he or she remains in the employ of the Employer) not later than the Participant's Required Beginning Date. Unless the Participant's entire interest is distributed to him by the Required Beginning Date, the distributions must be made over a period certain not extending beyond the life expectancy of

the Participant, or over a period certain not extending beyond the joint life and last survivor life expectancy of the Participant and the Participant's designated Beneficiary. All distributions made pursuant to the Plan shall comply with the regulations issued by the United States Treasury Department under Section 401(a)(9) of the Code, including Section 1.401(a)(9) -2 through 1.401(a)(9)-9 as modified by the Section 401(a)(9) Final and Temporary Regulations published on April 17, 2002, and such regulations shall override and supersede any conflicting provisions of this Section or any other Section of this Plan. In addition, all benefit payment options shall be structured so as to comply with the incidental benefit requirements of Section 401(a)(9)(G) of the Code and any regulations issued pursuant thereto, which require, generally, that certain minimum amounts be distributed to a Participant during each calendar year, commencing with the calendar year in which the Participant's required beginning date falls, in order to assure that only "incidental" benefits are provided to a Participant's beneficiaries. The provision of this paragraph shall control over any conflicting provisions of this Plan

(e) DISTRIBUTION OF SMALL AMOUNTS . Notwithstanding any provision of this Plan to the contrary, the Advisory Committee, in its sole discretion, may direct payment benefits, by a Policy set by the Advisory Committee with instructions to the Benefits Department in a single lump sum if the total amount distributable to the Participant from all of his accounts at the time of any distribution under this ARTICLE ELEVEN , does not exceed Five Hundred Dollars (\$500.00) (Three Thousand Five Hundred Dollars (\$3,500.00) prior to January 1, 1998, and Five Thousand Dollars (\$5,000.00) for Plan Years beginning on or after January 1, 1998). For purposes of this rule, if the total amount distributable to the Participant from all his accounts at the time of any distribution exceeds Five Hundred Dollars (\$500.00) (Three Thousand Five Hundred Dollars (\$3,500.00) prior to January 1, 1998, and Five Thousand Dollars (\$5,000.00) for Plan Years beginning on or after January 1, 1998), then the amount in the Participant's account at all times thereafter will be deemed to exceed Five Hundred Dollars (\$500.00) (Three Thousand Five Hundred Dollars (\$3,500.00) prior to January 1, 1998, and Five Thousand Dollars (\$5,000.00) for Plan Years beginning on or after January 1, 1998). The Advisory Committee, in its sole discretion, may direct payment of the total amount distributable to the Participant, regardless of whether the balance of all his accounts at any time ever exceeded Five Hundred Dollars (\$500.00), upon such distributable amount falling below Five Hundred Dollars (\$500.00),. Participant consent shall still be required however if the Participant had previously had a Benefit Commencement Date. All distributions pursuant to this paragraph must be made not later than the close of the second Plan Year following the Plan Year in which the Participant's employment is terminated.

Effective with respect to distributions made on or after January 1, 2002 with respect to Participants who separate from service on or after January 1, 2002, the value of a Participant's nonforfeitable Account Balance shall be determined without regard to that portion of the Account Balance that is attributable to Rollover Contributions (and earnings allocable thereto)

within the meaning of Sections 402(c), 403(a)(4), 403(b)(8), 408(d)(3)(A)(ii) and 457(e)(16) of the Code. If the value of the Participant's nonforfeitable Account Balance as so determined is Five Hundred Dollars (\$500.00) or less, the Plan may distribute the Participant's entire nonforfeitable Account Balance.

(f) AMOUNT OF DISTRIBUTION . For the purpose of determining the amount to be distributed to Participants and Beneficiaries, the Participant's accounts will be valued as of the Accounting Date preceding the date upon which distribution is to commence, and the accounts shall then be adjusted to reflect any contributions made by or on behalf of the Participant after such Accounting Date.

(g) LIFE EXPECTANCIES . For purposes of this Plan, life expectancies shall be calculated by use of the expected return multiples specified in Tables V and VI of §1.72-9 of the regulations issued by the United States Treasury Department, and in accordance with the rules and procedures specified in regulations issued under Section 401(a)(9) of the Code, as such Tables and regulations may be amended from time to time, or any Tables or regulations subsequently issued in replacement of said Tables or regulations. The life expectancy of a Participant and his spouse may be recalculated annually. The life expectancy of any other individual shall be calculated using the individual's attained age on his birthday in the relevant calendar year (as determined in accordance with regulations issued pursuant to Section 401(a)(9) of the Code) and such individual's life expectancy during any later calendar year shall be the life expectancy as originally determined less the number of calendar years that have elapsed since the calendar year of the initial determination.

#### 11.7. PAYMENTS TO DISABLED .

If any person to whom a payment is due under this Plan is unable to care for his affairs because of physical or mental disability, or is subject to a legal disability, the Advisory Committee shall have the authority to cause the payments becoming due to such person to be made to his duly-appointed legal guardian or custodian, to his spouse or to any other person charged with the legal obligation to support him, without any responsibility on the part of the Advisory Committee, the Employer, the Benefits Department or the Trustees to see to the application of such payments. Payments made pursuant to such power shall operate as a complete discharge of the Advisory Committee, the Employer, the Benefits Department, the Trustees and the Trust Fund. Subject to the right to appeal as set forth in Section 12.3(g) of the plan, the decision of the Advisory Committee in each case shall be final and binding upon all persons whomsoever.

#### 11.8. MISSING PAYEES .

It shall be the responsibility of each Participant to advise the Benefits Department of the current mailing address of such Participant and his Beneficiary, and any notice or payment addressed to such last known address of record shall be deemed to have been received by the Participant. Should the Benefits Department not be able locate a Participant who is entitled to be paid a benefit under the Plan after making reasonable, diligent efforts to contact said Participant, and a period of two (2) years has elapsed from the Participant's Termination Date, a forfeiture of the Participant's vested benefit shall occur and be redistributed in accordance with Sections 8.2(d) and 10.4(c). Notwithstanding said forfeiture, in the event the Participant should thereafter make a claim for his benefits, as determined prior to the date of forfeiture, the Benefits Department shall restore (as of the next Accounting Date) his account balance together with interest at the "Short Term Federal Rate," as defined in Internal Revenue Code Section 1274, from the date of forfeiture. Such amounts shall be restored in a manner consistent with the restoration of forfeitures as set forth in Section 10.4 (c). Should there be insufficient forfeitures occurring on said Accounting Date, the Employer shall be obligated to restore said Account by means of a special contribution to the Plan.

11.9. WITHHOLDING.

Payment of benefits under this Plan shall be subject to applicable law governing the withholding of taxes from benefit payments, and the Trustees, Benefits Department and Advisory Committee shall be authorized to withhold taxes from the payment of any benefits hereunder, in accordance with applicable law.

11.10. UNDERPAYMENT OR OVERPAYMENT OF BENEFITS.

In the event that, through misstatement or computation error, benefits are underpaid or overpaid, there shall be no liability for any more than the correct benefit sums under the Plan. Overpayments may be deducted from future payments under the Plan, and underpayments may be added to future payments under the Plan. In lieu of receiving reduced benefits under the Plan, a Participant or beneficiary may elect to make a lump sum repayment of any overpayment.

11.11. TRANSFERS FROM THE PLAN.

Upon receipt by the Benefits Department of a written request from a Participant who has separated or is separating from the Employer and has not yet received distribution of his benefits under the Plan, the Benefits Department shall direct the Trustee to transfer such Participant's vested interest in his accounts to the trustee or other administrative agent of another plan or trust or individual retirement account certified by the Participant as meeting the requirements for qualified plans or trusts or individual retirement accounts under the Code. The Trustee shall make such transfer within a reasonable time following receipt of

such written direction by the Benefits Department. The Employer, Benefits Department, the Advisory Committee and the Trustee shall not be responsible for ascertaining whether the transferee plan, trust, or individual retirement account is qualified under the Code, and the written request of the Participant shall constitute a certification on the part of such Participant that the plan, trust, or individual retirement account is qualified and provides for the acceptance of such transfer.

11.12. ELIGIBLE ROLLOVER DISTRIBUTIONS.

(a) GENERAL. With respect to any "eligible rollover distribution", a "distributee" may elect to have such distribution paid directly to an "eligible retirement plan" and may specify the eligible retirement plan to which such distribution is to be paid (in such form and at such time as determined by the Benefits Department). If such election is made, the eligible rollover distribution shall be made in the form of a direct trustee-to-trustee transfer to the eligible retirement plan so specified. Any distribution not qualifying as an eligible rollover distribution under Section 11.12(b) may not be rolled over in the manner specified in this Section 11.12. Effective January 1, 1999, no portion of a hardship distribution attributable to a Participant's Pre-Tax Contributions may be rolled over into an individual retirement account or another qualified plan.

(b) DEFINITIONS.

(1) The term "eligible rollover distribution" shall mean a distribution that would be includable in the distributee's gross income if not transferred pursuant to this Section 11.12 (as determined without regard to Code Sections 402(c) and 403(a)(4)) and that is a distribution of all or any portion of the balance to the credit of the distributee in the Plan except that such term shall not include:

(A) any distribution which is one of a series of substantially equal periodic payments made (not less frequently than annually);

(i) for the life (or life expectancy) of the distributee or the joint lives (or life expectancies) of the distributee and the distributee's Beneficiary;

(ii) for a specified period of ten (10) years or more; and

(B) any distribution to the extent such distribution is required under Code Section 401(a)(9).

A portion of a distribution shall not fail to be an eligible rollover distribution merely because the portion consists of after-tax employee contributions which are not includible in gross income. However, such portion may be transferred only to an individual retirement account or annuity described in Section 408(a) or (b) of the Code, or to a qualified defined contribution plan described in Section 401(a) or 403(a) of the Code that agrees to separately account for amounts so transferred, including separately accounting for the portion of such distribution which is includible in gross income and the portion of such distribution which is not so includible.

- (2) The term "eligible retirement plan" shall mean:
- (A) an individual retirement account described in Code Section 408(a);
  - (B) an individual retirement annuity described in Code Section 408(b) (other than an endowment contract);
  - (C) an employee's trust described in Code Section 401(a) which is exempt from tax under Code Section 501(a) provided that such employee's trust is a defined contribution plan, the terms of which permit the acceptance of rollover distributions;
  - (D) an annuity plan described in Code Section 403(b); or
  - (E) an eligible plan under Section 457(b) of the Code which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state and which agrees to separately account for amounts transferred into such plan from this Plan.

The definition of eligible retirement plan shall also apply in the case of a distribution to a surviving spouse, or to a spouse or former spouse who is the alternate payee under a qualified domestic relation order, as defined in Section 414(p) of the Code.

- (3) The term "distributee" shall include an Employee and a former Employee. In addition, the Employee's or former Employee's surviving spouse and the Employee's or former Employee's

- (4) spouse or former spouse who is the alternate payee under a Qualified Domestic Relations Order are distributees with regard to the interest of a spouse or former spouse.

11.12A ELIGIBLE ROLLOVER DISTRIBUTIONS MADE AFTER DECEMBER 31, 2001.

(a) This Article applies to distributions made after December 31, 2001. Notwithstanding any provision of the Plan to the contrary that would otherwise limit a distributee's election under this Section 11.12A, a distributee may elect, at the time and in the manner prescribed by the Plan Administrator, to have any portion of an eligible rollover distribution that is equal to at least \$500 paid directly to an eligible retirement plan specified by the distributee in a direct rollover. If an eligible rollover distribution is less than \$500, a distributee may not make the election described in the preceding sentence to rollover a portion of the eligible rollover distribution.

(b) For purposes of this Paragraph 11.12A, the following definitions shall apply:

(1) **Eligible rollover distribution:** An eligible rollover distribution is any distribution of all or any portion of the balance to the credit of the distributee, except that an eligible rollover distribution does not include: any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the distributee or the joint lives (or joint life expectancies) of the distributee and the distributee's designated beneficiary, or for a specified period of ten years or more; any distribution to the extent such distribution is required under § 401(a)(9) of the Internal Revenue Code; the portion of any other distribution(s) that is not includible in gross income; and any other distribution(s) that is reasonably expected to total less than \$200 during a year.

A portion of a distribution shall not fail to be an eligible rollover distribution merely because the portion consists of after-tax employee contributions which are not includible in gross income. However, such portion may be transferred only to an individual retirement account or annuity described in § 408(a) or (b) of the Code, or to a qualified defined contribution plan described in § 401(a) or 403(a) of the Code that agrees to separately account for amounts so transferred, including separately accounting for the portion of such distribution which is includible in gross income and the portion of such distribution which is not so includible.



(2) **Eligible retirement plan:** An eligible retirement plan is an eligible plan under § 457(b) of the Code which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state and which agrees to separately account for amounts transferred into such plan from this plan, an individual retirement account described in § 408(a) of the Code, and individual retirement annuity described in § 408(b) of the Code an annuity plan described in § 403(a) of the Code, an annuity contract described in § 403(b) of the Code, or a qualified plan described in § 401(a) of the Code, that accepts the distributee's eligible rollover distribution. The definition of eligible retirement plan shall also apply in the case of a distribution to a surviving spouse, or to a spouse or former spouse who is the alternate payee under a qualified domestic relation order, as defined in § 414(p) of the Code.

If any portion of an eligible rollover distribution is attributable to payments or distributions from a designated Roth account, an eligible retirement plan with respect to such portion shall include only another designated Roth account of the individual from whose account the payments or distributions were made, or a Roth IRA of such individual.

For distributions made after December 31, 2007, a participant may elect to roll over directly an eligible rollover distribution to a Roth IRA described in Code §408A(b).

(3) **Distributee:** A distributee includes an employee or former employee. In addition, the employee's or former employee's surviving spouse and the employee's or former employee's spouse or former spouse who is the alternate payee under a qualified domestic relations order, as defined in § 414(p) of the Code, are distributees with regard to the interest of the spouse or former spouse.

(4) **Direct Rollover:** A direct rollover is a payment by the Plan to the eligible retirement plan specified by the distributee.

#### 11.12B Direct Rollover of Non-Spousal Distribution

(a) For distributions after December 31, 2008, a non-spouse beneficiary who is a "designated beneficiary" under Code §401 (a)(9)(E) and the regulations thereunder, by a direct trustee-to-trustee transfer ("direct rollover"), may roll over all or any portion of his or her distribution to an individual retirement account the beneficiary establishes for purposes of receiving the distribution. In order to be able to roll over the distribution, the distribution otherwise must satisfy the definition of an eligible rollover distribution.

(b) Although a non-spouse beneficiary may roll over directly a distribution, any distribution made prior to January 1, 2010 is not subject to the direct rollover requirements of Code §401 (a)(31) (including Code §401 (a)(31)(B), the notice requirements

of Code §402(f) or the mandatory withholding requirements of Code §3405(c)). If a non-spouse beneficiary receives a distribution from the Plan, the distribution is not eligible for a "60-day" rollover.

(c) If the Participant's named beneficiary is a trust, the Plan may make a direct rollover to an individual retirement account on behalf of the trust, provided the trust satisfies the requirements to be a designated beneficiary within the meaning of Code §401(a)(9)(E).

(d) A non-spouse beneficiary may not roll over an amount which is a required minimum distribution, as determined under applicable Treasury regulations and other Revenue Service guidance. If the Participant dies before his or her required beginning date and the non-spouse beneficiary rolls over to an IRA the maximum amount eligible for rollover, the beneficiary may elect to use either the 5-year rule or the life expectancy rule, pursuant to Treas. Reg. §1.401(a)(9)-3, A-4(c), in determining the required minimum distributions from the IRA that receives the non-spouse beneficiary's distribution.

## **ARTICLE TWELVE**

### **PLAN ADMINISTRATION**

#### **12.1. THE ADVISORY COMMITTEE AND BENEFITS DEPARTMENT .**

(a) APPOINTMENT AND REMOVAL . The Corporation is the plan administrator, but it delegates its duties and responsibilities as such to the Benefits Department and the Advisory Committee, to the extent and in the manner set forth herein.

(i) The Advisory Committee shall consist of not less than three (3) members (who may be directors, officers or other employees of the Employers or Participants in this Plan). Such members shall be appointed from time to time by the President of the Corporation and shall serve at his pleasure. Each member may be dismissed by the President or his designee at any time by notice to the members of the Advisory Committee. A member of the Advisory Committee may resign at any time by delivering his written resignation to the President or his designee. The members of the Advisory Committee may be appointed to succeed themselves. The members of the Advisory Committee shall be compensated for their services to the extent determined by the President of the Corporation.

(ii) The Benefits Department is a sub-department within the Human Resources Department of U-Haul International, Inc. and the supervisors and/or managers working within the Benefits Department shall be primarily responsible for coordination of the Benefits Department's duties and responsibilities under the Plan.

(b) CHAIRMAN AND SECRETARY. The members of the Advisory Committee shall elect a chairman and shall also elect a secretary who may, but need not, be one of the members of the Advisory Committee. The secretary of the Advisory Committee or his designee shall record all acts and determinations of the Advisory Committee and shall preserve and retain custody of all such records, together with such other documents as may be necessary for the administration of the Plan or as maybe required by law.

(c) MEETINGS AND MAJORITY ACTION OF THE ADVISORY COMMITTEE. The Advisory Committee may adopt by-laws which, among other things provide for: the holding of meetings upon such notice, and at such place or places, and at such intervals as it may from time to time determine; that majority of the members of the Advisory Committee at any time in office shall constitute a quorum for the transaction of business; all resolutions or other actions taken by the Advisory Committee shall be by vote of a majority of the Advisory Committee at a meeting of the Advisory Committee or without a meeting by an instrument in writing signed by a majority of the members of the Advisory Committee.

## 12.2. POWERS OF THE ADVISORY COMMITTEE AND BENEFITS DEPARTMENT.

### (a) GENERAL POWERS.

(i) The Advisory Committee shall have the power and discretion to perform the administrative duties assigned to it and as described in this Plan and shall have all powers necessary to enable it to properly carry out such duties. To the extent not otherwise delegated pursuant to the Plan, the Advisory Committee shall be responsible for the general administration of the Plan.

(ii) The Benefits Department shall have the power and discretion to perform the administrative duties assigned to it and as described in this Plan or required for proper administration of the Plan and shall have all powers necessary to enable it to properly carry out such duties .

(b) BENEFIT PAYMENTS . Except as is otherwise provided hereunder, the Benefits Department shall determine the manner and time of payment of benefits under this Plan. All benefit disbursements by the Trustee shall be made upon the instructions of the Benefits Department. Benefits under this Plan will be paid only if the Benefits Department, in its capacity as a Plan Administrator, decides in its discretion that the applicant for such benefits is entitled to them.

(c) DECISIONS FINAL . All matters to be, decided by the Advisory Committee shall be decided by the Advisory Committee in the exercise of its discretion and shall be binding and conclusive upon all persons, unless arbitrary and capricious. All matters to be decided by the Benefits Department shall be decided by the Benefits Department in the exercise of its discretion and, unless arbitrary and capricious, shall be binding and conclusive upon all persons, unless arbitrary and capricious.

(d) REPORTING AND DISCLOSURE . The Benefits Department shall file all reports and forms lawfully required to be filed by the Benefits Department with any governmental agency or department, federal or state, and shall distribute any forms, reports, statements or plan descriptions lawfully required to be distributed to Participants and others by any governmental agency or department, federal or state.

(e) INVESTMENT . The Advisory Committee shall keep itself advised with respect to the investment of the Trust Fund. The Advisory Committee and/or Benefits Department shall have power to direct specific investments of the Trust Fund only where such power is expressly conferred by this Plan and only to the extent described in this Plan. All other investment duties shall be the responsibility of the Trustee.

### 12.3. CLAIMS .

(a) FILING OF CLAIM . A Participant or Beneficiary entitled to benefits need not file a written claim to receive benefits. If an Employee, Participant, Beneficiary or any other person is dissatisfied with the determination of his benefits, eligibility, participation or any other right or interest under this Plan, such person may file a written statement setting forth the basis of the claim with the Advisory Committee in a manner prescribed by the Advisory Committee. In connection with the determination of a claim, or in connection with review of a denied claim, the claimant may examine this Plan and any other pertinent documents generally available to Participants relating to the claim and may submit comments in writing.

(b) NOTICE OF DECISION. A written notice of the disposition of any such claim shall be furnished to the claimant within thirty (30) days after the claim is filed with the Advisory Committee, provided that the Advisory Committee may have an additional period to decide the claim if it advises the claimant in writing of the need for an extension and the date on which it expects to decide the claim. The notice of disposition of a claim shall refer, if appropriate, to pertinent provisions of this Plan, shall set forth in writing the reasons for denial of the claim if the claim is denied (including references to any pertinent provisions of this Plan), and where appropriate shall explain how the claimant can perfect the claim.

(c) REVIEW. If the claim is denied, in whole or in part, the claimant shall also be notified in writing that a review procedure is available. Thereafter, within ninety (90) days after receiving the written notice of the Advisory Committee's disposition of the claim, the claimant may request in writing, and shall be entitled to, a review meeting with the Advisory Committee to present reasons why the claim should be allowed. The claimant shall be entitled to be represented by counsel at the review meeting. The claimant also may submit a written statement of his claim and the reasons for granting the claim. Such statement may be submitted in addition to, or in lieu of, the review meeting with the Advisory Committee. The Advisory Committee shall have the right to request of and receive from a claimant such additional information, documents or other evidence as the Advisory Committee may reasonably require. If the claimant does not request a review meeting within ninety (90) days after receiving written notice of the Advisory Committee's disposition of the claim, the claimant shall be deemed to have accepted the Advisory Committee's written disposition, unless the claimant shall have been physically or mentally incapacitated so as to be unable to request review within the ninety (90) day period.

(d) DECISION FOLLOWING REVIEW. A decision on review shall be rendered in writing by the Advisory Committee ordinarily not later than sixty (60) days after review, and a written copy of such decision shall be delivered to the claimant. If special circumstances require an extension of the ordinary period, the Advisory Committee shall so notify the claimant. In any event, if a claim is not determined within one hundred twenty (120) days after submission for review, it shall be deemed to be denied.

(e) DECISIONS FINAL: PROCEDURES MANDATORY. To the extent permitted by law, a decision on review by the Advisory Committee shall be binding and conclusive upon all persons whomsoever. To the extent permitted by law, completion of the claims procedures described in this Section shall be a mandatory precondition that must be complied with prior to commencement of a legal or equitable action in connection with the Plan by a person claiming rights under the Plan or by another person claiming rights through such a person. The Advisory Committee may, in its sole discretion, waive these procedures as a mandatory precondition to such an action.

(f) APPEAL BY ARBITRATION. The following shall be effective for any claims filed on or after January 1, 2002:

(i) if the claimant is dissatisfied with the written decision of the Advisory Committee following review, he shall have the right to request a further appeal by arbitration of the matter in accordance with the then existing rules of the American Arbitration Association, provided the claimant submits a request for binding arbitration to the Advisory Committee, in writing, within sixty (60) days of receipt of the written review decision of the Advisory Committee.

(ii) such arbitration shall take place in state of Claimant's residence and the arbitrator or arbitrators shall be required to have expertise in employee benefit-related matters. The arbitrator or arbitrators shall be limited in their review of the denial of a claim to the standard of review a court of competent jurisdiction would employ under the same or similar circumstances in reviewing the denial of an employee benefit claim.

(iii) the determination in any such arbitration shall grant the prevailing party full and complete relief including the costs and expenses of arbitration (including reasonable attorneys fees). The arbitration determination shall be enforceable through any court of competent jurisdiction.

(iv) to the extent permitted by law, the procedures specified in this section 12.3 shall be the sole and exclusive procedure available to a claimant who is otherwise adversely affected by any action of the Advisory Committee. The Advisory Committee may, in its sole discretion, waive these procedures as a mandatory precondition to such an action.

(g) APPEAL OF DISABILITY BENEFIT DENIAL. The following procedure shall be effective as of January 1, 2003 and shall apply only to the extent a Participant in the Plan is not also a participant in the Amerco Disability Plan. A Participant who is also a participant in the Amerco Disability Plan shall be subject to the appeal provisions thereof:

(a) Any claim for disability benefits shall be made to the Advisory Committee. If the Advisory Committee denies a claim, or reduces or terminates disability benefits prior to the expiration of the fixed payment period (an "Adverse Determination"), the Advisory Committee shall provide notice to the claimant, in writing, within forty five (45) days of receipt of the claim.

This period may be extended by the Plan for up to thirty (30) days, provided the Advisory Committee both determines it is necessary due to matters beyond the control of the Plan and notifies the claimant, in writing, prior to the expiration of the initial forty-five (45)

day period, of the circumstances requiring the extension and the date the Advisory Committee expects to render a decision. If, prior to the expiration of the first thirty (30) day extension period, the Advisory Committee determines a decision can not be reached due to matters beyond the control of the Plan, the period for making a determination may be extended for an additional thirty (30) days provided the Advisory Committee notifies the claimant, in writing, prior to the expiration of the initial thirty (30) day extension period and the date the Advisory Committee expects to render a decision.

In the case of any extension, the notice of extension shall specifically explain the standards on which entitlement to a benefit is based, the unresolved issues that prevent the rendering of a decision on the claim and the additional information needed to resolve those issues. The claimant shall be afforded at least forty five (45) days within which to provide any such information required by the Advisory Committee. If the Advisory Committee does not notify the claimant of the denial of the claim within the period(s) specified above, then the claim shall be deemed denied.

The notice of an Adverse Determination shall be written in a manner calculated to be understood by the claimant and shall set forth:

- (1) the specific reason or reasons for the Adverse Determination, including the identity of any medical or vocation experts whose advice was obtained in connection with the Adverse Determination, regardless of whether the advice was relied upon in making the Adverse Determination;
- (2) specific references to the pertinent Plan provisions on which the Adverse Determination is based;
- (3) a description of any additional material or information necessary for the claimant to perfect the claim and an explanation as to why such information is necessary;
- (4) an explanation of the Plan's review procedure and the time limits applicable to such procedures, including a statement of the claimant's right to bring a civil action under Section 502(a) of the Act following an adverse determination on review; and
- (5) (A) If an internal rule, guideline, protocol, or other similar criterion was relied upon in making the Adverse Determination, either a copy of the specific rule, guideline, protocol, or other similar criterion; or a statement that such a rule, guideline,

protocol, or other similar criterion was relied upon in making the Adverse Determination, will be provided to the Participant free of charge upon request; or

(B) If the Adverse Determination is based on medical necessity or experimental treatment or similar exclusion or limit, either an explanation of the scientific or clinical judgment for the determination, applying the terms of the Plan to the claimant's medical circumstances, or a statement that such explanation will be provided free of charge upon request.

(b) Within one hundred eighty (180) days after receipt of the above material, the claimant shall have a reasonable opportunity to appeal the Adverse Determination to the Claims Review Board for a full and fair review. The claimant or his/her duly authorized representative may:

- (1) request a full and fair review of the claim and the Adverse Determination upon written notice to the Advisory Committee;
- (2) request review of pertinent documents, records; and other information relevant to the claim
- (3) submit issues, written comments, documents, records and other information relevant to the claim.

In deciding an appeal of any Adverse Determination based in whole or in part on a medical judgment, the Claims Review Board shall consult with a health care professional who has appropriate training and experience in the field of medicine involved in the medical judgment. Such health care professional shall not have been involved in rendering the Adverse Determination nor the subordinate of any person involved in rendering the Adverse Determination.

(c) A decision on the review by the Claims Review Board will be made not later than forty five (45) days after receipt of a request for review, unless special circumstances require an extension of time for processing (such as the need to hold a hearing), in which event a decision should be rendered as soon as possible, but in no event later than ninety (90) days after such receipt. The decision of the Claims Review Board shall be written and shall include specific reasons for the decision, written in a manner calculated to be understood by the claimant and shall set forth:

- (1) the specific reason or reasons for the decision;



- (2) specific references to the pertinent Plan provisions on which the decision is based;
- (3) a statement that the claimant is entitled to receive upon request, free of charge, reasonable access to and copies of, all materials and information relevant to the claim for benefits;
- (4) a statement of the plan's voluntary arbitration procedures and the claimant's right to bring a civil action under Section 502(a) of the Act; and
- (5) (A) If an internal rule, guideline, protocol, or other similar criterion was relied upon in making the decision, either a copy of the specific rule, guideline, protocol, or other similar criterion; or a statement that such a rule, guideline, protocol, or other similar criterion was relied upon in making the decision, will be provided to the claimant free of charge upon request; or  
  
(B) If the decision based on medical necessity or experimental treatment or similar exclusion or limit, either an explanation of the scientific or clinical judgment for the determination, applying the terms of the Plan to the claimant's medical circumstances, or a statement that such explanation will be provided free of charge upon request.

(d) In the event a claimant is not satisfied with the results of an appeal as set forth above, in lieu of the right to bring a civil action in Federal court under ERISA Section 502(a), the claimant shall have the option to appeal the matter to voluntary binding arbitration in accordance with the employee benefit claim arbitration rules of the American Arbitration Association. In order to take advantage of this voluntary arbitration the claimant must submit a request for voluntary arbitration to the Advisory Committee, in writing, within ninety (90) days of receipt of the written appeal decision. Any voluntary binding arbitration proceeding shall be conducted in the claimant's home state.

(e) Along with the written decision of the Claims Review Board on the secondary appeal, the claimant shall be provided with sufficient information to make an informed decision about whether to submit a claim to voluntary binding arbitration. This information shall include, but not be limited to:

- (i) a statement that the decision whether to arbitrate a claim will have no effect on rights to any other benefits under the Plan;
- (ii) notice of the right to representation;
- (iii) notice of the right to bring a civil action in federal court under ERISA Section 502(a) in lieu of voluntary binding Arbitration;
- (iv) a statement that the Plan will not assert that failure exhaust administrative remedies in any federal court action in the event you the claimant elects not to pursue voluntary binding arbitration;
- (v) the applicable arbitration rules; and
- (vi) the arbitrator selection process.

(f) If a claimant decides to utilize the voluntary binding arbitration, the Claims Review Board shall submit to the arbitrator or arbitrators, when selected, a copy of the record upon which the appeal decision was made. The arbitrator or arbitrators shall be limited in their review of the denial of a claim to the same standard of review a court of competent jurisdiction would employ under similar circumstances. No fees or costs, other than the claimant's representative's legal and/or advisory fees, costs and disbursements shall be imposed on the claimant as part of this voluntary arbitration process.

#### 12.4. THE TRUSTEE.

The Administrative Trustee shall be appointed under and shall be governed by the provisions of the Trust Agreement.

#### 12.5. SCOPE OF RESPONSIBILITY.

(a) GENERAL. The Corporation and other Employers, the Advisory Committee, the Benefits Department and the Trustees shall perform the duties respectively assigned to them under the Plan, the Trust Agreement or pursuant to the written directions of the Board, and shall not be responsible for performing duties assigned to others under the terms and provisions of the Plan or the Trust Agreement or assigned to others pursuant to the written directions of the Board. No inference of approval or disapproval is to be made from the inaction of any party described above or the employee or agent of any of them with regard to the action of any other such party.

(b) CONFLICTS. No member of the Advisory Committee may act, vote or otherwise influence the Advisory Committee regarding his own eligibility, participation, status or rights under the Plan.

(c) ADVISOR. The Corporation, Benefits Department, Advisory Committee and Trustee shall have the authority to employ advisors, legal counsel, accountants and investment managers in connection with the administration of the Plan, and may delegate to others as permitted herein. To the extent permitted by applicable law, the Corporation, Benefits Department, the Advisory Committee and the Trustees shall not be liable for complying with the directions of any advisors, legal counsel, accountants and investment manager, appointed pursuant to this Section. The Corporation, Benefits Department, other Employers, the Advisory Committee and the Trustees shall not be responsible or liable for any loss resulting from the investment directions of Participants and do not guarantee the Trust Fund against investment loss or depreciation in asset value.

(d) MULTIPLE CAPACITIES. Persons, organizations or corporations acting in a position of any fiduciary responsibility with respect to the Plan and/or the Trust Fund may serve in more than one (1) fiduciary capacity.

(e) ALLOCATION OF RESPONSIBILITIES. The, Benefits Department or the Advisory Committee from time to time may allocate to one (1) or more of the members of the Advisory Committee and may delegate to any other persons or organizations any of the rights, powers, duties and responsibilities of the Benefits Department or the Advisory Committee, respectively, with respect to the operation and administration of the Plan, and the Benefits Department may employ and authorize any person to whom any of its fiduciary responsibility has been delegated to employ persons to render advice with regard to any fiduciary responsibility held hereunder.

(f) INDEMNIFICATION. To the extent permitted by law, the Employers shall and do hereby jointly and severally indemnify and agree to hold harmless their employees, agents and members of the Advisory Committee and employees of the Benefits Department, from all loss, damage or liability, joint or several (including payment of expenses in connection with defense against any such claim) for their acts, omissions and conduct, and for the acts, omissions and conduct of their duly appoint agents, which acts, omissions or conduct constitute or are alleged to constitute a breach of such individual's fiduciary or other responsibilities under the Act or any other law, except for those acts, omissions or conduct resulting from his own willful misconduct, willful failure to act, or gross negligence; provided, however, that if any party would otherwise be entitled to indemnification hereunder in respect of any liability and such party shall be insured against loss as a result of such liability by any insurance contract or contracts, such party shall be entitled to indemnification

hereunder only to the extent by which the amount of such liability shall exceed the amount thereof payable under such insurance contract or contracts.

(g) INSURANCE. The Employers may obtain insurance covering themselves and others for breaches of fiduciary obligations under this Plan to the extent permitted by law, and nothing in this Plan shall restrict the right of any person to obtain such insurance for himself in connection with the performance of his duties under this Plan. The Corporation, the Advisory Committee, the Benefits Department and the Trustee shall be the Named Fiduciaries under the Plan, and the Corporation shall be the plan administrator.

12.6. EXPENSES.

Any brokerage commissions, transfer taxes and other charges and expenses in connection with the purchase and sale of securities or other property for a Fund shall be charged to such Fund. Any income taxes or other taxes payable with respect to a Fund shall likewise be charged to that Fund. Any other expenses associated with the administration of the Plan or the Trust Fund shall be paid from the Trust Fund if not paid by the Corporation or an Affiliated Company.

12.7. TRUST AGREEMENT.

The Board shall maintain a Trust Agreement pursuant to which the Administrative Trustee shall be appointed providing for the general administration of the Trust Fund in such form as the Board may deem appropriate. The Trust Agreement shall contain such terms as the Board may deem appropriate, including, but not limited to, provisions with respect to the powers and authority of the Administrative Trustee and the authority of the Board to amend the Trust Agreement, to terminate the trust and to settle the accounts of the Administrative Trustee on behalf of all persons having an interest in the Trust Fund. The Trust Agreement shall form a part of the Plan and any and all rights and benefits which may accrue to any persons under the Plan shall be subject to all the terms and provisions of the Trust Agreement.

**ARTICLE THIRTEEN**

**AMENDMENT, MERGER AND TERMINATION**

13.1. AMENDMENT OF PLAN AND TRUST AGREEMENTS.

The Plan and the Trust Agreement may be amended at any time and from time to time by an instrument in writing executed pursuant to authority granted by the Board, and/or in the

case of amendments required by changes in the law or those having a minimal financial impact to the Plan or Trust Agreements, by the President of the Corporation or such persons as may be authorized by the Board. No amendment shall substantially increase the duties and liabilities of the members of the Advisory Committee and Trustee then serving without their written consent. Any such amendment may be in whole or in part and may be prospective or retroactive; provided, however, that no amendment shall be effective to the extent it shall have the effect of reverting to the Corporation or any other Employer the whole or any part of the principal or income of the Trust Fund or of diverting any part of the principal or income of the Trust Fund to purposes other than for the exclusive benefit of the Participants or their Beneficiaries. No such amendment shall diminish the rights of any Participant with respect to contributions made by him prior to the date of such amendment.

13.2. MERGER OR CONSOLIDATION.

In the event of merger or consolidation of this Plan with another stock bonus plan, employee stock ownership plan, profit sharing plan, pension plan or other plan, or a transfer of assets or liabilities of the Trust Fund to any other such fund, each Participant shall have a right to a benefit immediately after such merger, consolidation or transfer (if the Plan was then terminated) that is at least equal to, and may be greater than, the benefit to which he had a right immediately before such merger, consolidation or transfer (if the Plan was then terminated).

13.3. DISCONTINUANCE AND TERMINATION OF PLAN.

The Board shall have the right to terminate the Plan and to direct distribution of the Trust Fund. In the event of termination of the Plan, the Board shall have the power to terminate contributions by appropriate resolution. A certified copy of such resolution or resolutions shall be delivered to the Advisory Committee. In the event of termination of the Plan or discontinuance of contributions (and the Employer does not establish or maintain a successor defined contribution plan, in accordance with the provisions set forth in Treasury Regulations Section 1.401(k)-1(d)(3)), the Board may direct the Advisory Committee to instruct the Benefits Department and the Trustee to make distribution to the Participants as soon as practicable in the same manner as if their employment with the Employer had then terminated, or the Board may direct that the Plan shall be continued without any further contributions. No distributions shall be made after termination of contributions by the Employers until a reasonable time after the Corporation has received from the United States Treasury Department a determination under the provisions of the Code as to the effect of such termination or discontinuance upon the qualification of the Plan. In the event such determination is unfavorable, then prior to making any distributions hereunder, the Administrative Trustee and the Benefits Department shall pay any Federal or state income taxes due because of the income of the Trust Fund and shall then distribute the balance in the

manner above provided. The Corporation may, by written notice delivered to the Administrative Trustee, the Benefits Departments and the Advisory Committee, waive the Corporation's right hereunder to apply for such a determination, and if no application for determination shall have been made within sixty (60) days after the date specified in the terminating resolution or after the date of discontinuance of contributions, the Corporation shall be deemed to have waived such right. A mere suspension of contributions by the Employers shall not be construed as discontinuance thereof. In the event of a complete or partial termination of the Plan, or complete discontinuance of contributions under the Plan, the Account balances of each affected Participant shall be non-forfeitable to the extent funded.

13.4. SUCCESSORS.

In case of the merger, consolidation, liquidation, dissolution or reorganization of an Employer, or the sale by an Employer of all or substantially all of its assets, provision may be made by written agreement between the Corporation and any successor corporation acquiring or receiving a substantial part of the Employer's assets, whereby the Plan will be continued by the successor. If the Plan is to be continued by the successor, then effective as of the date of the applicable event the successor corporation shall be substituted for the Employer under the Plan. The substitution of a successor corporation for an Employer will not in any way be considered a termination of the Plan.

**ARTICLE FOURTEEN**

**INALIENABILITY OF BENEFITS**

14.1. NO ASSIGNMENT PERMITTED.

(a) GENERAL PROHIBITION. No Participant or Beneficiary, and no creditor of a Participant or Beneficiary, shall have any right to assign, pledge, hypothecate, anticipate or in any way create a lien upon the Trust Fund. All payments to be made to Participants or their Beneficiaries shall be made only upon their personal receipt or endorsement, except as provided in Section 11.7, and no interest in the Trust Fund shall be subject to assignment or transfer or otherwise be alienable, either by voluntary or involuntary act or by operation of law or equity, or subject to attachment, execution, garnishment, sequestration, levy or other seizure under any legal, equitable or other process, or be liable in any way for the debts or defaults of Participants and Beneficiaries except as allowed under section 401(a) (13) of the Code.

(b) PERMITTED ARRANGEMENTS. This Section shall not preclude arrangements for the withholding of taxes from benefit payments, arrangements for the

recovery of benefit overpayments, arrangements for the transfer of benefit rights to another plan, or arrangements for direct deposit of benefit payments to an account in a bank, savings and loan association or credit union (provided that such arrangement is not part of an arrangement constituting an assignment or alienation). A Participant may also grant the Administrative Trustee a security interest in his Accounts as collateral for the repayment of a loan to the Participant pursuant to and in accordance with Section 6.5. Additionally, this Section shall not preclude: (1) arrangements for the distribution of the benefits of a Participant or Beneficiary pursuant to the terms and provisions of a Qualified Domestic Relations Order in accordance with the following provisions of this ARTICLE FOURTEEN; or (2) effective for Plan Years commencing on or after August 5, 1997, the offsetting of benefits of a Participant or Beneficiary as permitted by Code Section 401(a) (13)(C).

14.2. QUALIFIED DOMESTIC RELATIONS ORDERS.

(a) DEFINITIONS. A Qualified Domestic Relations Order is any judgment, decree, or order (including an order approving a property settlement agreement) which relates to the provision of child support, alimony, or marital property rights to a spouse, child, or other dependent of a Participant and which is entered or made pursuant to the domestic relations or community property laws of any State and which creates or recognizes the right of an "alternate payee" to receive all or a portion of the benefits payable with respect to a Participant under this Plan or assigns to an "alternate payee" the right to receive all or a portion of said benefits. For purposes of this ARTICLE FOURTEEN, an "alternate payee" is the spouse, former spouse, child or other dependent of a Participant who is recognized by a Qualified Domestic Relations Order as having the right to receive all or a portion of the benefits payable under the Plan with respect to the Participant.

(b) REQUIREMENTS. In accordance with Section 414(p) of the Code, a judgment, decree or order (hereinafter collectively referred to as an "order") shall not be treated as a Qualified Domestic Relations Order unless it satisfies all of the following conditions:

(1) The order clearly specifies the name and last known mailing address (if any) of the Participant and the name and last known mailing address of each alternate payee covered by the order, the amount or percentage of the Participant's benefits to be paid to each alternate payee or the manner in which such amount or percentage is to be determined, and the number of payments or period to which such order applies.

(2) The order specifically indicates that it applies to this Plan.

(3) The order does not require this Plan to provide any type or form of benefit, or any option, not otherwise provided under the Plan, and it does not require the Plan to provide increased benefits (determined on the basis of actuarial value).

(4) The order does not require the payment of benefits to an alternate payee which are required to be paid to another alternate payee under another order previously determined to qualify as a Qualified Domestic Relations Order.

(c) Effective April 6, 2007, a domestic relations order that otherwise satisfies the requirements for a qualified domestic relations order will not fail to be a QDRO: (i) solely because the order is issued after, or revises, another domestic relations order or QDRO; or (ii) solely because of the time at which the order is issued, including issuance after the annuity starting date or after the Participant's death. Such a domestic relations order is subject to the same requirements and protections that apply to QDROs .

#### 14.3. EARLY COMMENCEMENT OF PAYMENTS TO ALTERNATE PAYEES .

(a) EARLY PAYMENTS . An order requiring payment to an alternate payee before a Participant has separated from employment may qualify as a Qualified Domestic Relations Order even if it requires payment prior to the Participant's "earliest retirement age." For purposes of this Section, "earliest retirement age" shall mean the earlier of (i) the date on which the Participant attains age fifty (50) or (ii) the earliest date on which the Participant could begin receiving benefits under the Plan if the Participant separated from service. If the Order requires payments to commence prior to a Participant's actual retirement, the amounts of the payments must be determined as if the Participant had retired on the date on which such payments are to begin under such order, but taking into account only the present account balances at that time.

(b) ALTERNATE PAYMENT FORMS . The order may call for the payment of benefits to an alternate payee in any form in which benefits may be paid under the Plan to the Participant, other than in the form of a joint and survivor annuity with respect to the alternate payee and his or her subsequent spouse.

#### 14.4. PROCESSING OF QUALIFIED DOMESTIC RELATIONS ORDERS .

(a) NOTICE . The Benefits Department shall promptly notify the Participant and any alternate payee who may be entitled to benefits pursuant to a previously received Qualified Domestic Relations Order or the receipt of any order which could qualify as a



Qualified Domestic Relations Order. At the same time, the Benefits Department shall advise the Participant and any alternate payees (including the alternate payee designated in the order) of the provisions of this Section relating to the determination of the qualified status of such orders.

(b) QUALIFIED NATURE OF ORDER. Within a reasonable period of time after receipt of a copy of the order, the Benefits Department shall determine whether the order is a Qualified Domestic Relations Order and notify the Participant and each alternate payee of its determination. The determination of the status of an order as a Qualified Domestic Relations Order shall be made in accordance with such uniform and nondiscriminatory rules and procedures as may be adopted by the Benefits Department from time to time. If benefits are presently being paid with respect to a Participant named in an order which may qualify as a Qualified Domestic Relations Order or if benefits become payable after receipt of the order, the Benefits Department shall notify the Trustee to segregate and hold the amounts which would be payable to the alternate payee or payees designated in the order if the order is ultimately determined to be a Qualified Domestic Relations Order. If the Benefits Department determines that the order is a Qualified Domestic Relations Order within eighteen (18) months of receipt of the order, the Benefits Department shall instruct the Trustee to pay the segregated amounts (plus any earnings thereon) to the alternate payee specified in the Qualified Domestic Relations Order. If within the same eighteen (18) month period the Benefits Department determines that the order is not a Qualified Domestic Relations Order or if the status of the order as a Qualified Domestic Relations Order is not resolved, the Benefits Department shall instruct the Trustee to pay the segregated amounts (plus any earnings thereon) to the person or persons who would have been entitled to such amounts if the order had not been entered. If the Benefits Department determines that an order is a Qualified Domestic Relations Order after the close of the eighteen (18) month period mentioned above, the determination shall be applied prospectively only. The determination of the Benefits Department as to the status of an order as a Qualified Domestic Relations Order shall be binding and conclusive on all interested parties, present and future, subject to the claims review provisions of Section 12.3.

14.5. RESPONSIBILITY OF ALTERNATE PAYEES.

Any person claiming to be an alternate payee under a Qualified Domestic Relations Order shall be responsible for supplying the Benefits Department with a certified or otherwise authenticated copy of the order and any other information or evidence that the Benefits Department deems necessary in order to substantiate the individual's claim or the status of the order as a Qualified Domestic Relations Order.

**ARTICLE FIFTEEN**

## **GENERAL PROVISIONS**

### **15.1. SOURCE OF PAYMENT.**

Benefits under the Plan shall be payable only out of the Trust Fund and the Corporation and other Employers shall have no legal obligation, responsibility or liability to make any direct payment of benefits under the Plan. Neither the Corporation, any other Employer, the Advisory Committee, the Benefits Department nor the Administrative Trustee guarantee the Trust Fund against any loss or depreciation or guarantees the payment of any benefits hereunder. No persons shall have any rights under the Plan with respect to the Trust Fund or against the Administrative Trustee, the Advisory Committee, Benefits Department, the Corporation or any Employer, except as, specifically provided for herein.

### **15.2. BONDING.**

The Corporation shall procure bonds for every "bondable fiduciary" in an amount not less than ten percent (10%) of the amount of funds handled and in no event less than One Thousand Dollars (\$1,000.00), except the Corporation shall not be required to procure such bonds if the person is exempted from the bonding requirement by law or regulation or if the Secretary of Labor exempts the Trust from the bonding requirements. The bonds shall conform to the requirements of the Act and regulations thereunder. For purposes of this Section, the term "bondable fiduciary" shall mean any person who handles funds or other property of the Trust Fund.

### **15.3. EXCLUSIVE BENEFIT.**

Except as otherwise provided herein or in the Trust Agreement, it shall be impossible for any part of the Trust Fund to be used for, or diverted to purposes other than for the exclusive benefit of Participants and their Beneficiaries, except that payment of taxes and administration expenses may be made from the Trust Fund as provided in the Trust Agreement.

### **15.4. UNIFORM ADMINISTRATION EXERCISE OF DISCRETION.**

Whenever in the administration of the Plan any action is required by the Advisory Committee, the Administrative Trustee or the Benefits Department including, but not limited to, action with respect to valuation, such action shall be uniform in nature as applied to all persons similarly situated and no such action shall be taken which will discriminate in favor of Highly Compensated Employees. All actions to be taken by the Advisory Committee, the

Benefits Department or the Administrative Trustee shall be taken in the exercise of their discretion and shall be binding and conclusive on all persons.

15.5. NO RIGHT TO EMPLOYMENT .

Participation in the Plan or as a Beneficiary shall not give any person the right to be retained in the employ of the Corporation or any other Employer nor, upon dismissal, to have any right or interest in the Trust Fund other than as provided in the Plan.

15.6. HEIRS AND SUCCESSORS .

All of the provisions of this Plan shall be binding upon all persons, who shall be entitled to any benefits hereunder, and their heirs and legal representatives.

15.7. ASSUMPTION OF QUALIFICATION .

Unless and until advised to the contrary, the Advisory Committee, the Benefits Department and the Administrative Trustee may assume that the Plan is a qualified plan under the provisions of the Code relating to such plans, and that the Trust Fund is entitled to exemption from income tax under such provisions.

15.8. EFFECT OF AMENDMENT .

This Plan is not a new plan succeeding the Plan as constituted prior to the Effective Date, but is an amendment and restatement of the Plan as so constituted. The amount, right to and form of any benefits under this Plan, if any, of each person who is an Employee after the Effective Date, or the persons who are claiming through such an Employee, shall be determined under this Plan. The amount, right to and form of benefits, if any, of each person who separated from employment with the Employer prior to the Effective Date, or of persons who are claiming benefits through such a former Employee, shall be determined in accordance with the provisions of the Plan in effect on the date of termination of his employment, except as may be otherwise expressly provided under this Plan, unless he shall again become an Employee after the Effective Date.

15.9. COMPLIANCE WITH SECTION 414(U) OF THE CODE . Notwithstanding any provision of the Plan to the contrary, contributions, benefits and service credit with respect to qualified military service will be provided in accordance with Section 414(u) of the Code effective December 12, 1994.

**IN WITNESS WHEREOF** , AMERCO has caused this Plan to be executed and its corporate seal to be hereunto affixed by its duly authorized officers, this 1<sup>st</sup> day of January, 2010.

AMERCO

By: \_\_\_\_\_

Its: \_\_\_\_\_

**ATTEST:**

By: \_\_\_\_\_

Its: \_\_\_\_\_



**AMENDED AND RESTATED AMERCO  
EMPLOYEE STOCK OWNERSHIP PLAN**

**PREAMBLE AND INTRODUCTION**

On March 16, 1973, AMERCO, a Nevada corporation (the "Corporation") established the AMERCO Profit Sharing Retirement Trust (the "Profit Sharing Plan") for certain of its employees. The Profit Sharing Plan was subsequently amended from time to time. Effective April 1, 1984, the Corporation established the AMERCO Employee Savings and Protection Plan (the "Savings Plan") to permit employee contributions to be made on a favorable tax basis through utilization of the provisions of Section 401(k) of the Internal Revenue Code (the "Code"). The Savings Plan was subsequently amended from time to time. Effective January 1, 1988, the Profit Sharing Plan and the Savings Plan were merged into a single plan called the "AMERCO Retirement Savings and Profit Sharing Plan" (the "Profit Sharing Plan").

Effective as of July 24, 1988, AMERCO established an "employee stock ownership plan" (as defined in Section 407(d)(6) of the Employee Retirement Income Security Act of 1974 (the "Act") and Section 4975(e)(7) of the Code) designed to invest primarily in "qualifying employer securities" (as defined in Section 407(d)(5) of the Act and Section 4975(e)(8) of the Code) of the Corporation (the "ESOP"). At the time, the ESOP was contained in a single document with the Profit Sharing Plan and became known as the "AMERCO Employee Savings, Profit Sharing and Employee Stock Ownership Plan." Notwithstanding the fact that the ESOP was contained in a single document, it was in fact a "stand alone" plan.

The AMERCO Employee Savings, Profit Sharing and Employee Stock Ownership Plan was subsequently amended and restated in its entirety effective January 1, 1989 to comply with the Tax Reform Act of 1986 ("TRA 86") and to make certain other modifications. The AMERCO Employee Savings, Profit Sharing and Employee Stock Ownership Plan was then amended on four occasions.

The AMERCO Employee Savings, Profit Sharing and Employee Stock Ownership Plan was then amended and restated in its entirety to comply with the Small Business Job Protection Act of 1996 ("SBJPA"), the Uniformed Services Employment and Reemployment Rights Act of 1994 ("USERRA"), the Taxpayer Relief Act of 1997 ("TRA 97")

The AMERCO Employee Savings, Profit Sharing and Employee Stock Ownership Plan was subsequently amended to comply with GUST and EGTRRA legislative changes and to make certain other modifications.

Effective January 1, 2007, the ESOP (hereinafter the "Plan") was amended and restated in its entirety in a separate plan document to incorporate certain amendments, and make certain administrative as well as other miscellaneous changes. The AMERCO Employee Savings and Profit Sharing Plan was also be restated and amended in its entirety as a separate plan document (the "Employee Savings and Profit Sharing Plan").

It is the intention of the Corporation that the ESOP shall continue to be qualified under the provisions of Section 401 (a) of the Code and that the Trust Fund maintained pursuant to the ESOP shall continue to be exempt from taxation pursuant to Section 501(a) of the Code. The Plan shall be qualified as an employee stock ownership plan.

## **ARTICLE ONE**

### **EFFECTIVE DATE**

#### **1.1. EFFECTIVE DATE**

Except as specifically provided with respect to a particular provision of the ESOP, the provisions of this amended and restated ESOP shall be effective January 1, 2010 or such other date as determined by the Board of Directors of AMERCO.

## **ARTICLE TWO**

### **DEFINITIONS AND CONSTRUCTION**

#### **2.1. DEFINITIONS**

When a word or phrase shall appear in this ESOP with the initial letter capitalized, and the word or phrase does not commence a sentence, the word or phrase shall generally be a term defined in this Section 2.1 or in the Preamble. The following words and phrases utilized in the Plan with the initial letter capitalized shall have the meanings set forth in this Section 2.1, unless a clearly different meaning is required by the context in which the word or phrase is used:

(a) " ACCOUNTING DATE " - The Accounting Date shall be the last day of each calendar month. The Accounting Date shall also be any other date so designated by the Advisory Committee.

(b) " ACCOUNT " - The ESOP Account of a Participant.

(c) “ ADVISORY COMMITTEE ” - The Committee appointed by the President of AMERCO pursuant to Section 12.1 to serve as the Advisory Committee.

(d) “ AFFILIATE ” - Any member of a "controlled group of corporations" (within the meaning of Section 414(b) of the Code as modified by Section 415(h) of the Code) that includes the Employer as a member of the group; any member of an "affiliated service group" (within the meaning of Section 414(m)(2) of the Code) that includes the Employer as a member of the group; any member of a group of trades or businesses under common control (within the meaning of Section 414(c) of the Code as modified by Section 415(h) of the Code) that includes the Employer as a member of the group; and any other entity required to be aggregated with the Employer pursuant to regulations issued by the United States Treasury Department pursuant to Section 414(o) of the Code.

(e) “ ANNIVERSARY DATE ” - January 1 of each calendar year.

(f) “ ANNUAL ADDITION ” - The sum of the following amounts allocable for a Plan Year to a Participant under this Plan or under any defined contribution plan or defined benefit plan maintained by the Employer or any Affiliate:

(1) The Employer contributions allocable for a Plan Year to the Accounts of the Participant under this Plan or any other defined contribution plan, including any amount allocable from a suspense account maintained pursuant to such plan on account of a prior Plan Year (computed as though no part of the ESOP Contribution is allocable to the Loan Suspense Account); amounts deemed to be Employer contributions pursuant to a cash-or-deferred arrangement qualified under Section 401(k) of the Code; and amounts allocated to a medical account which must be treated as annual additions pursuant to Section 415(1)(1) or Section 419A(d)(2) of the Code;

(2) All nondeductible Employee contributions allocable during a Plan Year to the Account of the Participant; and

(3) Forfeitures allocable for a Plan Year to the Account of the Participant.

Any rollover contributions or transfers from other qualified plans, restorations of forfeitures, or other items similarly enumerated in Treasury Regulation Section 1.415-6(b)(3) shall not be considered in calculating a Participant's Annual Additions for any Plan Year.



(g) “ AUTHORIZED OR APPROVED LEAVE OF ABSENCE ” - A leave of absence from the performance of active service for an Employer that is approved by the Employer in accordance with the Employer's rules regarding leave of absence. An Authorized Leave of Absence shall include an approved leave of absence for sickness or Disability. An absence from employment as a result of an Employee's service as a member of the armed forces of the United States shall also be treated as an Authorized Leave of Absence upon the Employee's return to employment with the Employer, provided that the Employee left employment with his Employer directly to enter the armed forces and returns directly to the employment of an Employer within the period during which his employment rights are protected by the Selective Service Act (or any similar law) as now in effect or as hereafter amended. Absence shall be deemed to be approved by an Employer for any period of an Employee's Disability prior to his separation from employment.

(h) “ BENEFICIARY ” - The person or persons designated by a Participant to receive benefits under the Plan in the event of the death of the Participant.

(i) “ BENEFIT COMMENCEMENT DATE ” - The first day on which all events (including the passing of the day on which benefit payments are scheduled to commence) have occurred which entitle the Participant to receive his first benefit payment from the Plan.

(j) “ BENEFITS DEPARTMENT ” – The department within the Human Resources Department of U-Haul International, Inc. responsible for the administration and record-keeping associated with this Plan.

(k) “ BOARD ” - The Board of Directors of the Corporation.

(l) “ BREAK IN CONTINUOUS SERVICE ” - A twelve (12) continuous month period, commencing with an Employee's Termination Date, in which the Employee is not credited with at least one (1) Hour of Service.

(m) “ CANADIAN AFFILIATE ” - Any corporation or company wholly owned by AMERCO which does business in Canada.

(n) “ CLAIMS REVIEW BOARD ” – the Committee appointed by the President of AMERCO to review certain decisions of the Advisory Committee pursuant to Section 12.3 of the Plan

(o) “ COMPENSATION ” - Effective for Plan Years beginning on or after January 1, 1993, the term “Compensation” shall mean all of the Participant's wages within the meaning of Section 3401(a) of the Code and all payments of compensation to the Employee by the Employer (in the course of the Employer's trade or business) for which the Employer is

required to furnish the Employee a written statement under Sections 6041(d), 6051(a)(3) and 6502 of the Code, determined without regard to any rules under Section 3401(a) that limit the remuneration included in wages based on the nature or location of the employment or the services performed. For purposes of this paragraph, Compensation for a Plan Year is the Compensation actually paid or includable in gross income during such year. Notwithstanding the foregoing, Compensation in excess of One Hundred Fifty Thousand Dollars (\$150,000) shall be disregarded for all purposes for each Plan Year. The limitations specified in the preceding sentence shall be adjusted to take into account any cost-of-living increase adjustment for that Plan Year allowable pursuant to the applicable regulations or rulings of the United States Treasury Department under Section 401(a)(17) of the Code. If an Employee receives any payments from an Affiliate which would be treated as Compensation if paid by the Employer, such amounts shall be included in calculating the Employee's Compensation for purposes of Section 415 of the Code and the corresponding provisions of this Plan. Any amounts paid to an Employee by an Affiliate shall be disregarded for all other purposes under this Plan unless the Affiliate making the payment has elected to provide benefits to its employees pursuant to this Plan. Effective for Plan Years beginning on or after January 1, 1998, the term "Compensation shall also include, for all purposes, except for the purpose of making allocations under Top Heavy Plans pursuant to Section 8.2, amounts which are not currently includable in the Participant's gross taxable income by reason of the application of Sections 125, 402(a)(8) or 4020i(1)(B) of the Code, if such amounts are attributable to the performance of services for the Employer or any Affiliate. The annual compensation of each participant taken into account in determining allocations for any Plan Years beginning after December 31, 2001, shall not exceed \$200,000, as adjusted for cost-of-living increases in accordance with Section 401(a)(17)(B) of the Code.

(p) “ CONTINUOUS SERVICE ” - The aggregated service of the Employee measured in years and completed calendar months, based on the Employee's period of elapsed time of employment determined in accordance with Section 3.3 and the applicable regulations of the United States Treasury Department.

(q) “ CORPORATION ” OR “ COMPANY ” – AMERCO, a Nevada Corporation.

(r) “ DISABILITY ” - A continuous period of absence resulting from accidental bodily injury, sickness, mental illness or substance abuse that, in the judgment of the Advisory Committee, supported by the written opinion of a licensed physician (who may be designated by the Advisory Committee), prevents a Participant from performing the essential duties of his own occupation or a reasonable alternative made available by the Company. If a Participant is also a participant in the Amerco Disability Plan, a determination of disability thereunder shall be binding upon, and be deemed a determination of Disability for all purposes hereunder.

(s) “ EARNINGS ” - The term "Earnings" shall mean all of the Participant's wages within the meaning of Section 3401(a) of the Code and all payments of compensation to the Employee by the Employer (in the course of the Employer's trade or business) for which the Employer is required to furnish the Employee a written statement under Sections 6041(d), 6051(a)(3) and 6502 of the Code, determined without regard to any rules under Section 3401(a) that limit the remuneration included in wages based on the nature or location of the employment or the services performed. "Earnings" shall also include the amount of any pre-tax contributions that would have been paid to the Participant as current Earnings reportable on Internal Revenue Service Form W-2 but for the Participant's election to direct pre-tax contributions. Only Earnings paid during periods of actual Plan participation shall be includable as Earnings hereunder. Notwithstanding the foregoing, Earnings in excess of One Hundred Fifty Thousand Dollars (\$150,000), \$200,000 after December 31, 2001, shall be disregarded for all purposes. The limitations specified in the preceding sentence shall be adjusted to take into account any cost-of-living increase adjustment for that Plan Year allowable pursuant to the applicable regulations or rulings of the United States Treasury Department under Section 401(a) (17) (B) of the Code.

(t) “ EFFECTIVE DATE ” - As provided in Section 1.1.

(u) “ EMPLOYEE ” - Each person who is classified by the Employer as a common law employee (or who would be considered a common law employee if such person were not on an Authorized Leave of Absence). Regardless of any subsequent determination by a court or a governmental agency that an individual should be treated as a common law employee, an individual will be considered an Employee under the Plan only if such individual has been so classified by the Employer for purposes of this Plan and is not a private contractor. If the Employer modifies its classification or treatment of an individual, the modification shall be applied prospectively only unless the Employer indicates otherwise, in which case the modification will be effective as of the date specified by the Employer. If an individual is characterized as a common law employee of the Employer by a governmental agency or court but not by the Employer, such individual shall be treated as an employee who has not been designated for participation in this Plan.

(v) “ EMPLOYER ” - The Corporation and any Affiliate of the Company (unless the Board has determined that the Employees of said Company should not participate in the Plan) which is designated by the Board as an Employer under the Plan and whose designation as such has become effective and has continued in effect. The designation shall become effective only when it has been accepted by the board of directors of the designated Employer. Any Employer may revoke its acceptance of such designation at any time, but until such acceptance is revoked all the provisions of the Plan and the Trust Agreement and any amendments thereto shall apply to the Employees of the Employer. In the event that the

designation of an Employer as such is revoked by the board of directors of the Employer, the Plan shall be deemed terminated only as to such Employer.

(w) “EMPLOYER SECURITIES” - shall mean:

(1) common stock of the Corporation (or any other corporation that is a member of a controlled group of corporations along with the Employer, as defined in Section 414(b) of the Code (a "related corporation") which is readily tradeable on an established securities market;

(2) if at any time there is no common stock which meets the requirements of subparagraph (1), the term Employer Securities means common stock of the Corporation or any related corporation having a combination of voting power and dividend rights equal to or in excess of (i) that class of common stock of the Corporation or any related corporation having the greatest voting power and (ii) that class of common stock of the Corporation or any related corporation having the greatest dividend rights; or

(3) Non-callable preferred stock shall be treated as Employer Securities if such stock is convertible at any time to stock which meets the requirements of subparagraphs (1) or (2) (whichever is applicable) and if such conversion is at a conversion price which (as of the date of the acquisition by the ESOP) is reasonable. Preferred stock shall be treated as noncallable if after the call there will be a reasonable opportunity for a conversion which meets the requirements of this paragraph.

(x) “ESOP ACCOUNT” - The account established pursuant to Section 8.1 for each Participant to which ESOP Contributions made on behalf of that Participant, are credited.

(y) “ESOP CONTRIBUTION” - The regular, special and per capita ESOP contributions made by the Employers pursuant to Section 5.1(a), (b) or (c).

(z) “ESOP FUND” or “ESOP TRUST FUND” - The fund ( invested by the ESOP Trustee as an "employee stock ownership plan" (as defined in Section 407(d)(6) of the Act and Section 4975(e)(7) of the Code and the applicable regulations thereunder) established pursuant to ARTICLE SEVEN for the purpose of acquiring Employer Securities.

(aa) “ESOP TRUST AGREEMENT” - The instrument entered into between the Corporation and the ESOP Trustee to provide for the investment and administration of the ESOP Fund. The ESOP Trust Agreement shall constitute a part of the Plan.

(bb) “ ESOP TRUSTEE ” - The trustee or trustees appointed by the Corporation to perform the obligations set forth in the ESOP Trust Agreement. If the Employer appoints two or more individuals or entities to act jointly as the ESOP Trustee, the term "ESOP Trustee" shall refer collectively to all of said individuals or entities.

(cc) “ HIGHLY COMPENSATED EMPLOYEE ” - Each individual who is treated as a "Highly Compensated Employee" pursuant to Section 2.3 of this Plan.

(dd) “ HOUR OF SERVICE ” -

(1) An hour for which an Employee is directly or indirectly compensated, or is entitled to Compensation, by an Employer or an Affiliate for the performance of duties. Such Hours of Service shall be credited in the respective eligibility and vesting service computation periods in which the duties were performed.

(2) An hour for which an Employee is directly or indirectly compensated, or is entitled to Compensation, by an Employer or an Affiliate on account of a period of time during which no duties are performed (irrespective of whether the employment relationship has terminated) due to vacation, holiday, illness, incapacity (including Disability), layoff, jury duty, military duty or leave of absence. No more than five hundred one (501) Hours of Service shall be credited under this paragraph for any single continuous period (whether or not such period occurs in a single computation period). Hours of Service under this paragraph shall be calculated and credited pursuant to Section 2530.200b-2 of the Department of Labor Regulations governing the computation of Hours of Service, which are incorporated herein by this reference.

(3) An hour for which back pay (irrespective of mitigation of damages) is either awarded or agreed to by an Employer or an Affiliate. The same Hours of Service shall not be credited both under paragraphs (1) or (2) above, as, the case may be, and under this paragraph (3). Hours of Service attributable to back pay credits will be credited to the respective computation period or periods to which the back pay pertains, rather than to the period in which the award, agreement or payment is made.

(4) In lieu of determining Hours of Service under the foregoing paragraphs, the Benefits Department may credit an Employee with ten (10) Hours of Service for each day for which any service must be credited, or forty-five (45) Hours of Service for each week for which any service must be

credited, or one hundred ninety (190) Hours of Service for each month for which any service must be credited. Such crediting of hours shall be performed on a nondiscriminatory basis.

(5) Employees also shall be credited with any additional Hours of Service required to be credited pursuant to Federal law other than the Act or the Code.

(6) Solely for purposes of determining whether an Employee has incurred a Break in Service, an Employee shall be credited with Hours of Service in accordance with the provisions of this paragraph (6) for periods of absence (with or without pay) by reason of the pregnancy of the Employee, the birth of a child of the Employee, the placement of a child with the Employee in connection with the adoption of such child by the Employee, or for purposes of caring for a child of the Employee for a period beginning immediately following the child's birth or placement. An Employee who is on an Authorized Leave of Absence for any of the foregoing reasons shall receive credit for the Hours of Service which the Employee would normally have been credited with but for such absence. If the Benefits Department and the Employer are unable to determine the Hours which would have otherwise been credited to the Employee, the Employee shall receive credit for eight (8) Hours of Service for each day of such absence. The maximum number of Hours of Service credited to an Employee pursuant to this paragraph for any one absence or any series of related absences shall not exceed five hundred one (501). The hours credited pursuant to this paragraph will be treated as Hours of Service for the service computation period during which the absence begins if the Employee would be prevented from incurring a Break in Service during such twelve (12) consecutive month period solely because of the Hours of Service credited pursuant to this paragraph. In all other cases, the Hours of Service shall be credited to the Employee for the service computation period which begins immediately following the day on which the absence commences. This paragraph (6) shall not be construed as entitling any Employee to an Authorized Leave of Absence for any of the reasons enumerated above. An Employee's entitlement to an Authorized Leave of Absence will be determined in accordance with the standard policies of the Employer. No credit will be given pursuant to this paragraph (6) unless the Employee furnishes to the Benefits Department such timely information as the Benefits Department may reasonably require to establish the number of days for which there was such an absence and that the absence was for one of the reasons enumerated above.

(ee) “ INACTIVE PARTICIPANT ” - A Participant for whom an Account is maintained under the Plan, but who is not eligible to receive allocations of ESOP Contributions. An Inactive Participant shall continue to share in the earnings or losses on Trust investments.

(ff) “ KEY EMPLOYEE ” – Shall have the meaning set forth in Section 2.2

(gg) “ LOAN SUSPENSE ACCOUNT ” - The suspense account created in accordance with Section 7.4 to provide for the holding of Employer Securities subject to a loan, in accordance with ARTICLE SEVEN and Section 4975(d)(3) of the Code and applicable regulations thereunder.

(hh) “ NORMAL RETIREMENT AGE ” or “ NORMAL RETIREMENT DATE ” -

(1) Normal Retirement Age - The date on which a Participant attains the age of sixty-five (65) years.

(2) Normal Retirement Date - The last day of the month in which the Participant attains his Normal Retirement Age.

(ii) “ PARTICIPANT ” - An Employee who has satisfied the eligibility requirements specified in Section 3.1. If so indicated by the context, the term Participant shall also include former Participants whose active participation in the Plan has terminated but who have not received all amounts to which they are entitled pursuant to the terms and provisions of this Plan. Whether former Participants are allowed to exercise an option or election extended to "Participants" will be determined by the Benefits Department in the exercise of its discretion, but in making such determinations the Benefits Department shall act in a uniform, nondiscriminatory manner.

(jj) “ PLAN ENTRY DATE ” - The last day of each calendar quarter – March 31, June 30, September 30 and December 31.

(kk) “ PLAN YEAR ” - A twelve (12) month period commencing on each January 1 and ending on each following December 31.

(ll) “ QUALIFIED DOMESTIC RELATIONS ORDER ” - A domestic relations order meeting the requirements specified in Section 14.2.

(mm) “ REQUIRED BEGINNING DATE ”

(1) 5 Percent Owners - For a Participant who is a "5-Percent Owner" as defined in Code Section 416(i)(1)(B)(i), Required Beginning Date means April 1 of the

calendar year following the calendar year in which the Participant attains age 70½, regardless of whether the Participant has terminated employment with the Employer.

(2) Non 5-Percent Owners - For a Participant who is not a "5-Percent Owner" as defined in Code Section 416(i)(1)(B)(i), Required Beginning Date shall mean April 1 of the calendar year following the later of (i) the calendar year in which the Participant attains age 70½, or (ii) the calendar year in which the Participant terminates employment with the Employer. Notwithstanding the above, for any Participant who attains age 70½ prior to the Plan Year beginning January 1, 1999, Required Beginning Date shall mean, at the Participant's election, April 1 of the calendar year following (i) the calendar year in which the Participant attains age 70½, or (ii) the calendar year in which the Participant terminates employment with the Employer.

(nn) “SUPER TOP HEAVY PLAN” - A Super Top Heavy Plan, as defined in Section 2.2.

(oo) “TERMINATION DATE” - The earliest of (1) the date on which an Employee quits, retires, is discharged or dies, or (2) the second anniversary of the first day of the period during which the Employee was absent from service with the Employer by reason of a maternity or paternity leave (within the meaning of Section 3.3), or (3) the first anniversary of the first day of the period during which the Employee was absent from service with the Employer for any reason other than a maternity or paternity leave or a separation from service due to quit, discharge, retirement or death.

(pp) “TOP HEAVY PLAN” - A "Top Heavy Plan," as defined in Section 2.2.

(qq) “TRUSTEE” or “TRUSTEES” - The ESOP Trustee acting as such under the ESOP Trust Agreement. Any reference to the "Trustee" or the "Trustees" shall be deemed to refer to the ESOP Trustee.

(rr) “YEAR OF ELIGIBILITY SERVICE” - A twelve (12) month period (the "Computation Period") in which an Employee is credited with at least one thousand (1,000) Hours of Service, regardless of whether the Employee is employed on the last day of said period. The initial Computation Period shall commence with the first Hour of Service of the Employee. Following this initial Computation Period, a Year of Eligibility Service shall be determined on the Computation Period commencing on the first day of the Plan Year which includes the first anniversary of the date on which the Employee first performed an Hour of Service. Thereafter, the Benefits Department shall measure any subsequent Computation Period necessary for a determination of a Year of Eligibility Service by reference to succeeding Plan Years. If an individual terminates employment with the Employers prior to completing one thousand (1,000) Hours of Service in any of such Computation Periods and



returns to an Employer or any Affiliate after the close of the Computation Period during which his employment was terminated, in the future the relevant Computation Periods shall commence on the date the individual first performs an Hour of Service for an Employer or any Affiliate following his reemployment and the anniversaries thereof. The Participant may be required to complete one thousand (1,000) Hours of Service during the Plan Year in order to receive an allocation of Employer contributions pursuant to Section 8.2(c). All years of service with any of the Employer's Canadian Affiliate(s) shall be taken into account. Effective November 1, 1997, for purposes of determining an Employee's Years of Eligibility Service under this Plan, service with North American Insurance Company and Safemate Life Insurance Company shall be taken into account.

## 2.2. TOP HEAVY PLAN PROVISIONS.

The provisions of this Section 2.2 shall be observed in determining the Plan's status as a Top Heavy Plan or a Super Top Heavy Plan:

(a) GENERAL RULES. The Plan will be a Top Heavy Plan for a Plan Year if, on the last day of the prior Plan Year (hereinafter referred to as the "determination date"), more than sixty percent (60%) of the cumulative balances credited to all accounts of all Participants are credited to or allocable to the accounts of Key Employees. The Plan will be a Super Top Heavy Plan if, on the determination date, more than ninety percent (90%) of the cumulative balances credited to the accounts of all Participants are credited or allocable to the accounts of Key Employees. For purposes of making these determinations, the following rules will apply:

(1) The balance credited to or allocable to a Participant's accounts for purposes of this Section 2.2 shall include contributions made on or before the applicable determination date, together with withdrawals and distributions made during the five (5) year period ending on the determination date.

(2) The accounts of any Participant who was formerly (but no longer is) a Key Employee shall be disregarded. In addition, the accounts of any Participant who has not performed any services for the Employer or an Affiliate during the five (5) year period ending on the determination date shall be disregarded.

(3) Rollover contributions that are both initiated by the Employee and are not derived from a plan maintained by the Employer or any Affiliate, shall be disregarded unless otherwise provided in lawful regulations issued by the United States Treasury Department. Other amounts rolled over to or from this Plan to or from another qualified plan will be considered in calculating the

Plan's status as a Top Heavy Plan or Super Top Heavy Plan if and to the extent required by said regulations.

(b) AGGREGATION OF PLANS . Notwithstanding anything in this Section 2.2 to the contrary, in the event that the Plan shall be determined by the Benefits Department (in its sole and absolute discretion, but pursuant to the provisions of Section 416 of the Code) to be a constituent in an "aggregation group", this Plan shall be considered a Top Heavy Plan or a Super Top Heavy Plan only if the "aggregation group" is a "top heavy group" or a "super top heavy group". For purposes of this Section 2.2, an "aggregation group" shall include the following:

(1) Each plan intended to qualify under Section 401(a) of the Code sponsored by the Employer or an Affiliate in which one (1) or more Key Employees participate;

(2) Each other plan of the Employer or an Affiliate that is considered in conjunction with a plan referred to in clause (1) in determining whether or not the nondiscrimination and coverage requirements of Section 401(a)(4) or Section 410 of the Code are met; and

(3) If the Benefits Department, in the exercise of its discretion, so chooses, any other such plan of the Employer or an Affiliate which, if considered as a unit with the plans referred to in clauses (1) and (2), satisfies the requirements of Code Section 401(a) and Code Section 410.

A "top heavy group" for purposes of this Section 2.2 is an "aggregation group" in which the sum of the present value of the cumulative accrued benefits for Key Employees under all "defined benefit plans" (as defined in Section 414(j) of the Code) included in such group plus the aggregate of the account balances of Key Employees on the last Accounting Date in the twelve (12) month period ending on the respective determination date under all "defined contribution plans" (as defined in Section 414(i) of the Code) included in such group exceeds sixty percent (60%) of the total of such similar sum determined for all employees and beneficiaries covered by all such plans (where such present values and account balances are those present values applicable to those determination dates of each plan which fall in the same calendar year). A "super top heavy" group is an "aggregation group" for which the sum so determined for Key Employees exceeds ninety percent (90%) of the sum so determined for all employees and beneficiaries. The Benefits Department will calculate the present value of the cumulative annual benefits under a defined benefit plan in accordance with the rules set forth in the defined benefit plan. All determinations will be made in accordance with applicable regulations under Section 416 of the Code.

(c) This Section shall apply for purposes of determining whether the Plan is a top-heavy plan under Section 416(g) of the Code for Plan Years beginning after December 31, 2001, and whether the Plan satisfies the minimum benefits requirements of Section 416(c) of the Code for such years.

(i) Determination of Top-heavy Status.

(A) Key Employee. In determining whether the Plan is Top-Heavy for Plan Years beginning after December 31, 2001, Key Employee means any employee or former employee (including any deceased employee) who at any time during the plan year that includes the determination date (as defined in Section 7.6) is an officer of the Employer having annual Compensation greater than \$130,000 (as adjusted under § 416(i)(1) of the Code for Plan Years beginning after December 31, 2002), a 5-percent owner of the Employer, or a 1-percent owner of the Employer having an annual compensation of more than \$150,000.

In determining whether the Plan is top-heavy for plan years beginning before January 1, 2002, Key Employee means any employee or former employee (including any deceased employee) who at any time during the 5-year period ending on the determination date, is an officer of the employer having an annual compensation that exceeds 50 percent of the dollar limitation under § 415(b)(1)(A), an owner (or considered an owner under § 318) of one of the ten largest interests in the employer if such individual's compensation exceeds 100 percent of the dollar limitation under § 415(c)(1)(A), a 5-percent owner of the employer, or a 1-percent owner of the employer who has an annual Compensation of more than \$150,000.

The determination of who is a key employee will be made in accordance with § 416(i)(1) of the Code and the applicable regulations and other guidance of general applicability issued thereunder.

(B) Determination of Present Values and Amounts. This Section 2.2(c) shall apply for purposes of determining the present values of accrued benefits and the amounts of account balances of employees as of the determination date.

(1) Distributions During Year Ending on the Determination Date. The present value of accrued benefits and the amounts of account balances of an employee as of the determination date shall be increased by the distributions made with respect to the employee under the Plan and any plan aggregated with the Plan under Section 416(g)(2) of the Code during the one year period ending on the determination date. The preceding sentence shall also apply to distributions under a terminated plan which, had it not been terminated, would have been aggregated with the Plan under Section 416(g)(2)(A)(i) of the Code. In the case of a distribution made for a reason other than separation from service,

death, or disability, this provision shall be applied by substituting 5-year period for 1-year period.

(2) Employees Not Performing Services Having Year Ending on the Determination Date. The accrued benefits and accounts of any individual who has not performed services for the employer during the 1-year period ending on the determination date shall not be taken into account.

### 2.3. HIGHLY COMPENSATED EMPLOYEE

(a) GENERAL. The term "Highly Compensated Employee" shall include all "highly compensated active employees" and all "highly compensated former employees."

(b) HIGHLY COMPENSATED ACTIVE EMPLOYEES. A Highly Compensated Active Employee includes any Employee who performs service for the Employer during the current Plan Year (the "determination year") and who:

(1) during the determination year, or during the preceding Plan Year, is or was a 5% owner as described in Section 416 (i)(1) of the Code and the applicable regulations thereunder; or

(2) for the preceding year received compensation from the Employer in excess of \$80,000. The \$80,000 amount is adjusted at the same time and in the same manner as under Code section 415(d), except that the base period is the calendar year ending September 30, 1996.

(c) HIGHLY COMPENSATED FORMER EMPLOYEES. The term Highly Compensated Former Employee shall mean any individual formerly employed by the Employer who satisfied the definition of "highly compensated active employee" set forth above, (i) at the time he separated from employment or (ii) at any time after he attained fifty-five (55) years of age. No highly compensated former employee shall be considered a member of the top-paid group (as defined above), if, at any time prior to the termination of employment and prior to attaining fifty-five (55) years of age, a highly compensated active employee receives Compensation which is less than fifty percent (50%) of the Employee's annual average compensation for the three (3) consecutive years preceding the determination year during which the Employee received the greatest amount of compensation from the Employer, then such Employee shall not be deemed to be a highly compensated former employee upon his actual separation from employment with the Employer if, after the

"deemed separation year," as defined in Section 1.414(q)-IT Q & A-5(a)(3) of the regulations, and before the Employee's actual year of separation such Employee's services for and Compensation from the Employer, under all the facts and circumstances increase significantly so as to result in a deemed a resumption of employment.

(d) COST-OF-LIVING ADJUSTMENTS. The dollar limitations of sub-paragraphs (b)(2) above shall be adjusted at the same time and in a similar manner pursuant to the applicable rulings or regulations of the United States Treasury Department under Code Section 415(d).

2.4. CONSTRUCTION.

The masculine gender, where appearing in the Plan, shall include the feminine gender, and the singular shall include the plural, unless the context clearly indicates to the contrary. The term "delivered to the Advisory Committee," as used in the Plan, shall include delivery to a person or persons designated by the Advisory Committee for the disbursement and receipt of administrative forms. The term "delivered to the Benefits Department", as used in the Plan shall include delivery to a person or persons designated by the Benefits Department for the disbursement and receipt of administrative forms. Delivery shall be deemed to have occurred only when the form or other communication is actually received, and, with respect to the receipt of forms effective as of a payroll period, delivery effective for the payroll period must be made within the time indicated by the Advisory Committee or the Benefits Department, as the case may be, for receipt of such form or other communication to be effective as of the next-occurring payroll period. Any such rule with respect to delivery shall be uniformly applicable to all Employees and Participants. Headings and subheadings are for the purpose of reference only and are not to be considered in the construction of this Plan. If any provision of this Plan is determined to be for any reason invalid or unenforceable, the remaining provisions shall continue in full force and effect. All of the provisions of this Plan shall be construed and enforced according to the laws of the State of Arizona and shall be administered according to the laws of such state, except as otherwise required by the Act, the Code or other Federal law. It is the intention of the Corporation that the Plan as adopted by the Employers shall constitute a qualified plan under the provisions of Section 401(a) of the Code, and that the Trust Fund maintained pursuant to the Trust Agreement shall be exempt from taxation pursuant to Section 501(a) of the Code. This Plan shall be construed in a manner consistent with the Corporation's intention.

**ARTICLE THREE**

**ELIGIBILITY AND PARTICIPATION**

3.1. ELIGIBILITY.

(a) CURRENT PARTICIPANTS. Each Employee who was a Participant in the Plan on the day immediately preceding the Effective Date shall be a Participant in the Plan on the Effective Date.

(b) NEW PARTICIPANTS. Each other Employee shall become eligible to participate in the Plan as of the Plan Entry Date coinciding with or following the Participant's completion of one (1) Year of Eligibility Service.

(c) COLLECTIVE BARGAINING UNIT EMPLOYEES AND LEASED EMPLOYEES. Employees who are covered by a collective bargaining agreement with a union with which an Employer or Affiliate has bargained in good faith over retirement benefits shall not be eligible to participate in this Plan unless their collective bargaining agreement specifically provides for their participation in this Plan. Employees who are "leased employees" for purposes of Section 414(n) of the Code shall not be eligible to participate hereunder.

### 3.2. PARTICIPATION.

(a) GENERAL. An Employee who has satisfied the eligibility requirements specified in Section 3.1 shall become a Participant.

### 3.3. CREDITING OF SERVICE.

(a) GENERAL RULE. All periods of Continuous Service shall be taken into account under this Plan. An Employee's Continuous Service shall be determined by aggregating the calendar days of service included in each "period of service" performed by the Employee, and expressing the total in completed years and months, disregarding any fractional months. If two (2) or more "periods of service" are aggregated, a complete year shall consist of three hundred sixty-five (365) days and a complete month shall consist of thirty (30) days. A "period of service" commences on the day on which the Employee performs his first Hour of Service for the Employer or an Affiliate or, when an Employee incurs a Break in Continuous Service, on the day on which the Employee performs his first Hour of Service following the Break in Continuous Service. The "period of service" ends on the Employee's Termination Date, unless the Employee again resumes employment with the Employer or an Affiliate prior to the occurrence of a Break in Continuous Service, in which case the "period of service" will continue and the Employee also will receive credit for the period of time between the Termination Date and the date of reemployment.

(b) SPECIAL RULES FOR MATERNITY AND PATERNITY LEAVES. The Continuous Service of an Employee who is absent from work by reason of a maternity or paternity leave shall not include the period of time following the first anniversary of the first day of such leave even though the Employee's Termination Date shall not be deemed to occur until the second anniversary of such leave. For purposes of this Plan, a "maternity or paternity leave" is an Authorized Leave of Absence granted for any of the following reasons: the pregnancy of the Employee; the birth of a child of the Employee; the placement of a Child with the Employee in connection with the adoption of such child by the Employee; or the caring for a child of the Employee for a period beginning immediately following the child's birth or placement with the Employee. This paragraph shall not be construed as entitling any Employee to an Authorized Leave of Absence for any of the reasons noted above. An Employee's entitlement to an Authorized Leave of Absence will be determined in accordance with the Employer's standard policies.

(c) SPECIAL RULE FOR OTHER ABSENCES. If an Employee's employment has been terminated on account of resignation, discharge or retirement and the Employee is rehired, the period between the Employee's Termination Date and his date of rehire shall be taken into account and treated as a period of Continuous Service if the Employee is rehired within twelve (12) months of his Termination Date. If the Employee is absent from employment for reasons other than resignation, discharge or retirement and, during such absence, the Employee resigns, is discharged or retires, if the Employee, is thereafter rehired, the period between the Employee's date of resignation, discharge or retirement and his date of rehire shall be taken into account and treated as a period of Continuous Service if the Employee is rehired by the Employer prior to the first anniversary of the date on which the Employee's initial period of absence from employment commenced.

#### 3.4. EFFECT OF REHIRING.

In the event that an Employee separates from employment with the Employer and is later rehired, as a general rule he shall remain credited with all of his Years of Eligibility Service and all periods of Continuous Service credited to him during his prior period of employment. If such an Employee was a Participant or had satisfied the eligibility requirements of Section 3.1 during his prior period of employment and following his return he is otherwise eligible to participate in the Plan, the Employee shall commence participation in the Plan upon the later of his date of rehire or the date on which he would have commenced participation if his employment had not terminated.

#### 3.5. AFFILIATED EMPLOYERS.

For the purpose of computing an Employee's Years of Eligibility Service and period of Continuous Service, employees of Affiliates of the Employer shall be given credit for their Hours of Service and periods of Continuous Service with such Affiliates in the event that they become Employees of an Employer as though during such periods they were Employees of an Employer. Persons employed by a business organization that is acquired by the Employer or by an Affiliate of the Employer shall be credited with service for their Hours of Service and periods of Continuous Service with such predecessor employer hereunder in the event that they become Employees of an Employer only to the extent required under lawful regulations of the United States Treasury Department under Section 414(a)(2) of the Code or to the extent determined by the Board of the acquiring company on a uniform basis with respect to employees of each "predecessor company," which term for this purpose means and includes any organization which is acquired by an Employer or any Affiliate.

3.6. TRANSFERS TO AND FROM AN ELIGIBLE CLASS OF EMPLOYEES.

(a) TRANSFERS OUT OF PLAN. A Participant will automatically become ineligible to participate in the Plan as of the effective date of a change in his employment classification if as a result of the change he is no longer eligible to participate in the Plan. All sums credited to the Inactive Participant's accounts will continue to be held pursuant to the terms of this Plan and will be distributed to the Inactive Participant only upon his subsequent termination of employment or the occurrence of some event permitting a distribution pursuant to the provisions of this Plan.

(b) TRANSFERS TO PLAN. If an Employee of the Employer is not eligible to, participate in the Plan due to his employment classification, he shall participate immediately upon becoming a member of an eligible class of Employees if he has satisfied the other requirements set forth in Section 3.1 and would have become a Participant previously had he been in an eligible class.

(c) SERVICE CREDIT. In any event, an Employee's service in an ineligible employment classification shall be considered in calculating the Employee's Years of Eligibility Service and years of Continuous Service.

(d) TRANSFERS TO AFFILIATES. If a Participant ceases to participate in the Plan solely as a result of his transfer to an Affiliate that has not adopted this Plan, amounts credited to his accounts as of the date of his transfer shall not be forfeited or distributed. Rather, such amounts shall be payable in accordance with the terms of this Plan upon his subsequent termination of employment with all Affiliates and the Employer or the occurrence of some other event permitting a distribution pursuant to the provisions of this Plan.

3.7. LEASED EMPLOYEES.



A "leased employee" (within the meaning of Section 414(n)(2) of the Code) shall be treated as an Employee of the Employer for purposes of the pension requirements of Section 414(n)(3) of the Code, unless leased employees constitute less than twenty percent (20%) of the Employer's non-highly compensated work force (within the meaning of Section 414(n)(5)(C)(ii) of the Code) and the leased employee is covered by a "safe harbor plan" that satisfies the requirements of Section 414(n)(5)(B) of the Code. In any event, a leased employee who is deemed to be an Employee of the Employer pursuant to the preceding sentence shall be treated as if he is employed in an employment classification that has not been designated for participation in the Plan.

#### **ARTICLE FOUR**

#### **THERE SHALL BE NO ARTICLE FOUR**

#### **ARTICLE FIVE**

#### **EMPLOYER CONTRIBUTIONS**

##### **5.1. ESOP CONTRIBUTIONS**

(a) **REGULAR ESOP CONTRIBUTION**. Subject to the Board's right to terminate or amend this Plan, the Employer shall contribute to the Trust Fund for each Plan Year as an ESOP Contribution such amount, if any, as the Board shall determine, in its sole and absolute discretion.

(b) **SPECIAL ESOP CONTRIBUTIONS**. Notwithstanding whether any ESOP Contribution is made for the Plan Year pursuant to Section 5.2(a) or any other provision contained herein, the Employer may make a special ESOP Contribution each Plan Year in such amount and on behalf of such Participants and Non-Contributing Participants, as the Board shall determine, in its sole and absolute discretion, provided that in no event shall a special ESOP Contribution be made on behalf of any Participant or any Non-Contributing Participant who is a Highly Compensated Employee.

(c) **SPECIAL "PER CAPITA" ESOP CONTRIBUTIONS**. In addition to the foregoing, the Employer may make a special "per capita" ESOP Contribution on behalf of each Participant and Non-Contributing Participant in such amount, if any, as the Board shall determine, in its sole and absolute discretion, provided that each Participant and Non-

Contributing Participant receives an equal allocation of such special "per capita" ESOP Contribution.

(d) AGGREGATE ESOP CONTRIBUTIONS . In no event shall the aggregate ESOP Contributions for any Plan Year be more than the amount allowable as a deduction for federal income tax purposes for such Plan Year.

5.2. "TOP HEAVY" CONTRIBUTIONS .

The Employer may, in its sole and absolute discretion, make additional ESOP Contributions for any Plan Year in which the Plan is Top Heavy in such amounts as may be necessary to fund the Employer contribution allocation required by Section 8.2.

5.3 PAYMENT OF ESOP CONTRIBUTIONS .

ESOP Contributions may be paid within the Plan Year for which such contribution is made or within the period thereafter ending on the date by which the Corporation's Federal income tax return for the corresponding year of deduction must be filed, including any extensions of such date. ESOP Contributions may be paid in cash or in Employer Securities, in the discretion of the Corporation.

5.4. CONDITIONAL NATURE OF CONTRIBUTIONS .

(a) MISTAKE OF FACT . Any contribution made to this Plan by the Employer because of a mistake of fact shall be returned to the Employer upon its request within one (1) year of the date of the contribution.

(b) DEDUCTIBILITY . Every contribution made by the Employer is conditional on its deductibility. If the Internal Revenue Service determines that all or part of a contribution is not deductible, the contribution (to the extent that it is not deductible) shall be refunded to the Employer upon its request within one (1) year after the date of the disallowance.

(c) LIMITATIONS ON AMOUNTS RETURNED . Notwithstanding anything to the contrary, the maximum amount that may be returned to the Employer pursuant to subparagraphs (a) and (b), above, is limited to the portion of such contribution attributable to the mistake of fact or the portion of such contribution deemed non-deductible (the "excess contribution"). Earnings attributable to the excess contribution will not be returned to the Employer, but losses attributable thereto will reduce the amount so returned. In no case shall withdrawal of any excess contribution pursuant to subparagraphs (a) and (b), above, reduce

the balance of the Participant's account to less than the balance would have been had the excess contribution not been made.

## ARTICLE SIX

### INVESTMENT OF CONTRIBUTIONS

#### 6.1. INVESTMENT OF ESOP CONTRIBUTIONS

(a) ESOP FUND. Except as otherwise provided in Section 6.2, Participants shall not be allowed to direct the investment of their ESOP Accounts. Rather, all ESOP Contributions allocable to each Participant's ESOP Account will automatically be allocated to and invested as part of the ESOP Fund. The investment of the ESOP Fund shall be in the discretion of the ESOP Trustee, subject to the provisions of this Plan and the ESOP Trust. To the extent permitted by Section 6.2 and subject to the provisions of this Section 6.1, each qualified Participant may elect to transfer to and direct the investment of a portion of his ESOP Account in one or more of the funds available under the Employee Savings and Profit Sharing Plan.

(b) LIMITATION ON INVESTMENTS IN ESOP FUND. The ESOP Trustee is specifically authorized and empowered, pursuant to this Plan and in accordance with the terms and provisions of the ESOP Trust Agreement, to hold any amount of "qualifying employer securities" (as defined in Section 407(d)(5) of the Act) without regard to the diversification requirements of Section 404(a)(1)(C) and Section 407(a) of the Act, as permitted pursuant to Section 404(a)(2) and Section 407(b)(1) of the Act.

(c) NO DISTINCTION BETWEEN INCOME AND PRINCIPAL. The income of and gains of the ESOP Fund shall be added to the ESOP Fund and shall be invested without distinction between principal and income.

(d) FORMER PARTICIPANTS AND BENEFICIARIES. For purposes of this ARTICLE SIX, the term "Participant" shall be deemed to include former Participants and Beneficiaries of any deceased Participant.

#### 6.2 DIVERSIFICATION

(a) ESOP DIVERSIFICATION ELECTION. ESOP Contributions allocable to a Participant's ESOP Account may be transferred from the ESOP Fund to the Employee Savings and Profit Sharing Plan, as provided in this Section 6.2.

(b) QUALIFIED PARTICIPANT. A Participant shall become a "qualified Participant" and may elect to diversify his ESOP Account after attaining age fifty-five (55) and being credited with ten (10) or more years of participation in the Plan since the later of (1) the date he commenced participation in the Plan or (2) January 1, 1988 (the initial effective date of the ESOP).

(c) DIVERSIFICATION. At any time after the close of each Plan Year during the "qualified election period," a qualified Participant may elect to diversify twenty-five percent (25%) of the number of shares of Employer Securities acquired by or contributed to the Plan after December 31, 1986 that have ever been allocated to the Participant's Account on or before the most recent Plan allocation date less the number of shares of Employer Securities previously distributed, transferred, or diversified pursuant to a diversification election made after December 31, 1986.

(d) QUALIFIED ELECTION PERIOD. The "qualified election period" is the six (6) year period commencing with the Plan Year after the Participant becomes a qualified Participant. In the final year of the six (6) year qualified election period, a Participant may diversify fifty percent (50%) of the number of shares of Employer Securities acquired by or contributed to the Plan after December 31, 1986 that have ever been allocated to the Participant's account on or before the most recent Plan allocation date less the number of shares of Employer Securities previously distributed, transferred, or diversified pursuant to a diversification election made after December 31, 1986.

(e) ENHANCED DIVERSIFICATION. In addition, effective January 1, 2007, for all Plan Years following the expiration of the Participant's qualified election period, a qualified Participant may elect to diversify up to one hundred percent (100%) of the number of shares of Employer Securities acquired by or contributed to the Plan after December 31, 1986 that have ever been allocated to the Participant's ESOP Account.

(f) ELECTION. A qualified Participant may elect to diversify his ESOP Account by directing the investment of up to the available percentage of such account (twenty-five percent (25%), fifty percent (50%) or one hundred percent (100%) as the case may be) to one or more of the Employee Savings and Profit Sharing Plan funds in accordance with the provisions the Employee Savings and Profit Sharing Plan, commencing as of the first day of the first Plan Year falling within the qualified election period. Each diversification election and transfer shall be made pursuant to forms and instructions provided by the Benefits Department, signed by the Participant and delivered to the Benefits Department pursuant to the rules contained herein, in the Employee Savings and Profit Sharing Plan and such other rules of uniform application promulgated by the Advisory Committee. Participant diversification elections and transfers may be made monthly and shall be made effective no

later than the first day of the third calendar month following receipt by the Benefits Department of the appropriate forms. Such election and transfer shall be made in whole shares only (no fractional shares) on such forms as the Benefits Department shall determine in its discretion. The portion of the qualified Participant's ESOP Account that may be invested at the qualified Participant's direction, as determined pursuant to this Section 6.2, may be invested in a single fund, or the qualified Participant may direct five percent (5%) increments (or multiples of five percent (5%) increments) of amounts allocable to his ESOP Account to be invested in such funds as he shall desire.

## **ARTICLE SEVEN**

### **THE ESOP FUND**

#### 7.1. **ESOP FUND.**

(a) **GENERAL.** The ESOP Fund is an "employee stock ownership plan" as defined in Section 407(d)(6) of the Act and Section 4975(e)(7) of the Code, which is designed to invest primarily in Employer Securities.

(b) **USE OF CONTRIBUTIONS AND DIVIDENDS.** All ESOP Contributions to the ESOP Fund shall be used by the ESOP Trustee to acquire Employer Securities to be held by the ESOP Trustees or to pay the Principal and interest on any loan entered into pursuant to the provisions of this ARTICLE SEVEN. Dividends on shares of Employer Securities allocated to the Loan Suspense Account and earnings on ESOP Contributions allocated to the Loan Suspense Account may be used to repay any loan entered into pursuant to this ARTICLE SEVEN.

#### 7.2. **LOANS TO ACQUIRE EMPLOYER SECURITIES.**

(a) **BORROWING IN GENERAL.** The ESOP Trustees shall have the authority to borrow funds to purchase Employer Securities. Notwithstanding anything set forth in the Plan or the Trust Agreements to which the ESOP Trustees are parties, no borrowing of funds to purchase of Employer Securities shall be made by the ESOP Trustees without their first obtaining a recommendation from the Advisory Committee stating: (1) that the Advisory Committee recommends that the ESOP Trustees borrow funds to acquire shares of Employer Securities, and (2) the terms and conditions which they recommend such borrowing be made. Before making such recommendation, the Advisory Committee shall take into account such items as they deem appropriate. In the event that such funds are borrowed from, or the loan is guaranteed by, a "disqualified person," as defined in Section 4975(e)(2) of the Code, or a

"party in interest," as defined in Section (3)(14) of the Act, such loan shall be made only in accordance with all of the provisions of this ARTICLE SEVEN. Any loan entered into by the ESOP Trustee in connection with the purchase of Employer Securities shall be primarily for the benefit of Participants and their Beneficiaries.

(b) USE OF LOAN PROCEEDS. The proceeds of any loan shall be used within a reasonable time after receipt only for all or any of the following purposes:

- (1) To acquire Employer Securities;
- (2) To repay the loan entered into in connection with the purchase of Employer Securities as provided in (a) above; or
- (3) To repay a prior loan entered into in connection with the purchase of other Employer Securities.

The provisions of this ARTICLE SEVEN are intended to be in accordance with Section 4975(d)(3) of the Code and applicable regulations thereunder and Section 408(b)(3) of the Act and applicable regulations thereunder. This ARTICLE SEVEN is to be construed in a manner consistent with such intention.

### 7.3. TERMS OF LOANS TO ACQUIRE EMPLOYER SECURITIES.

(a) LOAN TERMS. Any loan transaction entered into by the ESOP Trustee in order to purchase Employer Securities must, as determined in good faith by the ESOP Trustees at the time the loan is made, be at least as favorable to the Plan as the terms of a comparable loan resulting from an arm's-length negotiation between independent parties. The interest rate of any such loan must not be in excess of a reasonable rate of interest considering the amount and duration of the loan, the security and any guaranty involved, the credit standing of the Plan, the guarantor, if any, and the interest rate prevailing for comparable loans. Any loan entered into in connection with this ARTICLE SEVEN shall be for a specific term and may not be payable at the demand of any person, except in the case of default.

(b) RECOURSE OF LENDER. Any loan transaction entered into by the ESOP Trustee in connection with this ARTICLE SEVEN shall provide that the lender shall be without recourse against the ESOP Fund, provided that the lender may have recourse against assets of the Trust Fund that consist of (1) Employer Securities acquired with the proceeds of the loan and provided as collateral for the loan, (2) Employer Securities used as collateral on a prior loan repaid with the proceeds of the current loan, (3) ESOP Contributions, other than ESOP Contributions consisting of Employer Securities, that are made under the Plan in order

to enable the ESOP Trustee to meet its obligations under the loan, (4) earnings attributable to the Employer Securities given as collateral and (5) the earnings from investment of ESOP Contributions credited to the Loan Suspense Account.

(c) LIMITATION ON PAYMENTS; ALLOCATION OF CONTRIBUTIONS. Payments on a loan during a Plan Year shall not exceed an amount equal to the sum of ESOP Contributions, other than ESOP Contributions consisting of Employer Securities, made by the Employers in order to enable the ESOP Trustee to meet its obligation under the loan, together with earnings thereon and dividends on Employer Securities allocated to the Loan Suspense Account, received during or prior to the Plan Year, less payments on the loan in prior Plan Years. Any such ESOP Contributions and the earnings thereon and dividends on Employer Securities allocated to the Loan Suspense Account shall be accounted for separately in the books of account of the Plan by crediting such contributions, the earnings thereon and such dividends to the Loan Suspense Account, rather than to the ESOP Accounts of Participants.

(d) REMEDIES. Any such loan shall also provide that in the event of default, the value of Plan assets transferred in satisfaction of the loan must not exceed the amount of default. The loan shall provide for a transfer of Plan assets upon default only upon and to the extent of the failure of the Plan to meet the payment schedule of the loan.

#### 7.4. THE LOAN SUSPENSE ACCOUNT.

(a) ALLOCATIONS TO LOAN SUSPENSE ACCOUNT. Employer Securities purchased with the proceeds of a loan entered into pursuant to this ARTICLE SEVEN shall not be credited to ESOP Accounts, but shall be credited to the Loan Suspense Account. One (1) or more such accounts may be established under this Section 7.4 with respect to one (1) or more such loans. ESOP Contributions and income thereon that are to be utilized by the ESOP Trustee for the purpose of paying the principal and interest on a loan entered into pursuant to this ARTICLE SEVEN and dividends payable on Employer Securities allocated to the Loan Suspense Account shall also be credited to the Loan Suspense Account.

(b) RELEASE OF SHARES FROM LOAN SUSPENSE ACCOUNT. As of each Accounting Date during the duration of the loan, the number of shares of Employer Securities released from the Loan Suspense Account for allocation pursuant to Section 8.2 shall equal the number of Employer Securities allocated to the Loan Suspense Account immediately before release as of the Accounting Date multiplied by a fraction. The numerator of the fraction is the principal and interest paid for the period ending on the Accounting Date, and the denominator of the fraction is the sum of the numerator plus all principal and interest to be paid for all future periods, determined without taking into account extensions, renewals or refinancing. If the interest rate under the loan is variable, the interest to be paid in future

years must be computed by using the interest rate applicable as of the Accounting Date. The foregoing method of release shall be utilized by the Benefits Department, unless the loan documents specifically require the release of Employer Securities from the Loan Suspense Account for allocation to the ESOP Accounts of Participants pursuant to Section 8.2 in accordance with a different method permitted by Section 4975(d)(3) of the Code and the regulations thereunder. If the Loan Suspense Account includes more than one (1) class of Employer Securities, the number of Employer Securities of each class to be released for a Plan Year must be determined by applying the same fraction to each class. Such released Employer Securities shall be subject to allocation pursuant to Section 8.2.

7.5. PUT OPTION.

(a) GENERAL RULE. Employer Securities distributed pursuant to ARTICLE ELEVEN shall be subject to a put option as provided in this Section 7.5 if the Employer Securities are not publicly traded when the Employer Securities are distributed, or if the Employer Securities are subject to a "trading limitation" when distributed. For purposes of this Section 7.5, a "trading limitation" is a restriction under any Federal or state securities law or any regulation thereunder affecting the security that would make the Employer Securities not as freely tradeable as Employer Securities not subject to the restriction.

(b) EXERCISE OF PUT OPTION. The put option granted pursuant to this Section 7.5 may be exercisable by the Participant, a donee of the Participant, a Beneficiary receiving the Employer Securities or by any other person (including the Participant's estate or its distributees) to whom the Employer Securities pass by reason of the Participant's death. In the event that Employer Securities are subject to the put option granted by this Section 7.5, the holder of the option may "put" the securities to the Corporation by notifying the Corporation in writing that he is exercising the put option granted by this Section 7.5.

(c) PRICE. The price at which the option is exercisable shall be the fair market value of the Employer Securities as of the most recent Accounting Date under the Plan, with fair market value as of such date being determined by an independent appraiser (As such term is defined in Section 401(a)(28) of the Code) pursuant to applicable regulations issued by the Internal Revenue Service; provided, however, that if the holder of the put option is a "disqualified person" as defined in Section 4975(e)(2) of the Code, the fair market value shall be determined as of the date of exercise.

(d) PUT TO CORPORATION. The put option granted pursuant to this Section 7.5 shall extend to the Corporation and shall not extend to the Plan. However, the Advisory Committee shall have the option to assume for the Plan the rights and obligations of the Corporation at the time that the put option is exercised, if it so desires. Any other Affiliate



may also assume the put exercise before the Corporation. If the Plan assumes the put, the put against the Corporation and/or Affiliates shall be extinguished.

(e) PUT TO AFFILIATE. In the event that, at the time a loan is entered into pursuant to this ARTICLE SEVEN, it is known that Federal or state law will be violated by the Corporation or another Affiliate honoring the put option, the Corporation shall arrange for put options to be exercised before a party which is an Affiliate, having substantial net worth at the time the loan is made, and whose net worth is reasonably expected to remain substantial.

(f) PERIOD OF EXERCISE. The put option shall be exercisable initially for a sixty (60) day period, beginning on the date the security subject to the put option is distributed (the "first put option period"), and for an additional sixty (60) day period in the next following Plan Year (the "second put option period" if the put is not exercised during the first put option period. Upon the close of the Plan Year during which the security is distributed, the independent appraiser retained pursuant to Section 401(a)(28) of the Code shall determine the value of the Employer Securities and the Advisory Committee shall then notify each former Participant who did not exercise the put option during the initial put option period of the new value. Unless regulations issued by the United States Treasury Department provide otherwise, the second put option period shall then begin on the date such notice is given and shall end sixty (60) days thereafter. The period during which a put option pursuant to this Section 7.5 shall be exercisable shall not include any time in which a distributee is unable to exercise the put option because the Corporation or other party bound by the put option is prohibited from honoring it by applicable state or Federal law.

(g) CHANGE IN TRADING OF SECURITIES. If a Participant receives Employer Securities which are publicly traded without restriction when distributed from the Trust Fund but which cease to be so traded before the expiration of that former Participant's second put option period, the put option provisions of this Section 7.5 may be exercised by that former Participant during the balance (if any) of the first and/or second put option periods. The Corporation will notify each such former Participant of the applicability of this Section 7.5 in writing on or before the tenth (10th) day after the day on which the Employer Securities previously distributed cease to be so publicly traded. The number of days between such tenth (10th) day and the date on which notice is actually given, if later than the tenth (10th) day, shall be added to the duration of the put option, if (but only if) the notice is given or required to be given, during a put option period. Any such notice shall inform distributees of the terms of the put option that they are to hold.

(h) PAYMENT. Deferred payments under an exercised put option shall be permissible if adequate security and a reasonable interest rate are provided. If a put option is exercised with respect to Employer Securities received as a lump sum distribution from the Plan, payments may be made in a lump sum or in equal installments not less frequently than

annually, beginning within thirty (30) days after the date the put option is exercised, for a period of not more than five (5) years. The determination of whether payment shall be made in installments or in a lump sum shall be made by the party to whom the Employer Securities may be put, in its sole discretion. If a put option is exercised with respect to Employer Securities received as part of an installment distribution under the Plan, final payment for the Employer Securities shall be made within thirty (30) days after the put option is exercised. Payment of the put option described in this Section 7.5 shall not be restricted by the provisions of a loan agreement or any other arrangement including the terms of the Corporation's or Affiliates' charters or articles of incorporation, unless so required by applicable state law.

(i) OBLIGATION TO ACQUIRE SECURITIES. Except as provided above, the Plan may not otherwise obligate itself to acquire Employer Securities from a particular Employer Security holder at an indefinite time determined upon the happening of an event such as the death of the holder.

7.6. RIGHT OF FIRST REFUSAL.

(a) GENERAL RULE. If any Participant or his Beneficiary to whom shares of Employer Securities are distributed from the Plan shall, at any time, desire to sell some or all of such shares to a third party, the Participant or Beneficiary shall, prior to such sale, give written notice of such desire to the Employer and the Advisory Committee, which notice shall set forth the number of shares offered for sale, the proposed terms of the sale and the names and addresses of both the Participant or Beneficiary and the third party. Employer Securities that were not acquired with the proceeds of an exempt loan shall be subject to such rights of first refusal or other restrictions as maybe specified from time to time in the Employer's Articles of Incorporation or By-Laws, or in any applicable agreement Employer Securities that were acquired with the proceeds of an exempt loan under this ARTICLE SEVEN shall be subject to the right of first refusal described below Section 7 5. The right of first refusal provided by this Section shall not be applicable to any transfer of Employer Securities at a time when such securities are listed on a National Securities Exchange registered under Section 6 of the Securities Exchange Act of 1934, or quoted on a system sponsored Exchange Act by a national securities association registered under Section 15A (b) of the Securities of 1934.

(b) TIME PERIODS. Both the Advisory Committee, acting on behalf of the Plan, and the Employer shall each have a right of first refusal for a period of fourteen (14) days from the date of such written notice to acquire the shares of Employer Securities subject to the sale. As between the Advisory Committee and the Employer, the Advisory Committee shall have priority to acquire the shares pursuant to the right of first refusal.

(c) PRICE AND TERMS. The selling price and other sale terms under the right of first refusal shall be the same as offered by the Participant and Beneficiary to the third party, unless the fair market value of the Employer Securities as of the immediately preceding Accounting Date, as determined by the independent appraiser retained pursuant to Section 401(a)(218) of the Code, is higher, in which case such higher price shall be paid.

(d) SALE TO THIRD-PARTY. If the Advisory Committee and the Employer do not exercise their respective rights of first refusal within the fourteen (14) day period provided above, the Participant or his Beneficiary shall have the right, at any time following the expiration of such fourteen (14) day period, to sell the Employer Securities to the third party; provided, however, that (1) no sale shall be made to the third party on terms more favorable to the third party than the terms set forth in the written notice of sale delivered to the Advisory Committee or Employer by the Participant or his Beneficiary, and (2) if the sale is not made to the third party on the terms offered to the Employer and the Advisory Committee, the Employer Securities subject to such sale shall again be subject to the right of first refusal set forth above.

(e) TRANSFER OF SHARES. Following the Employer's or Advisory Committee's exercise of the right of first refusal, the sale shall take place at such place agreed upon between the Advisory Committee or Employer and the Participant or Beneficiary, no later than ten (10) days after the Employer or the Advisory Committee shall have notified the Participant or Beneficiary of its exercise of the right of first refusal. The Participant or Beneficiary shall deliver certificates representing the Employer Securities subject to such sale duly endorsed in blank for transfer, or with stock powers attached duly executed in blank with all required transfer tax stamps attached or provided for, and the Employer or the Advisory Committee shall deliver the purchase price, or an appropriate portion thereof, to the Participant or Beneficiary.

(f) OTHER RESTRICTIONS PROHIBITED. Except as provided in this Section or in Section 7.5, or as otherwise required by applicable law, no Employer Securities acquired with the proceeds of an exempt loan may be subject to put, call or option, or buy-sell or similar arrangement, while held by and when distributed from this Plan, whether or not the Plan is then an "employee stock ownership plan" as defined in Section 4975(e)(7) of the Code.

#### 7.7 NONTERMINABLE PROTECTIONS AND RIGHTS.

The protections and rights accorded by Sections 7.5 and 7.6 to Participants and Beneficiaries or other persons (including the Participant's estate or its distributees) to whom Employer Securities pass by way of gift from the Participant or by reason of the Participant's death shall never terminate, even if all loans described in Section 7.2 have been repaid or the

Plan ceases "employee stock ownership plan" as defined in Section 4975(e)(7) of the Code. The fact that a put option is not exercisable pursuant to the provisions of Section 7.5, however, shall not violate the requirements of this Section 7.6.

## ARTICLE EIGHT

### ACCOUNTING

#### 8.1. INDIVIDUAL ACCOUNTS.

(a) ESOP ACCOUNT. An ESOP Account shall be maintained for each Participant in the Plan. The Account will reflect balances derived from ESOP Contributions made on behalf of the Participant and shall reflect the fair market value, as of the most recent Accounting Date, of the Participant's interest in the ESOP Fund; provided that the ESOP Fund shall not reflect amounts credited to the Loan Suspense Account pursuant to ARTICLE SEVEN. The Accounts shall reflect any withdrawals and distributions to the Participant. The establishment and maintenance of separate Accounts for each Participant shall not be construed as giving any person any interest in any specific assets of the ESOP Fund.

#### 8.2. ALLOCATION OF CONTRIBUTIONS.

(a) ESOP CONTRIBUTIONS AND EMPLOYER SECURITIES RELEASED FROM THE LOAN SUSPENSE ACCOUNT. Regular ESOP Contributions made pursuant to Section 5.2(a) that are not allocated to the Loan Suspense Account pursuant to Section 7.4 shall be allocated to the ESOP Account of each eligible Participant by crediting each such Participant's ESOP Account in the ratio that each such Participant's Earnings for the Plan Year bear to the Earnings of all such Participants for the Plan Year. Employer Securities allocated to the Loan Suspense Account that become subject to allocation to ESOP Accounts pursuant to Section 7.4 which are attributable to ESOP Contributions used by the ESOP Trustee to meet its obligations under a loan pursuant to Section 7.2 shall be allocable as of the Accounting Date on which such Employer Securities are released from the Loan Suspense Account among the ESOP Accounts of all eligible Participants in the ratio that each such Participant's Earnings for such Plan Year bear to the Earnings for such Plan Year of all such Participants. . Special ESOP Contributions made pursuant to Section 5.1(b) shall be allocated to the ESOP Accounts of each Participant on whose behalf such contribution is made by crediting each such Participant's ESOP Account in the same ratio that each such Participant's Earnings for the Plan Year bear to the Earnings of all such Participants for the Plan Year. Special "per capita" ESOP Contributions made pursuant to Section 5.1(c) shall be allocated to the ESOP Account of each eligible Participant on whose behalf such a contribution has been made in such amount and under such terms and conditions as the Board shall direct, in its sole and absolute discretion. Only Earnings earned while the Participant is eligible to participate

in the Plan will be considered for purposes of this paragraph. Notwithstanding anything to the contrary herein encumbered Employer Securities released from the Loan Suspense Account shall be allocated to Participant's ESOP Accounts in shares of Employer Securities or other non-monetary units rather than by dollar amounts.

(b) FORFEITURES . Forfeitures that become available for allocation pursuant to Sections 10.3 and 11.8 that are not used to restore prior forfeitures pursuant to Sections 10.4 and 11.8 shall be allocated to the ESOP Accounts of each eligible Participant in the same ratio that each such eligible Participant's Earnings for the Plan Year bear to the Earnings of all such eligible Participants for the Plan Year.

(c) ELIGIBLE PARTICIPANTS . As a general rule, a Participant will be entitled to share in the allocation of ESOP Contributions, Employer Securities released from the Loan Suspense Account, or forfeitures for a Plan Year only if the Participant is in the active employ of the Employer on the last day of the Plan Year and has completed at least one thousand (1,000) Hours of Service during the Plan Year. If a Participant dies, retires on or after his Normal Retirement Date, or terminates employment due to a Disability during a Plan Year, however, the Participant shall be entitled to share in the allocations for that Plan Year regardless of whether the Participant is employed on the last day of the Plan Year or whether the Participant completes one thousand (1,000) Hours of Service during the Plan Year.

(d) TOP HEAVY ALLOCATIONS . Notwithstanding anything to the contrary in this Section or any other provision of this Plan, in any Plan Year in which the Plan is Top Heavy or Super Top Heavy, the Employer shall make a special ESOP Contribution on behalf of each Participant who is not a Key Employee for The Plan Year in such amount as may be necessary to assure that the sum of the ESOP Contributions, and forfeitures, if any, allocated to the Participant's accounts equals at least the "minimum required contribution." The "minimum required contribution" is the lesser of (a) three percent (3%) of the Participant's Compensation for the Plan Year or (b) if the Employer does not have a defined benefit plan which is enabled to satisfy Section 401 of the Code by this Plan, the Participant's Compensation for the Plan Year multiplied by the "Employer contribution percentage" for such Plan Year for the Key Employee for whom the "Employer contribution percentage" is the highest. For this purpose, the "Employer contribution percentage" shall equal the sum of ESOP Contributions and forfeitures allocated to a Participant divided by the Compensation of the Participant. The minimum required contribution called for by this paragraph will be determined without regard to Employer contributions to the Social Security System. The special ESOP Contribution called for by this paragraph shall be allocated on behalf of all Employees who are not Key Employees for the Plan Year and who are employed by the Employer on the last day of the Plan Year without regard to whether such Employees have completed one thousand (1,000) Hours of Service during the Plan Year. In determining whether the minimum required contribution provisions of this Section have been satisfied, all

Employer contributions and forfeiture allocations for the Plan Year under all "defined contribution plans," as defined in Section 414(i) of the Code, maintained by the Employer or a Key Employee who is Affiliate shall be considered as allocable under this Plan. If a non-Key Employee who is participating in this Plan is covered under a "defined benefit plan," as defined in Section 414(j) of the Code, sponsored by the Employer or an Affiliate shall be required pursuant to this paragraph if such Employee is provided with a top heavy minimum defined benefit pursuant to the defined benefit plan. All special ESOP Contributions made pursuant to this paragraph on behalf of a Participant shall be allocated to that Participant's ESOP Contributions Account.

(e) ALLOCATION TO CERTAIN PERSONS PROHIBITED . Notwithstanding the foregoing, no portion of the assets of the Plan attributable (or allocable in lieu of) Employer Securities acquired by the Plan in a sale to which Section 1042 of the Code applies may accrue or be allocated directly or indirectly under any Plan of the Employer meeting the requirements of Section 401 (a) of the Code (1) during the "nonallocation period" for the benefit of (A) any taxpayer who makes an election under Section 1042(a) of the Code with respect to Employer Securities, or (B) any individual who is related to the taxpayer within the meaning of Section 267(b) of the Code, or (2) for the benefit of any other person who owns (after the application of Section 31 8(a) of the Code) more than twenty-five percent (25%) of (A) any class of outstanding stock of the corporation that issued such. Employer Securities or any corporation which is a member of a controlled group of corporations (within the meaning of Section 409(1)(4) of the Code) of such corporation or (B) the total value of any class of outstanding stock of any such corporation. Clause (1)(B) of the preceding sentence shall not apply to any individual if the individual is the lineal descendant of the taxpayer and the aggregate amount allocated to the benefit of all lineal descendants during the nonallocation period does not exceed more than five percent (5%) of the Employer Securities (or amounts allocated in lieu thereto held by the Plan which are attributable to a sale to the Plan by any person related to such descendants (within the meaning of Section 267(c)(4) of the Code) in a transaction to which Section 1042 of the Code applied. For purposes of this Section, "nonallocation period" means the period beginning on the date of the sale of the qualified securities and ending on the later of: (1) the date which is ten (10) years after the date of the sale; or (2) the date of the Plan allocation attributable to the final payment of acquisition indebtedness incurred in connection with the sale.

### 8.3. VALUATION AND ADJUSTMENT .

The Benefits Department shall determine the fair market value of a Participant's Account as follows:

(a) First, as of each Accounting Date, the Benefits Department shall charge to the Participant's ESOP Account all withdrawals or distributions, including amounts diversified

pursuant to Section 6.2, made since the most recent Accounting Date that have not previously been charged to the ESOP Account.

(b) Second, as of each Accounting Date, the Benefits Department shall credit each Participant's ESOP Account with its pro rata share of any increase, or charge each Participant's ESOP Account with its pro rata share of any decrease, in the fair market value of the ESOP Fund as of the current Accounting Date. Dividends on shares of Employer Securities which have been allocated to the Participants' ESOP Accounts shall be credited first to a cash fund maintained by the Trustee. Dividends so credited to the cash fund shall be used to purchase additional Employer Securities, which, pursuant to this Section 8.3(b), shall be credited on a pro rata basis, to each Participant's ESOP Account. Dividends on shares of Employer Securities which are held in the Loan Suspense Account created pursuant to Section 7.4(a) shall be used along with the Employer's ESOP Contributions to repay the loan as provided in Section 7.1 (b).

(c) Third, if the Accounting Date is the final Accounting Date of the Plan Year, the Benefits Department shall credit to the ESOP Account the annual ESOP Contribution to be allocated for that Plan Year, in accordance with Section 8.2 of the Plan, to the extent not already allocated thereto, subject to the provisions of ARTICLE SEVEN. Forfeitures becoming allocable pursuant to Section 10.3 or 11.8 shall similarly be allocated.

#### 8.4. STATEMENTS TO PARTICIPANTS.

At least quarterly, the Benefits Department shall furnish to each Participant a statement showing his Account balance in the ESOP Fund as of such date.

#### 8.5. LIMITATION ON ANNUAL ADDITIONS.

(a) GENERAL RULE. For Plan years beginning before January 1, 2002, the maximum Annual Additions that may be contributed or allocated to a Participant's Account under the Plan for any Plan Year shall not exceed the lesser of (1) Forty Thousand Dollars (\$40,000) (or such greater amount as may be permitted under Section 415(d)) (the "dollar limitation"), or (2) twenty five percent (25%) of the Compensation of the Participant for the Plan Year (the "compensation limitation"). For Plan Years beginning on or after January 1, 2002, except as provided in Section 4.2, under Code Section 414(v) and this Section 8.5, the Annual Additions to be allocated to the Accounts of a Participant for any Plan Year shall not exceed an amount equal to the lesser of (1) Forty Thousand Dollars (\$40,000) (or such greater amount as may be permitted under Section 415(d)) (the "dollar limitation"), or (4) one hundred percent (100%) of the Compensation of the Participant for the Plan Year (the "compensation limitation").

The compensation limit referred to in (2) and (4) above shall not apply to any contribution for medical benefits after separation from service (within the meaning of Section 401(h) or Section 419A (f)(2) of the Code) which is otherwise treated as an annual addition.

(b) EXCLUSION OF INTEREST PAYMENTS. For any "special permissible allocation year", the limitations imposed by this Section 8.5 shall not apply to, and the Participant's Annual Addition shall be determined without regard to, any ESOP Contributions which are applied to pay interest on an exempt loan. For purposes of this Section 8.5, an "exempt loan" is a loan described in ARTICLE SEVEN, incurred for the purpose of acquiring Employer Securities.

(c) MULTIPLE DEFINED CONTRIBUTION PLANS. The limitations of this Section 8.5 with respect to any Participant who is at any time participating in any other "defined contribution plan," as defined in Section 414(i) of the Code, maintained by the Corporation or by an Affiliate shall apply as if the total Annual Additions under all such defined contribution plans in which the Participant is participating were allocated under this Plan.

(d) ADJUSTING ANNUAL ADDITIONS. In the event it is necessary to limit the Annual Additions to the Account of a Participant under this Plan due to the allocation of forfeitures, a reasonable error in estimating a Participant's Compensation, or for any other reason the Commissioner determines to be justifiable, the Benefits Department shall limit the allocation of ESOP Contributions to the Participant's ESOP Account. Further reductions or adjustments to the methods described above for adjusting the Accounts of Participants may be made pursuant to the directions of the Benefits Department and may-be made pursuant to priorities established under related defined contribution plans.

(e) TREATMENT OF ESOP CONTRIBUTIONS ALLOCATED TO LOAN SUSPENSE ACCOUNT. In computing the limitation on Annual Additions pursuant to this Section 8.5, solely for the purposes of this Section 8.5, the Benefits Department shall compute the ESOP Contribution allocable to ESOP Accounts as though no part of the ESOP Contribution for the Plan Year is allocable to the Loan Suspense Account, but rather as though the entire ESOP Contribution is subject to allocation pursuant to Section 8.2.

(f) DEFINED BENEFIT PLAN PARTICIPANTS. For Plan Years beginning before January 1, 2000, in any case where a Participant under this Plan is also a participant in one or more "defined benefit plans," as defined in Section 414(j) of the Code, maintained by the Employer or by an Affiliate of the Employer, the sum of the "defined benefit plan fraction" under such plan or plans and the "defined contribution plan fraction" under this Plan and all other defined contribution plans shall not exceed one (1.0).



(g) DEFINED BENEFIT PLAN FRACTION. The "defined benefit plan fraction" for any Plan Year is a fraction, the numerator of which is the projected annual benefit payable to the Participant as of the close of the current Plan Year under all defined benefit plans (whether or not terminated) maintained by the Employer and the denominator of which is the lesser of one hundred twenty-five percent (125%) of the defined benefit plan dollar limitation in effect for the Plan Year under Section 415(b)(1)(A) of the Code, as adjusted pursuant to Section 415(d) of the Code, or one hundred forty percent (140%) of the Participant's average Compensation for the three (3) Plan Years during which such Compensation is the highest. For any Plan Year for which the Plan is Top Heavy, the denominator of the defined benefit plan fraction will be the lesser of one hundred percent (100%) (rather than one hundred twenty-five percent (125%)) of the defined benefit plan dollar limitation referred to in the preceding sentence, as in effect for the Plan Year under Section 415(b)(1)(A) of the Code, or one hundred forty percent (140%) of the Participant's average Compensation for the three (3) Plan Years during which Compensation is highest, unless both of the following conditions are satisfied, in which case the defined benefit plan fraction shall be calculated as set forth in the preceding sentence:

- (1) The Plan is not a Super Top Heavy Plan; and
- (2) The contributions or benefits on behalf of all Participants other than Key Employees meet the requirements of Section 416(h) of the Code.

Notwithstanding the above, if a Participant was a participant in one or more defined benefit plans maintained by the Employer or an Affiliate which were in existence on May 6, 1986, the denominator of the defined benefit plan fraction will not be less than one hundred twenty-five percent (125%) of the sum of the annual benefits under such plans which the Participant had accrued as of the close of the last Plan Year beginning on or before December 31, 1986, calculated as if the Participant had terminated employment on the last day of said Plan Year. In calculating a Participant's benefits, the Benefits Department shall disregard changes in the terms and conditions of such plans occurring on or after May 6, 1986, and cost-of-living adjustments occurring on or after May 6, 1986. The preceding two sentences shall only apply if the defined benefit plans individually and in the aggregate satisfy the requirements of Section 415 of the Code as in effect at the end of the 1986 Plan Year.

(h) DEFINED CONTRIBUTION PLAN FRACTION. The "defined contribution plan fraction" for any Plan Year is a fraction, the numerator of which is the sum of the Annual Additions to the Participant's accounts under all the defined contribution plans (whether or not terminated) maintained by the Employer for the current and all prior Plan Years (including the Annual Additions attributable to the Participant's nondeductible employee contributions to any defined benefit plan, whether or not terminated by the Employer) and the denominator of which is the sum of the "maximum aggregate amounts" for

the current and all prior Plan Years of service with the Employer, regardless of whether a plan was maintained by the Employer during such years. The "maximum aggregate amount" in any Plan Year is the lesser of one hundred twenty-five percent (125%) of the dollar limitation in effect under Section 415(c)(1)(A) of the Code or thirty-five percent (35%) of the Participant's Compensation for such year. For any Plan Year for which the Plan is a Top Heavy Plan, the "maximum aggregate amount" is the lesser of one hundred percent (100%) (rather than one hundred twenty-five percent (125%)) of the dollar limitation in effect under Section 415(c)(1)(A) of the Code or thirty-five percent (35%) of the Participant's Compensation for such year, unless both of the following conditions are satisfied:

- (1) The Plan is not a Super Top Heavy Plan; and
- (2) The contributions or benefits on behalf of all Participants other than Key Employees meet the requirements of Section 416(h) of the Code.

of a Participant was a participant in one or more defined contribution plans and one or more defined benefit plans maintained by the Employer which were in existence on May 6, 1985, and which satisfied all of the requirements of Section 415 of the Code for all limitation years beginning before January 1, 1987, the numerator of this fraction will be adjusted if the sum of this fraction and the defined benefit plan fraction would otherwise exceed one (1.0) under the terms of this Plan. The adjustment shall be made by permanently subtracting from the numerator of the defined contribution fraction an amount equal to the product of (1) the excess of the sum of the fractions over one (1.0) and (2) the denominator of the defined "determination date". For this purpose, the "determination date" is the last day of the last Plan Year commencing on or before December 31, 1986. Changes in the terms and conditions of any plan after May 5, 1986, must be disregarded in adjusting the defined contribution plan fraction. The adjustment will be made only after eliminating any accruals under this or any other Plan which are in excess of the accruals permitted pursuant to Section 415 of the Code.

(i) ADJUSTMENTS . In the event it is necessary to adjust benefits and/or contributions to prevent the combined fraction from being exceeded in a Plan Year, the Participant's benefits under the defined benefit plan shall be reduced so as to eliminate any excess over the combined fraction, and such reduction shall be made, if necessary, prior to the allocation of contributions to Accounts. Any further reductions necessary shall be made by reducing the Annual Additions under this Plan as provided above, then by reducing Annual Additions in the manner and priority set out above with respect to other defined contribution plans, if any.

(j) TREATMENT OF AFFILIATES . For purposes of this Section, the Employer and all of its Affiliates shall be treated as a single entity and any plans maintained by an Affiliate shall be deemed to be maintained by the Employer.

8.6. VALUATION OF EMPLOYER SECURITIES.

In the event that Employer Securities credited to the ESOP Fund are not readily tradeable on an established securities market, the fair market value of such securities must be determined by an independent appraiser meeting the requirements of Section 401(a)(28)(C) of the Code.

**ARTICLE NINE**

**WITHDRAWALS PRIOR TO TERMINATION OF EMPLOYMENT**

9.1. WITHDRAWALS OF AMOUNTS CREDITED TO THE ESOP FUND.

Except as provided in Section 6.2 (diversification), there shall be no withdrawals permitted from ESOP Accounts.

**ARTICLE TEN**

**VESTING**

10.1. INTENTIONALLY OMITTED

10.2. VESTING IN THE ESOP ACCOUNT.

Each Participant shall be fully vested in the amounts credited to or allocable to his ESOP Account on and after the first to occur of the following events:

(a) Attainment by the Participant prior to January 1, 1991, of the age of sixty-five (65) years, or, for Participants who attain the age of sixty-five (65) on or after January 1, 1991, the later of attainment by the Participant of age sixty-five (65) or the fifth (5th) anniversary of the Participant's commencement-of participation in the Plan;

(b) The date of his separation from employment due to Disability, as determined by the Benefits Department;

(c) The date of death of the Participant;

- (d) Termination or partial termination of this Plan as provided in Section 13.3 of this Plan;
- (e) Complete discontinuance of contributions by the Employers as provided in Section 13.3 of this Plan; or
- (f) The completion of seven (7) years of Continuous Service by the Participant (however, see 10.3 (a) below).

10.3. DETERMINATION OF VESTED INTEREST IN ESOP ACCOUNT A IN THE EVENT OF TERMINATION OF EMPLOYMENT.

(a) VESTING SCHEDULE. A Participant's vested percentage shall be determined as of the day of his termination of employment. Until such time as the earlier of (1) the date any ESOP loan existing as of September 26, 2005 is repaid or (2) the date such loan is scheduled to be repaid, the value of the Participant's vested interest in his ESOP Account shall be determined in accordance with the following schedule:

<u>Years of Continuous Service</u>	<u>Vested Percentage of Account</u>
Less than three	0%
Three but less than four	20%
Four but less than five	40%
Five but less than six	60%
Six but less than seven	80%
Seven or more	100%

Thereafter, the Participant's vested interest in his ESOP Account shall be determined in accordance with the vesting schedule set forth in paragraph (c) below, regardless of whether the Plan is Top Heavy.

Effective for Participants receiving distributions on or after January 1, 1996, if, after the application of the above vesting schedule, the Participant is entitled to receive a distribution of a fractional share of Employer Securities, such fractional share shall be rounded up to the nearest whole number and the distribution shall be made only in whole shares of Employer Securities.

(b) TIME OF DETERMINATION. A Participant's vested percentage shall be determined as of this Termination Date. The value of the Participant's vested interest in his ESOP Account shall be determined as of the earlier of (1) the Accounting Date immediately preceding the first distribution to the Participant from such Account following his termination of employment or (2) the Accounting Date coinciding with or next on which the Participant incurs a one-year Break in Continuous Service. If a Participant has no vested interest in any of his Accounts, the Participant shall be deemed to have received a distribution of his zero (0) Account balance as of the date of his termination of employment. Any amounts credited to the Participant's Accounts in which the Participant is not fully vested shall be forfeited as the later of such Accounting Date or the date on which the Participant's employment is terminated. The amount forfeited shall then be available for allocation to the accounts of the remaining Participants as of the year-end Accounting Date coinciding with or next following the date of the forfeiture, to the extent such forfeiture is not used to restore forfeitures previously charged to a reemployed former Participant pursuant to Section 10.4. If a portion of a Participant's ESOP Account is forfeited, Employer Securities allocated pursuant to Section 8.2(a) must be forfeited only after other assets have been forfeited. Furthermore, if interests in more than one class of Employer Securities are allocable to the Participant's ESOP Account, the Participant shall be treated as forfeiting the same proportion of each class.

(c) TOP HEAVY VESTING. If this Plan is or becomes Top Heavy, the vested interest of any Participant other than a Participant who is not credited with at least one (1) Hour of Service while the Plan is Top Heavy shall be determined in accordance with the following schedule instead of the schedules set forth above:

<u>Years of Continuous Service</u>	<u>Vested Percentage of Account</u>
Less than two	0%
Two but less than three	20%
Three but less than four	40%
Four but less than five	60%
Five but less than six	80%
Six or more	100%

#### 10.4. RESTORATION OF FORFEITURES.

(a) ELIGIBILITY. Subject to the provisions of this Section, any forfeitures, charged to the ESOP Account of a former Participant will be restored if the former Participant returns to employment with an Employer or any Affiliate prior to incurring five (5)

consecutive Breaks in Continuous Service. Prior forfeitures will be restored only if the former Participant repays, in a timely manner as provided bellow, the full amount, unadjusted for any subsequent gains or losses, previously distributed to him, which amount may include cash in lieu of Employer Securities. If a former Participant who was deemed to have received a distribution resumes employment with the Employer prior to incurring five (5) consecutive one year Breaks in Continuous Service, any forfeitures charged to the former Participant's Account upon his prior termination of employment shall be restored to such Account immediately.

(b) RETURN OF DISTRIBUTIONS . A former Participant may repay the full amount previously distributed to him prior to the earliest of (1) the fifth (5th) anniversary of the former Participant's reemployment by the Employer or (2) the last day of the Plan Year in which the Participant incurs his fifth (5th) consecutive Break in Continuous Service. The amount of form any distribution repaid by the former Participant shall be allocated between his Accounts in Account. Any forfeitures restored by the Employer proportion to the amount distributed from each the forfeiture was pursuant to this Section charged. The Participant must repay the amount distributed from both his other Accounts in order to qualify for the restoration of any prior forfeitures. A Participant may not repay a prior distribution pursuant to this paragraph if the Participant had a fully vested interest in all of his Accounts when the prior distribution was made.

(c) RESTORATION CONTRIBUTIONS . Any forfeitures available for allocation as of the last day of the Plan Year in which an individual does everything necessary in order to have a prior forfeiture restored will be applied first to restore the prior forfeiture. If the available forfeitures are not sufficient to restore the prior forfeiture, the Employer will make a special contribution equal to the balance of the amount forfeited. Such contributions or forfeitures will be allocated to the account from which the distribution was made.

#### 10.5. AMENDMENTS TO VESTING SCHEDULE .

If the vesting schedule set forth in Section 10.3 is amended, in the case of an Employee who is a Participant on the later of (a) the date the amendment is adopted, or (b) the date the amendment is effective, the non-forfeitable percentage of the benefit to which the Employee is entitled (determined as of such date) shall not be less than the non-forfeitable percentage of the benefit to which he is entitled under the Plan without regard to such amendment. If the vesting schedule designated in Section 10.3 is amended, each Participant whose benefits would be determined under such schedule and who is credited with three (3) or more years of Continuous Service shall have the right to elect, during the period computed pursuant to this Section, to have his non-forfeitable benefit determined without regard to such amendment; provided, however, that no election shall be provided to any Participant whose non-forfeitable percentage under the Plan, as amended, cannot at any time be less than the

percentage computed without regard to such amendment. The election period shall commence on the date the amendment is adopted and end on the later of (a) sixty (60) days after adoption of the amendment, (b) sixty (60) days after the effective date of the amendment, or (c) sixty (60) days after the Participant is notified of the amendment in writing by the Corporation or the Benefits Department. Such election, if exercised, shall be irrevocable, and shall be available only to an Employee who is a Participant when the election is made and who has completed at least three (3) years of Continuous Service when the election is made. Any change in the applicability of the vesting schedule set forth in Section 10.3 as a result of the Plan ceasing to be Top Heavy shall be treated as an amendment to such vesting schedule for purposes of this Section.

## ARTICLE ELEVEN

### DISTRIBUTION OF BENEFITS

#### 11.1. NORMAL AND LATE RETIREMENT.

A Participant shall be entitled to full distribution of his accounts, as provided in Sections 11.5 and 11.6, upon actual retirement as of or after his Normal Retirement Date. A Participant may remain in the employment of the Employer after his Normal Retirement Date, if he desires, and shall retire at such later time as he may desire, unless the Employer lawfully directs earlier retirement.

#### 11.2. DISABILITY RETIREMENT.

A Participant whose active employment is discontinued due to Disability shall be entitled to full distribution of his accounts, as provided in Sections 11.5 and 11.6. Subject to the provisions of Section 11.5, the payments may commence at any time on or after the date of his discontinuance of active employment due to Disability.

#### 11.3. DEATH.

(a) BENEFIT. In the event that a Participant (which term for purposes of this Section includes former Participants) shall die prior to his Benefit Commencement Date, the Participant's surviving spouse (or his other designated Beneficiary, if the Participant is unmarried or his spouse has consented in writing to designation of another Beneficiary) shall be entitled to full distribution of the Participant's accounts at the time and in the manner provided in Sections 11.5 and 11.6.

(b) SPOUSE AS BENEFICIARY. Notwithstanding any Beneficiary designation made by the Participant to the contrary, except as otherwise noted below, a married Participant's spouse shall be deemed to be his Beneficiary for purposes of this Plan unless the Participant's spouse consents to the designation of a different Beneficiary. Once given, the spouse's consent will be irrevocable. The consent of the Participant's spouse to his election shall be in writing, acknowledge the effect of such an election, be witnessed by a notary public and be provided to the Benefits Department. The spouse may not consent to the designation of another Beneficiary generally, but rather must consent to the designation of a particular Beneficiary. If the Participant elects to change the Beneficiary, the spouse's prior consent will be null and void and a new consent will be required, unless the spouse's consent expressly permits a change of designation without the further consent of the spouse.

In the event that a Participant fails to designate a beneficiary to receive a benefit that becomes payable under the Plan, or in the event that the Participant is predeceased by all designated primary contingent beneficiaries, the death benefit shall be payable to the following classes of takers, each class to take to the exclusion of all subsequent classes, and all members of each class to share equally:

- (i) surviving spouse;
- (ii) lineal descendants (including legally adopted children), per stirpes;
- (iii) surviving parents;
- (iv) Participant's estate.

No spousal consent will be required if the Advisory Committee determines, in its sole discretion, that such consent cannot be obtained because the spouse cannot be located or other circumstances exist that preclude the Participant from obtaining such consent (to the degree permitted under applicable regulations issued by the United States Treasury Department).

Any spousal consent given pursuant to this Section or dispensed with pursuant to the preceding sentence will be valid only with respect to the spouse who signs the consent or with respect to whom the consent requirement is waived by the Advisory Committee.

Notwithstanding the foregoing, effective January 1, 2002, upon the receipt of written proof of the dissolution of marriage of a Participant, any earlier designation of the Participant's former spouse as a beneficiary shall be treated as though the Participant's former spouse had predeceased the Participant, unless, prior to payment of benefits on behalf of the Participant (1) the Participant executes and delivers another beneficiary designation that complies with this Plan and that clearly names such former spouse as a beneficiary; or (2) there is delivered to the Plan a qualified domestic relations order providing that the former spouse is to be treated as the beneficiary. In any case, once a Participant's former spouse is



treated under the Participant's beneficiary designation as having predeceased the Participant, no heirs or other beneficiaries of the former spouse shall receive benefits from the Plan as beneficiary of the Participant, except as otherwise provided in the Participant's beneficiary designation.

(c) DEATH AFTER COMMENCEMENT OF BENEFITS . In the event that a former Participant shall die after his Benefit Commencement Date but prior to the complete the provisions of this distribution of all amounts to which such Participant is entitled under ARTICLE ELEVEN, the Participant's spouse or other designated Beneficiary shall be entitled to receive any remaining amounts to which the Participant would have been entitled had the Participant survived. The Benefits Department may require and rely upon such proofs of death and the right of any spouse or Beneficiary to receive benefits pursuant to this Section as the Benefits Department may reasonably determine, and its determination of death and the right of such spouse or Beneficiary to receive payment shall be binding and conclusive upon all persons whomsoever.

#### 11.4. OTHER SEPARATIONS FROM EMPLOYMENT .

A Participant who separates from employment for any reason other than retirement, death or Disability shall be entitled to distribution of his vested interest in his accounts at the time and in the manner provided in Sections 11.5 and 11.6.

#### 11.5. TIME OF DISTRIBUTION OF BENEFITS .

(a) RETIREMENT . Payment to a Participant who is entitled to benefits under Section 11.1 normally shall commence within a reasonable time following the Participant's Termination Date; except that, at the election of the Participant, payment of benefits may be postponed until after the next year-end Accounting Date, at which time losses or earnings on the ESOP Trust Fund will be allocated to the Participant's Account.

(b) TERMINATION AND DISABILITY . Payment to a Participant who is entitled to benefits under Section 11.2 or Section 11.4 normally shall commence not later than the date on which the Participant shall attain his Normal Retirement Date. As a general rule, the Benefits Department will begin distributions pursuant to Section 11.2 or Section 11.4 as soon as possible after the year-end Accounting Date next following the Participant's termination of employment or discontinuance of active employment due to Disability. At the request of the Participant, his ESOP Account may be distributed as soon as possible following the

Participant's Termination Date or discontinuance of active employment due to Disability. Effective March 28, 2005, if the total amount distributable to the Participant from all of his accounts at the time of any distribution under this ARTICLE ELEVEN exceeds Five Hundred Dollars (\$500.00) (Three Thousand Five Hundred Dollars (\$3,500.00) prior to January 1, 1998, and Five Thousand Dollars (\$5,000.00) for Plan Years beginning on or after January 1, 1998), unless the Participant requests said distribution in writing. For purposes of this rule, if the total amount distributable to the Participant from all his accounts at the time of any distribution exceeds Five Hundred Dollars (\$500.00) (Three Thousand Five Hundred Dollars (\$3,500.00) prior to January 1, 1998, and Five Thousand Dollars (\$5,000.00) for Plan Years beginning on or after January 1, 1998), then the amount in the Participant's account at all times thereafter will be deemed to exceed Five Hundred Dollars (\$500.00) (Three Thousand Five Hundred Dollars (\$3,500.00) prior to January 1, 1998, and Five Thousand Dollars (\$5,000.00) for Plan Years beginning on or after January 1, 1998). Effective January 1, 2009, One Thousand Dollars (\$1,000.00) shall be substituted for Five Hundred Dollars (\$500.00) for purposes of this Section 11.5(b).

(c) DEATH AFTER COMMENCEMENT OF PAYMENTS . In the event of the death of a Participant after his Benefit Commencement Date but prior to the complete distribution to such Participant of the benefits payable to him under the Plan, any remaining benefits shall be distributed over a period that does not exceed the period over which distribution was to be made prior to the date of death of the Participant. Payments to the Beneficiaries entitled to payments pursuant to Section 11.3 shall commence as soon as possible following the death of the Participant.

(d) DEATH PRIOR TO COMMENCEMENT OF BENEFITS . In the event of the death of the Participant prior to his Benefit Commencement Date, payments to the Participant's Beneficiaries must be paid in full by December 31 of the calendar year which includes the fifth (5th) anniversary of the date of the Participant's death.

(e) REQUIRED COMMENCEMENT OF PAYMENTS . In no event shall payment to a former Participant continue later than sixty (60) days after the last to occur of (1) the last day of the Plan Year in which the Participant attains the age of sixty five (65) years, (2) the last day of the Plan Year in which the Participant separates from employment with the Employer, or (3) the tenth (10th) anniversary of the last day of the Plan Year in which the Participant commenced participation in the Plan. In addition, payments must commence by the Participant's Required Beginning Date.

(f) CONSENT TO EARLY DISTRIBUTIONS . Except as otherwise provided in Section 11.6 concerning the payment of small amounts, no benefit payments may commence pursuant to the preceding provisions of this Section prior to the Participant's Normal

Retirement Date unless the Participant requests the earlier commencement of payments. The Participant's request must be in writing in a form acceptable to the Benefits Department.

11.6. METHOD OF DISTRIBUTION.

(a) DISTRIBUTION IN KIND.

(i) Distribution of amounts credited to the ESOP Fund shall be made in Employer Securities in a single distribution (other than cash in lieu of fractional shares).

(ii) Effective January 1, 2009, if the value of a Participant's Account at the time of distribution does not exceed One Thousand Dollars (\$1,000.00), payment of amounts credited to the ESOP Fund shall be made in cash, subject to the Participant's or Beneficiary's right to elect a distribution of Employer Securities with respect to amounts credited to the ESOP Fund (other than cash in lieu of fractional shares).

(b) EMPLOYER SECURITIES. If Employer Securities consisting of stock acquired with the proceeds of an exempt loan are available for distribution and consist of more than one (1) class, a distributee shall receive substantially the same proportion of each class.

(c) MINIMUM DISTRIBUTION AND INCIDENTAL BENEFIT REQUIREMENTS.

Notwithstanding any provision in this subsection to the contrary, distribution of a Participant's Accounts shall commence (whether or not he or she remains in the employ of the Employer) not later than the Participant's Required Beginning Date. Unless the Participant's entire interest is distributed to him by the Required Beginning Date, the distributions must be made over a period certain not extending beyond the life expectancy of the Participant, or over a period certain not extending beyond the joint life and last survivor life expectancy of the Participant and the Participant's designated Beneficiary. All distributions made pursuant to the Plan shall comply with the regulations issued by the United States Treasury Department under Section 401(a)(9) of the Code, including Section 1.401(a)(9)-2 through 1.401(a)(9)-9 as modified by the Section 401(a)(9) Final and Temporary Regulations published on April 17, 2002, and such regulations shall override and supersede any conflicting provisions of this Section or any other Section of this Plan. In addition, all benefit payment options shall be structured so as to comply with the incidental benefit requirements of Section 401(a)(9)(G) of the Code and any regulations issued pursuant thereto, which require, generally, that certain minimum amounts be distributed to a Participant during each calendar year, commencing with the calendar year in which the Participant's required beginning date falls, in order to assure that only "incidental" benefits are provided to a Participant's beneficiaries. The provision of this paragraph shall control over any conflicting provisions of this Plan

(e) DISTRIBUTION OF SMALL AMOUNTS . Notwithstanding any provision of this Plan to the contrary, the Advisory Committee, in its sole discretion, may direct payment benefits, by a Policy set by the Advisory Committee with instructions to the Benefits Department in a single lump sum if the total amount distributable to the Participant from all of his accounts at the time of any distribution under this ARTICLE ELEVEN, does not exceed Five Hundred Dollars (\$500.00) (Three Thousand Five Hundred Dollars (\$3,500.00) prior to January 1, 1998, and Five Thousand Dollars (\$5,000.00) for Plan Years beginning on or after January 1, 1998). For purposes of this rule, if the total amount distributable to the Participant from all his accounts at the time of any distribution exceeds Five Hundred Dollars (\$500.00) (Three Thousand Five Hundred Dollars (\$3,500.00) prior to January 1, 1998, and Five Thousand Dollars (\$5,000.00) for Plan Years beginning on or after January 1, 1998), then the amount in the Participant's account at all times thereafter will be deemed to exceed Five Hundred Dollars (\$500.00) (Three Thousand Five Hundred Dollars (\$3,500.00) prior to January 1, 1998, and Five Thousand Dollars (\$5,000.00) for Plan Years beginning on or after January 1, 1998). The Advisory Committee, in its sole discretion, may direct payment of the total amount distributable to the Participant, regardless of whether the balance of all his accounts at any time ever exceeded Five Hundred Dollars (\$500.00), upon such distributable amount falling below Five Hundred Dollars (\$500.00),). Participant consent shall still be required however if the Participant had previously had a Benefit Commencement Date. All distributions pursuant to this paragraph must be made not later than the close of the second Plan Year following the Plan Year in which the Participant's employment is terminated.

Effective with respect to distributions made on or after January 1, 2002 with respect to Participants who separate from service on or after January 1, 2002, the value of a Participant's nonforfeitable Account Balance shall be determined without regard to that portion of the Account Balance that is attributable to Rollover Contributions (and earnings allocable thereto) within the meaning of Sections 402(c), 403(a)(4), 403(b)(8), 408(d)(3)(A)(ii) and 457(e)(16) of the Code. If the value of the Participant's nonforfeitable Account Balance as so determined is Five Hundred Dollars (\$500.00) or less, the Plan may distribute the Participant's entire nonforfeitable Account Balance.

Effective January 1, 2009, One Thousand Dollars (\$1,000.00) shall be substituted for Five Hundred Dollars (\$500.00) for purposes of this Section 11.6(e).

(f) AMOUNT OF DISTRIBUTION . For the purposes of determining the amount to be distributed to Participants and Beneficiaries, the Participant's Account will be valued as of the Accounting Date preceding the date upon which distribution is to commence, and the Account shall then be adjusted to reflect any contributions made by or on behalf of the Participant after such Accounting Date.

(g) LIFE EXPECTANCIES. For purposes of this Plan, life expectancies shall be calculated by use of the expected return multiples specified in Tables V and VI of §1.72-9 of the regulations issued by the United States Treasury Department, and in accordance with the rules and procedures specified in regulations issued under Section 401(a)(9) of the Code, as such Tables and regulations may be amended from time to time, or any Tables or regulations subsequently issued in replacement of said Tables or regulations. The life expectancy of a Participant and his spouse may be recalculated annually. The life expectancy of any other individual shall be calculated using the individual's attained age on his birthday in the relevant calendar year (as determined in accordance with regulations issued pursuant to Section 401(a)(9) of the Code) and such individual's life expectancy during any later calendar year shall be the life expectancy as originally determined less the number of calendar years that have elapsed since the calendar year of the initial determination.

11.7. PAYMENTS TO DISABLED. If any person to whom a payment is due under this Plan is unable to care for his affairs because of physical or mental disability, or is subject to a legal disability, the Advisory Committee shall have the authority to cause the payments becoming due to such person to be made to his duly-appointed legal guardian or custodian, to his spouse or to any other person charged with the legal obligation to support him, without any responsibility on the part of the Advisory Committee, the Employer, the Benefits Department or the Trustees to see to the application of such payments. Payments made pursuant to such power shall operate as a complete discharge of the Advisory Committee, the Employer, the Benefits Department the Trustees, the ESOP Fund and the Trust Fund. Subject to the right to appeal as set forth in Section 12.3(g) of the plan, the decision of the Advisory Committee in each case shall be final and binding upon all persons whomsoever.

11.8. MISSING PAYEES. It shall be the responsibility of each Participant to advise the Benefits Department of the current mailing address of such Participant and his Beneficiary, and any notice or payment addressed to such last known address of record shall be deemed to have been received by the Participant. Should the Benefits Department not be able locate a Participant who is entitled to be paid a benefit under the Plan after making reasonable, diligent efforts to contact said Participant, and a period of two (2) years has elapsed from the Participant's Termination Date, a forfeiture of the Participant's vested benefit shall occur and be redistributed in accordance with Sections 8.2(b) and 10.4(c). Notwithstanding said forfeiture, in the event the Participant should thereafter make a claim for his benefits, as determined prior to the date of forfeiture, the Benefits Department shall restore (as of the next Accounting Date) his account balance together with interest at the "Short Term Federal Rate," as defined in Internal Revenue Code Section 1274, from the date of forfeiture. Such amounts shall be restored in a manner consistent with the restoration of forfeitures as set forth in Section 10.4(c). Should there be insufficient forfeitures occurring on said Accounting Date,

the Employer shall be obligated to restore said Account by means of a special contribution to the Plan.

11.9. WITHHOLDING . Payment of benefits under this Plan shall be subject to applicable law governing the withholding of taxes from benefit payments, and the Trustees, Benefits Department and Advisory Committee shall be authorized to withhold taxes from the payment of any benefits hereunder, in accordance with applicable law.

11.10. UNDERPAYMENT OR OVERPAYMENT OF BENEFITS . In the event that, through misstatement or computation error, benefits are underpaid or overpaid, there shall be no liability for any more than the connect benefit sums under the Plan. Overpayments may be deducted from future payments under the Plan, and underpayments may be added to future payments under the Plan. In lieu of receiving reduced benefits under the Plan, a Participant or beneficiary may elect to make a lump sum repayment of any overpayment.

11.11. TRANSFERS FROM THE PLAN . Upon receipt by the Benefits Department of a written request from a Participant who has separated or is separating from the Employer and has not yet received distribution of his benefits under the Plan, the Benefits Department shall direct the ESOP Trustee to transfer such Participant's vested interest in his ESOP Account to the trustee or other administrative agent of another plan or trust or individual retirement account certified by the Participant as meeting the requirements for qualified plans or trusts or individual retirement accounts under the Code. The ESOP Trustee shall make such transfer within a reasonable time following receipt of such written direction by the Benefits Department. The Employer, Benefits Department, the Advisory Committee and the ESOP Trustee shall not be responsible for ascertaining whether the transferee plan, trust, or individual retirement account is qualified under the Code, and the written request of the Participant shall constitute a certification on the part of such Participant that the plan, trust, or individual retirement account is qualified and provides for the acceptance of such transfer.

11.12. ELIGIBLE ROLLOVER DISTRIBUTIONS .

(a) GENERAL . With respect to any "eligible rollover distribution ", a "distributee" may elect to have such distribution paid directly to an "eligible retirement plan" and may specify the eligible retirement plan to which such distribution is to be paid (in such form and at such time as determined by the Benefits Department). If such election is made, the eligible rollover distribution shall be made in the form of a direct trustee-to-trustee transfer to the eligible retirement plan so specified. Any distribution not qualifying as an eligible rollover distribution under Section 11.12(b) may not be rolled over in the manner specified in this Section 11.12.

(b) DEFINITIONS .

(1) The term "eligible rollover distribution" shall mean a distribution that would be includable in the distributee's gross income if not transferred pursuant to this Section 11.12 (as determined without regard to Code Sections 402(c) and 403(a)(4)) and that is a distribution of all or any portion of the balance to the credit of the distributee in the Plan except that such term shall not include:

(A) any distribution which is one of a series of substantially equal periodic payments made (not less frequently than annually);

(i) for the life (or life expectancy) of the distributee or the joint lives (or life expectancies) of the distributee and the distributee's Beneficiary;

(ii) for a specified period of ten (10) years or more; and

(B) any distribution to the extent such distribution is required under Code Section 401(a)(9).

A portion of a distribution shall not fail to be an eligible rollover distribution merely because the portion consists of after-tax employee contributions which are not includable in gross income. However, such portion may be transferred only to an individual retirement account or annuity described in Section 408(a) or (b) of the Code, or to a qualified defined contribution plan described in Section 401(a) or 403(a) of the Code that agrees to separately account for amounts so transferred, including separately accounting for the portion of such distribution which is includable in gross income and the portion of such distribution which is not so includable.

(2) The term "eligible retirement plan" shall mean:

(A) an individual retirement account described in Code Section 408(a);

(B) an individual retirement annuity described in Code Section 408(b) (other than an endowment contract);

(C) an employee's trust described in Code Section 401(a) which is exempt from tax under Code Section

501(a) provided that such employee's trust is a defined contribution plan, the terms of which permit the acceptance of rollover distributions;

(D) an annuity plan described in Code Section 403(b); or

(E) an eligible plan under Section 457(b) of the Code which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state and which agrees to separately account for amounts transferred into such plan from this Plan.

The definition of eligible retirement plan shall also apply in the case of a distribution to a surviving spouse, or to a spouse or former spouse who is the alternate payee under a qualified domestic relation order, as defined in Section 414(p) of the Code.

(3) The term "distributee" shall include an Employee and a former Employee. In addition, the Employee's or former Employee's surviving spouse and the Employee's or former Employee's spouse or former spouse who is the alternate payee under a Qualified Domestic Relations Order are distributees with regard to the interest of a spouse or former spouse.

11.12A ELIGIBLE ROLLOVER DISTRIBUTIONS MADE AFTER DECEMBER 31, 2001.

(a) This Article applies to distributions made after December 31, 2001. Notwithstanding any provision of the Plan to the contrary that would otherwise limit a distributee's election under this Section 11.12A, a distributee may elect, at the time and in the manner prescribed by the Plan Administrator, to have any portion of an eligible rollover distribution that is equal to at least \$500 paid directly to an eligible retirement plan specified by the distributee in a direct rollover. If an eligible rollover distribution is less than \$500, a distributee may not make the election described in the preceding sentence to rollover a portion of the eligible rollover distribution.

(b) For purposes of this Paragraph 11.12A, the following definitions shall apply:



(1) Eligible rollover distribution: An eligible rollover distribution is any distribution of all or any portion of the balance to the credit of the distributee, except that an eligible rollover distribution does not include: any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the distributee or the joint lives (or joint life expectancies) of the distributee and the distributee's designated beneficiary, or for a specified period of ten years or more; any distribution to the extent such distribution is required under § 401(a)(9) of the Internal Revenue Code; the portion of any other distribution(s) that is not includible in gross income; and any other distribution(s) that is reasonably expected to total less than \$200 during a year.

A portion of a distribution shall not fail to be an eligible rollover distribution merely because the portion consists of after-tax employee contributions which are not includible in gross income. However, such portion may be transferred only to an individual retirement account or annuity described in § 408(a) or (b) of the Code, or to a qualified defined contribution plan described in § 401(a) or 403(a) of the Code that agrees to separately account for amounts so transferred, including separately accounting for the portion of such distribution which is includible in gross income and the portion of such distribution which is not so includible.

(2) Eligible retirement plan: An eligible retirement plan is an eligible plan under § 457(b) of the Code which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state and which agrees to separately account for amounts transferred into such plan from this plan, an individual retirement account described in § 408(a) of the Code, and individual retirement annuity described in § 408(b) of the Code an annuity plan described in § 403(a) of the Code, an annuity contract described in § 403(b) of the Code, or a qualified plan described in § 401(a) of the Code, that accepts the distributee's eligible rollover distribution. The definition of eligible retirement plan shall also apply in the case of a distribution to a surviving spouse, or to a spouse or former spouse who is the alternate payee under a qualified domestic relation order, as defined in § 414(p) of the Code.

If any portion of an eligible rollover distribution is attributable to payments or distributions from a designated Roth account, an eligible retirement plan with respect to such portion shall include only another designated Roth account of the individual from whose account the payments or distributions were made, or a Roth IRA of such individual.

For distributions made after December 31, 2007, a Participant may elect to roll over directly an eligible rollover distribution to a Roth IRA described in Code §408A(b).

(3) Distributee: A distributee includes an employee or former employee. In addition, the employee's or former employee's surviving spouse and the

employee's or former employee's spouse or former spouse who is the alternate payee under a qualified domestic relations order, as defined in § 414(p) of the Code, are distributees with regard to the interest of the spouse or former spouse.

(4) Direct Rollover: A direct rollover is a payment by the Plan to the eligible retirement plan specified by the distributee.

11.12B Direct Rollover of Non-Spousal Distribution

(a) For distributions after December 31, 2008, a non-spouse beneficiary who is a "designated beneficiary" under Code §401 (a)(9)(E) and the regulations thereunder, by a direct trustee-to-trustee transfer ("direct rollover"), may roll over all or any portion of his or her distribution to an individual retirement account the beneficiary establishes for purposes of receiving the distribution. In order to be able to roll over the distribution, the distribution otherwise must satisfy the definition of an eligible rollover distribution.

(b) Although a non-spouse beneficiary may roll over directly a distribution, any distribution made prior to January 1, 2010 is not subject to the direct rollover requirements of Code §401 (a)(31) (including Code §401 (a)(31)(B), the notice requirements of Code §402(f) or the mandatory withholding requirements of Code §3405 (c)). If a non-spouse beneficiary receives a distribution from the Plan, the distribution is not eligible for a "60-day" rollover.

(c) If the Participant's named beneficiary is a trust, the Plan may make a direct rollover to an individual retirement account on behalf of the trust, provided the trust satisfies the requirements to be a designated beneficiary within the meaning of Code §401(a)(9)(E).

(d) A non-spouse beneficiary may not roll over an amount which is a required minimum distribution, as determined under applicable Treasury regulations and other Revenue Service guidance. If the Participant dies before his or her required beginning date and the non-spouse beneficiary rolls over to an IRA the maximum amount eligible for rollover, the beneficiary may elect to use either the 5-year rule or the life expectancy rule, pursuant to Treas. Reg. §1.401(a)(9)-3, A-4(c), in determining the required minimum distributions from the IRA that receives the non-spouse beneficiary's distribution.

## ARTICLE TWELVE

### PLAN ADMINISTRATION

#### 12.1. THE ADVISORY COMMITTEE AND BENEFITS DEPARTMENT.

(a) APPOINTMENT AND REMOVAL. The Corporation is the plan administrator, but it delegates its duties and responsibilities as such to the Benefits Department and the Advisory Committee, to the extent and in the manner set forth herein.

(i) The Advisory Committee shall consist of not less than three (3) members (who may be directors, officers or other employees of the Employers or Participants in this Plan). Such members shall be appointed from time to time by the President of the Corporation and shall serve at his pleasure. Each member may be dismissed by the President or his designee at any time by notice to the members of the Advisory Committee. A member of the Advisory Committee may resign at any time by delivering his written resignation to the President or his designee. The members of the Advisory Committee may be appointed to succeed themselves. The members of the Advisory Committee shall be compensated for their services to the extent determined by the President of the Corporation.

(ii) The Benefits Department is a sub-department within the Human Resources Department of U-Haul International, Inc. and the supervisors and/or managers working within the Benefits Department shall be primarily responsible for coordination of the Benefits Department's duties and responsibilities under the Plan.

(b) CHAIRMAN AND SECRETARY. The members of the Advisory Committee shall elect a chairman and shall also elect a secretary who may, but need not, be one of the members of the Advisory Committee. The secretary of the Advisory Committee or his designee shall record all acts and determinations of the Advisory Committee and shall preserve and retain custody of all such records, together with such other documents as may be necessary for the administration of the Plan or as maybe required by law.

(c) MEETINGS AND MAJORITY ACTION OF THE ADVISORY COMMITTEE. The Advisory Committee may adopt by-laws which, among other things provide for: the holding of meetings upon such notice, and at such place or places, and at such intervals as it may from time to time determine; that majority of the members of the Advisory Committee at any time in office shall constitute a quorum for the transaction of business; all resolutions or other actions taken by the Advisory Committee shall be by vote of a majority of the Advisory Committee at a meeting of the Advisory Committee or without a meeting by an instrument in writing signed by a majority of the members of the Advisory Committee.

## 12.2. POWERS OF THE ADVISORY COMMITTEE AND BENEFITS DEPARTMENT.

### (a) GENERAL POWERS.

(i) The Advisory Committee shall have the power and discretion to perform the administrative duties assigned to it and as described in this Plan and shall have all powers necessary to enable it to properly carry out such duties. To the extent not otherwise delegated pursuant to the Plan, the Advisory Committee shall be responsible for the general administration of the Plan.

(ii) The Benefits Department shall have the power and discretion to perform the administrative duties assigned to it and as described in this Plan or required for proper administration of the Plan and shall have all powers necessary to enable it to properly carry out such duties .

(b) BENEFIT PAYMENTS. Except as is otherwise provided hereunder, the Benefits Department shall determine the manner and time of payment of benefits under this Plan. All benefit disbursements by the Trustee shall be made upon the instructions of the Benefits Department. Benefits under this Plan will be paid only if the Benefits Department, in its capacity as a Plan Administrator, decides in its discretion that the applicant for such benefits is entitled to them.

(c) DECISIONS FINAL. All matters to be, decided by the Advisory Committee shall be decided by the Advisory Committee in the exercise of its discretion and shall be binding and conclusive upon all persons, unless arbitrary and capricious. All matters to be decided by the Benefits Department shall be decided by the Benefits Department in the exercise of its discretion and, unless arbitrary and capricious, shall be binding and conclusive upon all persons, unless arbitrary and capricious.

(d) REPORTING AND DISCLOSURE. The Benefits Department shall file all reports and forms lawfully required to be filed by the Benefits Department with any governmental agency or department, federal or state, and shall distribute any forms, reports, statements or plan descriptions lawfully required to be distributed to Participants and others by any governmental agency or department, federal or state.

(e) INVESTMENT. Notwithstanding anything set forth in the Plan or the Trust Agreement, no purchase of Employer Securities shall be made by the ESOP Trustees without their first obtaining a recommendation from the Advisory Committee stating: (1) that the Advisory Committee recommends that the ESOP Trustees acquire shares of Employer Securities and (2) upon the terms and conditions which they recommend such shares be acquired. Before making such recommendation, the Advisory Committee shall take into

account such items as they deem appropriate, including, but not limited to, their reviewing appraisals and financial statements of the Employer.

### 12.3. CLAIMS.

(a) FILING OF CLAIM. A Participant or Beneficiary entitled to benefits need not file a written claim to receive benefits. If an Employee, Participant, Beneficiary or any other person is dissatisfied with the determination of his benefits, eligibility, participation or any other right or interest under this Plan, such person may file a written statement setting forth the basis of the claim with the Advisory Committee in a manner prescribed by the Advisory Committee. In connection with the determination of a claim, or in connection with review of a denied claim, the claimant may examine this Plan and any other pertinent documents generally available to Participants relating to the claim and may submit comments in writing.

(b) NOTICE OF DECISION. A written notice of the disposition of any such claim shall be furnished to the claimant within thirty (30) days after the claim is filed with the Advisory Committee, provided that the Advisory Committee may have an additional period to decide the claim if it advises the claimant in writing of the need for an extension and the date on which it expects to decide the claim. The notice of disposition of a claim shall refer, if appropriate, to pertinent provisions of this Plan, shall set forth in writing the reasons for denial of the claim if the claim is denied (including references to any pertinent provisions of this Plan), and where appropriate shall explain how the claimant can perfect the claim.

(c) REVIEW. If the claim is denied, in whole or in part, the claimant shall also be notified in writing that a review procedure is available. Thereafter, within ninety (90) days after receiving the written notice of the Advisory Committee's disposition of the claim, the claimant may request in writing, and shall be entitled to, a review meeting with the Advisory Committee to present reasons why the claim should be allowed. The claimant shall be entitled to be represented by counsel at the review meeting. The claimant also may submit a written statement of his claim and the reasons for granting the claim. Such statement may be submitted in addition to, or in lieu of, the review meeting with the Advisory Committee. The Advisory Committee shall have the right to request of and receive from a claimant such additional information, documents or other evidence as the Advisory Committee may reasonably require. If the claimant does not request a review meeting within ninety (90) days after receiving written notice of the Advisory Committee's disposition of the claim, the claimant shall be deemed to have accepted the Advisory Committee's written disposition, unless the claimant shall have been physically or mentally incapacitated so as to be unable to request review within the ninety (90) day period.

(d) DECISION FOLLOWING REVIEW. A decision on review shall be rendered in writing by the Advisory Committee ordinarily not later than sixty (60) days after review,

and a written copy of such decision shall be delivered to the claimant. If special circumstances require an extension of the ordinary period, the Advisory Committee shall so notify the claimant. In any event, if a claim is not determined within one hundred twenty (120) days after submission for review, it shall be deemed to be denied.

(e) DECISIONS FINAL: PROCEDURES MANDATORY. To the extent permitted by law, a decision on review by the Advisory Committee shall be binding and conclusive upon all persons whomsoever. To the extent permitted by law, completion of the claims procedures described in this Section shall be a mandatory precondition that must be complied with prior to commencement of a legal or equitable action in connection with the Plan by a person claiming rights under the Plan or by another person claiming rights through such a person. The Advisory Committee may, in its sole discretion, waive these procedures as a mandatory precondition to such an action.

(f) APPEAL BY ARBITRATION. The following shall be effective for any claims filed on or after January 1, 2002:

(i) if the claimant is dissatisfied with the written decision of the Advisory Committee following review, he shall have the right to request a further appeal by arbitration of the matter in accordance with the then existing rules of the American Arbitration Association, provided the claimant submits a request for binding arbitration to the Advisory Committee, in writing, within sixty (60) days of receipt of the written review decision of the Advisory Committee.

(ii) such arbitration shall take place in state of Claimant's residence and the arbitrator or arbitrators shall be required to have expertise in employee benefit-related matters. The arbitrator or arbitrators shall be limited in their review of the denial of a claim to the standard of review a court of competent jurisdiction would employ under the same or similar circumstances in reviewing the denial of an employee benefit claim.

(iii) the determination in any such arbitration shall grant the prevailing party full and complete relief including the costs and expenses of arbitration (including reasonable attorneys fees). The arbitration determination shall be enforceable through any court of competent jurisdiction.

(iv) to the extent permitted by law, the procedures specified in this section 12.3 shall be the sole and exclusive procedure available to a claimant who is otherwise adversely affected by any action of the Advisory Committee. The Advisory Committee may, in its sole discretion, waive these procedures as a mandatory precondition to such an action.

(g) Appeal of Disability Benefit Denial The following procedure shall be effective as of January 1, 2003 and shall apply only to the extent a Participant in the Plan is not also a

participant in the Amerco Disability Plan. A Participant who is also a participant in the Amerco Disability Plan shall be subject to the appeal provisions thereof:

(a) Any claim for disability benefits shall be made to the Advisory Committee. If the Advisory Committee denies a claim, or reduces or terminates disability benefits prior to the expiration of the fixed payment period (an "Adverse Determination"), the Advisory Committee shall provide notice to the claimant, in writing, within forty five (45) days of receipt of the claim.

This period may be extended by the Plan for up to thirty (30) days, provided the Advisory Committee both determines it is necessary due to matters beyond the control of the Plan and notifies the claimant, in writing, prior to the expiration of the initial forty-five (45) day period, of the circumstances requiring the extension and the date the Advisory Committee expects to render a decision. If, prior to the expiration of the first thirty (30) day extension period, the Advisory Committee determines a decision can not be reached due to matters beyond the control of the Plan, the period for making a determination may be extended for an additional thirty (30) days provided the Advisory Committee notifies the claimant, in writing, prior to the expiration of the initial thirty (30) day extension period and the date the Advisory Committee expects to render a decision.

In the case of any extension, the notice of extension shall specifically explain the standards on which entitlement to a benefit is based, the unresolved issues that prevent the rendering of a decision on the claim and the additional information needed to resolve those issues. The claimant shall be afforded at least forty five (45) days within which to provide any such information required by the Advisory Committee. If the Advisory Committee does not notify the claimant of the denial of the claim within the period(s) specified above, then the claim shall be deemed denied.

The notice of an Adverse Determination shall be written in a manner calculated to be understood by the claimant and shall set forth:

- (1) the specific reason or reasons for the Adverse Determination, including the identity of any medical or vocation experts whose advice was obtained in connection with the Adverse Determination, regardless of whether the advice was relied upon in making the Adverse Determination;
- (2) specific references to the pertinent Plan provisions on which the Adverse Determination is based;

- (3) a description of any additional material or information necessary for the claimant to perfect the claim and an explanation as to why such information is necessary;
- (4) an explanation of the Plan's review procedure and the time limits applicable to such procedures, including a statement of the claimant's right to bring a civil action under Section 502(a) of the Act following an adverse determination on review; and
- (5) (A) If an internal rule, guideline, protocol, or other similar criterion was relied upon in making the Adverse Determination, either a copy of the specific rule, guideline, protocol, or other similar criterion; or a statement that such a rule, guideline, protocol, or other similar criterion was relied upon in making the Adverse Determination, will be provided to the Participant free of charge upon request; or  
  
(B) If the Adverse Determination is based on medical necessity or experimental treatment or similar exclusion or limit, either an explanation of the scientific or clinical judgment for the determination, applying the terms of the Plan to the claimant's medical circumstances, or a statement that such explanation will be provided free of charge upon request.

(b) Within one hundred eighty (180) days after receipt of the above material, the claimant shall have a reasonable opportunity to appeal the Adverse Determination to the Claims Review Board for a full and fair review. The claimant or his/her duly authorized representative may:

- (1) request a full and fair review of the claim and the Adverse Determination upon written notice to the Advisory Committee;
- (2) request review of pertinent documents, records; and other information relevant to the claim
- (3) submit issues, written comments, documents, records and other information relevant to the claim.

In deciding an appeal of any Adverse Determination based in whole or in part on a medical judgment, the Claims Review Board shall consult with a health care professional who has appropriate training and experience in the field of medicine involved in the medical judgment.



Such health care professional shall not have been involved in rendering the Adverse Determination nor the subordinate of any person involved in rendering the Adverse Determination.

(c) A decision on the review by the Claims Review Board will be made not later than forty five (45) days after receipt of a request for review, unless special circumstances require an extension of time for processing (such as the need to hold a hearing), in which event a decision should be rendered as soon as possible, but in no event later than ninety (90) days after such receipt. The decision of the Claims Review Board shall be written and shall include specific reasons for the decision, written in a manner calculated to be understood by the claimant and shall set forth:

- (1) the specific reason or reasons for the decision;
- (2) specific references to the pertinent Plan provisions on which the decision is based;
- (3) a statement that the claimant is entitled to receive upon request, free of charge, reasonable access to and copies of, all materials and information relevant to the claim for benefits;
- (4) a statement of the plan's voluntary arbitration procedures and the claimant's right to bring a civil action under Section 502(a) of the Act; and
- (5) (A) If an internal rule, guideline, protocol, or other similar criterion was relied upon in making the decision, either a copy of the specific rule, guideline, protocol, or other similar criterion; or a statement that such a rule, guideline, protocol, or other similar criterion was relied upon in making the decision, will be provided to the claimant free of charge upon request; or  
  
(B) If the decision based on medical necessity or experimental treatment or similar exclusion or limit, either an explanation of the scientific or clinical judgment for the determination, applying the terms of the Plan to the claimant's medical circumstances, or a statement that such explanation will be provided free of charge upon request.

(d) In the event a claimant is not satisfied with the results of an appeal as set forth above, in lieu of the right to bring a civil action in Federal court under ERISA Section 502(a), the claimant shall have the option to appeal the matter to voluntary binding arbitration in accordance with the employee benefit claim arbitration rules of the American Arbitration Association. In order to take advantage of this voluntary arbitration the claimant must submit a request for voluntary arbitration to the Advisory Committee, in writing, within ninety (90) days of receipt of the written appeal decision. Any voluntary binding arbitration proceeding shall be conducted in the claimant's home state.

(e) Along with the written decision of the Claims Review Board on the secondary appeal, the claimant shall be provided with sufficient information to make an informed decision about whether to submit a claim to voluntary binding arbitration. This information shall include, but not be limited to:

- (i) a statement that the decision whether to arbitrate a claim will have no effect on rights to any other benefits under the Plan;
- (ii) notice of the right to representation;
- (iii) notice of the right to bring a civil action in federal court under ERISA Section 502(a) in lieu of voluntary binding Arbitration;
- (iv) a statement that the Plan will not assert that failure to exhaust administrative remedies in any federal court action in the event you the claimant elects not to pursue voluntary binding arbitration;
- (v) the applicable arbitration rules; and
- (vi) the arbitrator selection process.

(f) If a claimant decides to utilize the voluntary binding arbitration, the Claims Review Board shall submit to the arbitrator or arbitrators, when selected, a copy of the record upon which the appeal decision was made. The arbitrator or arbitrators shall be limited in their review of the denial of a claim to the same standard of review a court of competent jurisdiction would employ under similar circumstances. No fees or costs, other than the claimant's representative's legal and/or advisory fees, costs and disbursements shall be imposed on the claimant as part of this voluntary arbitration process.

12.4. THE ESOP TRUSTEES.

The ESOP Trustees shall be appointed under and shall be governed by the provisions of the ESOP Trust Agreement.

12.5. SCOPE OF RESPONSIBILITY .

(a) GENERAL . The Corporation and other Employers, the Advisory Committee, the Benefits Department and the ESOP Trustees shall perform the duties respectively assigned to them under the Plan, or the ESOP Trust Agreement or pursuant to the written directions of the Board, and shall not be responsible for performing duties assigned to others under the terms and provisions of the Plan or the ESOP Trust Agreement or assigned to others pursuant to the written directions of the Board. No inference of approval or disapproval is to be made from the inaction of any party described above or the employee or agent of any of them with regard to the action of any other such party.

(b) CONFLICTS . No member of the Advisory Committee may act, vote or otherwise influence the Advisory Committee regarding his own eligibility, participation, status or rights under the Plan.

(c) ADVISOR . The Corporation, Benefits Department, Advisory Committee and ESOP Trustees shall have the authority to employ advisors, legal counsel, accountants and investment managers in connection with the administration of the Plan, and may delegate to others as permitted herein. To the extent permitted by applicable law, the Corporation, Benefits Department, the Advisory Committee and the ESOP Trustees shall not be liable for complying with the directions of any advisors, legal counsel, accountants and investment manager, appointed pursuant to this Section.

(d) MULTIPLE CAPACITIES . Persons, organizations or corporations acting in a position of any fiduciary responsibility with respect to the Plan and/or the ESOP Trust Fund may serve in more than one (1) fiduciary capacity.

(e) ALLOCATION OF RESPONSIBILITIES . The, Benefits Department or the Advisory Committee from time to time may allocate to one (1) or more of the members of the Advisory Committee and may delegate to any other persons or organizations any of the rights, powers, duties and responsibilities of the Benefits Department or the Advisory Committee, respectively, with respect to the operation and administration of the Plan, and the Benefits Department may employ and authorize any person to whom any of its fiduciary responsibility has been delegated to employ persons to render advice with regard to any fiduciary responsibility held hereunder.

(f) INDEMNIFICATION . To the extent permitted by law, the Employers shall and do hereby jointly and severally indemnify and agree to hold harmless their employees,

agents and members of the Advisory Committee and employees of the Benefits Department, from all loss, damage or liability, joint or several (including payment of expenses in connection with defense against any such claim) for their acts, omissions and conduct, and for the acts, omissions and conduct of their duly appoint agents, which acts, omissions or conduct constitute or are alleged to constitute a breach of such individual's fiduciary or other responsibilities under the Act or any other law, except for those acts, omissions or conduct resulting from his own willful misconduct, willful failure to act, or gross negligence; provided, however, that if any party would otherwise be entitled to indemnification hereunder in respect of any liability and such party shall be insured against loss as a result of such liability by any insurance contract or contracts, such party shall be entitled to indemnification hereunder only to the extent by which the amount of such liability shall exceed the amount thereof payable under such insurance contract or contracts.

(g) INSURANCE. The Employers may obtain insurance covering themselves and others for breaches of fiduciary obligations under this Plan to the extent permitted by law, and nothing in this Plan shall restrict the right of any person to obtain such insurance for himself in connection with the performance of his duties under this Plan. The Corporation, the Advisory Committee, the Benefits Department and the ESOP Trustee shall be the Named Fiduciaries under the Plan, and the Corporation shall be the plan administrator.

#### 12.6. EXPENSES.

Any brokerage commissions, transfer taxes and other charges and expenses in connection with the purchase and sale of securities shall be charged to the ESOP Fund. Any income taxes or other taxes payable with respect to the ESOP Fund shall likewise be charged to that the ESOP Fund. Any other expenses associated with the administration of the Plan or the ESOP Trust Fund shall be paid from the ESOP Trust Fund if not paid by the Corporation or an Affiliated Company.

#### 12.7. TRUST AGREEMENT.

The Board shall maintain an ESOP Trust Agreement pursuant to which the ESOP Trustees shall be appointed providing for the administration of the ESOP Fund in such form and containing such provisions as the Board may deem appropriate. The ESOP Trust Agreement shall contain such terms as the Board may deem appropriate, including, but not limited to, provisions with respect to the powers and authority of the ESOP Trustee and the authority of the Board to amend the ESOP Trust Agreement, to terminate the trust and to settle the accounts of the ESOP Trustee on behalf of all persons having an interest in the ESOP Fund. The ESOP Trust Agreement shall form a part of the Plan and any and all rights and benefits which may accrue to any persons under the Plan shall be subject to all the terms and provisions of the ESOP Trust Agreement.

## 12.8. VOTING OF EMPLOYER SECURITIES.

(a) GENERAL RULE. Except as otherwise provided herein, and unless such responsibilities or duties are properly delegated to a named fiduciary or investment Manager other than the ESOP Trustee, the ESOP Trustee shall vote all voting Employer Securities held as assets of the ESOP Fund in its discretion.

(b) VOTING PASS THROUGH. Notwithstanding anything to the contrary in paragraph (a) above, and subject to the limitations contained in paragraph (f) herein, a Participant (or the Beneficiary if the Participant has died) shall direct the ESOP Trustee, or an agent designated by the ESOP Trustee for that purpose, with respect to the voting of shares of the Employer Securities allocated to the Participant's Accounts to the extent that, and with respect to matters for which, Participants are granted pass through voting rights as provided in paragraphs (c) or (d), whichever is applicable. The pass through voting rights provided herein shall not apply to, and the ESOP Trustee shall be responsible for voting in its discretion, shares of Employer Securities which are not yet allocated to Participants' Accounts. Similarly, the ESOP Trustee shall retain responsibility for voting in its discretion, shares of Employer Securities which are subject to the pass through voting rights provided herein to the extent that Participants fail to give directions with respect to such allocated shares. Notwithstanding the foregoing, nothing in this Section 12.8 shall prohibit delegation of the ESOP Trustee's voting responsibilities or duties to another named fiduciary or investment manager to the extent permitted by, and in accordance with, the Act. To the extent permitted by law, the ESOP Trustee shall not be liable for following the proper directions of Participants, an investment manager, or another named fiduciary in accordance with the rules herein.

(c) NO REGISTRATION- TYPE CLASS OF SECURITIES. If the Corporation does not have a "registration-type class of securities," the voting pass through rights provided in paragraph (b) above shall apply to all voting Employer Securities allocated to Participant Accounts with respect to all matters involving approval or disapproval of any corporate merger or consolidation, recapitalization, reclassification, liquidation, dissolution, sale of substantially all the assets of a trade or business, or any similar transaction (as defined in the applicable regulations under Section 409(e)(3) of the Code).

(d) REGISTRATION-TYPE CLASS OF SECURITIES. If the Corporation has a "registration-type class of securities", the voting pass through rights provided in paragraph (b) above, shall apply to all voting Employer Securities allocated to Participant Accounts with respect to all matters submitted to shareholders for their vote.

(e) PROXY MATERIALS: VOTING DIRECTION. Prior to the holding of any annual or special meeting of the shareholders of the Corporation at which such matters are to be voted upon, the ESOP Trustee, or an agent designated by the ESOP Trustee for that purpose, shall verify that the Corporation or its agent has sent to each Participant (or Beneficiary if the Participant through voting rights as described herein, a proxy statement and/or has died) entitled to pass through voting rights as described herein, a proxy statement and/or other neutral information which the ESOP Trustee deems appropriate in order to provide Participants necessary and accurate information regarding the voting decisions being passed through, together with a form to be returned to the ESOP Trustee or its designated agent instructing the ESOP Trustee to vote the shares of Employer Securities allocated to the Participant's Accounts in accordance with formation, the Participant's wishes. Alternatively, or if the Corporation fails to provide such in ESOP Trustee shall send or cause to be sent such information to Participants who are entitled to direct the voting of Employer Securities hereunder. Each Participant shall have the right to direct the ESOP Trustee how to vote the number of votes attributable to the full and fractional shares of Employer Securities that are subject to pass through voting herein by completing the voting, direction form and returning it to the ESOP Trustee or its designated agent. If the ESOP Trustee, or its designated agent, does not receive instructions from a Participant at least two (2) days prior to such meeting, the ESOP Trustee shall vote all of the Employer Securities attributable to the Accounts of such a Participant, in its discretion, subject to the directions of the independent fiduciary, if one has been appointed. If the ESOP Trustee has designated an agent for purposes of this Section 12.8, the ESOP Trustee may remove such agent and appoint a new agent, or exercise its power, without the use of an agent, as it shall determine in its sole discretion.

(f) VOTING RIGHTS OVERRIDE. Notwithstanding anything in this Section 12.8 to the contrary, the ESOP Trustee shall disregard any Participant directions made under authority of paragraph (b), and vote any Employer Securities subject to such directions in the ESOP Trustee's sole discretion, to the extent required by the Act or the Code.

(g) REGISTRATION-TYPE CLASS OF SECURITIES DEFINED. For purposes of this Section 12.8, the phrase "registration-type class of securities" means:

(1) a class of securities required to be registered under section 12 of the Security Exchange Act of 1934, and

(2) a class of securities which would be required to be so registered except for the exemption from registration provided in subsection (g)(2)(H) of such Section 12.

## 12.9. SECURITIES REGISTRATION.

In the event that, in the opinion of counsel for the Corporation, the ESOP Trustees or the Advisory Committee, any acquisition, sale or distribution of Employer Securities shall be made in circumstances requiring registration of the securities or Participants' interests in the Trust Fund under the Securities Act of 1933 or qualification of the securities under the "blue sky " laws of any state or states, or requiring any other form of compliance with Federal or state securities laws, then the Employers may, in their sole discretion and at their own expense, take or cause to be taken any and all such action as may be necessary or appropriate to effect such registration, qualification or other form of compliance, but shall not be required to take such action.

#### 12.10. SECURITIES RESTRICTIONS .

The Benefits Department may, in its sole discretion and subject to ARTICLE SEVEN, condition delivery of Employer Securities distributable pursuant to ARTICLE ELEVEN upon delivery by the Participant to the Benefits Department of a written statement, in such form as the Benefits Department may reasonably require, containing all or any of the following:

(a) A certification that he is acquiring the Employer Securities for his own account and not with a view to or for sale in connection with any distribution of such shares;

(b) An acknowledgment that the Employer Securities are being acquired in a transaction not involving any public offering and without being registered under the Securities Act of 1933 and that the shares may not be sold except in a transaction that complies with the requirements of the Securities Act of 1933 and the rules and regulations promulgated thereunder;

(c) An acknowledgment that his right to transfer such Employer Securities and the right of any person to acquire such Employer Securities may be restricted by the provisions of this ARTICLE TWELVE and/or ARTICLE SEVEN of this Plan, and that the certificates evidencing the Employer Securities may contain a legend setting forth or referring to the various restrictions to which transfer of such Employer Securities are or may be subject;

(d) An acknowledgment that the Employer Securities are being acquired in a private transaction, that such shares have not been registered under the Securities Act of 1933 and that the Corporation, ESOP Trustees and Advisory Committee have neither the obligation or the intention to effect any such registration and therefore such Employer Securities must be held by the distributee indefinitely and without any market therefor unless the shares are subsequently registered under the Securities Act of 1933 or an exemption from the registration provisions of such Act is available; and

(e) An acknowledgment, if appropriate, that he has been advised that Rule 144 under the Securities Act of 1933 (which Rule permits sales of securities in limited amounts in accordance with the terms and conditions of such Rule) or any successor thereto may not be applicable to resales of the Employer Securities, and that no assurance has been given him as to whether or when there may be any registration statement under such Act covering the Employer Securities being distributed, or whether or when such Rule or any other exemption from the requirements for registration under such Act might be applicable.

## **ARTICLE THIRTEEN**

### **AMENDMENT, MERGER AND TERMINATION**

#### **13.1. AMENDMENT OF PLAN AND TRUST AGREEMENTS .**

The Plan and the ESOP Trust Agreement may be amended at any time and from time to time by an instrument in writing executed pursuant to authority granted by the Board, and/or in the case of amendments required by changes in the law or those having a minimal financial impact to the Plan or ESOP Trust Agreement, by the President of the Corporation or such persons as may be authorized by the Board. No amendment shall substantially increase the duties and liabilities of the members of the Advisory Committee and ESOP Trustees then serving without their written consent. Any such amendment may be in whole or in part and may be prospective or retroactive; provided, however, that no amendment shall be effective to the extent it shall have the effect of reverting to the Corporation or any other Employer the whole or any part of the principal or income of the ESOP Trust Fund or of diverting any part of the principal or income of the ESOP Trust Fund to purposes other than for the exclusive benefit of the Participants or their Beneficiaries.

#### **13.2. MERGER OR CONSOLIDATION .**

In the event of merger or consolidation of this Plan with another stock bonus plan, employee stock ownership plan, profit sharing plan, pension plan or other plan, or a transfer of assets or liabilities of the ESOP Trust Fund to any other such fund, each Participant shall have a right to a benefit immediately after such merger, consolidation or transfer (if the Plan was then terminated) that is at least equal to, and may be greater than, the benefit to which he had a right immediately before such merger, consolidation or transfer (if the Plan was then terminated).



### 13.3. DISCONTINUANCE AND TERMINATION OF PLAN.

The Board shall have the right to terminate the Plan and to direct distribution of the ESOP Trust Fund. In the event of termination of the Plan, the Board shall have the power to terminate contributions by appropriate resolution. A certified copy of such resolution or resolutions shall be delivered to the Advisory Committee. In the event of termination of the Plan or discontinuance of contributions (and the Employer does not establish or maintain a successor defined contribution plan, in accordance with the provisions set forth in Treasury Regulations Section 1.401(k)-1(d)(3)), the Board may direct the Advisory Committee to instruct the Benefits Department and the ESOP Trustees to make distribution to the Participants as soon as practicable in the same manner as if their employment with the Employer had then terminated (provided that in any event distribution of the ESOP Trust Fund may be delayed pending liquidation of any loan obligation entered into pursuant to ARTICLE SEVEN), or the Board may direct that the Plan shall be continued without any further contributions. No distributions shall be made after termination of contributions by the Employers until a reasonable time after the Corporation has received from the United States Treasury Department a determination under the provisions of the Code as to the effect of such termination or discontinuance upon the qualification of the Plan. In the event such determination is unfavorable, then prior to making any distributions hereunder, the Benefits Department and the ESOP Trustees shall pay any Federal or state income taxes due because of the income of the ESOP Trust Fund and shall then distribute the balance in the manner above provided. The Corporation may, by written notice delivered to the Benefits Departments, the ESOP Trustees and the Advisory Committee, waive the Corporation's right hereunder to apply for such a determination, and if no application for determination shall have been made within sixty (60) days after the date specified in the terminating resolution or after the date of discontinuance of contributions, the Corporation shall be deemed to have waived such right. A mere suspension of contributions by the Employers shall not be construed as discontinuance thereof. In the event of a complete or partial termination of the Plan, or complete discontinuance of contributions under the Plan, the Account balances of each affected Participant shall be non-forfeitable to the extent funded.

### 13.4. SUCCESSORS.

In case of the merger, consolidation, liquidation, dissolution or reorganization of an Employer, or the sale by an Employer of all or substantially all of its assets, provision may be made by written agreement between the Corporation and any successor corporation acquiring or receiving a substantial part of the Employer's assets, whereby the Plan will be continued by the successor. If the Plan is to be continued by the successor, then effective as of the date of the applicable event the successor corporation shall be substituted for the Employer under the Plan. The substitution of a successor corporation for an Employer will not in any way be considered a termination of the Plan.

## ARTICLE FOURTEEN

### INALIENABILITY OF BENEFITS

#### 14.1. NO ASSIGNMENT PERMITTED.

(a) GENERAL PROHIBITION. No Participant or Beneficiary, and no creditor of a Participant or Beneficiary, shall have any right to assign, pledge, hypothecate, anticipate or in any way create a lien upon the ESOP Trust Fund. All payments to be made to Participants or their Beneficiaries shall be made only upon their personal receipt or endorsement, except as provided in Section 11.7, and no interest in the ESOP Trust Fund shall be subject to assignment or transfer or otherwise be alienable, either by voluntary or involuntary act or by operation of law or equity, or subject to attachment, execution, garnishment, sequestration, levy or other seizure under any legal, equitable or other process, or be liable in any way for the debts or defaults of Participants and Beneficiaries except as allowed under section 401(a)(13) of the Code.

(b) PERMITTED ARRANGEMENTS. This Section shall not preclude arrangements for the withholding of taxes from benefit payments, arrangements for the recovery of benefit overpayments, arrangements for the transfer of benefit rights to another plan, or arrangements for direct deposit of benefit payments to an account in a bank, savings and loan association or credit union (provided that such arrangement is not part of an arrangement constituting an assignment or alienation). Additionally, this Section shall not preclude: (1) arrangements for the distribution of the benefits of a Participant or Beneficiary pursuant to the terms and provisions of a Qualified Domestic Relations Order in accordance with the following provisions of this ARTICLE FOURTEEN; or (2) effective for Plan Years commencing on or after August 5, 1997, the offsetting of benefits of a Participant or Beneficiary as permitted by Code Section 401(a)(13)(C).

#### 14.2. QUALIFIED DOMESTIC RELATIONS ORDERS.

(a) DEFINITIONS. A Qualified Domestic Relations Order is any judgment, decree, or order (including an order approving a property settlement agreement) which relates to the provision of child support, alimony, or marital property rights to a spouse, child, or other dependent of a Participant and which is entered or made pursuant to the domestic relations or community property laws of any State and which creates or recognizes the right of an "alternate payee" to receive all or a portion of the benefits payable with respect to a Participant under this Plan or assigns to an "alternate payee" the right to receive all or a portion of said benefits. For purposes of this ARTICLE FOURTEEN, an "alternate payee" is

the spouse, former spouse, child or other dependent of a Participant who is recognized by a Qualified Domestic Relations Order as having the right to receive all or a portion of the benefits payable under the Plan with respect to the Participant.

(b) REQUIREMENTS . In accordance with Section 414(p) of the Code, a judgment, decree or order (hereinafter collectively referred to as an "order") shall not be treated as a Qualified Domestic Relations Order unless it satisfies all of the following conditions:

(1) The order clearly specifies the name and last known mailing address (if any) of the Participant and the name and last known mailing address of each alternate payee covered by the order, the amount or percentage of the Participant's benefits to be paid to each alternate payee or the manner in which such amount or percentage is to be determined, and the number of payments or period to which such order applies.

(2) The order specifically indicates that it applies to this Plan.

(3) The order does not require this Plan to provide any type or form of benefit, or any option, not otherwise provided under the Plan, and it does not require the Plan to provide increased benefits (determined on the basis of actuarial value).

(4) The order does not require the payment of benefits to an alternate payee which are required to be paid to another alternate payee under another order previously determined to qualify as a Qualified Domestic Relations Order.

(c) Effective April 6, 2007, a domestic relations order that otherwise satisfies the requirements for a qualified domestic relations order will not fail to be a QDRO: (i) solely because the order is issued after, or revises, another domestic relations order or QDRO; or (ii) solely because of the time at which the order is issued, including issuance after the annuity starting date or after the Participant's death. Such a domestic relations order is subject to the same requirements and protections that apply to QDROs .

#### 14.3. EARLY COMMENCEMENT OF PAYMENTS TO ALTERNATE PAYEES .

(a) EARLY PAYMENTS . An order requiring payment to an alternate payee before a Participant has separated from employment may qualify as a Qualified Domestic Relations Order even if it requires payment prior to the Participant's "earliest retirement age."

For purposes of this Section, "earliest retirement age" shall mean the earlier of (i) the date on which the Participant attains age fifty (50) or (ii) the earliest date on which the Participant could begin receiving benefits under the Plan if the Participant separated from service. If the Order requires payments to commence prior to a Participant's actual retirement, the amounts of the payments must be determined as if the Participant had retired on the date on which such payments are to begin under such order, but taking into account only the present account balances at that time.

(b) ALTERNATE PAYMENT FORMS. The order may call for the payment of benefits to an alternate payee in any form in which benefits may be paid under the Plan to the Participant, other than in the form of a joint and survivor annuity with respect to the alternate payee and his or her subsequent spouse.

#### 14.4. PROCESSING OF QUALIFIED DOMESTIC RELATIONS ORDERS.

(a) NOTICE. The Benefits Department shall promptly notify the Participant and any alternate payee who may be entitled to benefits pursuant to a previously received Qualified Domestic Relations Order or the receipt of any order which could qualify as a Qualified Domestic Relations Order. At the same time, the Benefits Department shall advise the Participant and any alternate payees (including the alternate payee designated in the order) of the provisions of this Section relating to the determination of the qualified status of such orders.

(b) QUALIFIED NATURE OF ORDER. Within a reasonable period of time after receipt of a copy of the order, the Benefits Department shall determine whether the order is a Qualified Domestic Relations Order and notify the Participant and each alternate payee of its determination. The determination of the status of an order as a Qualified Domestic Relations Order shall be made in accordance with such uniform and nondiscriminatory rules and procedures as may be adopted by the Benefits Department from time to time. If benefits are presently being paid with respect to a Participant named in an order which may qualify as a Qualified Domestic Relations Order or if benefits become payable after receipt of the order, the Benefits Department shall notify the Trustee to segregate and hold the amounts which would be payable to the alternate payee or payees designated in the order if the order is ultimately determined to be a Qualified Domestic Relations Order. If the Benefits Department determines that the order is a Qualified Domestic Relations Order within eighteen (18) months of receipt of the order, the Benefits Department shall instruct the Trustee to pay the segregated amounts (plus any earnings thereon) to the alternate payee specified in the Qualified Domestic Relations Order. If within the same eighteen (18) month period the Benefits Department determines that the order is not a Qualified Domestic Relations Order or if the status of the order as a Qualified Domestic Relations Order is not resolved, the Benefits Department shall instruct the Trustee to pay the segregated amounts (plus any earnings

thereon) to the person or persons who would have been entitled to such amounts if the order had not been entered. If the Benefits Department determines that an order is a Qualified Domestic Relations Order after the close of the eighteen (18) month period mentioned above, the determination shall be applied prospectively only. The determination of the Benefits Department as to the status of an order as a Qualified Domestic Relations Order shall be binding and conclusive on all interested parties, present and future, subject to the claims review provisions of Section 12.3.

14.5. RESPONSIBILITY OF ALTERNATE PAYEES.

Any person claiming to be an alternate payee under a Qualified Domestic Relations Order shall be responsible for supplying the Benefits Department with a certified or otherwise authenticated copy of the order and any other information or evidence that the Benefits Department deems necessary in order to substantiate the individual's claim or the status of the order as a Qualified Domestic Relations Order.

**ARTICLE FIFTEEN**

**GENERAL PROVISIONS**

15.1. SOURCE OF PAYMENT.

Benefits under the Plan shall be payable only out of the ESOP Trust Fund and the Corporation and other Employers shall have no legal obligation, responsibility or liability to make any direct payment of benefits under the Plan. Neither the Corporation, any other Employer, the Advisory Committee, the Benefits Department nor the ESOP Trustees guarantee the ESOP Trust Fund against any loss or depreciation or guarantees the payment of any benefits hereunder. No persons shall have any rights under the Plan with respect to the ESOP Trust Fund or against the ESOP Trustees, the Advisory Committee, Benefits Department, the Corporation or any Employer, except as, specifically provided for herein.

15.2. BONDING.

The Corporation shall procure bonds for every "bondable fiduciary" in an amount not less than ten percent (10%) of the amount of funds handled and in no event less than One Thousand Dollars (\$1,000.00), except the Corporation shall not be required to procure such bonds if the person is exempted from the bonding requirement by law or regulation or if the Secretary of Labor exempts the ESOP Trust from the bonding requirements. The bonds shall conform to the requirements of the Act and regulations thereunder. For purposes of this Section, the term "bondable fiduciary" shall mean any person who handles funds or other property of the ESOP Trust Fund.

15.3. EXCLUSIVE BENEFIT .

Except as otherwise provided herein or in the ESOP Trust Agreement, it shall be impossible for any part of the ESOP Trust Fund to be used for, or diverted to purposes other than for the exclusive benefit of Participants and their Beneficiaries, except that payment of taxes and administration expenses may be made from the ESOP Trust Fund as provided in the ESOP Trust Agreement.

15.4. UNIFORM ADMINISTRATION EXERCISE OF DISCRETION .

Whenever in the administration of the Plan any action is required by the Advisory Committee, the ESOP Trustees, or the Benefits Department including, but not limited to, action with respect to valuation, such action shall be uniform in nature as applied to all persons similarly situated and no such action shall be taken which will discriminate in favor of Highly Compensated Employees. All actions to be taken by the Advisory Committee, the Benefits Department, or the ESOP Trustees shall be taken in the exercise of their discretion and shall be binding and conclusive on all persons.

15.5. NO RIGHT TO EMPLOYMENT .

Participation in the Plan or as a Beneficiary shall not give any person the right to be retained in the employ of the Corporation or any other Employer nor, upon dismissal, to have any right or interest in the ESOP Trust Fund other than as provided in the Plan.

15.6. HEIRS AND SUCCESSORS .

All of the provisions of this Plan shall be binding upon all persons, who shall be entitled to any benefits hereunder, and their heirs and legal representatives.

15.7. ASSUMPTION OF QUALIFICATION .

Unless and until advised to the contrary, the Advisory Committee, the Benefits Department, and the ESOP Trustees may assume that the Plan is a qualified plan under the provisions of the Code relating to such plans, and that the ESOP Trust Fund is entitled to exemption from income tax under such provisions.

15.8. EFFECT OF AMENDMENT .

This Plan is not a new plan succeeding the Plan as constituted prior to the Effective Date, but is an amendment and restatement of the Plan as so constituted. The amount, right to and form of any benefits under this Plan, if any, of each person who is an Employee after the Effective Date, or the persons who are claiming through such an Employee, shall be determined under this Plan. The amount, right to and form of benefits, if any, of each person who separated from employment with the Employer prior to the Effective Date, or of persons who are claiming benefits through such a former Employee, shall be determined in accordance with the provisions of the Plan in effect on the date of termination of his employment, except as may be otherwise expressly provided under this Plan, unless he shall again become an Employee after the Effective Date.

15.9. COMPLIANCE WITH SECTION 414(U) OF THE CODE. Notwithstanding any provision of the Plan to the contrary, contributions, benefits and service credit with respect to qualified military service will be provided in accordance with Section 414(u) of the Code effective December 12, 1994.

**IN WITNESS WHEREOF** , AMERCO has caused this Plan to be executed and its corporate seal to be hereunto affixed by its duly authorized officers, this 1st day of January 2010.

AMERCO

By: \_\_\_\_\_

Its: \_\_\_\_\_

**ATTEST:**

By: \_\_\_\_\_

Its: \_\_\_\_\_







CREDIT AGREEMENT

dated as of

April 29, 2011

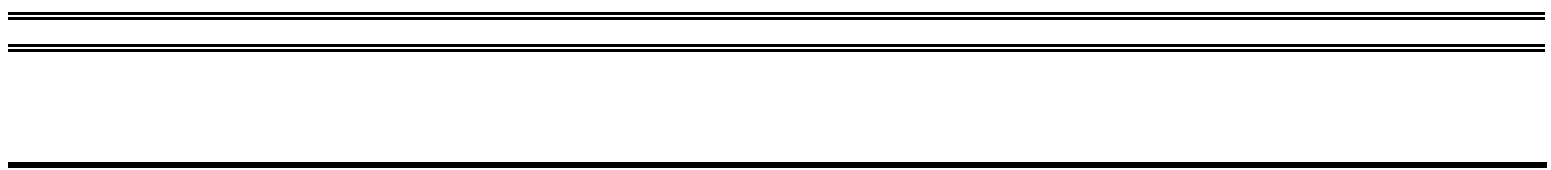
by and between

AMERCO REAL ESTATE COMPANY and U-HAUL CO. OF FLORIDA,  
collectively, as Borrower Sponsors

and

JPMORGAN CHASE BANK, N.A.,  
as Lender

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EXHIBITS :

- Exhibit A – Form of Borrowing Request / Election Request
- Exhibit B -- Form of Promissory Note
- Exhibit C -- Form of Environmental Indemnity Agreement
- Exhibit D -- Form of No Pending Litigation Certificate
- Exhibit E -- Form of Note Guaranty

This CREDIT AGREEMENT is dated as of April 29, 2011, by and between AMERCO REAL ESTATE COMPANY, a Nevada corporation (“AREC”), and U-HAUL CO. OF FLORIDA, a Florida corporation (“UHC FL” and collectively with AREC, “Borrower Sponsors”) and JPMORGAN CHASE BANK, N.A. (“Lender”).

The parties hereto agree as follows:

ARTICLE I  
Definitions

SECTION 1.01. Defined Terms. As used in this Credit Agreement, the following terms have the meanings specified below:

" Adjusted LIBOR Rate " means the sum of (i) the Applicable Margin plus (ii) the quotient of (a) the LIBOR Rate, divided by (b) one minus the Reserve Requirement (expressed as a decimal), as determined on Interest Reset Day of the applicable calendar month. The Adjusted LIBOR Rate shall adjust monthly, resetting on the Interest Reset Day of each calendar month while any Loans are outstanding.

" Affiliate " means, with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified.

" Applicable Margin " means 1.5% per annum.

" Appraisal " means, as to any Property, an appraisal of such Property, prepared not more than sixty (60) days (or such longer period as acceptable to Lender) prior to the Borrowing Date by a member of the Appraisal Institute selected by Lender, which appraisal shall be prepared at Borrower Sponsors' sole cost and expense and shall meet the minimum appraisal standards for national banks promulgated by the Comptroller of the Currency pursuant to FIRREA.

" Appraised Value " means the fair market, "as is" value of a Property determined by an Appraisal based on an arm's length transaction between an informed and willing buyer and an informed and willing seller, under no compulsion to buy or sell, respectively, on the appraisal date of the Appraisal.

" AMERCO " means AMERCO, a Nevada corporation.

" Base Rate " means, for any day, a rate per annum equal (a) the Prime Rate in effect on such day, minus (b) 1.0%. Any change in the Base Rate due to a change in the Prime Rate shall be effective from and including the effective date of such change in the Prime Rate, provided, that the Base Rate shall in no event be less than 1%.

" Board " means the Board of Governors of the Federal Reserve System of the United States of America.

" Borrower Subsidiary " means any subsidiary of either AREC or UHC FL.

" Borrowing " means Loans made on the same date.

" Borrowing Date " means the date that a Loan is made pursuant to the terms of this Credit Agreement.

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" Borrowing Request " means a request for a Borrowing in accordance with Section 2.03.

" Business Day " means a day (other than a Saturday or Sunday) on which banks generally are open in Arizona and/or New York for the conduct of substantially all of their commercial lending activities and on which dealings in United States dollars are carried on in the London interbank market.

" Change in Law " means (a) the adoption of any law, rule or regulation after the date of this Credit Agreement, (b) any change in any law, rule or regulation or in the interpretation or application thereof by any Governmental Authority after the date of this Credit Agreement or (c) compliance by Lender (or, for purposes of Section 2.12(b), by any lending office of Lender or by Lender's holding company, if any) with any request, guideline or directive (whether or not having the force of law) of any Governmental Authority made or issued after the date of this Credit Agreement.

" Code " means the Internal Revenue Code of 1986, as amended from time to time.

" Collateral " means the Properties and other property defined as the "Trust Estate" or "Mortgaged Estate" in any of the Deeds of Trust.

" Commitment " means the commitment of Lender to make Loans, as such commitment may be reduced from time to time pursuant to this Credit Agreement. The initial amount of Lender's Commitment is \$100,000,000.

" Control " means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. " Controlling " and " Controlled " have meanings correlative thereto.

" Debt " means indebtedness and any other obligations for borrowed money (other than the Loans) of AMERCO, Borrower Sponsors (or either of them), Master Guarantor, or any subsidiary thereof, including guarantees, capital lease obligations and operating leases, but excluding all such indebtedness and obligations of Excluded Subsidiaries

" Deed of Trust " means any (a) Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing or (b) that Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing or (c) any other security instrument recorded in the real property records of a state, in each case executed by a SPE Subsidiary for the benefit of Lender as contemplated herein. " Deeds of Trust " means each and every such Deed of Trust, taken collectively.

" Default " has the meaning assigned to such term in Article VII.

" dollars " or " \$ " refers to lawful money of the United States of America.

" Effective Date " means the date on which the conditions specified in Section 4.01 are satisfied (or waived in accordance with Section 8.02).

" Environmental Laws " means, with respect to the Collateral, all laws, rules, regulations, codes, ordinances, orders, decrees, judgments, injunctions, notices or binding agreements issued, promulgated or entered into by any Governmental Authority, relating in any way to the environment, preservation or reclamation of natural resources, the management, release or threatened release of any Hazardous Material or to health and safety matters.

" Environmental Liability " means any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of the Borrower Sponsors or any Borrower Subsidiary directly or indirectly resulting from or based upon (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the release or threatened release of any Hazardous Materials into the environment or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

" Equity Interests " means shares of capital stock, partnership interests, membership interests in a limited liability company, beneficial interests in a trust or other equity ownership interests in a Person, and any warrants, options or other rights entitling the holder thereof to purchase or acquire any such equity interest.

" Encumbrances " means any liens, easements, rights-of way, zoning and other restrictions (including any restriction or exclusive use provision in any lease or other occupancy agreement), covenants and other similar charges or encumbrances.

" Eurodollar ", when used in reference to any Loan or Borrowing, refers to the fact that such Loan or Borrowing is bearing interest at a rate determined by reference to the Adjusted LIBOR Rate.

" Excluded Subsidiary " means a single-purpose bankruptcy-remote subsidiary of AMERCO or a Borrower Sponsor that has issued or is the borrower party under securitized indebtedness, including commercial mortgage-backed securities.

" Exit Fee " has the meaning provided for in Section 2.05(a).

" Expiration Date " means April 30, 2012, as the same may be extended pursuant to Section 2.06.

" Financial Officer " means the secretary, treasurer or assistant treasurer of either AREC or UHC FL.

" FIRREA " means the Financial Institutions Reform, Recovery and Enforcement Act of 1989.

" GAAP " means generally accepted accounting principles in the United States of America.

" Governmental Authority " means the government of the United States of America, any other nation or any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

" Hazardous Materials " means all explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and all other substances or wastes of any nature regulated pursuant to any Environmental Law.

" Interest Payment Date " means the fifth (5<sup>th</sup>) day of each calendar month.



“ Interest Reset Day ” means the fifth (5<sup>th</sup>) day of each calendar month, provided such day is a Business Day, or if such day is not a Business Day, the next succeeding Business Day following the fifth (5<sup>th</sup>) day of such calendar month.

“ Legal Requirements ” means, with respect to any Person or Property, all statutes, laws, treaties, codes, rules, orders, regulations, ordinances, judgments, decrees, injunctions, permits, determinations or requirements of any Governmental Authority, whether now or hereafter enacted and in force, including, without limitation, building, use, zoning and land use laws, ordinances or regulations (including set back requirements), and any applicable covenants and restrictions pursuant thereto relating in any way to a Property (including the construction, ownership, use, alteration, rental or operation thereof), the ADA, Environmental Laws, all Permits and all Encumbrances.

“ Lender’s Title Policy ” means, with respect to each Property, an ALTA lender’s title insurance policy or policies (1970 unmodified form, where available, and 2006 form in all other cases) dated as of the date of the applicable Borrowing Date, delivered to Lender and issued by the Title Company, which title insurance policy (a) provides coverage in an amount not less than the amount of the applicable Loan, (b) insures the Lender, and its successors and assigns, that the related Deed of Trust creates a valid first mortgage lien on the Property (including all beneficial easements), free and clear of all exceptions from coverage other than the Permitted Encumbrances and such standard exceptions and exclusions from coverage as the Lender may approve, (c) contains such endorsements and affirmative coverage as the Lender may reasonably require, (d) names the Lender, and its successors and assigns, as the insured party thereunder, (e) is assignable by its terms with a transfer of the applicable Note and Deed of Trust, and (f) is otherwise in both form and substance satisfactory to the Lender.

“ LIBOR Rate ” means with respect to any LIBOR advance, the interest rate determined by the Lender, on the Interest Reset Day while any Loans are outstanding, by reference to Reuters Screen LIBOR01, formerly known as Page 3750 of the Moneyline Telerate Service (together with any successor or substitute, the “ **Service** ”) or any successor or substitute page of the Service providing rate quotations comparable to those currently provided on such page of the Service, as determined by the Lender from time to time for purposes of providing quotations of interest rates applicable to dollar deposits in the London interbank market, to be the rate at approximately 11:00 a.m. London time, on such Interest Reset Day, for dollar deposits with a maturity equal to one month. If no LIBOR Rate is available to the Lender, the applicable LIBOR Rate for such period of time (i.e., until the next reset date where the intended LIBOR Rate is available) shall instead be the rate determined by the Lender to be the rate at which the Lender offers to place U.S. dollar deposits having a one-month maturity with first-class banks in the London interbank market at approximately 11:00 A.M. (London time) on Interest Reset Day.

“ Loan Documents ” means, collectively, this Credit Agreement, the Notes, the Deeds of Trust, the Master Guaranty, each Note Guaranty and each other agreement and instrument provided by Borrower Sponsors, an SPE Subsidiary, Master Guarantor or an Affiliate of any of the foregoing to Lender or an Affiliate of Lender in conjunction with the Transactions, but specifically excluding any such documents that are with an Excluded Subsidiary.

“ Loan-to-Value Percentage ” means, as of any applicable date of determination, the percentage obtained by dividing (i) the total outstanding principal balance of a Loan by (ii) either (a) the Appraised Value of the Property that is Collateral for such Loan, or (b) if the cost of the Property is less than the Appraised Value and the Property has been acquired by a SPE Subsidiary (from a third party unaffiliated with Borrower Sponsors) within the previous 6 months, or the Property will be acquired in connection with the Loan on the date of determination of the Loan-to-Value Percentage, the cost of the Property. The Loan-to-Value Percentage shall be expressed as a percentage, and shall be determined by Lender, in its sole discretion, based on the Property that is the primary security for the Note evidencing

the Loan, and without regard to any other Collateral held by Lender in connection with the Transactions.

" Loans " means the loans made by Lender to the a SPE Subsidiary pursuant to this Credit Agreement, each of which shall be secured by one or more parcels of Property through a single Deed of Trust.

" Master Guaranty " means that certain Master Guaranty from AMERCO and U-HAUL INTERNATIONAL, INC., a Nevada corporation (collectively, "Master Guarantor") to Lender, of even date herewith.

" Material Adverse Effect " means a material adverse effect on (a) the business, assets, operations, prospects or condition, financial or otherwise, of the Borrower Sponsors and the Borrower Subsidiaries taken as a whole, (b) the ability of the Borrower Sponsors or Borrower Subsidiaries to perform any of its obligations under this Credit Agreement, (c) the Collateral or an SPE Subsidiary's ownership, use or operation thereof, (d) the ability of an SPE Subsidiary (other than an Excluded Subsidiary) to perform pursuant to a Note or Deed of Trust, or (e) the rights of or benefits available to Lender under this Credit Agreement and the other Loan Documents.

" Maturity Date " means with respect to any Loan, the maturity date set forth in the applicable Note, which shall be 12 full months after the Borrowing Date of the Loan evidenced by such Note.

" Non-Usage Fee " has the meaning provided for in Section 2.05(b).

" Note " means a Promissory Note dated as of the Borrowing Date on which a Loan is made pursuant to this Credit Agreement, from the applicable SPE Subsidiary collectively, as "Maker", to the order of Lender, as "Holder". "Notes" shall mean all such Notes executed and delivered pursuant to the terms of this Credit Agreement.

" Note Guaranty " means a Guaranty of Note executed and delivered, jointly and severally, by Master Guarantor and the Borrower Sponsor that is the parent of the SPE Subsidiary that is the Maker on the Note, to Lender. There shall be a Note Guaranty for each individual Note issued pursuant to this Credit Agreement.

" Permitted Encumbrances " means, collectively, (a) the liens created by the Loan Documents, (b) leases granted in the ordinary course of operation for the Property, and (c) such other Encumbrances as Lender has approved or may approve in writing in the Lender's sole discretion.

" Person " means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

" Prime Rate " means the rate of interest per annum publicly announced from time to time by Lender as its prime rate. The Prime Rate is a variable rate and each change in the Prime Rate shall be effective from and including the date such change is publicly announced as being effective. THE PRIME RATE IS A REFERENCE RATE AND MAY NOT BE THE BANK'S LOWEST RATE.

" Properties " means one or more of the parcels of real property that are or become subject to a security interest of Lender pursuant to the terms of this Credit Agreement. A "Property" shall mean a specific parcel or parcel of real property that is offered as security in connection with a Loan.

" Regulation D " means Regulation D of the Board as from time to time in effect and any

successor thereto or other regulation or official interpretation of said Board relating to reserve requirements applicable to member banks of the Federal Reserve System.

" Related Parties " means, with respect to any specified Person, such Person's Affiliates and the respective directors, officers, employees, agents and advisors of such Person and such Person's Affiliates.

" Reserve Requirement " means the maximum aggregate reserve requirement (including all basic, supplemental, marginal and other reserves) which is imposed under Regulation D.

" Revolving Credit Exposure " means the sum of the outstanding principal amount of all Loans at such time.

" Right of First Refusal " means, with respect to any Property secured by a Loan or once secured by a Loan, the right of Lender or its Affiliate to match any offer to finance or refinance such Property pursuant to a commercial mortgage backed security transaction. In order to qualify as a Right of First Refusal for the purposes of Section 2.05(a) of this Credit Agreement, (i) the Borrower Sponsor or an SPE Subsidiary must present reasonable evidence of the material terms by which such third-party lender is willing to provide such financing (to be secured by a Property) to the SPE Subsidiary, which shall include the term of the loan, the interest rate and any loan-to-value requirement, and (ii) Borrower Sponsor or the SPE Subsidiary must allow Lender (or its Affiliate) no less than 15 days in which to match such material business terms of the proposed financing, and (iii) if Lender or its Affiliate timely elects to match such financing, Borrower Sponsor must use good faith efforts to cause the SPE Subsidiary to satisfy all requirements and proceed to close the proposed financing arrangement with Lender or its Affiliate.

" subsidiary " means, with respect to any Person (the " parent ") at any date, any corporation, limited liability company, partnership, association or other entity the accounts of which would be consolidated with those of the parent in the parent's consolidated financial statements if such financial statements were prepared in accordance with GAAP as of such date, as well as any other corporation, limited liability company, partnership, association or other entity (a) of which securities or other ownership interests representing more than 50% of the equity or more than 50% of the ordinary voting power or, in the case of a partnership, more than 50% of the general partnership interests are, as of such date, owned, controlled or held, or (b) that is, as of such date, otherwise Controlled, by the parent or one or more subsidiaries of the parent or by the parent and one or more subsidiaries of the parent.

" SPE Subsidiary " means any Borrower Subsidiary holding title to one or more of the Properties.

" Taxes " means any and all present or future taxes, levies, imposts, duties, deductions, charges or withholdings imposed by any Governmental Authority.

" Title Company " means First American Title Insurance Company.

" Transactions " means the execution, delivery and performance by the Borrower Sponsors and SPE Subsidiaries of this Credit Agreement, the borrowing and repayment of Loans, and the use of the proceeds thereof.

" UCC " or " Uniform Commercial Code " means the Uniform Commercial Code as in effect in the state where the relevant Collateral is located, or, as necessary to give effect to the rules of such state, in the state where the owner of the Collateral is formed or domiciled.

SECTION 1.02. Terms Generally. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation". The word "will" shall be construed to have the same meaning and effect as the word "shall". Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (b) any reference herein to any Person shall be construed to include such Person's successors and assigns, (c) the words "herein", "hereof" and "hereunder", and words of similar import, shall be construed to refer to this Credit Agreement in its entirety and not to any particular provision hereof, (d) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Credit Agreement and (e) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

SECTION 1.03. Accounting Terms; GAAP. Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with GAAP, as in effect from time to time; provided that, if the Borrower Sponsors notify Lender that the Borrower Sponsors request an amendment to any provision hereof to eliminate the effect of any change occurring after the date hereof in GAAP or in the application thereof on the operation of such provision (or if Lender requests an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such change in GAAP or in the application thereof, then such provision shall be interpreted on the basis of GAAP as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance herewith.

## ARTICLE II Borrowings

SECTION 2.01. Commitment. (a) Subject to the terms and conditions set forth herein, Lender agrees, upon request of a Borrower Sponsor, to make Loans to SPE Subsidiaries from time to time, prior to the Expiration Date, in an aggregate principal amount that will not result in Lender's Revolving Credit Exposure exceeding the Commitment. Within the foregoing limits and subject to the terms and conditions set forth herein, the Borrower Sponsors may form one or more SPE Subsidiaries and cause such SPE Subsidiaries to borrow Loans, prepay Loans and reborrow from the Commitment until the Expiration Date. An individual Loan shall be made to a single SPE Subsidiary, and evidenced by a single Note and Deed of Trust. Such Loan shall be repaid by an SPE Subsidiary (including through prepayment) in accordance with the terms of the applicable Note. Payment of each individual Note will be guaranteed by a Note Guaranty.

(b) Borrower Sponsors shall be obligated to perform in accordance with the terms of this Credit Agreement. All obligations under this Credit Agreement are guaranteed by the Master Guaranty. Upon a Default hereunder, in addition to all other remedies provided for in this Agreement, this Commitment shall immediately terminate, at the option of Lender, and Lender shall have no further obligation to make Loans.

(c) Individual Loans may be assigned by Lender for value without the assignment of this Credit Agreement. Following such assignment, the assigned Loans shall no longer be considered a

Loan made pursuant to this Credit Agreement (and amounts paid to Lender in connection with such assignment shall reduce Lender's Revolving Credit Exposure under this Credit Agreement). Notwithstanding anything to the contrary, a default or event of default under such an assigned Loan shall not constitute a Default under this Credit Agreement.

SECTION 2.02. Loans and Borrowings. (a) Subject to Section 2.11, each Borrowing shall be comprised of Eurodollar Loans as the Borrower Sponsors may request in accordance herewith. Lender at its option may make any Loan by causing any domestic or foreign branch or Affiliate of Lender to make such Loan; provided that any exercise of such option shall not affect the obligation of the Borrower to repay such Loan in accordance with the terms of this Credit Agreement or the applicable Note.

(b) Each individual Loan shall be not less than \$1,000,000, except as otherwise agreed by Lender, and shall be secured by one or more Properties. Each Loan may be used to purchase such Property, or may be advanced and secured by Property currently owned by an SPE Subsidiary, or Property that will be transferred by a Borrower Sponsor to an SPE Subsidiary in connection with the Loan.

(c) The Loan-to-Value Percentage for a Loan shall not exceed 65%, as determined by Lender in its sole discretion.

(d) Notwithstanding any other provision of this Credit Agreement, no Borrower Sponsor shall be entitled to request any Borrowing or Loan after the Expiration Date.

(e) Prior to requesting any Loan, the Borrower Sponsor that is the parent of the SPE Subsidiary that will be the borrower on the Note shall have submitted such information to Lender as required in order for Lender to fully diligence and evaluate the condition of the Properties that will comprise the Collateral for such Loan, and to otherwise comply with Section 4.02 (c) and (d) of this Credit Agreement. Once Lender has approved a Property, in writing, Borrower Sponsors may include a request for a Loan to be secured by such Property in connection with its next requested Borrowing.

SECTION 2.03. Requests for Borrowings. The Borrower Sponsors shall notify Lender (a) in writing (which may be by email), or (b) by telephone, not later than 11:00 a.m., Phoenix time, three Business Days before the date of the proposed Borrowing. Each such Borrowing Request shall be in the form attached hereto as Exhibit A, shall be signed by the Borrower, and shall be delivered by hand or telecopy to Lender signed by the Borrower. Each Borrowing Request shall be irrevocable when made, and shall specify the following information in compliance with Section 2.02:

- (i) the name and tax identification number(s) of the applicable SPE Subsidiary(ies) that will execute the Note(s);
- (ii) the aggregate amount of the requested Borrowing;
- (iii) a description of the number of Loans comprising the Borrowing, if more than one, and the Properties associated with the Loans (each such loan will be evidenced by a Note);
- (iv) the date of such Borrowing, which shall be a Business Day; and
- (v) the location and number of the account to which funds are to be disbursed, which shall comply with the requirements of Section 2.04, or, if the Loan is being used to

refinance existing debt, the wiring instructions for the existing lender. In any event, the proceeds of all or a portion of a Borrowing may, at Lender's election be placed into an escrow with the Title Company as required to facilitate the repayment of existing loans, recordation of documentation and the issuance of the Lender's Title Policy.

SECTION 2.04. Funding of Borrowings. Subject to the satisfaction of all conditions precedent in Section 4.02 and elsewhere in this Credit Agreement, Lender shall make each Loan to be made by it hereunder on the proposed date thereof by depositing by 12:00 noon, Phoenix time, to either (i) the account maintained with Lender and designated by the Borrower Sponsor in the applicable Borrowing Request, (ii) the Title Company to facilitate the closing of the Loans (including repayment of existing debt encumbering the applicable Property(ies), if any), or (iii) a third party lender as necessary to facilitate repayment of existing debt encumbering the applicable Property(ies).

SECTION 2.05. Commitment Fees. As consideration of the Commitment, and Lender agreeing to make the Loans to SPE Subsidiaries formed by the Borrower Sponsors as contemplated hereunder, Borrower agrees as follows:

(a) With respect to each Loan, Borrower Sponsors agree to pay an Exit Fee to Lender on the EF Payment Date. As used herein "Exit Fee" shall mean a fee equal to 1% of the original principal amount of the applicable Loan, and "EF Payment Date" means the date that a Borrower Sponsor or an SPE Subsidiary enters into a loan agreement or other financing arrangement with a third-party lender unaffiliated with Lender for a commercial mortgage backed securities transaction, which commercial mortgage backed securities transaction is secured (in whole or part) by a Property that has previously secured such applicable Loan. The Exit Fee is earned in full on the date that Lender makes a Loan, provided that Lender agrees to defer the payment of the Exit Fee until the EF Payment Date, and provided further that (i) if the EF Payment Date does not occur within 18 months following the date that Borrower or SPE Subsidiary repays a Loan associated with a Property in full, then Lender shall waive and have no further right to receive the Exit Fee with respect to such Loan and Property only, (ii) no Exit Fee shall be due if a Loan is refinanced through Lender or an Affiliate of Lender or through financing other than a securitized financing transaction, and (iii) no Exit Fee shall be due if a Borrower Sponsor or the SPE Subsidiary provides Lender with a Right of First Refusal, and Lender fails to timely offer a securitized lending arrangement (from Lender or its Affiliate) to Borrower Sponsor or the SPE Subsidiary on like or better material business terms than those offered by the prospective third-party lender. The obligation to pay the Exit Fee is personal to Borrower Sponsors (and their Affiliates, including, without limitation, SPE Subsidiaries) and does not run with the land; upon a sale of a Property to a third party that is unaffiliated with Borrower Sponsors, Lender shall have no further right to collect the Exit Fee with respect to the transferred Property.

(b) Borrower Sponsors agree to pay a non-usage fee, with respect to each calendar quarter during the term of the Commitment, based on the unused amount of the Commitment (the "Non-Usage Fee"). The Non-Usage Fee shall be an amount equal to  $A \times (B - C) \times (D/E)$ , where A equals .25%; B equals the maximum amount of the Commitment; C equals the average daily outstanding principal balance of the sums of all the Loans during the calendar quarter; D equals the actual number of days elapsed during the calendar quarter; and E equals 360. Each Non-Usage Fee shall be due and payable to the Lender quarterly, in arrears, within fifteen (15) days after the Borrower Sponsors' receipt of an invoice for the Non-Usage Fee from the Lender. Lender may begin to accrue the foregoing fee on the Effective Date. The Non-Usage Fee is fully earned as it accrues, and Borrower Sponsors shall not be entitled to any refund for the Non-Usage Fee for any reason.

SECTION 2.06. Termination of Commitments; Extension of Expiration Date. (a) Unless previously terminated, the Commitment shall terminate on the Expiration Date.

(b) So long as no Default has occurred and is continuing, Borrower Sponsors may request that Lender extend the Expiration Date for a period of 1 year. To extend the then-applicable Expiration Date, Borrower Sponsors shall provide a written request to Lender at least 60 days, but no more than 90 days, before the then-applicable Expiration Date. Within 30 days of Lender's receipt of such extension request, Lender shall notify Borrower Sponsors whether Lender has elected, in its sole and absolute discretion, to extend the Expiration Date for a period of 1 year. The Expiration Date shall in no event be extended if a Default exists and is continuing at the time of Borrower Sponsors' extension request or as of the date which would have been the Expiration Date, and in such event the Commitment shall expire on the previously applicable Expiration Date. The extension of the Expiration Date shall have no effect on the Maturity Date of any Note.

(c) For avoidance of doubt, Lender may, after Borrower Sponsors' request to extend, elect to extend, or not to extend, the Expiration Date for any reason or no reason at all. Borrower Sponsors expressly understand, acknowledge and agree that Lender has no obligation of any kind to extend the Expiration Date, the Borrower Sponsors have no right or ability to rely upon such extension and no such reliance would be reasonable under the circumstances.

(d) If Lender, in its sole and absolute discretion, elects to extend the Commitment for an additional year, a condition of the effectiveness of such extension shall be that Borrower Sponsors pay to Lender, and Lender receive, a fee equal to 0.15% of the total Commitment, together with all other amounts to be reimbursed to Lender pursuant to the terms of this Credit Agreement.

**SECTION 2.07. Repayment of Loans; Evidence of Debt.** (a) Each Borrower Sponsor, jointly and severally with each Maker on a Note, hereby unconditionally promises to pay to Lender the then unpaid principal amount of each Loan made pursuant to this Credit Agreement, and all accrued and outstanding interest thereon, on the applicable Maturity Date.

(b) Lender shall maintain in accordance with its usual practice an account or accounts evidencing the total indebtedness of all SPE Subsidiaries to Lender resulting from each Loan made by Lender pursuant to this Credit Agreement, including (i) the amounts of principal and interest payable from time to time hereunder and (ii) the amount of any sum received by Lender.

(c) The entries made in the accounts maintained pursuant to paragraph (b) shall be prima facie evidence of the existence and amounts of the obligations recorded therein; provided that the failure of Holder to maintain such accounts or any error therein shall not in any manner affect the obligation to repay the Loans in accordance with the terms of this Credit Agreement and each Note.

**SECTION 2.08. Prepayment of Loans.** Each Note shall provide for the following: (a) the applicable SPE Subsidiary shall have the right at any time and from time to time to prepay any Loan in whole or in part, in accordance with this Section. The SPE Subsidiary shall notify Lender (i) in writing or (ii) by telephone (confirmed by telecopy) of any prepayment hereunder not later than 11:00 a.m., Phoenix time, three Business Days before the date of prepayment. Each such notice shall be irrevocable and shall specify the prepayment date and the principal amount of each Borrowing or portion thereof to be prepaid. Each partial prepayment of any Borrowing shall be in an amount that would be permitted in the case of an advance of a Borrowing as provided in Section 2.02. Prepayments shall be accompanied by accrued interest to the extent required by Section 2.10.

**SECTION 2.09. Fees.** All fees payable hereunder shall be paid on the dates due, in immediately available funds, to Lender. Fees paid shall not be refundable under any circumstances.

SECTION 2.10. Interest. (a) The Loans shall bear interest at the Adjusted LIBOR Rate in effect for such Borrowing, subject to Section 2.11 below.

(b) Notwithstanding the foregoing, if any principal of or interest on any Loan or any fee or other amount payable pursuant to this Credit Agreement or the other Loan Documents is not paid when due, whether at stated maturity, upon acceleration or otherwise, such overdue amount shall bear interest, after as well as before judgment, at a rate per annum equal to (i) in the case of overdue principal of any Loan, 2% plus the rate otherwise applicable to such Loan, or (ii) in the case of any other amount, 2% plus the Base Rate.

(c) Accrued interest on each Loan shall be payable in arrears on each Interest Payment Date for such Loan, and on the applicable Maturity Date; provided that in the event of any repayment or prepayment of any Loan, accrued interest on the principal amount repaid or prepaid shall be payable on the date of such repayment or prepayment.

(d) All interest hereunder shall be computed on the basis of a year of 360 days, for the actual number of days in the year. The applicable Base Rate, Adjusted LIBOR Rate or LIBOR Rate shall be determined by Lender, and such determination shall be conclusive absent manifest error.

SECTION 2.11. Alternate Rate of Interest. If for any Borrowing:

(a) Lender determines (which determination shall be conclusive absent manifest error) that adequate and reasonable means do not exist for ascertaining the Adjusted LIBOR Rate or the LIBOR Rate, as applicable; or

(b) Lender is advised that the Adjusted LIBOR Rate or the LIBOR Rate, as applicable, will not adequately and fairly reflect the cost to Lender of making or maintaining its Loan;

then the Lender shall give notice thereof to the Borrower Sponsors by telephone or telecopy as promptly as practicable thereafter and, until the Lender notifies the Borrower Sponsors that the circumstances giving rise to such notice no longer exist, all Borrowings shall, immediately begin accruing interest at the Base Rate (subject to any increase pursuant to Section 2.10). Upon Lender's notification that the circumstances giving rise to events no longer exist, then all Loans shall once again accrue interest at the rate set forth in Section 2.10, commencing on the Interest Reset Day of the next successive calendar month immediately following such notification.

SECTION 2.12. Increased Costs. (a) If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by Lender (except any such reserve requirement reflected in the Adjusted LIBOR Rate); or

(ii) impose on Lender or the London interbank market any other condition affecting this Credit Agreement or Loans made by Lender;

and the result of any of the foregoing shall be to increase the cost to Lender of making or maintaining any Loan (or of maintaining its obligation to make any such Loan) or to reduce the amount of any sum received or receivable by Lender (whether of principal, interest or otherwise), then the Borrower Sponsors will pay to Lender, such additional amount or amounts as will compensate Lender for such additional costs incurred or reduction suffered.



(b) If Lender determines that any Change in Law regarding capital requirements has or would have the effect of reducing the rate of return on Lender's or on the capital of Lender's holding company, if any, as a consequence of this Credit Agreement or the Loans made by Lender to a level below that which Lender or Lender's holding company could have achieved but for such Change in Law (taking into consideration Lender's policies and the policies of Lender's holding company with respect to capital adequacy), then from time to time the Borrower Sponsors will pay to Lender such additional amount or amounts as will compensate Lender or Lender's holding company for any such reduction suffered.

(c) A certificate of Lender setting forth the amount or amounts necessary to compensate Lender or its holding company, as the case may be, as specified in paragraph (a) or (b) shall be delivered to the Borrower Sponsors and shall be conclusive absent manifest error. The Borrower Sponsors shall pay Lender the amount shown as due on any such certificate within 10 days after receipt thereof.

(d) Failure or delay on the part of Lender to demand compensation pursuant to this Section shall not constitute a waiver of Lender's right to demand such compensation; provided that the Borrower Sponsors shall not be required to compensate Lender pursuant to this Section for any increased costs or reductions incurred more than 270 days prior to the date that Lender, as the case may be, notifies the Borrower Sponsors of the Change in Law giving rise to such increased costs or reductions and of Lender's intention to claim compensation therefor; provided further that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the 270-day period referred to above shall be extended to include the period of retroactive effect thereof.

#### SECTION 2.13. Intentionally Omitted.

SECTION 2.14. Taxes. (a) All payments by Borrower Sponsors and SPE Subsidiaries shall be made free and clear of and without deduction for any Taxes; provided that if the Borrower Sponsor or SPE Subsidiary is required to deduct any Taxes from such payments, then the sum payable shall be increased as necessary so that after making all required deductions Lender receives an amount equal to the sum it would have received had no such deductions been made.

(b) The Borrower Sponsors shall indemnify Lender within 10 days after written demand therefor, for the full amount of any Taxes paid by the Lender on or with respect to any payment by or on account of any obligation of the Borrower Sponsors hereunder and any penalties, interest and reasonable expenses arising therefrom or with respect thereto. A certificate as to the amount of such payment or liability delivered to the Borrower Sponsors by Lender shall be conclusive absent manifest error.

(c) If Lender determines, in its sole discretion, that it has received a refund of any Taxes with respect to which the Borrower Sponsors or an SPE Subsidiary has paid additional amounts pursuant to this Section 2.14, it shall pay over such refund to such party (but only to the extent of additional amounts paid by such party under this Section 2.14 with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses of Lender and without interest; provided, that the such party agrees to repay the amount paid over to it (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to Lender in the event Lender is required to repay such refund to such Governmental Authority. This Section shall not be construed to require Lender to make available its tax returns (or any other confidential information) to the Borrower Sponsors or any other Person.

SECTION 2.15. Payments Generally. The Borrower Sponsors shall make, or cause to be made, each payment required to be made hereunder in immediately available funds, without set-off or counterclaim. Any amounts received after such time on any date may, in the discretion of Lender, be deemed to have been received on the next succeeding Business Day for purposes of calculating interest

thereon. All payments shall be made to Lender at its offices at 201 No. Central Avenue, 21st Floor, Phoenix, Arizona 85001-0071, except that payments pursuant to Sections 2.14 and 8.03 shall be made directly to the Persons entitled thereto. All payments hereunder shall be made in dollars.

SECTION 2.16. Mitigation Obligations. If Lender requests compensation under Section 2.12, or if any Borrower Sponsor is required to pay any additional amount to Lender or any Governmental Authority for the account of Lender pursuant to Section 2.14, then Lender shall use reasonable efforts to designate a different lending office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 2.12 or 2.14, as the case may be, in the future and (ii) would not subject Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to Lender. The Borrower Sponsors hereby agrees to pay all reasonable costs and expenses incurred by Lender in connection with any such designation or assignment.

### ARTICLE III Representations and Warranties

The Borrower Sponsors each represent and warrant to Lender that, as of the Effective Date and as of the date of each Borrowing:

SECTION 3.01. Organization; Powers. Each of the Borrower Sponsors is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, has all requisite power and authority to carry on its business as now conducted and, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect, is qualified to do business in, and is in good standing in, every jurisdiction where such qualification is required. On the date of each Borrowing, each of Borrower Sponsors and each SPE Subsidiary shall be duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, has all requisite power and authority to carry on its business as now conducted and, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect, is qualified to do business in, and is in good standing in, every jurisdiction where such qualification is required, and by accepting a Loan, each of Borrower Sponsors and each SPE Subsidiary shall be representing that the foregoing is true and correct.

SECTION 3.02. Authorization; Enforceability. The Transactions are within each Borrower Sponsor's corporate powers and have been duly authorized by all necessary corporate and, if required, stockholder action. This Credit Agreement has been duly executed and delivered by the Borrower Sponsors and constitutes a legal, valid and binding obligation of the Borrower Sponsors, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law. Each Note shall have been duly executed and delivered by Borrower Sponsors and each SPE Subsidiary, and shall constitute a legal, value and binding obligation of each such party, enforceable in accordance with its terms, subject only to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

SECTION 3.03. Governmental Approvals; No Conflicts. The Transactions (a) do not require any consent or approval of, registration or filing with, or any other action by, any Governmental Authority, except such as have been obtained or made and are in full force and effect, (b) will not violate any applicable law or regulation or the charter, by-laws or other organizational documents of the

Borrower Sponsors or any SPE Subsidiary, or any order of any Governmental Authority, (c) will not violate or result in a default under any indenture, agreement or other instrument binding upon the Borrower Sponsors, any SPE Subsidiary or its assets, or give rise to a right thereunder to require any payment to be made by the Borrower Sponsors or any SPE Subsidiary, and (d) will not result in the creation or imposition of any lien on any asset of the Borrower Sponsors or any SPE Subsidiary, except the liens of the Deed of Trust.

SECTION 3.04. Properties. (a) A Borrower Sponsor or a SPE Subsidiary has good title to, or valid leasehold interests in, all real and personal property material to the Collateral, except for minor defects in title that do not interfere with its ability to conduct its business as currently conducted or to utilize such Collateral for its intended purposes.

(b) A Borrower Sponsor or a SPE Subsidiary owns, or is licensed to use, all trademarks, tradenames, copyrights, patents and other intellectual property material to its business, and the use thereof by the Borrower Sponsor or SPE Subsidiary does not infringe upon the rights of any other Person, except for any such infringements that, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

SECTION 3.05. Compliance with Laws and Agreements. Each Borrower Sponsor and each SPE Subsidiary is in compliance with all laws, regulations and orders of any Governmental Authority applicable to it or its property and all indentures, agreements and other instruments binding upon it or its property, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect. No Default has occurred and is continuing.

SECTION 3.06. Investment Company Status. Neither Borrower Sponsor nor any SPE Subsidiary is an "investment company" as defined in, or subject to regulation under, the Investment Company Act of 1940.

SECTION 3.07. Taxes. Each Borrower Sponsor and each SPE Subsidiary has timely filed or caused to be filed all Tax returns and reports required to have been filed and has paid or caused to be paid all Taxes required to have been paid by it, except (a) Taxes that are being contested in good faith by appropriate proceedings and for which the Borrower Sponsor or such SPE Subsidiary has set aside on its books adequate reserves or (b) to the extent that the failure to do so could not reasonably be expected to result in a Material Adverse Effect.

SECTION 3.08. Disclosure. All agreements, instruments and corporate or other restrictions to which a Borrower Sponsor is subject, and all other matters known to it, that, individually or in the aggregate, could reasonably be expected to result in a Material Adverse Effect are disclosed in AMERCO's filings on the "EDGAR" system of the Security and Exchange Commission. No reports, financial statements, certificates or other information furnished by or on behalf of the Borrower Sponsors to Lender in connection with the negotiation of this Credit Agreement or delivered hereunder (as modified or supplemented by other information so furnished) contains any material misstatement of fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that, with respect to projected financial information, each Borrower Sponsor represents only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time.

#### ARTICLE IV Conditions

SECTION 4.01. Effective Date. The obligations of Lender to make any Loans pursuant

to this Credit Agreement shall not become effective until the date on which Lender shall have received:

(a) either (i) a counterpart of this Credit Agreement signed on behalf of Borrower Sponsors or (ii) written evidence satisfactory to Lender (which may include telecopy transmission of a signed signature page of this Credit Agreement) that such party has signed a counterpart of this Credit Agreement;

(b) a fully executed Master Guaranty, fully executed by the Master Guarantor;

(c) a fee equal to 0.15% of the total Commitment, and all other amounts due and payable on or prior to the Effective Date, including, to the extent invoiced, expenses to be reimbursed or paid by the Borrower Sponsors hereunder;

(d) an opinion of counsel from in-house counsel to the Borrower Sponsors and Master Guarantor stating that (i) each entity comprising Borrower Sponsors and Master Guarantor is duly formed and in good standing, and qualified to do business in all jurisdictions where such qualification is required, except where the failure to so qualify could not reasonably be expected to result in a Material Adverse Effect, (ii) all Loan Documents have been duly executed by Borrower Sponsors and Master Guarantor and are enforceable in accordance with their terms, and (iii) the execution of the Loan Documents shall not violate any Legal Requirements applicable to Borrower Sponsors or Master Guarantor; and

(e) such documents and certificates as the Lender or its counsel may reasonably request relating to the organization, existence and good standing of the Borrower Sponsors, the authorization of the Transactions all in form and substance satisfactory to the Lender and its counsel.

SECTION 4.02. Each Credit Event. The obligation of Lender to make a Loan on the occasion of any Borrowing in accordance with Section 2.03, is subject to the satisfaction of the following conditions:

(a) The representations and warranties of the Borrower Sponsors set forth in this Credit Agreement shall be true and correct on and as of the date of such Borrowing.

(b) At the time of and immediately after giving effect to such Borrowing no Default shall have occurred and be continuing.

(c) Lender shall have received and approved, in its sole discretion, the following documentation for each Property securing the Loan, and approved the Property:

(i) initially, the following information: (A) a description of the Property including the number of units, square footage, location, street address and other pertinent information; (B) a detailed description of the unit mix, including the size, rental terms and amenities for each type of unit; (C) to the extent available, an historic cash flow and occupancy schedule, showing the cash flow and occupancy rates for the Property for the prior trailing 36 months, on a month-by-month basis (or such shorter period as may be available); and (D) ground lease information, if applicable.

(ii) provided Lender indicates its preliminary approval of the Property based on the information received in subsection (i) above, in its sole discretion, the following additional information: (A) an Appraisal (and Borrower Sponsors will provide, to the appraiser and to Lender, access to all information necessary for completion of the Appraisal); (B) an environmental inspection report; (C) a title commitment for issuance of the Lender's Title Policy, and copies of all "Schedule B" documentation related thereto; (D) all deliveries and satisfaction of all requirements to cause the Title

Company to irrevocably commit to issue the Lender's Title Policy; (E) insurance certificates showing that the Property complies with the insurance requirements set forth in the Deed of Trust; (F) a standard flood hazard determination form if the Property is in a FEMA flood zone; (G) a seismic activity report if the Property is in a seismic zone; and (H) such additional information as may be reasonably requested by Lender to verify that the Property complies with all Legal Requirements.

(iii) Borrower Sponsors may submit or provide access to all information in subsection (i) above and request that Lender simultaneously proceed to obtain the Appraisal; however, unless such a request is made by Borrower Sponsors, Lender shall endeavor to preliminarily approve the Property information submitted in subsection (i) above before ordering the Appraisal.

(iv) Borrower Sponsors shall provide such information via electronic access to a web portal providing access to current Property-related information (with Lender's access limited to any such proposed Property and Properties that secure Loans). Lender shall have access to such web portal containing updated Property-related information (for such Properties securing Loans) at all times while Loans are outstanding.

(d) Lender shall have received the following information for the SPE Subsidiary that owns, or will acquire, the Property:

(i) certified copies of all organization documents sufficient to show, to Lender's satisfaction, the due formation and good standing (in the jurisdiction of formation and in the location where the Property is located) of such SPE Subsidiary;

(ii) the tax identification number of the SPE Subsidiary;

(iii) a copy of the operating agreement or bylaws of the SPE Subsidiary, together with all amendments and modifications to the same, and documentation sufficient to establish the authority of the SPE Subsidiary to execute the Note and perform its applicable obligations associated with the Transactions, satisfactory to Lender, in Lender's sole discretion; and

(iv) an opinion of in-house counsel from the counsel to the Borrower Sponsors and SPE Subsidiary stating that the SPE Subsidiary is duly formed and in good standing in the jurisdiction of formation and the location of the Property, and that the party executing the loan documentation set forth in subsection (e) below on behalf of Borrower Sponsors, Master Guarantor and SPE Subsidiary are authorized to do so, and that such execution shall not violate any Legal Requirements applicable to Borrower Sponsors, Master Guarantor or the SPE Subsidiary.

(e) Lender shall have received the following loan documentation from Borrower Sponsors, the SPE Subsidiary, and Master Guarantor, as applicable, for each such Loan (and each Property):

(i) a Note, in the form of Exhibit B attached hereto, executed by the applicable SPE Subsidiary, as Maker, in favor of Lender, as Holder, in the principal amount of the Loan;

(ii) a fully executed Deed of Trust, in a form acceptable to Lender, related to the Property or Properties that is the subject of the Loan, which Deed of Trust shall have been recorded or is prepared to be recorded in the Official Records of the county in which the Property is located;

(iii) a fully executed Environmental Indemnity Agreement, in the form of Exhibit C attached hereto, related to the Property or Properties that is the subject of the Loan;

(iv) a certificate of no material pending litigation, in the form of Exhibit D attached hereto, executed by Borrower, Master Guarantor and SPE Subsidiary;

(v) a Note Guaranty executed by the parent of the SPE Subsidiary and Master Guarantor, in the form of Exhibit E ;  
and

(vi) UCC-1 filing statements to be recorded in the county where the Property is located and the central filing location of the state of formation for the SPE Subsidiary.

(f) If a Loan is for \$10,000,000 or more, Lender shall have received an opinion from local counsel for Lender stating that the Deed of Trust is enforceable in the jurisdiction where the Property is located; and

(g) A settlement statement (or other internally prepared statement) prepared by Lender or the Title Company setting forth all costs to be paid and reimbursed by the parties in connection with the Loan, including, amounts necessary to cause the Title Company to issue the Lender's Title Policy.

(h) Borrower Sponsors shall have paid (or authorized Lender to withhold from Loan proceeds) all reasonable costs and fees associated with Lender's due diligence on the Property and the SPE Subsidiary and to otherwise reimburse Lender for amounts as required pursuant to this Credit Agreement, and such other amounts as are required from Borrower Sponsors and/or the SPE Subsidiary as shown on the settlement statement prepared in accordance with subsection (g) above.

ARTICLE V  
Affirmative Covenants

Until the Commitment has expired or been terminated and the principal of and interest on each Loan and all fees payable hereunder shall have been paid in full, each Borrower Sponsor covenants and agrees with Lender that:

SECTION 5.01. Notices of Material Events. The Borrower Sponsors will furnish to Lender prompt written notice of the following:

(a) the occurrence of any Default; and

(b) any other development that results in, or could reasonably be expected to result in, a Material Adverse Effect.

Each notice delivered under this Section shall be accompanied by a statement of a Financial Officer or other executive officer of the Borrower Sponsors setting forth the details of the event or development requiring such notice and any action taken or proposed to be taken with respect thereto.

SECTION 5.02. Existence; Conduct of Business. The Borrower Sponsors will, and will cause each SPE Subsidiary to, do or cause to be done all things necessary to preserve, renew and keep in full force and effect its legal existence and the rights, licenses, permits, privileges and franchises material to the conduct of its business.

SECTION 5.03. Maintenance of Properties; Insurance. (a) Borrower Sponsors shall maintain, or cause to be maintained, with respect to the Properties, the following types and amounts of

insurance (which may be included under a blanket insurance policy), in addition to such other insurance as Lender requires pursuant to the terms of this Credit Agreement:

(i) Insurance against loss, damage or destruction by fire and other casualty, including theft, vandalism and malicious mischief, flood (if the Property is in a location designated by the Federal Emergency Management Administration as a Special Flood Hazard Area), boiler explosion, plate glass breakage, sprinkler damage, all matters covered by a standard extended coverage endorsement, special coverage endorsement commonly known as an "all risk" endorsement, insuring the Properties for not less than 100% of their full insurable replacement cost.

(ii) Commercial general liability and property damage insurance, including a products liability clause, covering Lender and Borrower Sponsors and the SPE Subsidiary owner against bodily injury liability, property damage liability and automobile bodily injury and property damage liability, including without limitation any liability arising out of the ownership, maintenance, repair, condition or operation of the Properties or adjoining ways, streets or sidewalks. Such insurance policy or policies shall contain a "severability of interest" clause or endorsement which precludes the insurer from denying the claim of either Borrower or Lender because of the negligence or other acts of the other and shall be in amounts of not less than \$2,000,000.00 per injury and occurrence with respect to any insured liability, whether for personal injury or property damage.

(b) All insurance policies shall:

(i) Provide for a waiver of subrogation by the insurer as to claims against Lender, its employees and agents and provide that such insurance cannot be unreasonably cancelled, invalidated or suspended on account of the conduct of Borrower Sponsors, the SPE Subsidiary, or any officers, directors, employees or agents of Borrower Sponsors or SPE Subsidiary (or an Affiliated entity);

(ii) Provide that any "no other insurance" clause in the insurance policy shall exclude any policies of insurance maintained by Lender and that the insurance policy shall not be brought into contribution with insurance maintained by Lender;

(iii) Contain a standard without contribution mortgage clause endorsement in favor of Lender and its successors and assigns as their interests may appear and any other lender designated by Lender;

(iv) Provide that the policy of insurance shall not be terminated, cancelled or substantially modified without at least thirty (30) days' prior written notice to Lender and to any lender covered by any standard mortgage clause endorsement;

(v) Be issued by insurance companies licensed to do business in the state in which the Property is located and which are rated A or better by Best's Key Rating Guide or otherwise approved by Lender; and

(vi) Provide that the insurer shall not deny a claim because of the negligence of any of Borrower Sponsors, an SPE Subsidiary, anyone acting for a Borrower Sponsor or an SPE Subsidiary or any tenant or other occupant of the Properties.

Each Borrower Sponsor expressly understands and agrees that the foregoing minimum limits of insurance

coverage shall not limit the liability of such Borrower Sponsor for acts or omissions as provided in this Credit Agreement. All liability insurance policies (with the exception of worker's compensation insurance to the extent not available under statutory law) shall designate Lender and its successors and assigns as additional insureds as their interests may appear and shall be payable as set forth in the Deed of Trusts. All such policies shall be written as primary policies, with deductibles or self-insured retentions not to exceed \$5,000,000 for the coverage described in Subsection (a)(ii), or \$500,000 for all other coverages required hereunder. Any other policies, including any policy now or hereafter carried by Lender, shall serve as excess coverage. Borrower Sponsors shall procure (or cause to be procured) policies for all insurance for periods of not less than one year and shall provide to Lender certificates of insurance or, upon Lender's request, duplicate originals of insurance policies evidencing that insurance satisfying the requirements of this Credit Agreement is in effect at all times.

SECTION 5.04. Books and Records; Inspection Rights. The Borrower Sponsors, and each SPE Subsidiary, will keep proper books of record and account in which full, true and correct entries are made of all dealings and transactions in relation to its business and activities. The Borrower will permit, and shall cause any SPE Subsidiary to permit, any representatives designated by Lender, upon reasonable prior notice, to visit and inspect its properties, to examine and make extracts from its books and records, and to discuss its affairs, finances and condition with its officers and independent accountants, all at such reasonable times and as often as reasonably requested.

SECTION 5.05. Compliance with Laws. The Borrower Sponsors will, and will cause each of its SPE Subsidiaries to, comply with all laws, rules, regulations and orders of any Governmental Authority applicable to it or its property, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

SECTION 5.06. Use of Proceeds. The proceeds of the Loans will be used only for corporate purposes. No part of the proceeds of any Loan will be used, whether directly or indirectly, for any purpose that entails a violation of any of the Regulations of the Board, including Regulations T, U and X.

SECTION 5.07 Financial Reporting. The Borrower Sponsors will furnish to the Lender the following:

(a) Within 60 days after each quarterly period, the financial statements of AMERCO and its subsidiaries, prepared and presented on a consolidated basis in accordance with GAAP, including a balance sheet as of the end of that period, and income statement for the period, and, if requested at any time by the Lender, statements of cash flow and retained earnings for that period, all certified as correct by one of its authorized agents.

(b) Within 120 days after and as of the end of each of its fiscal years, the financial statements of AMERCO and its subsidiaries, prepared and presented on a consolidated basis in accordance with GAAP, including a balance sheet and statement of income, cash flow and retained earnings, such financial statements to be prepared audited by an independent certified public accountant of recognized standing satisfactory to the Lender.

## ARTICLE VI Negative Covenants

Until the Commitment has expired or terminated and the principal of and interest on each Loan and all fees payable hereunder have been paid in full the Borrower Sponsors covenant and agree



with the Lender that:

SECTION 6.01. Equity Interests. No Borrower Sponsor shall issue, sell or otherwise dispose of any ownership or other equity interests in any of the SPE Subsidiaries owning the Collateral that is held as security for a Loan remaining as part of the total Commitment.

SECTION 6.02. Fundamental Changes. No Borrower Sponsor shall (1) engage in any business activities substantially different from those in which the Borrower Sponsor is presently engaged; (2) cease operations, liquidate, transfer all or substantially all its assets, or dissolve; or (3) enter into any arrangement with any Person providing for the leasing by the Borrower Sponsor of any portion of the Collateral which has been sold or transferred by the Borrower Sponsor to such Person.

SECTION 6.03. Government Regulation. No Borrower Sponsor shall (1) be or become subject at any time to any law, regulation, or list of any government agency (including, without limitation, the U.S. Office of Foreign Asset Control list) that prohibits or limits Lender from making any advance or extension of credit to such Borrower Sponsor (or its subsidiary) or from otherwise conducting business with the Borrower Sponsor, or (2) fail to provide documentary and other evidence of Borrower Sponsor's identity (or the identity of an SPE Subsidiary) as may be requested by Lender at any time to enable Lender to verify Borrower's identity or to comply with any applicable law or regulation, including, without limitation, Section 326 of the USA Patriot Act of 2001, 31 U.S.C. Section 5318.

## ARTICLE VII Defaults

If any of the following events (" Defaults ") shall occur:

(a) the SPE Subsidiary shall fail to pay any principal of or interest on any Loan within five (5) Business Days of when the same shall become due and payable, whether as a regularly scheduled due date or a date fixed for prepayment or otherwise;

(b) any representation or warranty made or deemed made by or on behalf of the Borrower Sponsors or any Borrower Subsidiary in or in connection with this Credit Agreement or any amendment or modification hereof or waiver hereunder, or in any report, certificate, financial statement or other document furnished pursuant to or in connection with this Credit Agreement or any amendment or modification hereof or waiver hereunder, shall prove to have been materially incorrect when made or deemed made;

(c) a Borrower Sponsor shall fail to observe or perform any covenant, condition or agreement contained in Section 5.02 or 5.06 or in Article VI;

(d) a Borrower Sponsor shall fail to observe or perform any covenant, condition or agreement contained in this Credit Agreement (other than those specified in any other clause of this Article), and such failure shall continue unremedied for a period of 30 days after notice thereof from Lender to the Borrower Sponsor, provided, however, if such matter cannot reasonably be cured within such 30 day period and Borrower Sponsor commences curing such matter within such 30 day period, and thereafter diligently prosecutes such cure, such Borrower Sponsor shall have an additional 90 day period in which to cure such matter;

(e) if AMERCO, any subsidiary of AMERCO, any Borrower Sponsor, any SPE Subsidiary or any other Borrower Subsidiary, in each case that is not a that is not an Excluded Subsidiary, shall fail to make any payment (whether of principal or interest and regardless of

amount) in respect of any Debt that is in excess of \$15,000,000, or if AMERCO, any subsidiary of AMERCO, any Borrower Sponsor, any SPE Subsidiary or any other Borrower Subsidiary, in each case that is not an Excluded Subsidiary, shall default or fail to observe or perform any other covenants or obligations contained within the documentation evidencing any Debt in excess of \$15,000,000, in each case, which results in the occurrence of a default or event of default with respect to such Debt, beyond any applicable grace or cure period;

(f) an involuntary proceeding shall be commenced or an involuntary petition shall be filed seeking (i) liquidation, reorganization or other relief in respect of AREC, UHC FL, any SPE Subsidiary or, with respect to any of the foregoing, any of its debts, or of a substantial part of its assets, under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect or (ii) the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for AREC, UHC FL, any SPE Subsidiary or, with respect to any of the foregoing, for a substantial part of its assets, and, in any such case, such proceeding or petition shall continue undismissed for 60 days or an order or decree approving or ordering any of the foregoing shall be entered;

(g) any of AREC, UHC FL or an SPE Subsidiary shall (i) voluntarily commence any proceeding or file any petition seeking liquidation, reorganization or other relief under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect, (ii) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or petition described in clause (h) of this Article, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Borrower or any Borrower Subsidiary or for a substantial part of its assets, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors or (vi) take any action for the purpose of effecting any of the foregoing;

(h) any Borrower Sponsor or any SPE Subsidiary shall become unable, admit in writing its inability or fail generally to pay its debts as they become due; or

(i) one or more final, non-appealable judgments for the payment of money in an aggregate amount \$15,000,000 or more above any applicable and undisputed insurance coverage shall be rendered against one or more of AREC, UHC FL or any SPE Subsidiary and the same shall remain undischarged for a period of 30 consecutive days during which execution shall not be effectively stayed, or any action shall be legally taken by a judgment creditor to attach or levy upon any assets of AREC, UHC FL or any SPE Subsidiary to enforce any such judgment;

then, and in every such event (other than an event with respect to the Borrower described in clause (g) or (h) of this Article), and at any time thereafter during the continuance of such event, Lender may, by notice to the Borrower Sponsors, take either or both of the following actions, at the same or different times: (A) terminate the Commitment, and thereupon the Commitment shall terminate immediately, (B) declare the Loans then outstanding to be due and payable in whole (or in part, in which case any principal not so declared to be due and payable may thereafter be declared to be due and payable), and thereupon the principal of the Loans so declared to be due and payable, together with accrued interest thereon and all fees and other obligations of the Borrower Sponsors and each SPE Subsidiary accrued hereunder or under the Notes, shall become due and payable immediately, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower Sponsors and, upon acceptance of any Loan, each SPE Subsidiary; and (C) exercise any or all remedies available to it under the Loan Documents, at law and in equity; and in case of any event with respect to the events described in clause (g) or (h) of this Article, the Commitment shall automatically terminate and the principal of the Loans

then outstanding, together with accrued interest thereon and all fees and other obligations of the Borrower Sponsors and any SPE Subsidiary accrued hereunder or under any of the Notes, shall automatically become due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower Sponsors and, upon acceptance of any Loan, each SPE Subsidiary.

ARTICLE VIII  
Miscellaneous

SECTION 8.01. Notices. (a) Except in the case of notices and other communications expressly permitted to be given by telephone (and subject to paragraph (b) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopy or email (with receipt confirmed), as follows:

(i) if to a Borrower Sponsor, 1325 Airmotive Way, Suite 100, Reno, Nevada 89502, Attention of Kevin Harte, Telecopy No. 775-688-6338 ( [Kevin\\_Harte@uhaul.com](mailto:Kevin_Harte@uhaul.com) );

with a copy to:

Amerco Real Estate Company, 2727 No. Central Avenue, Phoenix, Arizona 85004, Attention of Jennifer Settles, Telecopy No. 602-263-6173 ( [Jennifer\\_Settles@uhaul.com](mailto:Jennifer_Settles@uhaul.com) ); and

(ii) if to Lender, to JPMorgan Chase Bank, N.A., Loan and Agency Services Group, 201 North Central Avenue, 21st Floor, Phoenix, Arizona 85001, Attention of Gene L. Coffman, Telecopy No. 602-221-1259 ( [gene.l.coffman@chase.com](mailto:gene.l.coffman@chase.com) ).

(b) Lender or the Borrower Sponsors may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; provided that approval of such procedures may be limited to particular notices or communications.

(c) Any party hereto may change its address or telecopy number for notices and other communications hereunder by notice to the other parties hereto. All notices and other communications given to any party hereto in accordance with the provisions of this Credit Agreement shall be deemed to have been given on the date of receipt.

SECTION 8.02. Waivers; Amendments. (a) No failure or delay by Lender in exercising any right or power hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Lender hereunder are cumulative and are not exclusive of any rights or remedies that it would otherwise have. No waiver of any provision of this Credit Agreement or consent to any departure by the Borrower Sponsors therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) of this Section, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. Without limiting the generality of the foregoing, the making of a Loan shall not be construed as a waiver of any Default, regardless of whether Lender may have had notice or knowledge of such Default at the time.

(b) Neither this Credit Agreement nor any provision hereof, or of any Loan Document, may be waived, amended or modified except pursuant to an agreement or agreements in writing entered into by the Borrower Sponsors and the Lender.

SECTION 8.03. Expenses; Indemnity; Damage Waiver. (a) The Borrower Sponsors shall pay all reasonable out-of-pocket expenses incurred by Lender and its Affiliates, including the reasonable fees, charges and disbursements of counsel for Lender, in connection with the preparation of this Credit Agreement or any amendments, modifications or waivers of the provisions hereof (whether or not the transactions contemplated hereby or thereby shall be consummated) including the fees, charges and disbursements of any counsel for Lender, in connection with the enforcement or protection of its rights in connection with this Credit Agreement, including its rights under this Section, or in connection with the Loans made hereunder, including all such reasonable out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of such Loans.

(b) The Borrower Sponsors shall indemnify Lender, and each Related Party of Lender (each such Person being called an "Indemnitee") against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses, including the fees, charges and disbursements of any counsel for any Indemnitee, incurred by or asserted against any Indemnitee arising out of, in connection with, or as a result of (i) the execution or delivery of this Credit Agreement or any agreement or instrument contemplated hereby, the performance by the parties hereto of their respective obligations hereunder or the consummation of the Transactions or any other transactions contemplated hereby, (ii) any Loan or the use of the proceeds therefrom, (iii) any actual or alleged presence or release of Hazardous Materials on or from any property owned or operated by any Borrower Sponsor or any SPE Subsidiary, or any Environmental Liability related in any way to Borrower Sponsors or any SPE Subsidiary, (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory and regardless of whether any Indemnitee is a party thereto, or (v) any Borrower Sponsor's or any SPE Subsidiary's operations of, or relating in any manner to, the Collateral, whether relating to its original design or construction, latent defects, alteration, maintenance, use by Borrower Sponsors, any SPE Subsidiary or any Person thereon, supervision or otherwise, or from any breach of, default under or failure to perform any term or provision of this Credit Agreement by Borrower Sponsors, its officers, employees, agents or other persons; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses resulted from the negligence or willful misconduct of such Indemnitee; provided, however, that the term "negligence" shall not include negligence imputed as a matter of law to any of the Indemnitees solely by reason of any Borrower Sponsor's or any SPE Subsidiary's interest in the Collateral or any Borrower Sponsor's or any SPE Subsidiary's failure to act in respect of matters which are or were the obligation of Borrower Sponsors or an SPE Subsidiary under the Loan Documents.

(c) To the extent permitted by applicable law, the Borrower Sponsors shall not assert, and hereby waives, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Credit Agreement or any agreement or instrument contemplated hereby, the Transactions or any Loan or the use of the proceeds thereof.

(d) All amounts due under this Section shall be payable promptly after written demand therefor.

SECTION 8.04. Successors and Assigns. The provisions of this Credit Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that the Borrower Sponsors may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of Lender in its sole discretion (and any attempted assignment or transfer by the Borrower Sponsors without such consent shall be null and void). Nothing in this Credit Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, and, to the extent

expressly contemplated hereby, the Related Parties of Lender) any legal or equitable right, remedy or claim under or by reason of this Credit Agreement.

SECTION 8.05. Survival. All covenants, agreements, representations and warranties made by the Borrower Sponsors herein and in the certificates or other instruments delivered in connection with or pursuant to this Credit Agreement shall be considered to have been relied upon by the other parties hereto and shall survive the execution and delivery of this Credit Agreement and the making of any Loans, regardless of any investigation made by any such other party or on its behalf and notwithstanding that Lender may have had notice or knowledge of any Default or incorrect representation or warranty at the time any credit is extended hereunder, and shall continue in full force and effect as long as the principal of or any accrued interest on any Loan or any fee or any other amount payable under this Credit Agreement is outstanding and unpaid and so long as the Commitments have not expired or terminated. The provisions of Sections 2.05, 2.12, 2.13, 2.14 and 8.03 shall survive and remain in full force and effect regardless of the consummation of the Transactions contemplated hereby, the repayment of the Loans, or the termination of this Credit Agreement or any provision hereof.

SECTION 8.06. Counterparts; Integration; Effectiveness. This Credit Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Credit Agreement and any separate letter agreements with respect to fees payable to Lender constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Except as provided in Section 4.01 (and except that no Loan shall be advanced until the conditions in Section 4.02 are satisfied), this Credit Agreement shall become effective when it shall have been executed by Lender and when Lender shall have received counterparts hereof which, when taken together, bear the signatures of each of the other parties hereto, and thereafter shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Delivery of an executed counterpart of a signature page of this Credit Agreement by telecopy shall be effective as delivery of a manually executed counterpart of this Credit Agreement.

SECTION 8.07. Severability. Any provision of this Credit Agreement held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions hereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

SECTION 8.08. *Intentionally Omitted.*

SECTION 8.09. Governing Law; Jurisdiction; Consent to Service of Process. (a) This Credit Agreement shall be construed in accordance with and governed by the law of the State of Arizona.

(b) Each Borrower Sponsor hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of the courts of the State of Arizona and of the United States District Court of the District of Arizona, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Credit Agreement, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such Arizona State or, to the extent permitted by law, in such Federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Credit Agreement shall affect any right that Lender may otherwise have to bring any action or proceeding relating to this Credit Agreement

against any Borrower Sponsor or its properties in the courts of any jurisdiction.

(c) Each Borrower Sponsor hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Credit Agreement in any court referred to in paragraph (b) of this Section. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(d) Each party to this Credit Agreement irrevocably consents to service of process in the manner provided for notices in Section 8.01. Nothing in this Credit Agreement will affect the right of any party to this Credit Agreement to serve process in any other manner permitted by law.

SECTION 8.10. WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY VOLUNTARILY, KNOWINGLY, IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) BETWEEN THE BORROWER SPONSORS AND THE LENDER ARISING OUT OF OR IN ANY WAY RELATED TO THIS CREDIT AGREEMENT OR THE OTHER LOAN DOCUMENTS. THIS PROVISION IS A MATERIAL INDUCEMENT TO LENDER TO PROVIDE THE FINANCING DESCRIBED IN THIS CREDIT AGREEMENT.

SECTION 8.11. Headings. Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Credit Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Credit Agreement.

SECTION 8.12. Confidentiality. Lender agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its and its Affiliates' directors, officers, employees and agents, including accountants, legal counsel and other advisors (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by any regulatory authority, (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, (d) to any other party to this Credit Agreement, (e) in connection with the exercise of any remedies hereunder or any suit, action or proceeding relating to this Credit Agreement or the enforcement of rights hereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to (i) any assignee of, or any prospective assignee of, any of its rights or obligations under this Credit Agreement or (ii) any actual or prospective counterparty (or its advisors) to any swap or derivative transaction relating to the Borrower Sponsors and their obligations, (g) with the consent of the Borrower Sponsors or (h) to the extent such Information (i) becomes publicly available other than as a result of a breach of this Section or (ii) becomes available to Lender on a nonconfidential basis from a source other than the Borrower Sponsors. For the purposes of this Section, " Information " means all information received from the Borrower Sponsors relating to the Borrower Sponsors or its business, other than any such information that is available to Lender on a non-confidential basis prior to disclosure by the Borrower Sponsors; provided that, in the case of information received from the Borrower Sponsors after the date hereof, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

SECTION 8.13. Interest Rate Limitation. The obligations of Borrower Sponsors under this Credit Agreement and any other Loan Document are subject to the limitation that payments of interest and late charges shall not be required to the extent that receipt of any such payment by Lender would be contrary to provisions of applicable law limiting the maximum rate of interest that may be charged or collected by Lender. The portion of any such payment received by Lender that is in excess of the maximum interest permitted by such law shall be credited to the principal balance of the Loans or if such excess portion exceeds the outstanding principal balance of the Loans, refunded to Borrower Sponsors. All interest paid or agreed to be paid to Lender shall, to the extent permitted by applicable law, be amortized, prorated, allocated and/or spread throughout the full term of this Note (including any renewal or extension thereof) so that interest for such full term shall not exceed the maximum amount permitted by applicable law.

SECTION 8.14. USA PATRIOT Act . The following notification is provided to Borrower Sponsors pursuant to Section 326 of the USA Patriot Act of 2001, 31 U.S.C. Section 5318:

**IMPORTANT INFORMATION ABOUT PROCEDURES FOR OPENING A NEW ACCOUNT.** To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify, and record information that identifies each person or entity that opens an account, including any deposit account, treasury management account, loan, other extension of credit, or other financial services product. What this means for Borrower Sponsors: When a borrower opens an account, if such borrower is an individual Lender will ask for the borrower's name, taxpayer identification number, residential address, date of birth, and other information that will allow Lender to identify the borrower, and if the borrower is not an individual Lender will ask for the borrower's name, taxpayer identification number, business address, and other information that will allow Lender to identify the borrower. Lender may also ask, if the borrower is an individual to see the borrower's driver's license or other identifying documents, and if the borrower is not an individual to see the borrower's legal organizational documents or other identifying documents.

SECTION 8.15. Information . The Borrower Sponsors agree that Lender may provide any information or knowledge Lender may have about the Borrower Sponsors or about any matter relating to this Credit Agreement or the Loan Documents to JPMorgan Chase & Co., or any of its Affiliates or their successors, or to any one or more purchasers or potential purchasers of this Credit Agreement or the Loan Documents. The Borrower Sponsors agree that Lender may at any time sell, assign or transfer one or more interests or participations in all or any part of its rights and obligations in this Credit Agreement and the Loan Documents to one or more purchasers whether or not related to Lender.

SECTION 8.16. No Representation . Borrower Sponsors acknowledge and agree that Lender has made no representations or warranties to Borrower Sponsors that Borrower Sponsors or an SPE Subsidiary will meet the conditions precedent to a Loan, or that a particular Property or SPE Subsidiary will be approved by Lender in connection with a Borrowing. Further, Borrower Sponsors acknowledge and agree that the making of a Loan hereunder shall in no way constitute a representation or guaranty by Lender that it, or its Affiliate, will be willing to refinance such Loan, including, without limitation, as part of a commercial mortgage-backed securitization.

**[signatures to follow]**

IN WITNESS WHEREOF, the parties hereto have caused this Credit Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

AMERCO REAL ESTATE COMPANY,  
a Nevada corporation

By \_\_\_\_\_  
Name:  
Title:

U-HAUL CO. OF FLORIDA,  
a Florida corporation

By: \_\_\_\_\_  
Name:  
Title:

JPMORGAN CHASE BANK, N.A.

By \_\_\_\_\_  
Name:  
Title:



EXHIBIT A

FORM OF BORROWING REQUEST / ELECTION REQUEST

JPMorgan Chase Bank, N.A., as "Lender"

[address]

Attention: \_\_\_\_\_

Telecopy No.: \_\_\_\_\_

Re: Credit Agreement Dated as of \_\_\_\_\_, 2011 (the "Agreement")

Ladies and Gentlemen:

Pursuant to Section 2.03 of the Agreement, the undersigned hereby [requests][confirms the request made by telephone on \_\_\_\_\_, 200\_\_] for a new Borrowing in the amount of \$\_\_\_\_\_ (the "Borrowing"). The Borrowing will accrue interest based on the Adjusted LIBOR Rate as determined on the fifth (5<sup>th</sup>) day of the calendar month immediately preceding the date of such Borrowing (or if such Borrowing is on the 5<sup>th</sup> day of the month, then on the date of such Borrowing), and resetting on the fifth (5<sup>th</sup>) day of each successive calendar month. If the fifth (5<sup>th</sup>) day of a calendar month falls on a day other than a Business Day, then the LIBOR Rate shall be determined as of the next succeeding Business Day, as applicable.

The Borrowing shall be comprised of the Loans secured by the Properties located in the following locations, which are Properties that Lender has previously approved in accordance with the relevant provisions of the Agreement:

Property Location:

SPE Subsidiary Owner (BORROWER) and EIN:

The Borrowing is to be effective on \_\_\_\_\_, 2011. We understand that this request is irrevocable and binding on us and obligates us to accept the requested Loan on such date.

We hereby certify that (a) the aggregate outstanding principal amount of all Loans on today's date is \$\_\_\_\_\_, (b) that we will use the proceeds of the requested Borrowing in accordance with the provisions of the Agreement, (c) that the representations and warranties of Borrower in the Agreement are true and correct as of today's date as though made at and as of such date (except to the extent that such representations and warranties expressly relate to an earlier date), and (d) no Default or Default has occurred and is continuing, or will result from the making of the Loan.

AMERCO REAL ESTATE COMPANY,  
a Nevada corporation

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

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U-HAUL CO. OF FLORIDA,  
a Florida corporation

By: \_\_\_\_\_  
Name:  
Title:

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EXHIBIT B

FORM OF PROMISSORY NOTE

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EXHIBIT C

FORM OF ENVIRONMENTAL INDEMNITY

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EXHIBIT D

FORM OF NO PENDING ACTION CERTIFICATE

Pursuant to that certain Credit Agreement dated as of April \_\_, 2011 (as may be amended, supplemented, replaced and modified from time to time, the "Agreement"), among JPMORGAN CHASE BANK, N.A. ("Lender"), AMERCO REAL ESTATE COMPANY, and U-HAUL CO. OF FLORIDA ("UHC FL"), each of AREC AND UHC FL hereby certifies and warrants to Lender that, as of the date hereof, except as disclosed on the attached **Exhibit A**, there are no lawsuits, actions or proceedings pending, or to the knowledge of such party, threatened before any court or administrative agency that could reasonably be expected to have a Material Adverse Effect. This certificate is being delivered as a condition precedent to a Borrowing.

All initially capitalized terms not otherwise defined herein shall have the meaning given such terms by the Agreement.

Dated this \_\_\_\_ day of \_\_\_\_\_, 201\_.

AMERCO REAL ESTATE COMPANY,  
a Nevada corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

U-HAUL CO. OF FLORIDA, a Florida corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

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EXHIBIT E  
NOTE GUARANTY

**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
Republic Western Syndicate, Inc.	NY
Ponderosa Insurance Agency, LLC	AZ
RWIC Investments, Inc.	AZ
Republic Western Insurance Services, Inc.	AZ
Oxford Life Insurance Company	AZ
Oxford Life Insurance Agency, Inc.	AZ
North American Insurance Company	WI
Christian Fidelity Life Insurance Company	TX
Dallas General 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 Company of Texas (Greenspoint), LLC	TX
Amerco Real Estate Services, Inc.	NV
One PAC Company	NV
Two PAC Company	NV
Three PAC Company	NV
Four PAC Company	NV
Five PAC Company	NV
Six PAC Company	NV
Seven PAC Company	NV
Eight PAC Company	NV
Nine PAC Company	NV
Ten PAC Company	NV
Eleven PAC Company	NV
Twelve PAC Company	NV
Sixteen PAC Company	NV
Seventeen PAC Company	NV
Nationwide Commercial Co.	AZ
Yonkers Property Corporation	NY
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

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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 2010, LLC	NV
AREC RW MS, LLC	DE
AREC 905, LLC	DE
Rainbow-Queen Properties, LLC	AZ
U-Haul International, Inc.	NV
<u>United States :</u>	
INW Company	WA
A & M Associates, Inc	AZ
Web Team Associates, Inc.	NV
EMove, Inc.	NV
U-Haul Business Consultants, Inc	AZ
U-Haul Leasing & Sales Co.	NV
RTAC, LLC	NV
U-Haul S Fleet, LLC	NV
2007 DC-1, LLC	NV
2007 EL-1, LLC	NV
2007 TM-1, 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
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 Alaska	AK
U-Haul Co. of Alabama, Inc.	AL
U-Haul Co. of Arkansas	AR
U-Haul Co. of Arizona	AZ
U-Haul Titling, LLC	NV
2010 U-Haul Tilting 2, LLC	NV
2010 U-Haul Tilting 3, LLC	NV
U-Haul Co. of California	CA
U-Haul Co. of Colorado	CO
U-Haul Co. of Connecticut	CT

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U-Haul Co. of District of Columbia, Inc.	DC
U-Haul Co. of Florida	FL
U-Haul Co. of Florida 905, LLC	DE
U-Haul Co. of Georgia	GA
U-Haul of Hawaii, Inc.	HI
U-Haul Co. of Iowa, Inc.	IA
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 Kansas, Inc.	KS
U-Haul Co. of Kentucky	KY
U-Haul Co. of Louisiana	LA
U-Haul Co. of Massachusetts and Ohio, Inc.	MA
Collegeboxes, LLC	MA
U-Haul Co. of Maryland, Inc.	MD
U-Haul Co. of Maine, Inc.	ME
U-Haul Co. of Michigan	MI
U-Haul Co. of Minnesota	MN
U-Haul Company of Missouri	MO
U-Haul Co. of Mississippi	MS
U-Haul Co. of Montana, Inc.	MT
U-Haul Co. of North Carolina	NC
U-Haul Co. of North Dakota	ND
U-Haul Co. of Nebraska	NE
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 Nevada, Inc.	NV
U-Haul Co. of New York and Vermont, Inc.	NY
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 Co. of Utah, Inc.	UT
U-Haul Co. of Virginia	VA
U-Haul Co. of Washington	WA
U-Haul Co. of Wisconsin, Inc.	WI
U-Haul Co. of West Virginia	WV
U-Haul Co. of Wyoming, Inc.	WY

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**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 333-169832) of AMERCO and consolidated subsidiaries (the "Company") of our reports dated June 8, 2011, 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  
June 8, 2011

**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 (the "Registrant");
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's, 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 of AMERCO

Date: June 8, 2011

**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 (the "Registrant");
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's, 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  
Principal Financial Officer and  
Chief Accounting Officer of AMERCO

Date: June 8, 2011

**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, 2011 of AMERCO (the "Company"), as filed with the Securities and Exchange Commission on June 8, 2011 (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.

AMERCO,

a Nevada corporation

/s/ Edward J. Shoen

Edward J. Shoen

President and Chairman of the Board

Date: June 8, 2011

**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, 2011 of AMERCO (the "Company"), as filed with the Securities and Exchange Commission on June 8, 2011 (the "Report"), I, Jason A. Berg, Chief Accounting 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.

AMERCO,

a Nevada corporation

/s/ Jason A. Berg

Jason A. Berg

Principal Financial Officer and  
Chief Accounting Officer

Date: June 8, 2011