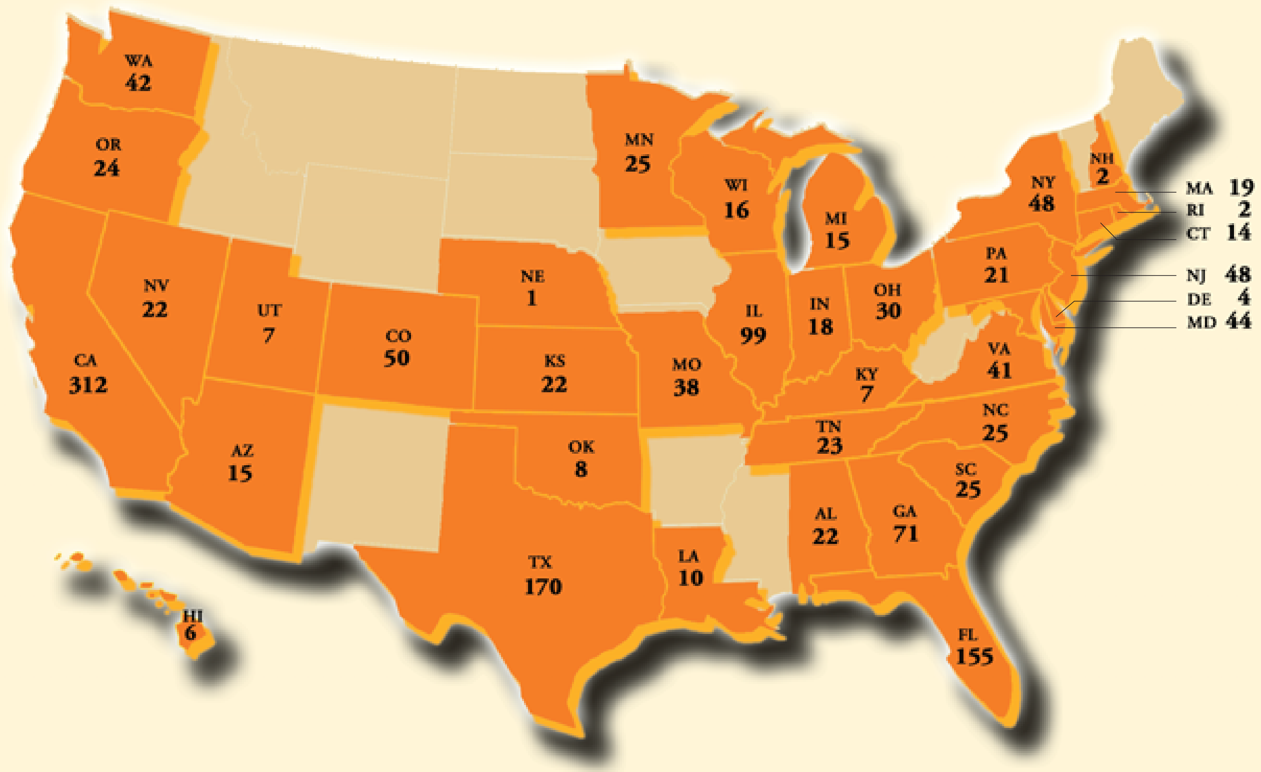
PUBLIC STORAGE, INC.

2005 ANNUAL REPORT

$1 billion revenues
1,500 facilities
S&P 500 company

Public Storage®



PROPERTIES *(as of December 31, 2005)*

Location	Number of Properties(1)	Net Rentable Square Feet
Alabama	22	891,000
Arizona	15	894,000
California	312	18,970,000
Colorado	50	3,207,000
Connecticut	14	751,000
Delaware	4	231,000
Florida	155	9,622,000
Georgia	71	4,467,000
Hawaii	6	337,000
Illinois	99	6,286,000
Indiana	18	1,029,000
Kansas	22	1,310,000
Kentucky	7	330,000
Louisiana	10	675,000
Maryland	44	2,642,000
Massachusetts	19	1,180,000
Michigan	15	891,000
Minnesota	25	1,571,000
Missouri	38	2,144,000
Nebraska	1	46,000
Nevada	22	1,404,000
New Hampshire	2	132,000
New Jersey	48	2,958,000
New York	48	2,948,000
North Carolina	25	1,311,000
Ohio	30	1,859,000
Oklahoma	8	428,000
Oregon	24	1,122,000
Pennsylvania	21	1,418,000
Rhode Island	2	64,000
South Carolina	25	1,083,000
Tennessee	23	1,321,000
Texas	170	11,356,000
Utah	7	440,000
Virginia	41	2,569,000
Washington	42	2,710,000
Wisconsin	16	1,030,000
Totals	1,501	91,627,000

(1) Storage and properties combining self-storage and commercial space.

Cover. Public Storage facility on Kapiolani Boulevard in Honolulu, Hawaii. Scheduled to open in May 2006. Rendering by Sueda & Associates, Inc., Honolulu, Hawaii.

SELECTED FINANCIAL HIGHLIGHTS

	For the year ended December 31,				
	2005[1]	2004[1]	2003[1]	2002[1]	2001[1]
	(Amounts in thousands, except per share data)				
Revenues:					
Rental income and ancillary operations	$1,044,514	$ 953,910	$ 891,419	$ 846,379	$ 787,655
Interest and other income	16,447	5,391	2,537	5,210	8,640
	1,060,961	959,301	893,956	851,589	796,295
Expenses:					
Cost of operations (excluding depreciation)	378,631	362,269	341,182	309,819	279,564
Depreciation and amortization	196,397	183,063	184,063	175,726	163,922
General and administrative	21,115	18,813	17,127	15,619	21,038
Interest expense	8,216	760	1,121	3,809	3,227
	604,359	564,905	543,493	504,973	467,751
Income from continuing operations before equity in earnings of real estate entities, gain (loss) on disposition of real estate investments and casualty loss and minority interest in income	456,602	394,396	350,463	346,616	328,544
Equity in earnings of real estate entities	24,883	22,564	24,966	29,888	38,542
Gain (loss) on disposition of real estate investments and casualty loss	1,182	67	1,007	(2,541)	4,091
Minority interest in income (3)	(32,651)	(49,913)	(43,703)	(44,087)	(46,015)
Income from continuing operations	450,016	367,114	332,733	329,876	325,162
Discontinued operations (2)	6,377	(901)	3,920	(11,138)	(954)
Net income	$ 456,393	$ 366,213	$ 336,653	$ 318,738	$ 324,208
Per Common Share:					
Distributions	$ 1.90	$ 1.80	$ 1.80	$ 1.80	$ 1.69
Net income - basic	$ 1.98	$ 1.39	$ 1.29	$ 1.15	$ 1.41
Net income - diluted	$ 1.97	$ 1.38	$ 1.28	$ 1.14	$ 1.39
Weighted average common shares - basic	128,159	127,836	125,181	123,005	122,310
Weighted average common shares - diluted	128,819	128,681	126,517	124,571	123,577
Balance Sheet Data:					
Total assets	$5,552,486	$ 5,204,790	$ 4,968,069	$ 4,843,662	$4,625,879
Total debt	$ 149,647	$ 145,614	$ 76,030	$ 115,867	$ 168,552
Minority interest (other partnership interests)	$ 28,970	$ 118,903	$ 141,137	$ 154,499	$ 169,601
Minority interest (preferred partnership interests)	$ 225,000	$ 310,000	$ 285,000	$ 285,000	$ 285,000
Shareholders' equity	$4,817,009	$ 4,429,967	$ 4,219,799	$ 4,158,969	$3,909,583
Other Data:					
Net cash provided by operating activities	$ 692,048	$ 616,664	$ 571,387	$ 591,283	$ 538,534
Net cash used in investing activities	$ (443,656)	$ (157,638)	$ (205,133)	$ (325,786)	$ (306,058)
Net cash used in financing activities	$ (121,146)	$ (297,604)	$ (264,545)	$ (211,720)	$ (272,596)

(1) During 2005, 2004, 2003, 2002 and 2001, we completed several significant asset acquisitions, business combinations and equity transactions. See Notes 4, 7, 8, 9 and 10 to our consolidated financial statements.

(2) Commencing January 1, 2002, we adopted and modified a business plan that included the closure or consolidation of certain non-strategic containerized storage facilities. We sold two commercial properties—one in 2002, the other in 2004. During 2003, we sold five self-storage facilities. The historical operations of these facilities are classified as discontinued operations, with the rental income, cost of operations, depreciation expense and gain or loss on disposition of these facilities for current and prior periods included in the line item "Discontinued Operations" on the consolidated income statement.

(3) During 2004, holders of $200,000,000 of our Series N preferred partnership units agreed to a restructuring which included reducing their distribution rate from 9.5% to 6.4% in exchange for a special distribution of $8,000,000. This special distribution, combined with $2,063,000 in costs incurred at the time the units were originally issued that were charged against income in accordance with the Securities and Exchange Commission's clarification of EITF Topic D-42, are included in minority interest in income.

TO OUR SHAREHOLDERS

We had an excellent year in 2005. We achieved solid operating results and positioned ourselves to acquire Shurgard Storage Centers, Inc. This acquisition brings together the two best brands in the self-storage industry and further solidifies our position as the largest self-storage company in the world. Before commenting on this transaction, let me first review our results for 2005.

Total revenues grew by 11% in 2005 to surpass the $1 billion level for the first time in our history. This growth was primarily generated from our self-storage operations, which grew 10% from the prior year. Net income to common shareholders rose by a solid 43% to $254 million. As a result, earnings per share also increased by 43% to $1.97, from $1.38 per share in 2004. These results were primarily driven by strong organic growth and additional self-storage stores.

We also have another measure of performance that is commonly used by analysts and industry experts called funds from operations or FFO. Net income and FFO are generally the same except for depreciation expense. FFO was developed to provide an additional performance metric for the evaluation of Real Estate Investment Trust companies, and generally is net income plus depreciation expense. FFO is not reduced by the ongoing "capital investment" required to maintain the competitive nature of our properties. For Public Storage, this is approximately $30 million per year or about $0.30 per rentable foot. For most other forms of commercial real estate, especially offices and malls, it is much higher.

FFO per share grew by 23% to $3.61 in 2005 from $2.93 in 2004 through successful execution in three key areas.

- First, a consistent focus on operational excellence and dynamic product pricing by using our brand name, national call center, media and promotional programs and striving for consistent execution in our daily operations. We achieved industry-leading occupancies, grew revenues per available square foot and improved operating margins.
- We selectively deployed capital to acquire and develop additional properties as well as redeveloped existing properties, providing attractive rates of return and enhancing our franchise value.
- We lowered our cost of capital by refinancing our preferred stock, the principal form of leverage in our capital structure, and enhanced our financial flexibility.

In short, we generated good rates of return on invested capital and enhanced the value of our existing properties. As a result, we are well positioned to capitalize on the opportunity to acquire Shurgard.

Self-Storage Operations

Since our inception in 1972, our primary business has been providing self-storage solutions. Four categories drive our operating results and future growth.

- Same Store properties are facilities that have been operating on a "stabilized" basis in terms of occupancy and net operating income for at least three years.
- Development properties are newly constructed facilities.
- Expansion properties are the conversion of former Pick-Up and Delivery facilities into self-storage facilities and the redevelopment of older facilities to improve their competitive position.
- Acquisition of existing properties (third-party owned) that are solid investments and that enhance the value of our existing portfolio.

Each of these four categories contributed to our earnings.

Net Operating Income by Category

(Dollar amounts in thousands)	2003	2004	2005	2004-2005 Change
Same Store properties	$ 480,047	$ 506,641	$ 543,071	7%
Development properties	12,255	25,124	36,435	45%
Expansion properties	24,897	27,265	28,948	6%
Acquisition properties	—	3,099	22,911	639%
Total net operating income before depreciation	517,199	562,129	631,365	12%
Depreciation expense	(176,847)	(176,403)	(191,267)	8%
Total earnings from self-storage	$ 340,352	$ 385,726	$ 440,098	14%
Total amount invested	$ 5,125,498	$ 5,510,750	$ 5,930,484	

Same Store Properties

The "Same Store" portfolio comprises 1,260 properties and represents about 82% of the net rentable square feet of our portfolio. Net operating income (before depreciation) generated from this group increased by 7.2% in 2005 to $543 million. Revenues rose by 4.9% driven primarily by higher rental rates and administrative fees offset by a moderate 0.5% growth in operating expenses. Operating margins improved to 67.0% in 2005 from 65.5% in 2004.

During 2005, rental rates grew by 4.7% and occupancy levels remained stable at 91%. Revenue per available square feet, or "REVPAF," which takes into account rental rates, promotional discounts and occupancy, grew by 4.7%. We are beginning 2006 on a positive trend. Our December 2005 in-place rents are approximately 5.2% higher than December 2004. In addition, we had positive net absorption of over 1,000 customers January and February 2006, which is typically a negative absorption period.

In last year's report, we commented that we were not pleased with the efficacy of our marketing and promotion programs. Costs were rising and customer volumes were declining. While I believe this is still an area of tremendous opportunity for us, we made substantial improvements during 2005.

For the year, move-in volume declined by about 20,000 customers to 596,000; however, this was offset by a decline in move-out volume of almost the same amount to 597,000 customers. Our total acquisition costs (the sum of Yellow Pages, media, promotional discounts and our national call center) per customer move-in remained about the same, at approximately $150 per customer. However, because we were able to achieve higher rental rates and fees, net customer acquisition costs (costs net of rental rates and administrative fees) declined by about $4 per customer move-in, thereby improving the profitability of our rental activity.

We also continue to expand and refine our marketing channels. In 2005, we succeeded at increasing the move-in volume and traffic generated from the internet, in part, due to the redesign of our website. We plan to expand this marketing channel during 2006.

Operating expenses increased by 0.5% in 2005 compared to 4.6% in 2004. Removing Pick-Up and Delivery and consumer truck rental service from the national call center in late 2004 produced cost savings of 26%, or approximately $3 million in 2005. A softer insurance renewal market, along with improved cost controls, lowered property insurance costs by 10%, or approximately $1 million. Our largest expense category, payroll, declined 2%, or a savings of approximately $1 million. This was achieved by improving claims management and initiating an expanded safety program which lowered workers' compensation costs.

We expect some of these trends will change in 2006. Expenses at the national call center have stabilized, and property insurance rates are expected to increase from the impact of recent hurricane losses. Further reductions in our workers' compensation costs will be modest.

During 2005, our repairs and maintenance expense (R&M) was essentially flat at $26 million. Our maintenance capital expenditures declined by $10 million to $26 million compared to 2004. With the average age of our properties at approximately 20 years, we undertook a major project to develop asset plans for each property in our portfolio. We delayed performing most major "maintenance capital expenditures" work. Having now completed the plans, we expect our R&M and maintenance capital expenditures will be moderately higher in 2006 than in 2005.

Development and Expansion Properties

Our development properties continued to lease-up with higher revenues generating improving yields. During 2005, our 70 development and conversion facilities (5.6 million net rentable square feet of space) generated a net operating income (before depreciation) yield of 6.7% based on costs of $547 million. These facilities should continue to produce above average income growth as they reach stabilized occupancy levels and attain greater pricing power.

During 2005, we completed six new properties, 11 conversions of former Pick-Up and Delivery facilities into self-storage and seven expansion projects at a total cost of $87 million. These projects added 1.5 million net rentable square feet to our portfolio.

Our future development and expansion activities should continue to provide growth. At year end 2005, we had 62 projects which could add approximately 3.9 million net rentable square feet over the next couple of years at an estimated cost of $323 million.

Acquisition Properties

We continue to find third-party owned properties with the potential to provide attractive long-term returns on invested capital and complement and improve our existing franchise. Over the past two years, we invested $515 million to acquire 77 facilities containing approximately 5.5 million net rentable square feet. During 2005, these facilities generated $23 million of net operating income (before depreciation) for a yield of 4.5%. As with our development properties, we expect these returns to improve as we are able to increase rental rates from promotional lease-up rates and achieve stabilized occupancies.

There is no shortage of capital chasing quality self-storage properties, creating a very competitive environment. We are governed by Warren Buffett's maxim, "When money is cheap, assets are dear. When money is dear, assets are cheap." We continue to be disciplined in this difficult acquisition environment.

Two things are important in buying or developing properties, from an investor's perspective: (1) the estimated free cash flow return on invested capital and (2) the potential growth in cash flow. Both are critical to determining the long-term success of an investment. While we attempt to underwrite based on a variety of factors that impact potential growth, we recognize that this process is subjective and susceptible to wide variations. Accordingly, we tend to emphasize the security of the current income stream over potential growth by stressing factors such as barriers to new competition and favorable demographics in our acquisition process.

Ancillary Business Operations

Our ancillary businesses – tenant reinsurance, merchandise sales (locks and boxes), consumer truck rental (both our own and as an agent of Penske) and third-party property management operations – collectively continue to contribute to our operating results.

In 2005, net operating income of our ancillary businesses improved by $8 million to $24 million, benefiting from a larger group of self-storage facilities and better margins. The earnings contribution from these businesses is expected to increase as the number of self-storage facilities we operate continues to grow.

Financing

We continued the planned refinancing of our high coupon preferred stock. During 2005, we issued four new series of preferred stock raising $626 million at a blended annual rate of 6.5%. Additionally, we redeemed four series of preferred stock which totaled approximately $315 million and carried a weighted average annual rate of 9.0%. Overall, the total $2.8 billion of preferred stock outstanding at year end 2005 has an average annual rate of 7.1%, 120 basis points lower than in 2002.

(Dollar amounts in millions)	2002	2003	2004	2005
Outstanding preferred securities	$2,102	$2,152	$2,412	$2,723[1]
Weighted average cost of				
preferred at period end	8.3%	8.1%	7.4%	7.1%[1]
Cash and cash equivalents	$ 103	$ 205	$ 366	$ 321[1]

[1]Adjusted for redemption of $172.5 million series Q preferred stock in January 2006.

During the first quarter of 2006, we completed the redemption of the $172.5 million, 8.60% series Q preferred stock. For the remainder of 2006, we have an opportunity to redeem two additional preferred issues totaling approximately $650 million with a blended annual rate of approximately 8.0%. Given current rates at which we can issue preferred stock, we expect to issue additional preferred stock in 2006.

Our liquidity also improved in 2005. Our cash balance has grown to $321 million at year end 2005, net of the $172.5 million series Q preferred stock redemption in January 2006. We intend to use this cash in connection with the Shurgard acquisition or to fund our acquisition, development and expansion projects and redeem additional preferred stock.

Investment in PS Business Parks

PS Business Parks' (PSB) equity market capitalization was nearly $1.5 billion at year end, and our 44% investment in PSB valued at approximately $625 million. More importantly, PSB performed well relative to its competition and was able to grow its "Same Park" portfolio net operating income by 3.0%.

A year ago, we said the winds were shifting in PSB's favor. This was demonstrated in this past year's operating results. The higher Same Park net operating income was driven by a 3.1% increase in revenues primarily due to a 3.5% increase in occupancy from 2004. Operating margins and annual realized rents remained stable at 70% and $13.73 per square foot, respectively.

PSB is in a solid financial position with $200 million of cash at year end. PSB also took advantage of the favorable interest rate environment to further lower its cost of capital by completing two preferred issues totaling $102 million at a blended annual rate of 7.2%. Overall, the total $729 million of preferred stock outstanding at year end has a blended annual rate of 7.7%, 130 basis points lower than in 2003. In 2006, PSB has an opportunity to call for redemption $169 million of preferred stock with a blended annual rate of 9.2%, which would further lower its weighted average costs by 45 basis points to 7.25%.

(Dollar amounts in thousands)	2003	2004	2005
Outstanding preferred securities	$386,423	$638,600	$729,100
Weighted average cost of			
preferred at period end	9.0%	7.8%	7.7%
Cash and cash equivalents	$ 5,809	$ 39,688	$200,447

PSB's operations should continue to improve in 2006 as its cost of capital continues to decline and improving market conditions drive higher occupancies and revenue per square foot. A key focus for PSB in 2006 will be to reduce customer acquisition costs (tenant improvements and broker commissions) and increase free cash flow per share.

Pick-Up and Delivery Business

The Pick-Up and Delivery (PUD) business includes 12 facilities located in eight densely populated markets. The business continues to transition to a stabilized business model which we believe will be an attractive long-term investment.

The business generated positive net operating income in 2005. Customer move-ins increased by over 50% from 2004. We redeployed most of PUD's earnings into increased marketing expenditures, primarily Yellow Page advertising and television media costs. For 2006, we intend to continue to expand marketing and refine the business model. Earnings and cash flow will be modest.

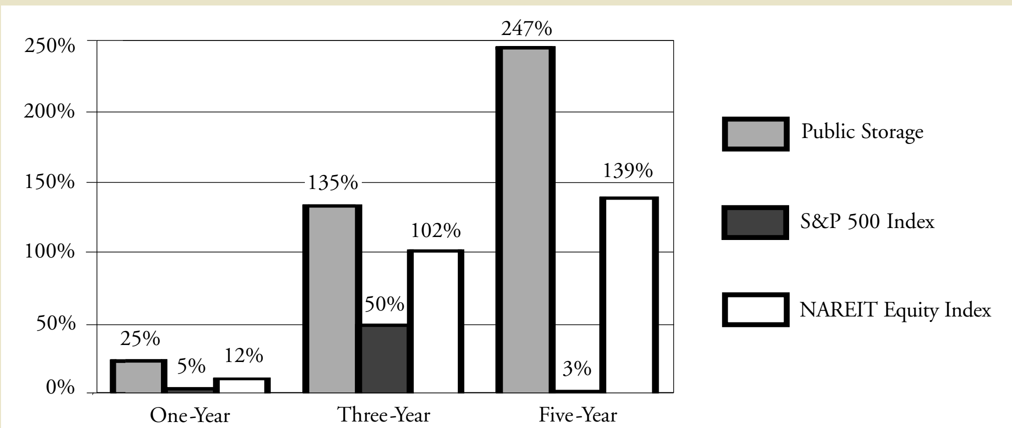
Other Items

In August 2005, we were added to the S&P 500 Index due to our positive operating trends and our relative size. We are excited about being included in this index of "leading companies in leading industries."

To maintain our income tax status as a REIT and avoid corporate income taxes, we are required to distribute our taxable income. As a result of our operating results and the expectation of continued positive performance, our Board of Directors increased the common dividend by 11% to an annual level of $2.00 per share in August.

Our owners have enjoyed solid returns over the last several years. Looking at the one-year (2005), three-year (2003-2005) and five-year (2001-2005) return to owners, we have exceeded both the S&P 500 and NAREIT Equity indices for the short and long term.

Total Shareholder Returns
2001-2005



This is the "rear-view mirror." While both our operating performance and growth prospects have improved significantly over this period, it is almost certain that we will not achieve these kinds of returns going forward.

Conclusion and Outlook

We have continuously said self-storage is a great business. Why? There are several reasons.

- Broad consumer awareness. A recent *Wall Street Journal* article cited a survey which found one in 11 households now rents a self-storage unit compared to one in 17 households ten years ago.
- Low break-even point. A newly developed facility at a 30% to 35% occupancy level will generally cover its fixed operating costs, consisting primarily of payroll, utilities, property taxes and marketing costs. After "break-even," the property generates positive free cash flow.

- Low capital expenditures and no tenant improvement costs. A self-storage building is a relatively simple design, requires a low amount of maintenance and has a very low obsolescence factor. Since rental units are not finished with carpeting or interior paint, no tenant improvements are required for new customers.
- Profits in cash. This is primarily a cash business, and our customers generally pay rent a month in advance of their stay.
- Pricing power above inflation. Over the past five years, our Same Store rental rate has grown 17.0%, compared with a 13.5% increase in the Consumer Price Index ("CPI").

	2001	2002	2003	2004	2005	Five-Year Growth
Rental rate change	10.4%	1.2%	(2.8%)	2.9%	4.7%	17.0%
CPI change	2.8%	1.6%	2.3%	2.7%	3.4%	13.5%

In addition, certain competitive advantages within our industry differentiate us from the competition.

- Brand name. We believe our name is the most recognized and established name in the self-storage industry. We have national recognition since our storage operations are conducted in 37 states and are located in major metropolitan markets.
- Scale of operations. We are the largest provider of storage space in the industry. By managing over 1,500 facilities, our size and scope enable us to achieve higher profit margins and a lower level of administrative costs relative to revenues.
- Media. We are the only self-storage company to use television to advertise and have been doing so since the mid-1980s. We believe the high cost of television makes it impractical for our competitors to use this form of advertising. Our scale of operations enables us to do so cost effectively and to help us generate "above industry average" occupancy levels.
- Financial flexibility. With a conservative capital structure that utilizes a significant amount of preferred stock, we are not subject to the volatility of the capital markets. With our solid financial profile and credit rating, we are able to raise capital when prudent versus when we "have to have it."

Our actions and operating results demonstrate we are the leader of the self-storage industry. Our operating model and our focus on the three P's – People, Product and Pricing – set us apart from the rest of the competition. In the long run, if we continue to improve our competitive advantages, lower our costs of capital and deploy incremental capital at reasonable rates of return, our owners should benefit from sustained growth in cash flow per share.

Shurgard Transaction

On March 6, 2006, the boards of directors of Public Storage and Shurgard approved an agreement under which Public Storage will acquire Shurgard for a total value of approximately $5 billion. The agreement is subject to various conditions, including approval by the shareholders of both Public Storage and Shurgard. Each share of Shurgard's common stock would be exchanged for 0.82 shares of Public Storage common stock. Following the close, Shurgard shareholders would own approximately 23% of the combined company while Public Storage shareholders would own the remaining 77%. The transaction is expected to close by mid year.

This transaction creates a company that will have a combined total market capitalization of approximately $18 billion (based on current valuations), annual revenues in excess of $1.5 billion and an exceptional portfolio of over 2,100 facilities in 38 states and seven European countries. It will be the largest self-storage company in the world with significant operating platforms in both the United States and Europe, suitable for continued expansion.

This combination creates a global enterprise with critical mass and leveragable strengths that has the opportunity to achieve superior revenue growth, lower operating expenses, lower capital costs and improved operating efficiency. There will be costs to implement this combination, and most of the benefits will not be reflected in our 2006 operating results. We will keep you informed of our progress.

In closing, I am personally grateful to our workforce of more than 4,000 employees and to our senior management team, all of whom are the primary reason for Public Storage's many years of success and leadership in the industry.

Ronald L. Havner, Jr.
Vice-Chairman of the Board, Chief Executive Officer
and President

April 10, 2006

Computation of Funds from Operations (unaudited)

Funds from operations ("FFO") is a term defined by the National Association of Real Estate Investment Trusts ("NAREIT"). FFO is a supplemental non-GAAP financial disclosure, and it is generally defined as net income before depreciation and gains and losses on real estate assets. FFO is presented because management and many analysts consider FFO to be one measure of the performance of real estate companies and because we believe that FFO is helpful to investors as an additional measure of the performance of a REIT. FFO computations do not consider scheduled principal payments on debt, capital improvements, distribution and other obligations of the Company. FFO is not a substitute for our cash flow or net income as a measure of our liquidity or operating performance or our ability to pay dividends. Other REITs may not compute FFO in the same manner; accordingly, FFO may not be comparable among REITs.

	For the year ended December 31,		
(Amounts in thousands, except per share amounts)	2005	2004	2003
Net income:	$456,393	$366,213	$336,653
Depreciation and amortization	196,397	183,063	184,063
Depreciation and amortization included in discontinued operations	88	1,282	3,940
Less - depreciation with respect to non-real estate assets	(1,789)	(4,252)	(6,206)
Depreciation from unconsolidated real estate investments	35,425	33,720	27,753
Gain on sale of real estate assets	(8,279)	(2,288)	(6,128)
Less - our share of gain on sale of real estate included in equity of earnings of real estate entities	(7,858)	(6,715)	(2,786)
Minority interest share of income	32,651	49,913	43,703
Net cash provided by operating activities	703,028	620,936	580,992
FFO to minority interest - common	(18,782)	(23,473)	(23,125)
FFO to minority interest - preferred	(17,021)	(32,486)	(26,906)
Funds from operations	667,225	564,977	530,961
Less: allocations to preferred and equity stock shareholders:			
Senior Preferred	(180,555)	(166,649)	(153,316)
Equity Stock, Series A	(21,443)	(21,501)	(21,501)
FFO allocable to our common shareholders	$465,227	$376,827	$356,144
Weighted average shares outstanding:			
Common shares	128,159	127,836	125,181
Stock option dilution	660	845	1,336
Weighted average common shares for purposes of computing fully-diluted FFO per common share	128,819	128,681	126,517
FFO per common share	$ 3.61	$ 2.93	$ 2.81

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

[X] Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the fiscal year ended December 31, 2005 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: 1-8389

PUBLIC STORAGE, INC.
(Exact name of Registrant as specified in its charter)

California	95-3551121
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
701 Western Avenue, Glendale, California	91201-2349
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (818) 244-8080.

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

Title of each class	Name of each exchange on which registered
Depositary Shares Each Representing 1/1,000 of a Share of 8.000% Cumulative Preferred Stock, Series R, $.01 par value	New York Stock Exchange
Depositary Shares Each Representing 1/1,000 of a Share of 7.875% Cumulative Preferred Stock, Series S, $.01 par value	New York Stock Exchange
Depositary Shares Each Representing 1/1,000 of a Share of 7.625% Cumulative Preferred Stock, Series T, $.01 par value	New York Stock Exchange
Depositary Shares Each Representing 1/1,000 of a Share of 7.625% Cumulative Preferred Stock, Series U, $.01 par value	New York Stock Exchange
Depositary Shares Each Representing 1/1,000 of a Share of 7.500% Cumulative Preferred Stock, Series V $.01 par value	New York Stock Exchange
Depositary Shares Each Representing 1/1,000 of a Share of 6.500% Cumulative Preferred Stock, Series W $.01 par value	New York Stock Exchange
Depositary Shares Each Representing 1/1,000 of a Share of 6.450% Cumulative Preferred Stock, Series X $.01 par value	New York Stock Exchange
Depositary Shares Each Representing 1/1,000 of a Share of 6.250% Cumulative Preferred Stock, Series Z $.01 par value	New York Stock Exchange
Depositary Shares Each Representing 1/1,000 of a Share of 6.125% Cumulative Preferred Stock, Series A $.01 par value	New York Stock Exchange
Depositary Shares Each Representing 1/1,000 of a Share of 7.125% Cumulative Preferred Stock, Series B $.01 par value	New York Stock Exchange
Depositary Shares Each Representing 1/1,000 of a Share of 6.600% Cumulative Preferred Stock, Series C $.01 par value	New York Stock Exchange
Depositary Shares Each Representing 1/1,000 of a Share of 6.180% Cumulative Preferred Stock, Series D $.01 par value	New York Stock Exchange
Depositary Shares Each Representing 1/1,000 of a Share of 6.750% Cumulative Preferred Stock, Series E $.01 par value	New York Stock Exchange
Depositary Shares Each Representing 1/1,000 of a Share of 6.450% Cumulative Preferred Stock, Series F $.01 par value	New York Stock Exchange
Depositary Shares Each Representing 1/1,000 of a Share of 7.000% Cumulative Preferred Stock, Series G $.01 par value	New York Stock Exchange
Depositary Shares Each Representing 1/1,000 of a Share of 6.950% Cumulative Preferred Stock, Series H $.01 par value	New York Stock Exchange
Depositary Shares Each Representing 1/1,000 of a Share of Equity Stock, Series A, $.01 par value	New York Stock Exchange
Common Stock, $.10 par value	New York Stock Exchange, Pacific Exchange

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 [X] No [ ]

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes [X] No [ ]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of 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. [X]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer or a non-accelerated filer (as defined in Rule 12b-2 of the Exchange Act).
Large Accelerated Filer [X] Accelerated Filer [ ] Non-accelerated Filer [ ]

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

The aggregate market value of the voting and non-voting common stock held by non-affiliates of the Registrant as of June 30, 2005:

Common Stock, $0.10 Par Value - $5,146,400,000 (computed on the basis of $63.25per share which was the reported closing sale price of the Company's Common Stock on the New York Stock Exchange on June 30, 2005).

Depositary Shares Each Representing 1/1,000 of a Share of Equity Stock, Series A, $.01 Par Value - $209,493,000 (computed on the basis of $28.35 per share which was the reported closing sale price of the Depositary Shares each Representing 1/1,000 of a Share of Equity Stock, Series A on the New York Stock Exchange on June 30, 2005).

The number of shares outstanding of the registrant's classes of common stock as of March 14, 2006:

Common Stock, $.10 Par Value – 129,306,139 shares

Depositary Shares Each Representing 1/1,000 of a Share of Equity Stock, Series A, $.01 Par Value – 8,744,193 depositary shares (representing 8,744.193 shares of Equity Stock, Series A)

DOCUMENTS INCORPORATED BY REFERENCE

None.

PART I

ITEM 1. Business

Forward Looking Statements

All statements in this document, other than statements of historical fact, are forward-looking statements which may be identified by the use of the words "expects," "believes," "anticipates," "should," "estimates" and similar expressions. These forward-looking statements involve known and unknown risks and uncertainties, which may cause our actual results and performance to be materially different from those expressed or implied in the forward-looking statements. Factors and risks that may impact future results and performance are described in Item 1A, "Risk Factors". These risks include, but are not limited to, the following: changes in general economic conditions and in the markets in which we operate; the impact of competition from new and existing storage and commercial facilities and other storage alternatives, which could impact rents and occupancy levels at our facilities; difficulties in our ability to evaluate, finance and integrate acquired and developed properties into our existing operations and to fill up those properties, which could adversely affect our profitability; the impact of the regulatory environment as well as national, state, and local laws and regulations including, without limitation, those governing Real Estate Investment Trusts, which could increase our expenses and reduce cash available for distribution; consumers' failure to accept the containerized storage concept which would reduce our profitability; difficulties in raising capital at reasonable rates, which would impede our ability to grow; delays in the development process, which could adversely affect profitability; economic uncertainty due to the impact of war or terrorism could adversely affect our business plan; and risks related to our agreement to acquire Shurgard Storage Centers, Inc. including, among others, difficulties encountered in integrating the companies, approval of the transaction by the shareholders of the companies, the satisfaction of closing conditions to the transaction, inability to realize the expected synergies, unanticipated operating costs and the effects of general and local economic and real estate conditions. We disclaim any obligation to update publicly or otherwise revise any forward-looking statements, whether as a result of new information, new estimates, or other factors, events or circumstances after the date of this document, except where expressly required by law.

General

Public Storage, Inc. (the "Company" or "we" or "our") is an equity real estate investment trust ("REIT") organized as a corporation under the laws of California on July 10, 1980. We are a fully integrated, self-administered and self-managed REIT that acquires, develops, owns and operates self-storage facilities. We are the largest owner and operator of self-storage space in the United States with direct and indirect equity investments in 1,501 self-storage facilities containing approximately 92 million square feet of net rentable space at December 31, 2005. Our common stock is traded on the New York Stock Exchange under the symbol "PSA". We also have a 44% ownership interest in PS Business Parks, Inc., which, as of December 31, 2005, owned and operated commercial properties containing approximately 17.6 million net rentable square feet of space. PS Business Parks, Inc. is a publicly traded REIT whose common stock trades on the American Stock Exchange under the symbol "PSB."

We have elected to be taxed as a REIT under the Internal Revenue Code of 1986, as amended. To the extent that we continue to qualify as a REIT, we will not be subject to tax, with certain limited exceptions, on the taxable income that is distributed to our shareholders.

We have reported annually to the Securities and Exchange Commission ("SEC") on Form 10-K, which includes financial statements certified by independent public accountants. We have also reported quarterly to the SEC on Form 10-Q, which included unaudited financial statements with such filings. We expect to continue such reporting.

Our website is www.publicstorage.com, and we make available free of charge on our website our reports on Forms 10-K, 10-Q, and 8-K, and all amendments to those reports as soon as reasonably practicable after the reports and amendments are electronically filed with or furnished to the SEC.

Management

Ronald L. Havner, Jr. (48) has been vice chairman, chief executive officer and a director of the Company since November 7, 2002 and President since July 1, 2005. Mr. Havner joined Public Storage, Inc. in 1986 and has held a variety of positions, including Chairman of the Board of Directors for the Company's affiliate, PS Business Parks, Inc., a position he has held since March 1998.

B. Wayne Hughes (72) is Chairman of the Board of Directors, a position he has held since 1991. Mr. Hughes established the Public Storage organization in 1972 and has managed the Company through several market cycles.

Our executive management team and their years of experience with the Company are as follows: John Reyes (45), Senior Vice President - Chief Financial Officer, 15 years; John S. Baumann (45), Senior Vice President - Chief Legal Officer, who joined the Company in June 2003; John E. Graul (54), Senior Vice President and President, Self-Storage Operations, who joined the Company in February 2004 and David F. Doll (47), Senior Vice President and President, Real Estate Group, who joined the Company in February 2005.

Our senior management has a significant ownership position in the Company with executive officers, directors and their families owning approximately 47 million shares or 36% of the common stock as of March 1, 2006.

Investment Objective

Our primary objective is to increase shareholder value through internal growth (by increasing net income, funds from operations and cash available for distribution) and acquisitions of additional real estate investments and development of real estate facilities. We believe that our access to capital, geographic diversification and operating efficiencies resulting from our size will enhance our ability to achieve this objective.

Competition

Competition in the market areas in which we operate is significant and affects the occupancy levels, rental rates and operating expenses of our facilities. Development of new self-storage facilities has intensified the competition among storage operators in many market areas in which we operate.

In seeking investments, we compete with a wide variety of institutions and other investors. The increase in the amount of funds available for real estate investments has increased competition for ownership interests in facilities and may reduce yields on acquisitions.

We believe that the significant operating and financial experience of our executive officers and directors, combined with the Company's conservative capital structure, national investment scope, geographic diversity, economies of scale and the "Public Storage" brand name, should enable us to compete effectively with other entities.

In recent years consolidation has occurred in the fragmented self-storage industry. In addition to the Company, there are other publicly traded REITs and numerous private regional and local operators operating in the self-storage industry. We believe that we are well positioned to capitalize on this consolidation trend due to our demonstrated access to capital and national presence.

Business Attributes

We believe that the Company possesses several primary business attributes that permit us to compete effectively:

Comprehensive distribution system and national telephone reservation system: Our facilities are part of a comprehensive distribution system encompassing standardized procedures, integrated reporting and information networks and centralized marketing. During 2003 and 2004, we implemented an upgraded information system platform, which has enabled us to more quickly adapt our pricing and marketing efforts to changing market conditions. This distribution system, among other benefits, is designed to maximize revenue and occupancy levels through automated pricing.

A significant component of our distribution system is our national telephone reservation center, which provides added customer service and helps to maximize utilization of available self-storage space. Customers calling either the toll-free telephone referral system, (800) 44-STORE, or a storage facility, are directed to the national reservation system. A representative discusses with the customer space requirements, price and location preferences and also informs the customer of other products and services provided by the Company and its subsidiaries. We believe that the national telephone reservation system enhances our ability to market storage space.

Economies of scale: We are the largest provider of self-storage space in the industry. As of December 31, 2005, we operated 1,501 storage facilities in which we had an interest and managed 27 self-storage facilities for third parties. These facilities are in markets within 37 states. At December 31, 2005, we had over 770,000 spaces rented. The size and scope of our operations have enabled us to achieve a high level of profit margins and low level of administrative costs relative to revenues.

Our size in many markets has enabled us to market efficiently using television as a media source. We believe the high cost of television makes it impractical for our competitors to use this form of media without the high concentration of facilities in markets.

Brand name recognition: Our operations are conducted under the "Public Storage" brand name, which we believe is the most recognized and established name in the self-storage industry. Our storage operations are conducted in 37 states, giving us national recognition and prominence. We focus our operations within those states in the major metropolitan markets. This concentration establishes us as one of the largest providers of self-storage space in virtually all markets that we operate in and enables us to use a variety of promotional activities, such as television advertising as well as targeted discounting and referrals which are generally not economically viable for most of our competitors.

Retail operations: Through a taxable REIT subsidiary, we have historically sold retail items associated with the storage business and rented trucks at our storage facilities. In order to supplement and strengthen the existing self-storage business by further meeting the needs of storage customers, we continue to expand our retail activities.

In addition, full-service retail stores have been retrofitted to some existing storage facility rental offices or "built-in" as part of the development of new storage facilities, both in high traffic, high visibility locations. The strategic objective of these retail stores is to provide a retail environment to (i) rent spaces for the attached storage facility, (ii) rent spaces for the other Public Storage facilities in adjacent neighborhoods, (iii) sell locks, boxes and packing materials and (iv) rent trucks and other moving equipment.

Tenant insurance program: On December 31, 2001, we purchased all of the capital stock of PS Insurance Company, Ltd. ("PSIC"), from Mr. Hughes and members of his family. PSIC reinsures policies issued to our tenants against lost or damaged goods stored by tenants in our storage facilities. This subsidiary receives the premiums and bears the risks associated with the re-insurance. We believe that this insurance operation further supplements and strengthens the existing self-storage business and provides an additional source of earnings for the Company.

Growth and Investment Strategies

Our growth strategies consist of: (i) improving the operating performance of our existing traditional self-storage properties, (ii) acquiring interests in properties that are owned or operated by others, (iii) expanding and repackaging existing real estate facilities, (iv) developing properties in selected markets and (v) participating in the growth of commercial facilities owned primarily by PS Business Parks, Inc. These strategies are described as follows:

Improve the operating performance of existing properties: We seek to increase the net cash flow generated by our existing self-storage properties by a) regularly evaluating our call volume, reservation activity, and move-in/move-out rates for each of our properties relative to our marketing activities, b) evaluating market supply and demand factors and, based upon these analyses, adjusting our marketing activities and rental rates, c) attempting to maximize revenues through evaluating the appropriate balance between occupancy, rental rates, and promotional discounting and d) controlling expense levels. We believe that our property management personnel and systems, combined with the national telephone reservation system, will continue to enhance our ability to meet these goals.

Acquire properties owned or operated by others: We believe our presence in and knowledge of substantially all of the major markets in the United States enhances our ability to identify attractive acquisition opportunities and capitalize on the overall fragmentation in the self-storage industry. We maintain local market information on rates, occupancy and competition in each of the markets in which we operate. During 2004 and 2005, we acquired interests in 77 self-storage facilities from third parties at an aggregate cost of approximately $514.0 million. In addition, between January 1, 2006 and March 15, 2006, we acquired three additional self-storage facilities from third parties (total net rentable square feet of 170,000) at an aggregate cost of approximately $20.0 million and we currently are under contract to purchase seven self-storage facilities (total net rentable square feet of 574,000) at an aggregate cost of approximately $69.4 million.

Expand and repackage existing real estate facilities: We have a substantial number of facilities that were developed and constructed 20 or more years ago based upon local competitive and demographic conditions in place at that time. Since such conditions may have changed, there are opportunities to expand and further invest into our existing self-storage locations, either by improving their visual and structural appeal, or by expanding these facilities at a per square foot cost that is typically less than the cost incurred in developing a new location. In addition, there are opportunities to convert existing vacant space previously used by our containerized storage facilities into traditional self-storage space. During 2003, 2004, and 2005, we have invested a total of approximately $96 million in such expansion, conversion, and repackaging activities. At December 31, 2005, we have identified 58 such projects to expand or repackage our existing facilities, and to convert the vacant space previously used by the discontinued containerized storage facilities, for an aggregate of approximately $262 million, which will add an aggregate of approximately 3,573,000 net rentable square feet. Completion of these projects is subject to contingencies, including obtaining governmental agency approvals. We continue to evaluate our existing real estate portfolio to identify additional expansion and repackaging opportunities.

Develop properties in selected market: Since 1995, the Company and its joint venture partnerships (described below in "Financing of the Company's Growth Strategies") have opened a total of 146 facilities. During 2005, these facilities contributed significantly to the growth in our earnings as they continued to gain occupancy and grow their revenues. We expect that these facilities will continue to provide growth to our earnings into 2006. As of December 31, 2005, we have a development "pipeline" of four newly-developed self-storage facilities with an aggregate estimated cost of approximately $61.2 million, and an aggregate of 338,000 net rentable square feet. Development of these facilities is subject to significant contingencies such as obtaining appropriate governmental agency approvals. In 2004 and 2005, our rate of development of new self-storage facilities has declined due to increases in construction cost, increases in competition with retail, condominium, and apartment operators for quality self-storage sites in urban locations, and more difficult zoning and permitting requirements. However, we will continue to seek favorable sites and markets for development.

Participate in the growth of commercial facilities primarily through our ownership in PS Business Parks, Inc.: We own a 44% common equity interest in PS Business Parks, Inc. and its operating partnership (PS Business Parks Inc. and the related operating partnership are hereinafter referred to collectively as "PSB") which, December 31, 2005, consisted of 5,418,273 shares of common stock and 7,305,355 limited partnership units in the Operating Partnership. The limited partnership units are convertible at our option, subject to certain conditions, on a one-for-one basis into PSB common stock. At December 31, 2005, PSB owned and operated approximately 17.6 million net rentable square feet of commercial space located in eight states.

Acquire additional partnerships interests in affiliated entities: The acquisition of interests in facilities that we have an ownership interest in and operate has historically comprised a significant component of our growth. However, the pool of such available acquisitions has continued to decrease as we have acquired such remaining interests over the years, including $157 million of such acquisitions in 2005. The potential remaining acquisition opportunities principally include the remaining 59% that we do not own in the 36 properties owned by the "Other Investments" described in Note 5 to the consolidated financial statements for the year ended December 31, 2005 with a book value of approximately $37 million as well as the "Other partnership interests" described in Note 9 to the consolidated financial statements for the year ended December 31, 2005 with a book value of approximately $23 million. Accordingly, we do not expect such acquisitions to comprise a significant component of our growth going forward.

Policies with respect to investing activities: Following are our policies with respect to certain other investing strategies, each of which may be entered into without a vote of shareholders:

- Making loans to other entities: We have made loans in connection with the sale of properties, have made short-term loans to PSB in the last three years and may make loans to third parties as part of our investment objectives. However, we do not expect such items to be a significant part of our investing activities.

- Investing in the securities of other issuers for the purpose of exercising control: There have been two instances in the past six years where we invested in the securities of another publicly-held REIT, one which resulted in control of that REIT (the merger with Storage Trust, Inc. in 1999), and one that did not, resulting in the sale of these securities on the open market. We may engage in these activities in the future as a component of our real estate acquisition strategy. We also own partnership interests in various consolidated and unconsolidated partnerships. See "Investments in Real Estate and Real Estate Entities."

- Underwriting securities of other issuers: We have not engaged in this activity in the last three years, and do not intend to in the future.

- Short-term investing: We have not engaged in investments in real estate or real estate entities on a short-term basis in the last three years with the exception of the aforementioned investments in the securities of other REITs. Instead, historically, we have acquired real estate assets and held them for an extended period of time. We do not anticipate any such short-term investments.

- Repurchasing or reacquiring our common shares or other securities: The Board of Directors has authorized the repurchase from time to time of up to 25,000,000 shares of our common stock on the open market or in privately negotiated transactions. Cumulatively through March 15, 2006, we repurchased a total of 22,201,720 shares of common stock under this authorization. Cumulatively through March 15, 2006, we have called for redemption or repurchased $1.5 billion of our senior preferred stock and $165 million of our preferred partnership units for cash, representing a refinancing of these securities into lower-coupon preferred securities. Any future repurchases of our common stock will depend primarily upon the attractiveness of repurchases compared to our other investment alternatives. Future redemptions or repurchases of our preferred securities, which will become available for redemption or repurchase on their respective call dates, will be dependent upon the spread between market rates and the coupon rates of these securities.

Financing of the Company's Growth Strategies

Overview of financing strategy: Over the past three years we have funded substantially all of the cash portion (represented by our acquisition cost less debt assumed, as described below) of our acquisitions with permanent capital (predominantly retained cash flow and the net proceeds from the issuance of preferred securities). We have elected to use preferred securities as a form of leverage despite the fact that the dividend rates of our preferred securities exceed the prevailing market interest rates on conventional debt, because of certain benefits described in "Management's Discussion and Analysis of Financial Condition and Results of Operations-Liquidity and Capital Resources." Our present intent is to continue to finance substantially all our growth with permanent capital.

Borrowings: We have in the past used our $200 million revolving line of credit described below under "Borrowings" as temporary "bridge" financing, and repaid those amounts with permanent capital. During 2005, we assumed long-term secured mortgage notes of $94.7 million in connection with property acquisitions. Prior to 2005, we incurred long-term debt during the merger with Storage Trust in 1999 wherein we assumed $100 million in senior unsecured notes. We were unable to prepay these debt balances either because of the nature of the loan terms or because it was not economically advantageous to do so. While it is not our present intention to issue additional debt as a long-term financing strategy, we have broad powers to borrow in furtherance of our objectives without a vote of our shareholders. These powers are subject to a limitation on unsecured borrowings in our Bylaws described in "Limitations on Borrowings" below.

Issuance of senior securities: We have in the last three years, and expect to continue, to issue additional series of preferred stock that are senior to our Common Stock and Equity Stock. At December 31, 2005, we had approximately $2.5 billion of preferred stock outstanding, excluding one series that was called for redemption on November 2005 and subsequently redeemed in January, 2006. The preferred stock, which was issued in series, has general preference rights with respect to liquidation and quarterly distributions. We intend to continue to issue preferred securities without a vote of our common shareholders.

Issuance of securities in exchange for property: We have issued both common and preferred equity in exchange for real estate and other investments in the last three years. On October 12, 2004, we issued $25 million in preferred units in conjunction with the acquisition of a self-storage business. Future issuances will be dependent upon market conditions at the time, including the market prices of our equity securities.

Joint Venture financing: We entered into two separate development joint venture partnerships since 1997 in order to provide development financing. The first development joint venture partnership was formed in 1997 and completed in 2001.

In November 1999, we formed PSAC Development Partners, L.P., (the "Consolidated Development Joint Venture") with a joint venture partner ("PSAC Storage Investors, LLC") whose partners include a third party institutional investor, owning approximately 35%, and Mr. Hughes, owning approximately 65%, to develop approximately $100 million of storage facilities. The Consolidated Development Joint Venture completed construction on 22 storage facilities with a total cost of approximately $108.6 million. On August 5, 2005 we acquired the third party institutional investor's partnership interest in PSAC Storage Investors, LLC for approximately $41.4 million in cash, and on November 17, 2005 we acquired Mr. Hughes' interest for an aggregate of $64.5 million in cash.

In January 2004, we entered into a joint venture partnership with an institutional investor for the purpose of acquiring up to $125.0 million of existing self-storage properties in the United States from third parties (the "Acquisition Joint Venture"). The venture is funded entirely with equity consisting of 30% from the Company and 70% from the institutional investor. For a six-month period beginning 54 months after formation, we have the right to acquire our joint venture partner's interest based upon the market value of the properties. If we do not exercise our option, our joint venture partner can elect to purchase our interest in the properties during a six-month period commencing upon expiration of our six-month option period. If our joint venture partner fails to exercise its option, the partnership will be liquidated and the proceeds will be distributed to the partners according to the joint venture agreement. As of December 31, 2005, the Acquisition Joint Venture owned interests in a total of 12 self-storage facilities with an aggregate investment of approximately $60 million. See Note 2 to our consolidated financial statements at December 31, 2005 for further discussion of the accounting for the Acquisition Joint Venture. We do not expect the Acquisition Joint Venture to acquire any additional facilities.

We may continue to form additional joint ventures to facilitate the funding of future developments or acquisitions.

Disposition of properties: We historically have disposed of self-storage facilities only because of condemnation proceedings, which compel us to sell. However, during 2003, we sold five self-storage facilities, which were located in non-strategic markets and locations for an aggregate of approximately $21.0 million. We do not presently expect to sell any significant number of self-storage facilities in the future, though there can be no assurance that we will not.

Investments in Real Estate and Real Estate Entities

Investment Policies and Practices with respect to our investments: Following are our investment practices and policies which, though we do not anticipate any significant alteration, can be changed by the Board of Directors without a shareholder vote:

- Our investments primarily consist of direct ownership of self-storage properties (the nature of our self-storage properties is described in Item 2, "Properties"), as well as partial interests in entities that own self-storage properties, which are located in the United States.
- Our investments are acquired both for income and for capital gain.
- Our partial ownership interests primarily reflect general and limited partnership interests in entities that own self-storage facilities that are managed by us under the "Public Storage" brand name.
- Additional acquired interests in real estate (other than the acquisition properties from third parties) will include common equity interests in entities in which we already have an interest.
- To a lesser extent, we have interests in existing commercial properties (described in Item 2, "Properties"), containing commercial and industrial rental space, primarily through our investment in PSB.
- We have a pipeline of 62 development projects, including 58 expansions of real estate facilities, for a total cost of approximately $323 million. See "Management's Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources."

The following table outlines our ownership interest in self-storage facilities at December 31, 2005:

	Number of Storage Facilities	Net Rentable Square Footage of Storage Space (in thousands)
Consolidated self-storage facilities:		
Wholly-owned by the Company	1,018	63,111
Other consolidated facilities	445	26,210
	1,463	89,321
Facilities owned by Unconsolidated Entities	38	2,306
Total self-storage facilities in which the Company has an ownership interest	1,501	91,627

In addition to our interest in self-storage facilities noted above, we own four commercial facilities with an aggregate of 293,000 net rentable square feet, three industrial facilities with an aggregate of 244,000 net rentable square feet used by the continuing containerized storage operations, and have 1,003,000 net rentable square feet of commercial space and 544,000 net rentable square feet of industrial space developed for containerized storage activities at certain of the self-storage facilities. The Company and the entities it controls also have a 44% common interest in PSB, which at December 31, 2005 owned and operated approximately 17.6 million net rentable square feet of commercial space.

Facilities Owned by Controlled Entities

In addition to our direct ownership of 1,018 self-storage facilities at December 31, 2005, we had controlling ownership interests in 34 entities owning an aggregate of 445 storage facilities. Because of our controlling interest in each of these entities, we consolidate the assets, liabilities, and results of operations of these entities on our financial statements.

Facilities Owned by Unconsolidated Entities

At December 31, 2005, we had ownership interests in PSB and eight limited partnerships (collectively the "Unconsolidated Entities"). Our ownership interest in these entities is less than 50%.

Due to our limited ownership interest and limited control of these entities, we do not consolidate the accounts of these entities for financial reporting purposes and we account for such investments using the equity method. PSB, which files financial statements with the Securities and Exchange Commission, has debt and other obligations that are not included in our consolidated financial statements. The eight limited partnerships do not have any significant amounts of debt or other obligations. See Note 5 to our consolidated financial statements for the year ended December 31, 2005 for further disclosure regarding the assets and liabilities of the Unconsolidated Entities.

The following chart sets forth, as of December 31, 2005, the entities in which we have a controlling interest and the entities in which we have a minority interest:

Subsidiaries (Controlled Entities) of the Company	Entities in which we have a Minority Interest (Unconsolidated Entities)
Carson Storage Partners, Ltd.	Public Storage Alameda, Ltd. (5)
Carson Storage Ventures	Public Storage Glendale Freeway, Ltd. (7)
Connecticut Storage Fund	Metropublic Storage Fund (8)
Del Amo Storage Partners, Ltd.	PS Business Parks, Inc. (9)
Downey Storage Partners, Ltd. (1)	Public Storage Crescent Fund, Ltd. (10)
Huntington Beach Storage Partners, Ltd.	Public Storage Partners, Ltd. (11)
Monterey Park Properties, Ltd. (2)	Public Storage Partners II, Ltd. (12)
PS Orangeco Partnerships, Inc.	Public Storage Properties, Ltd. (13)
PS Partners, Ltd.	PSAF Acquisition Partners, Ltd.
PS Partners VIII, Ltd.	
PS Texas Holdings, II, Ltd.	
Public Storage Properties IV, Ltd. (3)	
Public Storage Properties V, Ltd. (4)	
PSA Institutional Partners, L.P.	
PS HKBF, LLC	
Public Storage Euro Fund III, Ltd. (5)	
Public Storage Euro Fund IV, Ltd. (5)	
Public Storage Euro Fund V, Ltd. (5)	
Public Storage Euro Fund VI, Ltd. (5)	
Public Storage Euro Fund VII, Ltd. (5)	
Public Storage Euro Fund VIII, Ltd. (5)	
Public Storage Euro Fund IX, Ltd. (5)	
Public Storage Euro Fund X, Ltd. (5)	
Public Storage Euro Fund XI, Ltd. (5)	
Public Storage Euro Fund XII, Ltd. (5)	
Public Storage Euro Fund XIII, Ltd. (5)	
Public Storage German Fund II, Ltd. (5)	
Public Storage Institutional Fund	
Public Storage Institutional Fund III	
Secure Mini-Storage	
STOR-Re Mutual Insurance Company, Inc.	
Storage Trust Properties, L.P.	
Van Nuys Storage Partners, Ltd. (6)	
Whittier Storage Partners, Ltd.	

(1) B. Wayne Hughes owns approximately 2.8% of the limited partnership interest of this entity.
(2) B. Wayne Hughes owns approximately 4.4% of the limited partnership interest of this entity.
(3) The Hughes Family owns 20% of the general partner interests and 15.5% of the limited partnership interests of this entity.
(4) The Hughes Family owns 20% of the general partner interests and 11.4% of the limited partnership interests of this entity.
(5) B. Wayne Hughes owns approximately 20% of the general partner interest of these entities.
(6) B. Wayne Hughes owns approximately 17.4% of the limited partnership interest of this entity.
(7) B. Wayne Hughes is a general partner in this entity and owns a 0.02% equity interest.
(8) B. Wayne Hughes is a general partner of this entity, and has no economic interest.
(9) B. Wayne Hughes owns approximately 0.5% of the common shares of PS Business Parks, Inc.
(10) B. Wayne Hughes owns approximately 17.9% of the general partnership interest of this entity.
(11) The Hughes Family owns approximately 24.3% of the limited partnership interest of this entity.
(12) The Hughes Family owns approximately 11.9% of the limited partnership interest of this entity.
(13) The Hughes Family owns 20% of the general partner interests and 30.5% of the limited partnership interests of this entity.

Prohibited Investments and Activities

Our Bylaws prohibit us from purchasing properties in which the Company's officers or directors have an interest, or from selling properties to such persons, unless the transactions are approved by a majority of the independent directors and are fair to the Company based on an independent appraisal. This Bylaw provision may be changed with shareholder approval. See "Limitations on Debt" below for other restrictions in the Bylaws.

Borrowings

We have a $200 million revolving line of credit (the "Credit Agreement") that has a maturity date of April 1, 2007 and bears an annual interest rate ranging from the London Interbank Offered Rate ("LIBOR") plus 0.45% to LIBOR plus 1.20% depending on our credit ratings (currently LIBOR plus 0.45%). In addition, we are required to pay a quarterly commitment fee ranging from 0.15% per annum to 0.30% per annum depending on our credit ratings (currently the fee is 0.15% per annum). At December 31, 2005 and March 15, 2006, we had no borrowings on our line of credit.

The Credit Agreement includes various covenants, the more significant of which require us to (i) maintain a balance sheet leverage ratio of less than 0.55 to 1.00, (ii) maintain certain quarterly interest and fixed-charge coverage ratios (as defined) of not less than 2.25 to 1.0 and 1.5 to 1.0, respectively, and (iii) maintain a minimum total shareholders' equity (as defined). In addition, we are limited in our ability to incur additional borrowings (we are required to maintain unencumbered assets with an aggregate book value equal to or greater than 1.5 times our unsecured recourse debt). We were in compliance with all the covenants of the Credit Agreement at December 31, 2005.

As of December 31, 2005, we had notes payable of approximately $114.0 million and debt to a joint venture partner of approximately $35.7 million. See Notes 7 and 8 to the consolidated financial statements for a summary of our borrowings at December 31, 2005.

Subject to a limitation on unsecured borrowings in our Bylaws (described below), we have broad powers to borrow in support of our objectives. We have incurred in the past, and may incur in the future, both short-term and long-term indebtedness to increase our funds available for investment in real estate, capital expenditures and distributions.

Limitations on Debt

The Bylaws provide that the Board of Directors shall not authorize or permit the incurrence of any obligation by the Company, which would cause our "Asset Coverage" of our unsecured indebtedness to become less than 300%. Asset Coverage is defined in the Bylaws as the ratio (expressed as a percentage) by which the value of the total assets (as defined in the Bylaws) of the Company less the Company's liabilities (except liabilities for unsecured borrowings) bears to the aggregate amount of all unsecured borrowings of the Company. This Bylaw provision may be changed only upon a shareholder vote.

Our Bylaws prohibit us from issuing debt securities in a public offering unless our "cash flow" (which for this purpose means net income, exclusive of extraordinary items, plus depreciation) for the most recent 12 months for which financial statements are available, adjusted to give effect to the anticipated use of the proceeds from the proposed sale of debt securities, would be sufficient to pay the interest on such securities. This Bylaw provision may be changed only upon a shareholder vote.

Without the consent of holders of the various series of Senior Preferred Stock, we may not take any action that would result in a ratio of "Debt" to "Assets" (the "Debt Ratio") in excess of 50%. As of December 31, 2005, the Debt Ratio was approximately 4.5%. "Debt" means the liabilities (other than "accrued and other liabilities" and "minority interest") that should, in accordance with accounting principles generally accepted in the United States, be reflected on our consolidated balance sheet at the time of determination. "Assets" means our total assets before a reduction for accumulated depreciation and amortization that should, in accordance with generally accepted accounting principles, be reflected on the consolidated balance sheet at the time of determination.

Our bank and senior unsecured debt agreements contain various financial covenants, including limitations on the level of indebtedness of 30% of total capitalization (as defined) and the prohibition of the payment of dividends upon the occurrence of an event of default (as defined).

Employees

We have approximately 4,030 employees at December 31, 2005 who render services on behalf of the Company, primarily personnel engaged in property operation, substantially all of whom are employed by a clearing company that provides certain administrative and cost-sharing services to the Company and other owners of properties operated by the Company.

Federal Income Tax

We believe that we have operated, and intend to continue to operate, in such a manner as to qualify as a REIT under the Internal Revenue Code of 1986, but no assurance can be given that we will at all times so qualify. To the extent that we continue to qualify as a REIT, we will not be taxed, with certain limited exceptions, on the taxable income (including gains from the sale of securities and properties) that we distribute to our shareholders. Our taxable REIT subsidiaries will be taxed on their taxable income.

For Federal tax purposes, our distributions to our shareholders are treated by the shareholders as ordinary income, capital gains, return of capital or a combination thereof. Ordinary income dividends to our shareholders will not generally be eligible for the lower tax rates that apply to "qualified dividend income."

Insurance

We believe that our properties are adequately insured. Our facilities have historically carried comprehensive insurance, including fire, earthquake, liability and extended coverage through our captive insurance programs (described below), and insured portions of these risks through nationally recognized insurance carriers. Our captive insurance programs also insure affiliates of the Company.

For losses incurred prior to April 1, 2004, our captive insurance activities were conducted through STOR-Re Mutual Insurance Company, Inc. ("STOR-Re"), an association captive insurance company owned by the Company, the Consolidated Entities, and the Unconsolidated Entities. For losses incurred after March 31, 2004, these activities were conducted by an entity wholly owned by the Company, PS Insurance Company Hawaii, Ltd. ("PSIC-H").

The Company, STOR-Re, PSIC-H and its affiliates' maximum aggregate annual exposure for losses that are below the deductibles set forth in the third-party insurance contracts, assuming multiple significant events occur, is approximately $35 million. In addition, if losses exhaust the third-party insurers' limit of coverage of $125 million for property coverage and $102 million for general liability, our exposure could be greater. These limits are higher than estimates of maximum probable losses that could occur from individual catastrophic events (i.e. earthquake and wind damage) determined in recent engineering and actuarial studies.

Subsequent Event – Agreement to Acquire Shurgard Storage Centers

We have entered into an agreement to acquire Shurgard Storage Centers, Inc. ("Shurgard"), a publicly-held REIT engaged in the operation, development and acquisition of approximately 646 self-storage facilities located in the United States and Europe. Under the agreement, and based upon our December 31, 2005 balance sheet and Shurgard's September 30, 2005 balance sheet included in its related Form 10-Q, i) we would issue 0.82 shares of our common stock for each share of Shurgard common stock which would increase our common shares outstanding from 128,089,563 to approximately 166,460,200 shares, ii) we would assume Shurgard debt which totals approximately $1.8 billion at September 30, 2005, increasing our debt outstanding (assuming no prepayment) from $150 million to approximately $2.0 billion, and iii) $136 million of Shurgard preferred stock would be redeemed. The transaction is targeted to close by the end of the second quarter of 2006.

Completion of the transaction is not assured and is subject to risks, including that shareholders of either Public Storage or Shurgard do not approve the transaction or that the other closing conditions are not satisfied. In addition, Shurgard may under limited circumstances terminate the agreement to take a superior proposal. Public Storage and Shurgard are not aware of any significant governmental approvals that are required for consummation of the merger. If any approval or action is required, it is presently contemplated that Public Storage and Shurgard would use their reasonable best efforts to obtain such approval. There can be no assurance that any approvals, if required, will be obtained.

The foregoing description of the terms of our agreement to acquire Shurgard does not purport to be complete, and is qualified in its entirety by reference to the full text of the Merger Agreement, copy of which is filed with our current report on Form 8-K dated March 7, 2006.

ITEM 1A. Risk Factors

In addition to the other information in our Form 10-K, you should consider the following factors in evaluating the Company:

The Hughes Family could control us and take actions adverse to other shareholders.

At March 3, 2006, B. Wayne Hughes Chairman of the Board and members of his family (the "Hughes Family") owned approximately 36% of our outstanding shares of common stock. Consequently, the Hughes Family could control matters submitted to a vote of our shareholders, including electing directors, amending our organizational documents, dissolving and approving other extraordinary transactions, such as a takeover attempt, even though such actions may not be favorable to the other common shareholders.

Provisions in our organizational documents may prevent changes in control.

Restrictions in our organizational documents may further limit changes in control. Unless our Board of Directors waives these limitations, no shareholder may own more than (1) 2.0% of our outstanding shares of our common stock or (2) 9.9% of the outstanding shares of each class or series of our preferred or equity stock. Our organizational documents in effect provide, however, that the Hughes Family may continue to own the shares of our common stock held by them at the time of the 1995 reorganization. In the event the Shurgard transaction is completed, the Hughes Family is permitted to acquire additional Common Stock to maintain their premerger holding percentage. These limitations are designed, to the extent possible, to avoid a concentration of ownership that might jeopardize our ability to qualify as a real estate investment trust or REIT. These limitations, however, also may make a change of control significantly more difficult (if not impossible) even if it would be favorable to the interests of our public shareholders. These provisions will prevent future takeover attempts not approved by our board of directors even if a majority of our public shareholders deem it to be in their best interests because they would receive a premium for their shares over the shares' then market value or for other reasons.

We would incur adverse tax consequences if we fail to qualify as a REIT.

You will be subject to the risk that we may not qualify as a REIT. REITs are subject to a range of complex organizational and operational requirements. As a REIT, we must distribute with respect to each year at least 90% of our REIT taxable income to our shareholders. Other restrictions apply to our income and assets. Our REIT status is also dependent upon the ongoing qualification of our affiliate, PS Business Parks, Inc., as a REIT, as a result of our substantial ownership interest in that company.

For any taxable year that we fail to qualify as a REIT and are unable to avail ourselves of certain savings provisions set forth in the Code, we would be subject to federal income tax at the regular corporate rates on all of our taxable income, whether or not we make any distributions to our shareholders. Those taxes would reduce the amount of cash available for distribution to our shareholders or for reinvestment and would adversely affect our earnings. As a result, our failure to qualify as a REIT during any taxable year could have a material adverse effect upon us and our shareholders. Furthermore, unless certain relief provisions apply, we would not be eligible to elect REIT status again until the fifth taxable year that begins after the first year for which we fail to qualify.

We may pay some taxes, reducing cash available for shareholders.

Even if we qualify as a REIT for federal income tax purposes, we are required to pay some federal, state and local taxes on our income and property. Several corporate subsidiaries of the Company have elected to be treated as "taxable REIT subsidiaries" of the Company for Federal income tax purposes since January 1, 2001. A taxable REIT subsidiary is taxable as a regular corporation and is limited in its ability to deduct interest payments made to us in excess of a certain amount. In addition, if we receive certain payments and the economic arrangements among our taxable REIT subsidiaries and us are not comparable to similar arrangements among unrelated parties we will be subject to a 100% penalty tax on those payments. To the extent that the Company or any taxable REIT subsidiary is required to pay Federal, state or local taxes, we will have less cash available for distribution to shareholders.

We have become increasingly dependent upon automated processes and the Internet and are faced with security system risks.

We have become increasingly centralized and dependent upon automated information technology processes. While we have attempted to mitigate this risk through offsite backup procedures and contracted data centers that include, in some cases, redundant operations, we could still be severely impacted by a catastrophic occurrence, such as a natural disaster or a terrorist attack. In addition, an increasing portion of our business operations are conducted over the Internet, increasing the risk of viruses that could cause system failures and disruptions of operations despite our deployment of anti-virus measures. Experienced computer programmers may be able to penetrate our network security and misappropriate our confidential information, create system disruptions or cause shutdowns.

We and our shareholders are subject to financing risks.

Debt increases the risk of loss. In making real estate investments, we may borrow money, which increases the risk of loss. At December 31, 2005, our debt of $149.6 million was 2.7% of our total assets.

Certain securities have a liquidation preference over our common stock and Equity Stock, Series A. If we liquidated, holders of our preferred securities would be entitled to receive liquidating distributions, plus any accrued and unpaid distributions, before any distribution of assets to the holders of our common stock and Equity Stock, Series A. Holders of preferred securities are entitled to receive, when declared by our Board of Directors, cash distributions in preference to holders of our common stock and Equity Stock, Series A.

Since our business consists primarily of acquiring and operating real estate, we are subject to real estate operating risks.

The value of our investments may be reduced by general risks of real estate ownership. Since we derive substantially all of our income from real estate operations, we are subject to the general risks of owning real estate-related assets, including:

- lack of demand for rental spaces or units in a locale;
- changes in general economic or local conditions;
- natural disasters, such as earthquakes or hurricanes;
- potential terrorist attacks;

- changes in supply of or demand for similar or competing facilities in an area;
- the impact of environmental protection laws;
- changes in interest rates and availability of permanent mortgage funds which may render the sale or financing of a property difficult or unattractive;
- changes in tax, real estate and zoning laws; and
- tenant claims.

In addition, we self-insure certain of our property loss, liability, and workers compensation risks; areas that other real estate companies may use third-party insurers for. This results in a higher risk of losses that are not covered by third-party insurance contracts, as described in Note 16 under "Insurance and Loss Exposure" to our consolidated financial statements at December 31, 2005.

There is significant competition among self-storage facilities and from other storage alternatives. Most of our properties are self-storage facilities, which generated most of our revenue for the year ended December 31, 2005. Local market conditions will play a significant part in how competition will affect us. Competition in the market areas in which many of our properties are located from other self-storage facilities and other storage alternatives is significant and has affected the occupancy levels, rental rates and operating expenses of some of our properties. Any increase in availability of funds for investment in real estate may accelerate competition. Further development of self-storage facilities may intensify competition among operators of self-storage facilities in the market areas in which we operate.

We may incur significant environmental costs and liabilities. As an owner and operator of real properties, under various federal, state and local environmental laws, we are required to clean up spills or other releases of hazardous or toxic substances on or from our properties. Certain environmental laws impose liability whether or not the owner knew of, or was responsible for, the presence of the hazardous or toxic substances. In some cases, liability may not be limited to the value of the property. The presence of these substances, or the failure to properly remediate any resulting contamination, whether from environmental or microbial issues, also may adversely affect the owner's or operator's ability to sell, lease or operate its property or to borrow using its property as collateral.

We have conducted preliminary environmental assessments of most of our properties (and intend to conduct these assessments in connection with property acquisitions) to evaluate the environmental condition of, and potential environmental liabilities associated with, our properties. These assessments generally consist of an investigation of environmental conditions at the property (not including soil or groundwater sampling or analysis), as well as a review of available information regarding the site and publicly available data regarding conditions at other sites in the vicinity. In connection with these property assessments, our operations and recent property acquisitions, we have become aware that prior operations or activities at some facilities or from nearby locations have or may have resulted in contamination to the soil or groundwater at these facilities. In this regard, some of our facilities are or may be the subject of federal or state environment investigations or remedial actions. We have obtained, with respect to recent acquisitions, and intend to obtain with respect to pending or future acquisitions, appropriate purchase price adjustments or indemnifications that we believe are sufficient to cover any related potential liability. Although we cannot provide any assurance, based on the preliminary environmental assessments, we believe we have funds available to cover any liability from environmental contamination or potential contamination and we are not aware of any environmental contamination of our facilities material to our overall business, financial condition or results of operation.

There has been an increasing number of claims and litigation against owners and managers of rental properties relating to moisture infiltration, which can result in mold or other property damage. When we receive a complaint concerning moisture infiltration, condensation or mold problems and/or become aware that an air quality concern exists, we implement corrective measures in accordance with guidelines and protocols we have developed with the assistance of outside experts. We seek to work proactively with our tenants to resolve moisture infiltration and mold-related issues, subject to our contractual limitations on liability for such claims. However, we can provide no assurance that material legal claims relating to moisture infiltration and the presence of, or exposure to, mold will not arise in the future.

Delays in development and fill-up of our properties would reduce our profitability. Since January 1, 2001, we have opened 53 newly developed self-storage facilities and 17 facilities that combine self-storage and containerized storage space at the same location, with aggregate development costs of approximately $547 million. In addition, at December 31, 2005 we had 62 projects in development that are expected to be completed in approximately the next two years. These 62 projects have total estimated costs of approximately $323 million. Construction delays due to weather, unforeseen site conditions, personnel problems, and other factors, as well as cost overruns, would adversely affect our profitability. Delays in the rent-up of newly developed facilities as a result of competition or other factors would also adversely impact our profitability.

Property taxes can increase and cause a decline in yields on investments. Each of our properties is subject to real property taxes. These real property taxes may increase in the future as property tax rates change and as our properties are assessed or reassessed by tax authorities. Such increases could adversely impact our profitability.

We must comply with the Americans with Disabilities Act and fire and safety regulations, which can require significant expenditures. All our properties must comply with the Americans with Disabilities Act and with related regulations (the "ADA"). The ADA has separate compliance requirements for "public accommodations" and "commercial facilities," but generally requires that buildings be made accessible to persons with disabilities. Various state laws impose similar requirements. A failure to comply with the ADA or similar state laws could result in government imposed fines on us and could award damages to individuals affected by the failure. In addition, we must operate our properties in compliance with numerous local fire and safety regulations, building codes, and other land use regulations. Compliance with these requirements can require us to spend substantial amounts of money, which would reduce cash otherwise available for distribution to shareholders. Failure to comply with these requirements could also affect the marketability of our real estate facilities.

Any failure by us to manage acquisitions and other significant transactions successfully could negatively impact our financial results. As an increasing part of our business, we acquire other self-storage facilities. We also evaluate from time to time other significant transactions. If these facilities are not properly integrated into our system, our financial results may suffer.

We incur liability from employment related claims. From time to time we must resolve employment related claims by corporate level and field personnel.

We have no interest in Canadian self-storage facilities owned by the Hughes Family.

B. Wayne Hughes, Chairman of the Board, and his family (the "Hughes Family") have ownership interests in, and operate, approximately 44 self-storage facilities in Canada under the name "Public Storage." We currently do not own any interests in these facilities nor do we own any facilities in Canada. We have a right of first refusal to acquire the stock or assets of the corporation engaged in the operation of the self-storage facilities in Canada if the Hughes Family or the corporation agrees to sell them. However, we have no ownership interest in the operations of this corporation, have no right to acquire their stock or assets unless the Hughes Family decides to sell, and receive no benefit from the profits and increases in value of the Canadian self-storage facilities.

Prior to December 31, 2003, our personnel were engaged in the supervision and the operation of these properties and provided certain administrative services for the Canadian owners, and certain other services, primarily tax services, with respect to certain other Hughes Family interests. The Hughes Family and the Canadian owners reimbursed us at cost for these services in the amount of $542,499 with respect to the Canadian operations and $151,063 for other services during 2003 (in United States dollars). There were conflicts of interest in allocating time of our personnel between Company properties, the Canadian properties, and certain other Hughes Family interests. The sharing of our personnel with the Canadian entities was substantially eliminated by December 31, 2003.

Through our subsidiaries, we continue to reinsure risks relating to loss of goods stored by tenants in the self-storage facilities in Canada. We acquired the tenant insurance business on December 31, 2001 through our acquisition of PSIC. During the years ended December 31, 2005, 2004 and 2003, PSIC received $1,052,000, $1,069,000, and $1,017,000, respectively, in reinsurance premiums attributable to the Canadian operations. Since PSIC's right to provide tenant reinsurance to the Canadian facilities may be qualified, there is no assurance that these premiums will continue.

Our containerized storage business has incurred operating losses.

Public Storage Pickup & Delivery ("PSPUD") was organized in 1996 to operate a containerized storage business. We own all of the economic interest of PSPUD. Since PSPUD will operate profitably only if it can succeed in the relatively new field of containerized storage, we cannot provide any assurance as to its profitability. PSPUD incurred an operating loss of $10,058,000 in 2002, and generated operating profits of $2,543,000 in 2003, $684,000 in 2004 and $1,818,000 for 2005. Since 2002, PSPUD closed or consolidated facilities that were deemed not strategic to its business plan, and has 12 facilities open at December 31, 2005.

Increases in interest rates may adversely affect the price of our common stock.

One of the factors that influences the market price of our common stock and our other securities is the annual rate of distributions that we pay on the securities, as compared with interest rates. An increase in interest rates may lead purchasers of REIT shares to demand higher annual distribution rates, which could adversely affect the market price of our common stock and other securities.

Terrorist attacks and the possibility of wider armed conflict may have an adverse impact on our business and operating results and could decrease the value of our assets.

Terrorist attacks and other acts of violence or war, such as those that took place on September 11, 2001, could have a material adverse impact on our business and operating results. There can be no assurance that there will not be further terrorist attacks against the United States or its businesses or interests. Attacks or armed conflicts that directly impact one or more of our properties could significantly affect our ability to operate those properties and thereby impair our operating results. Further, we may not have insurance coverage for losses caused by a terrorist attack. Such insurance may not be available, or if it is available and we decide to obtain such terrorist coverage, the cost for the insurance may be significant in relationship to the risk overall. In addition, the adverse effects that such violent acts and threats of future attacks could have on the United States economy could similarly have a material adverse effect on our business and results of operations. Finally, further terrorist acts could cause the United States to enter into a wider armed conflict, which could further impact our business and operating results.

Developments in California may have an adverse impact on our business.

We are headquartered in, and approximately one-quarter of our properties are located in, California. California is facing budgetary problems. Action that may be taken in response to these problems, such as an increase in property taxes on commercial properties, could adversely impact our business and results of operations. In addition, we could be adversely impacted by efforts to reenact legislation mandating medical insurance for employees of California businesses and members of their families.

Our proposed acquisition of Shurgard subjects us to additional risks

We have entered into an agreement to acquire Shurgard Storage Centers, Inc. ("Shurgard"), a publicly held REIT that has interests in approximately 646 self-storage facilities located in the United States and Europe. Under the agreement, and based upon our December 31, 2005 balance sheet and Shurgard's September 30, 2005 balance sheet included in its related Form 10-Q, i) we would issue 0.82 shares of our common stock for each share of Shurgard common stock which would increase our common shares outstanding from 128,089,563 to approximately 166,460,200 shares, ii) we would assume Shurgard debt which totals approximately $1.8 billion at September 30, 2005, increasing our debt outstanding (assuming no prepayment) from $150 million to approximately $2.0 billion, and iii) $136 million of Shurgard preferred stock would be redeemed. The transaction is targeted to close by the end of the second quarter of 2006.

Completion of the transaction is not assured and is subject to risks, including that shareholders of either Public Storage or Shurgard do not approve the transaction or that the other closing conditions are not satisfied. In addition, Shurgard may under limited circumstances terminate the agreement to take a superior proposal. Public Storage and Shurgard are not aware of any significant governmental approvals that are required for consummation of the merger. If any approval or action is required, it is presently contemplated that Public Storage and Shurgard would use their reasonable best efforts to obtain such approval. There can be no assurance that any approvals, if required, will be obtained.

In addition to the general risks related to real estate noted above which may also adversely impact Shurgard's operations, we are also subject to the following risks in connection with our acquisition of Shurgard into our operations, including without limitation the following:

- difficulties in the integration of operations, technologies and personnel of Shurgard;
- inability to realize or delays in realizing expected synergies;
- unanticipated operating costs;
- diversion of our management's attention away from other business concerns;
- exposure to any undisclosed or unknown potential liabilities of Shurgard;
- potential underinsured losses on Shurgard properties; and
- risk of failure to mitigate any Shurgard material weaknesses in internal control to the extent that it affects our internal controls.

Shurgard also holds many of its properties through joint ventures, which have additional risks, including risks related to the financial strength, common business goals and strategies and cooperation of the venture partner, as well as the inability to take some actions that may require approval by the venture partner. In addition, Shurgard holds substantially all of its real estate investments in Europe indirectly through partnerships and joint venture arrangements. If we are unable to effectively control these indirect investments, there is a risk that our ownership of the joint ventures could cause us to lose our REIT status.

We have assumed based on public filings that Shurgard has qualified and will continue to qualify as a REIT and that we would be able to continue to qualify as a REIT following an acquisition. However, if Shurgard has failed or fails to qualify as a REIT, we might succeed to or incur significant tax liabilities and possibly lose our REIT status should disqualifying activities continue after the acquisition.

Shurgard has a greater level of debt than we do, as well as derivative instruments that we would assume. Shurgard's outstanding borrowings on its lines of credit ($569 million at September 30, 2005) would become payable immediately upon completion of the merger. In addition, there would be additional cash costs related to the merger, cash requirements for the redemption of $136 million of Shurgard's preferred stock on the merger date, and additional possible cash requirements following the merger. Our cash on hand and available borrowing capacity on our line of credit would be insufficient to fund these immediate capital requirements and, accordingly, we may look to obtain a larger line of credit, bridge financing, or issue preferred or common equity. As a result, this transaction may result in an increase in our exposure to interest rate and refinancing risks.

We would also be acquiring Shurgard's international operations in Europe, which consist principally of facilities that have been completed in the last few years and are in various stages of fill-up. Shurgard's international operations have not been profitable, and there is no assurance they will ultimately be profitable. We have limited experience in international operations, which may adversely impact our ability to operate profitably in Europe. In addition, these operations have specific inherent risks, including without limitation the following:

- currency risks, including currency fluctuations;

- unexpected changes in legislative and regulatory requirements;
- potentially adverse tax burdens;
- burdens of complying with different permitting standards, labor laws and a wide variety of foreign laws;
- obstacles to the repatriation of earnings and cash;
- regional, national and local political uncertainty;
- economic slowdown and/or downturn in foreign markets;
- difficulties in staffing and managing international operations; and
- reduced protection for intellectual property in some countries.

In connection with the proposed acquisition of Shurgard's European operations, we will be evaluating various strategic alternatives, including, but not limited to, public or private offerings of securities, one or more possible joint ventures, and possible asset acquisitions and/or sales.

The foregoing description of the terms and conditions of our agreement to acquire Shurgard does not purport to be complete, and is qualified in its entirety by reference to the full text of the merger agreement, a copy of which is filed with our current report on Form 8-K dated March 7, 2006.

ITEM 1B. Unresolved Staff Comments

Not applicable.

ITEM 2. Properties

At December 31, 2005, we had direct and indirect ownership interests in 1,501 storage facilities located in 37 states:

	At December 31, 2005	
	Number of Storage Facilities (a)	Net Rentable Square Feet (in thousands)
California:		
Southern	170	11,059
Northern	142	7,911
Texas	170	11,356
Florida	155	9,622
Illinois	99	6,286
Georgia	71	4,467
Colorado	50	3,207
New York	48	2,948
New Jersey	48	2,958
Washington	42	2,710
Maryland	44	2,642
Virginia	41	2,569
Missouri	38	2,144
Ohio	30	1,859
Minnesota	25	1,571
Pennsylvania	21	1,418
Nevada	22	1,404
Tennessee	23	1,321
North Carolina	25	1,311
Kansas	22	1,310
Massachusetts	19	1,180
Oregon	24	1,122
South Carolina	25	1,083
Wisconsin	16	1,030
Indiana	18	1,029
Other states (13 states)	113	6,110
Totals	1,501	91,627

(a) Includes 1,463 self-storage facilities owned by the Company and entities consolidated with the Company. The remaining 38 facilities are self-storage facilities owned by entities in which the Company has an interest; however, the Company does not have a controlling interest in such entities. See Schedule III: Real Estate and Accumulated Depreciation in the Company's 2005 financials, for a complete list of properties consolidated by the Company.

Our facilities are generally operated to maximize cash flow through the regular review and, when warranted by market conditions, adjustment of rents charged to our tenants. For the year ended December 31, 2005, the weighted average occupancy level and the average total rental income per rentable square foot for our self-storage facilities were approximately 90% and $11.01, respectively. Included in the 1,501 storage facilities are 70 newly developed facilities opened since January 1, 2001.

At December 31, 2005, 34 of our facilities were encumbered by an aggregate of $91.6 million in mortgage notes payable.

We have no specific policy as to the maximum size of any one particular self-storage facility. However, none of our facilities involves, or is expected to involve, 1% or more of our total assets, gross revenues or net income.

Description of Self-Storage Facilities: Self-storage facilities, which comprise the majority of our investments, are designed to offer accessible storage space for personal and business use at a relatively low cost. A user rents a fully enclosed space, which is for the user's exclusive use and to which only the user has access on an unrestricted basis during business hours. On-site operation is the responsibility of property managers who are supervised by district managers. Some self-storage facilities also include rentable uncovered parking areas for vehicle storage, as well as space for portable storage containers. Leases for storage facility space may be on a long-term or short-term basis, although typically spaces are rented on a month-to-month basis. Rental rates vary according to the location of the property, the size of the storage space and length of stay. All of our self-storage facilities are operated under the "Public Storage" brand name.

Users of space in self-storage facilities include individuals and businesses. Individuals usually obtain this space for storage of furniture, household appliances, personal belongings, motor vehicles, boats, campers, motorcycles and other household goods. Businesses normally employ this space for storage of excess inventory, business records, seasonal goods, equipment and fixtures.

Our self-storage facilities generally consist of three to seven buildings containing an aggregate of between 350 to 750 storage spaces, most of which have between 25 and 400 square feet and an interior height of approximately 8 to 12 feet.

We experience minor seasonal fluctuations in the occupancy levels of self-storage facilities with occupancies generally higher in the summer months than in the winter months. We believe that these fluctuations result in part from increased moving activity during the summer.

Our self-storage facilities are geographically diversified and are located primarily in or near major metropolitan markets in 37 states in the United States. Generally our self-storage facilities are located in heavily populated areas and close to concentrations of apartment complexes, single family residences and commercial developments. However, there may be circumstances in which it may be appropriate to own a property in a less populated area, for example, in an area that is highly visible from a major thoroughfare and close to, although not in, a heavily populated area. Moreover, in certain population centers, land costs and zoning restrictions may create a demand for space in nearby less populated areas.

Competition from other self-storage facilities as well as other forms of storage in the market areas in which many of our properties are located is significant and has affected the occupancy levels, rental rates, and operating expenses of many of our properties.

Since our investments are primarily self-storage facilities, our ability to preserve our investments and achieve our objectives is dependent in large part upon success in this field. Historically, upon stabilization after an initial fill-up period, our self-storage facility interests have generally shown a high degree of consistency in generating cash flows, despite changing economic conditions. We believe that our self-storage facilities, upon stabilization, have attractive characteristics consisting of high profit margins, a broad tenant base and low levels of capital expenditures to maintain their condition and appearance.

Commercial Properties: In addition to our interests in 1,501 self-storage facilities, we have an interest in PSB, which, as of December 31, 2005, owns and operates approximately 17.6 million net rentable square feet in eight states. At December 31, 2005, our investment in PSB represents 5.2% of our total assets based upon book value of $288.7 million. The market value of our investment in PSB at December 31, 2005 of approximately $626.0 million represents 11.3% of the book value of our total assets at December 31, 2005 of approximately $5.6 billion. We also directly own four commercial properties with 293,000 net rentable square feet, have 1,003,000 net rentable square feet of commercial space that is located at certain of the self-storage facilities, and own three industrial facilities with an aggregate of 244,000 net rentable square feet that are being used by the continuing containerized storage operations and 544,000 net rentable square feet of industrial space developed for containerized storage facilities.

The commercial properties owned by PSB consist of flex space, office space and industrial space. Flex space is defined as buildings that are configured with a combination of part warehouse space and part office space and can be designed to fit a wide variety of uses. The warehouse component of the flex space has a variety of uses including light manufacturing and assembly, storage and warehousing, showroom, laboratory, distribution and research and development activities. The office component of flex space is complementary to the warehouse component by enabling businesses to accommodate management and production staff in the same facility. PSB also owns low-rise suburban office space, generally either in business parks that combine office and flex space or in desirable submarkets where the economics of the market demand an office build-out. PSB also owns industrial space that has characteristics similar to the warehouse component of the flex space.

Environmental Matters: Our policy is to accrue environmental assessments and estimated remediation cost when it is probable that such efforts will be required and the related costs can be reasonably estimated. Our current practice is to conduct environmental investigations in connection with property acquisitions. Although there can be no assurance, we are not aware of any environmental contamination of any of our facilities, which individually or in the aggregate would be material to our overall business, financial condition, or results of operations.

ITEM 3. Legal Proceedings

Serrao v. Public Storage, Inc. (filed April 2003) (Superior Court – Orange County)

The plaintiff in this case filed a suit against the Company on behalf of a putative class of renters who rented self-storage units from the Company. Plaintiff alleges that the Company misrepresented the size of its storage units, has brought claims under California statutory and common law relating to consumer protection, fraud, unfair competition, and negligent misrepresentation, and is seeking monetary damages, restitution, and declaratory and injunctive relief.

The claim in this case is substantially similar to those in Henriquez v. Public Storage, Inc., which was disclosed in prior reports. In January 2003, the plaintiff caused the Henriquez action to be dismissed.

Based upon the uncertainty inherent in any putative class action, we cannot presently determine the potential damages, if any, or the ultimate outcome of this litigation. On November 3, 2003, the court granted our motion to strike the plaintiff's nationwide class allegations and to limit any putative class to California residents only. In August 2005, we filed a motion to remove the case to federal court, but the case has been remanded to the Superior Court. We are vigorously contesting the claims upon which this lawsuit is based, including class certification efforts.

Gustavson, et al v. Public Storage, Inc. (filed June 2003) (Superior Court – Los Angeles County); Potter, et al v. Hughes, et al (filed December 2004) (United States District Court – Central District of California)

As previously reported, in November 2002, a shareholder of the Company made a demand on the Board of Directors that challenged the fairness of the Company's acquisition of PS Insurance Company, Ltd. ("PSIC") and related matters. PSIC was previously owned by the Hughes Family.

In June 2003, the Hughes Family filed a complaint (Gustavson, et al v. Public Storage, Inc.) for declaratory relief asking the court to find that the acquisition of PSIC and related matters were fair to the Company. The Company filed an answer to the Hughes Family's complaint requesting a final judicial determination of the Company's rights of recovery against the Hughes Family in respect of PSIC. By order of the Superior Court, the matter was tried before Justice Malcolm Lucas, a former chief justice of the California Supreme Court. In October 2005, Judge Lucas rendered his decision, ruling against the Company by finding that the PSIC transaction was just and reasonable as to the Company and holding that the Hughes Family was not required to make any payment to the Company. The Superior Court has formally entered judgment accordingly and this lawsuit has been concluded.

At the end of December 2004, the same shareholder referred to above and a second shareholder filed a shareholder's derivative complaint (Potter, et al v. Hughes, et al) naming as defendants the Company's directors (and two former directors) and certain officers of the Company. The matters alleged in the Potter complaint relate to PSIC, the Hughes Family's Canadian self-storage operations and the Company's 1995 reorganization. In June 2005, the court granted the defendants' motion to dismiss the Potter complaint with leave to amend the complaint. In July 2005, the plaintiffs filed an amended complaint, and the defendants filed a motion to dismiss the amended complaint. The matter is currently under submission. We believe the litigation will not have any financially adverse effect on the Company (other than the costs and other expenses relating to the lawsuit).

Brinkley et al v. Public Storage, Inc. (filed April, 2005) (Superior court of California – Los Angeles County)

The Brinkley plaintiffs are suing the Company on behalf of a purported class of California property managers who claim that they were not compensated for all the hours they worked. The Brinkley suit is based upon California wage and hour laws. The maximum potential liability cannot be estimated, but would be increased if a class or classes are certified or, if claims are permitted to be brought on behalf of others under the California Unfair Business Practices Act. We are vigorously contesting the claims and intend to resist any expansion beyond the named plaintiffs on the grounds of lack of commonality of claims. We do not believe that this matter will have any material adverse effect on the results of operations of the Company.

Other Items

We are a party to various claims, complaints, and other legal actions that have arisen in the normal course of business from time to time that are not described above. We believe that it is unlikely that the outcome of these other pending legal proceedings including employment and tenant claims, in the aggregate, will have a material adverse impact upon our operations or financial position.

ITEM 4. Submission of Matters to a Vote of Security Holders

We did not submit any matter to a vote of security holders in the fourth quarter of the fiscal year ended December 31, 2005.

PART II

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

a. Market Price of the Registrant's Common Equity:

Our Common Stock (NYSE and PCX: PSA) has been listed on the New York Stock Exchange since October 19, 1984 and on the Pacific Exchange since December 26, 1996. Our Depositary Shares each representing 1/1,000 of a share of Equity Stock, Series A (NYSE:PSAA) (see section c. below) have been listed on the New York Stock Exchange since February 14, 2000.

The following table sets forth the high and low sales prices of Common Stock on the New York Stock Exchange composite tapes for the applicable periods.

		Range	
Year	Quarter	High	Low
2004	1st	$ 50.000	$ 43.470
	2nd	49.800	39.500
	3rd	52.670	45.240
	4th	57.640	49.600
2005	1st	59.490	51.700
	2nd	64.500	55.300
	3rd	70.450	59.700
	4th	72.020	61.360

The following table sets forth the high and low sales prices of Depositary Shares Each Representing 1/1,000 of a Share of Equity Stock, Series A on the New York Stock Exchange composite tapes for the applicable periods.

		Range	
Year	Quarter	High	Low
2004	1st	$ 31.500	$ 29.220
	2nd	30.500	26.010
	3rd	28.480	26.130
	4th	29.500	27.860
2005	1st	29.950	27.800
	2nd	29.000	27.540
	3rd	28.900	27.610
	4th	28.650	27.380

As of March 1, 2006, there were approximately 18,942 holders of record of Common Stock and approximately 11,311 holders of Depositary Shares Each Representing 1/1,000 of a share of Equity Stock, Series A.

b. Dividends

We have paid quarterly distributions to our shareholders since 1981, our first full year of operations. Overall distributions on Common Stock for 2005 amounted to $244.2 million or $1.90 per share of Common Stock.

Holders of Common Stock are entitled to receive distributions when and if declared by our Board of Directors out of any funds legally available for that purpose. In order to maintain our REIT status for federal income tax purposes, we are generally required to pay dividends at least equal to 90% of our real estate investment trust taxable income for the taxable year (for this purpose, certain dividends paid in the subsequent year may be taken into account). We intend to pay distributions sufficient to permit us to maintain our REIT status.

For Federal income tax purposes, distributions to shareholders are treated as ordinary income, capital gains, return of capital or a combination thereof. For 2005, the dividends paid to the common shareholders ($1.90 per share), on all the various classes of preferred stock, and on our Equity Stock, Series A were classified as follows:

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Ordinary Income	98.5488%	99.3947%	99.9589%	100.0000%
Long-term Capital Gain	1.4512%	0.6053%	0.0411%	0.0000%
Total	100.0000%	100.0000%	100.0000%	100.0000%

A percentage of the long-term capital gain is unrecaptured Section 1250 gain as follows:

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Unrecaptured §1250 Gain	7.3110%	0.0000%	8.0542%	0.0000%

For the corporate shareholders a portion of the long-term capital gain is required to be recaptured as ordinary income. For each quarter of 2005 the percentage is as follows:

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
IRC §291 Recapture	1.4621%	0.0000%	1.6121%	0.0000%

For Federal income tax purposes, distributions to shareholders are treated as ordinary income, capital gains, return of capital or a combination thereof. For 2004, the dividends paid to the common shareholders ($1.80 per share), on all the various classes of preferred stock, and on our Equity Stock, Series A were classified as follows:

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Ordinary Income	99.8683%	99.8694%	99.8712%	98.0855%
Long-term Capital Gain	0.1317%	0.1306%	0.1288%	1.9145%
Total	100.0000%	100.0000%	100.0000%	100.0000%

A percentage of the long-term capital gain is unrecaptured Section 1250 gain for each quarter of 2004 as follows:

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Unrecaptured §1250 Gain	34.8559%	34.8559%	34.8559%	43.7003%

For the corporate shareholders a portion of the long-term capital gain is required to be recaptured as ordinary income. For each quarter of 2004 the percentage is as follows:

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
IRC §291 Recapture	6.9709%	6.9709%	6.9709%	8.7400%

The Jobs and Growth Tax Relief Reconciliation Act of 2003 introduced a new rule that reduces the tax rate for "qualified dividend income." Generally, qualified dividend income is dividend income received from a corporation that has been taxed on the dividends distributed to its shareholders. Public Storage, Inc, as a REIT, is generally not taxed on dividends it distributes annually to its shareholders, and therefore the dividends shareholders receive are not qualified dividend income subject to the lower rates.

c. Equity Stock

The Company is authorized to issue 200,000,000 shares of Equity Stock. The Articles of Incorporation provide that the Equity Stock may be issued from time to time in one or more series and gives the Board of Directors broad authority to fix the dividend and distribution rights, conversion and voting rights, redemption provisions and liquidation rights of each series of Equity Stock.

In April 2001, we completed a public offering of 2,210,500 depositary shares each representing 1/1,000 of a share of Equity Stock, Series A, ("Equity Stock A") raising net proceeds of approximately $51,836,000. In May 2001, we completed a direct placement of 830,000 depositary shares, raising net proceeds of approximately $20,294,000. In November 2001, we completed a direct placement of 100,000 depositary shares, raising net proceeds of approximately $2,690,000. In January 2000, we issued 4,300,555 depositary shares (2,200,555 shares as part of a special distribution declared on November 15, 1999 and 2,100,000 shares in a separate public offering). In addition, in the second quarter of 2000, we issued 52,547 depositary shares to a related party in connection with the acquisition of real estate facilities. In December 2000, we issued 1,282,500 depositary shares in a public offering. All of the issuances of the depositary shares described in this paragraph were registered under the Securities Act at the time of issuance.

At December 31, 2005, we had 8,744,193 depositary shares outstanding, each representing 1/1,000 of a share of Equity Stock A. The Equity Stock A ranks on a parity with common stock and junior to the Senior Preferred Stock with respect to distributions and liquidation and has a liquidation amount which cannot exceed $24.50 per share. Distributions with respect to each depositary share shall be the lesser of: a) five times the per share dividend on the Common Stock or b) $2.45 per annum. Except in order to preserve the Company's Federal income tax status as a REIT, we may not redeem the depositary shares before March 31, 2010. On or after March 31, 2010, we may, at our option, redeem the depositary shares at $24.50 per depositary share. If the Company fails to preserve its Federal income tax status as a REIT, each depositary share will be convertible into 0.956 shares of our common stock. The depositary shares are otherwise not convertible into common stock. Holders of depositary shares vote as a single class with our holders of common stock on shareholder matters, but the depositary shares have the equivalent of one-tenth of a vote per depositary share. We have no obligation to pay distributions on the depositary shares if no distributions are paid to common shareholders.

In November 1999, we sold $100,000,000 (4,289,544 shares) of Equity Stock, Series AAA ("Equity Stock AAA") to a newly formed joint venture. The Equity Stock AAA ranks on a parity with common stock and junior to the Senior Preferred Stock with respect to general preference rights, and has liquidation amount equal to 120% of the amount distributed to each common share. Annual distributions per share are equal to the lesser of (i) five times the amount paid per common share or (ii) $2.1564. We have no obligation to pay distributions if no distributions are paid to common shareholders.

ITEM 6. Selected Financial Data

	For the year ended December 31,				
	2005 (1)	2004 (1)	2003 (1)	2002 (1)	2001 (1)
	(Amounts in thousands, except per share data)				
Revenues:					
Rental income and ancillary operations	$1,044,514	$953,910	$891,419	$846,379	$787,655
Interest and other income	16,447	5,391	2,537	5,210	8,640
	1,060,961	959,301	893,956	851,589	796,295
Expenses:					
Cost of operations (excluding depreciation)	378,631	362,269	341,182	309,819	279,564
Depreciation and amortization	196,397	183,063	184,063	175,726	163,922
General and administrative	21,115	18,813	17,127	15,619	21,038
Interest expense	8,216	760	1,121	3,809	3,227
	604,359	564,905	543,493	504,973	467,751
Income from continuing operations before equity in earnings of real estate entities, gain (loss) on disposition of real estate investments and casualty loss and minority interest in income	456,602	394,396	350,463	346,616	328,544
Equity in earnings of real estate entities	24,883	22,564	24,966	29,888	38,542
Gain(loss) on disposition of real estate investments and casualty loss	1,182	67	1,007	(2,541)	4,091
Minority interest in income (3)	(32,651)	(49,913)	(43,703)	(44,087)	(46,015)
Income from continuing operations	450,016	367,114	332,733	329,876	325,162
Discontinued operations (2)	6,377	(901)	3,920	(11,138)	(954)
Net income	$456,393	$366,213	$336,653	$318,738	$324,208
Per Common Share:					
Distributions	$1.90	$1.80	$1.80	$1.80	$1.69
Net income – Basic	$1.98	$1.39	$1.29	$1.15	$1.41
Net income – Diluted	$1.97	$1.38	$1.28	$1.14	$1.39
Weighted average common shares – Basic	128,159	127,836	125,181	123,005	122,310
Weighted average common shares – Diluted	128,819	128,681	126,517	124,571	123,577
Balance Sheet Data:					
Total assets	$5,552,486	$5,204,790	$4,968,069	$4,843,662	$4,625,879
Total debt	$149,647	$145,614	$76,030	$115,867	$168,552
Minority interest (other partnership interests)	$28,970	$118,903	$141,137	$154,499	$169,601
Minority interest (preferred partnership interests)	$225,000	$310,000	$285,000	$285,000	$285,000
Shareholders' equity	$4,817,009	$4,429,967	$4,219,799	$4,158,969	$3,909,583
Other Data:					
Net cash provided by operating activities	$692,048	$616,664	$571,387	$591,283	$538,534
Net cash used in investing activities	$(443,656)	$(157,638)	$(205,133)	$(325,786)	$(306,058)
Net cash used in financing activities	$(121,146)	$(297,604)	$(264,545)	$(211,720)	$(272,596)

(1) During 2005, 2004, 2003, 2002, and 2001, we completed several significant asset acquisitions, business combinations and equity transactions. See Notes 4, 7, 8, 9 and 10 to our consolidated financial statements.

(2) Commencing January 1, 2002, we adopted and modified a business plan that included the closure or consolidation of certain non-strategic containerized storage facilities. We sold two commercial properties – one in 2002, the other in 2004. During 2003 we sold five self-storage facilities. The historical operations of these facilities are classified as discontinued operations, with the rental income, cost of operations, depreciation expense and gain or loss on disposition of these facilities for current and prior periods included in the line-item "Discontinued Operations" on the consolidated income statement.

(3) During 2004, holders of $200,000,000 of our Series N preferred partnership units agreed to a restructuring which included reducing their distribution rate from 9.5% to 6.4% in exchange for a special distribution of $8,000,000. This special distribution, combined with $2,063,000 in costs incurred at the time the units were originally issued that were charged against income in accordance with the Securities and Exchange Commission's clarification of EITF Topic D-42, are included in minority interest in income.

ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis should be read in conjunction with our consolidated financial statements and notes thereto.

Forward Looking Statements: All statements in this document, other than statements of historical fact, are forward-looking statements which may be identified by the use of the words "expects," "believes," "anticipates," "should," "estimates" and similar expressions. These forward-looking statements involve known and unknown risks and uncertainties, which may cause Public Storage's actual results and performance to be materially different from those expressed or implied in the forward-looking statements. Factors and risks that may impact future results and performance are described in Item 1A, "Risk Factors". These risks include, but are not limited to, the following: changes in general economic conditions and in the markets in which Public Storage operates; the impact of competition from new and existing storage and commercial facilities and other storage alternatives, which could impact rents and occupancy levels at our facilities; difficulties in Public Storage's ability to evaluate, finance and integrate acquired and developed properties into its existing operations and to fill up those properties, which could adversely affect our profitability; the impact of the regulatory environment as well as national, state, and local laws and regulations including, without limitation, those governing Real Estate Investment Trusts, which could increase our expenses and reduce cash available for distribution; consumers' failure to accept the containerized storage concept which would reduce our profitability; difficulties in raising capital at reasonable rates, which would impede our ability to grow; delays in the development process, which could adversely affect profitability; economic uncertainty due to the impact of war or terrorism could adversely affect its business plan; and risks related to our agreement to acquire Shurgard Storage Centers, Inc, including risks related to completion of the transaction, risks associated with Shurgard's level of debt, Shurgard's investment in European operations that have not yet generated profits, and risks associated with the integration of Shurgard's operations. We disclaim any obligation to update publicly or otherwise revise any forward-looking statements, whether as a result of new information, new estimates, or other factors, events or circumstances after the date of this document, except where expressly required by law.

Overview

The self-storage industry is highly fragmented and is composed predominantly of numerous local and regional operators. Competition in the markets in which we operate is significant and has increased over the past several years due to additional development of self-storage facilities as well as the expansion of the containerized storage business by competitors. We believe that the increase in competition has had a negative impact on our occupancy levels and rental rates in many markets. However, we believe that we possess several distinguishing characteristics that enable us to compete effectively with other owners and operators.

We are the largest owner and operator of self-storage facilities in the United States with direct and indirect ownership interests as of December 31, 2005 in 1,501 self-storage facilities containing approximately 92 million net rentable square feet. All of our facilities are operated under the "Public Storage" brand name, which we believe is the most recognized and established name in the self-storage industry. Located in the major metropolitan markets of 37 states, our self-storage facilities are geographically diverse, giving us national recognition and prominence. This concentration establishes us as one of the dominant providers of self-storage space in most markets in which we operate and enables us to use a variety of promotional activities, such as television advertising as well as targeted discounting and referrals, which are generally not economically viable to most of our competitors. In addition, we believe that the geographic diversity of the portfolio reduces the impact from regional economic downturns and provides a greater degree of revenue stability.

We will continue to focus our growth strategies on: (i) improving the operating performance of our existing self-storage properties, (ii) acquiring self-storage properties owned and operated by others, (iii) expanding and repackaging our existing self-storage facilities, (iv) developing new self-storage locations, and (v) participating in the growth of PS Business Parks, Inc. ("PSB"). Major elements of these strategies are as follows:

- We will focus on enhancing the operating performance of our self-storage properties, primarily through increases in revenues achieved through the telephone reservation center and associated marketing efforts, as well as management of expense growth. See "Self-Storage Operations – Same Store Facilities" for further discussion. We expect future increases in rental income to come primarily from increases in rental rates, as opposed to improvements in occupancies, although there can be no assurance.

- We will acquire facilities from third parties. During 2004 and 2005, we acquired interests in 77 self-storage facilities from third parties at an aggregate cost of approximately $514 million. In addition, between January 1, 2006 and March 15, 2006, we acquired three additional self-storage facilities from third parties (total net rentable square feet of 170,000) at an aggregate cost of approximately $20 million and we currently are under contract to purchase seven self-storage facilities (total net rentable square feet of 574,000) at an aggregate cost of approximately $69 million. We believe that our national telephone reservation system and our marketing and promotional activities present an opportunity to increase revenues at these facilities through higher occupancies, as well as cost efficiencies through greater critical mass.

- We will look to expand and further invest into our existing self-storage locations by (i) improving their visual and structural appeal, (ii) expanding our facilities' density, at a per-square foot cost that is favorable compared to a ground-up development, to take advantage of increases in local demand since the facilities were developed, and (iii) converting existing vacant space previously used by our containerized storage operations into traditional self-storage space. During 2003, 2004, and 2005, we have invested a total of approximately $96 million in such expansion, conversion, and repackaging activities. At December 31, 2005, we have a pipeline of 58 such projects to expand or repackage our existing facilities, and to convert substantially all of the remaining vacant space previously used by our containerized storage operations, for an aggregate of approximately $262 million, which will add approximately 3,573,000 net rentable square feet. Completion of these projects is subject to contingencies, including obtaining governmental agency approvals. We continue to evaluate our existing real estate portfolio to identify additional expansion and repackaging opportunities.

- In 2004 and 2005, our rate of development of new self-storage facilities has declined due to increases in construction cost, increases in competition with retail, condominium, and apartment operators for quality self-storage sites in urban locations, and more difficult zoning and permitting requirements. We will, however, continue to seek favorable sites and markets for development. During the five years ending December 31, 2005, the Company and the Consolidated Development Joint Venture developed and opened a total of 70 storage facilities with total costs of approximately $547 million. In 2005, we opened six facilities with an aggregate cost of $37 million. At December 31, 2005, we have a development pipeline which includes four self-storage facilities that are expected to cost an aggregate of approximately $61 million, which we expect will open over the next 24 months.

- Through our investment in PSB, we will continue to participate in the potential growth of this company's investment in approximately 17.6 million net rentable square feet of commercial space at December 31, 2005.

The acquisition of interests in facilities that we have an ownership interest in and operate has historically comprised a significant component of our growth. The pool of such available acquisitions has continued to decrease as we have acquired such remaining interests over the years, including $157 million in such acquisitions in 2005. The potential remaining acquisition opportunities principally include the remaining 59% that we do not own in the 36 properties owned by the "Other Investments" in Note 5 to the consolidated financial statements for the year ended December 31, 2005 with a book value of approximately $37 million as well as the "Other partnership interests" in Note 9 to the consolidated financial statements for the year ended December 31, 2005 with a book value of approximately $23 million. Accordingly, we do not expect such acquisitions to comprise a significant component of our growth going forward.

We have entered into an agreement to acquire Shurgard Storage Centers, Inc. ("Shurgard"), a publicly held REIT that has interests in approximately 646 self-storage facilities located in the United States and Europe. Under the agreement, and based upon our December 31, 2005 balance sheet and Shurgard's September 30, 2005 balance sheet included in its related Form 10-Q, i) we would issue 0.82 shares of our common stock for each share of Shurgard common stock which would increase our common shares outstanding from 128,089,563 to approximately 166,460,200 shares, ii) we would assume Shurgard debt which totals approximately $1.8 billion at September 30, 2005, increasing our debt outstanding (assuming no prepayment) from $150 million to approximately $2.0 billion, and iii) $136 million of Shurgard preferred stock would be redeemed. The transaction is targeted to close by the end of the second quarter of 2006.

Completion of the transaction is not assured and is subject to risks, including that shareholders of either Public Storage or Shurgard do not approve the transaction or that the other closing conditions are not satisfied. In addition, Shurgard may under limited circumstances terminate the agreement to take a superior proposal. Public Storage and Shurgard are not aware of any significant governmental approvals that are required for consummation of the merger. If any approval or action is required, it is presently contemplated that Public Storage and Shurgard would use their reasonable best efforts to obtain such approval. There can be no assurance that any approvals, if required, will be obtained.

The foregoing description of the terms of our agreement to acquire Shurgard does not purport to be complete, and is qualified in its entirety by reference to the full text of the merger agreement, a copy of which is filed with our current report on Form 8-K dated March 7, 2006.

Critical Accounting Policies

"Management's Discussion and Analysis of Financial Condition and Results of Operations" discusses our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of financial statements and related disclosures in conformity with generally accepted accounting principles and our discussion and analysis of our financial condition and results of operations requires management to make judgments, assumptions and estimates that affect the amounts reported in our consolidated financial statements and accompanying notes. Note 2 to the consolidated financial statements in Item 8 of this Form 10-K summarizes the significant accounting policies and methods used in the preparation of our consolidated financial statements and related disclosures.

Management believes the following are critical accounting policies whose application has a material impact on the Company's financial presentation. That is, they are both important to the portrayal of our financial condition and results, and they require management to make judgments and estimates about matters that are inherently uncertain.

Qualification as a REIT – Income Tax Expense: We believe that we have been organized and operated, and we intend to continue to operate, as a qualifying Real Estate Investment Trust ("REIT") under the Internal Revenue Code and applicable state laws. A qualifying REIT generally does not pay corporate level income taxes on its taxable income that is distributed to its shareholders, and accordingly, we do not pay income tax on the share of our taxable income that is distributed to our shareholders.

We therefore do not estimate or accrue any federal income tax expense. This estimate could be incorrect, because due to the complex nature of the REIT qualification requirements, the ongoing importance of factual determinations and the possibility of future changes in our circumstances, we cannot be assured that we actually have satisfied or will satisfy the requirements for taxation as a REIT for any particular taxable year. For any taxable year that we fail or have failed to qualify as a REIT and applicable relief provisions did not apply, we would be taxed at the regular corporate rates on all of our taxable income, whether or not we made or make any distributions to our shareholders. Any resulting requirement to pay corporate income tax, including any applicable penalties or interest, could have a material adverse impact on our financial condition or results of operations. Unless entitled to relief under specific statutory provisions, we also would be disqualified from taxation as a REIT for the four taxable years following the year during which qualification was lost. There can be no assurance that we would be entitled to any statutory relief.

Impairment of Long-Lived Assets: Substantially all of our assets consist of long-lived assets, including real estate, goodwill, and other intangible assets. We evaluate our goodwill for impairment on an annual basis, and on a quarterly basis evaluate other long-lived assets for impairment. As described in Note 2 to the consolidated financial statements, the evaluation of goodwill for impairment entails valuation of the reporting unit to which goodwill is allocated, which involves significant judgment in the area of projecting earnings, determining appropriate price-earnings multiples, and discount rates. In addition, the evaluation of other long-lived assets for impairment requires determining whether indicators of impairment exist, which is a subjective process. When any indicators of impairment are found, the evaluation of such long-lived assets then entails projections of future operating cash flows, which also involves significant judgment. We identified impairment charges in the years ended December 31, 2003 and 2004, related to our plan to close and consolidate certain containerized storage facilities - see Note 3 to the consolidated financial statements. Future events, or facts and circumstances that currently exist, that we have not yet identified, could cause us to conclude in the future that other long-lived assets are impaired. Any resulting impairment loss could have a material adverse impact on our financial condition and results of operations.

Estimated Useful Lives of Long-Lived Assets: Substantially all of our assets consist of depreciable, long-lived assets. We record depreciation expense with respect to these assets based upon their estimated useful lives. Any change in the estimated useful lives of those assets, caused by functional or economic obsolescence or other factors, could have a material adverse impact on our financial condition or results of operations.

Estimated Level of Retained Risk and Unpaid Tenant Claim Liabilities: As described in Notes 2 and 16 to the consolidated financial statements, we retain certain risks with respect to property perils, legal liability, and other such risks. In addition, a wholly-owned subsidiary of the Company reinsures policies against claims for losses to goods stored by tenants in our self-storage facilities. In connection with these risks, we accrue losses based upon the estimated level of losses incurred using certain actuarial assumptions followed in the insurance industry and based on recommendations from an independent actuary that is a member of the American Academy of Actuaries. While we believe that the amounts of the accrued losses are adequate, the ultimate liability may be in excess of or less than the amounts recorded.

Accruals for Contingencies: We are exposed to business and legal liability risks with respect to events that have occurred, but in accordance with accounting principles generally accepted in the United States, we have not accrued for such potential liabilities because the loss is either not probable or not estimable or because we are not aware of the event. Future events and the result of pending litigation could result in such potential losses becoming probable and estimable, which could have a material adverse impact on our financial condition or results of operations. Some of these potential losses, of which we are aware, are described in Note 16 to the consolidated financial statements.

Accruals for Operating Expenses: We accrue for property tax expense and certain other operating expenses based upon estimates and historical trends and current and anticipated local and state government rules and regulations. If these estimates and assumptions are incorrect, our expenses could be misstated. Cost of operations, interest expense, general and administrative expense, as well as television, yellow page, and other advertising expenditures are expensed as incurred.

Results of Operations

Net income: Net income for the year ended December 31, 2005 was $456,393,000 compared to $366,213,000 for the same period in 2004, representing an increase of $90,180,000, or 25%. This increase is primarily due to improved net operating income (before depreciation) from our Same Store, newly developed and acquired self-storage facilities, reduced minority interest in income, increased gains on the disposition of real estate assets and higher interest income. These items were partially offset by increases in depreciation associated with acquisition and development activities, general and administrative expense, and interest expense.

Net income for the year ended December 31, 2004 was $366,213,000 compared to $336,653,000 for the same period in 2003, representing an increase of $29,560,000 or 9%. This increase is primarily due to improved net operating income (before depreciation) from our Same Store self-storage facilities, acquired and newly developed self-storage facilities, combined with a decrease in income allocable to minority interests based upon ongoing distributions as a result of our restructuring of $200 million of our Series N preferred partnership units. These factors are partially offset by an increase in the allocation of income to minority interest of $10,063,000 attributable to the restructuring of preferred partnership interests, increased general and administrative expense attributable primarily to increased stock-based compensation expense and reduced gains from the sale of discontinued real estate facilities.

Allocations of income among shareholders: In computing the net income allocable to common shareholders for each period, we have deducted from net income (i) distributions paid to the holders of the Equity Stock, Series A totaling $21,443,000 in 2005, and $21,501,000 in each of 2004, and 2003, (ii) distributions paid to our preferred shareholders totaling $173,017,000 in 2005, $157,925,000 in 2004, and $146,196,000 in 2003, and (iii) amounts allocated to preferred shareholders in connection with preferred stock redemption activities as described below, totaling $7,538,000 in 2005, $8,724,000 in 2004 and $7,120,000 in 2003.

Net income per share: Net income was $1.97 per diluted common share for 2005 compared to $1.38 per diluted common share for 2004. This increase was attributable to the factors denoted above with respect to net income offset partially by an increase in income allocated to preferred shareholders, as described above, and an increase in diluted shares outstanding from 128,681,000 in 2004 to 128,819,000 in 2005. The increase in shares outstanding was due primarily to the issuance of shares in connection with the exercise of employee stock options.

Net income was $1.38 per common share, on a diluted basis, for 2004 compared to $1.28 per common share for 2003. This increase was attributable to the factors denoted above with respect to net income offset partially by an increase in income allocated to preferred shareholders, as described above, and an increase in diluted shares outstanding from 126,517,000 in 2003 to 128,681,000 in 2004. The increase in shares outstanding was due primarily to the issuance of shares in connection with the exercise of employee stock options.

As described more fully under "Liquidity and Capital Resources" below, we have approximately $653,750,000 in higher coupon preferred stock that becomes available for redemption during 2006. While there is no assurance that we will be able to raise the necessary capital and at appropriate rates to redeem these securities, if we do redeem these securities, we expect allocations to our preferred shareholders based upon distributions paid to decrease. However, during 2006 there would be an additional allocation to the preferred shareholders of approximately $22 million ($0.17 per common share, based upon weighted average shares during 2005) if these redemptions are completed.

Real Estate Operations

Self-Storage Operations: Our self-storage operations are by far the largest component of our operating activities, representing approximately 90% of our revenues generated during 2005. Rental income with respect to our self-storage operations has grown from $862,809,000 in 2004 to $952,284,000 in 2005, representing an increase of $89,475,000, or approximately 10%. The year-over-year improvements in rental income are due to improvements in the performance of those facilities that we owned throughout each of the three years, and the addition of new facilities to our portfolio, either through our acquisition or development activities.

To enhance year-over-year comparisons, the following table summarizes, and the ensuing discussion describes, the self-storage operating results.

Self - storage operations summary:	Year Ended December 31,			Year Ended December 31,		
	2005	2004	Percentage Change	2004	2003	Percentage Change
	(Dollar amounts in thousands)					
Rental income (a):						
Same Store Facilities (b)	$ 811,040	$ 773,185	4.9%	$ 773,185	$ 734,837	5.2%
Acquired Facilities (c)	39,691	4,705	743.6%	4,705	-	-
Expansion Facilities (d)	44,280	41,695	6.2%	41,695	37,557	11.0%
Developed Facilities (e)	57,273	43,224	32.5%	43,224	25,527	69.3%
Total rental income	952,284	862,809	10.4%	862,809	797,921	8.1%
Cost of operations (excluding depreciation) (f):						
Same Store Facilities	267,969	266,544	0.5%	266,544	254,790	4.6%
Acquired Facilities	16,780	1,606	944.8%	1,606	-	-
Expansion Facilities	15,332	14,430	6.3%	14,430	12,660	14.0%
Developed Facilities	20,838	18,100	15.1%	18,100	13,272	36.4%
Total cost of operations	320,919	300,680	6.7%	300,680	280,722	7.1%
Net operating income before depreciation (g):						
Same Store Facilities	543,071	506,641	7.2%	506,641	480,047	5.5%
Acquired Facilities	22,911	3,099	639.3%	3,099	-	-
Expansion Facilities	28,948	27,265	6.2%	27,265	24,897	9.5%
Developed Facilities	36,435	25,124	45.0%	25,124	12,255	105.0%
Total net operating income before depreciation	631,365	562,129	12.3%	562,129	517,199	8.7%
Depreciation	(191,267)	(176,403)	8.4%	(176,403)	(176,847)	(0.3)%
Net operating income	$ 440,098	$ 385,726	14.1%	$ 385,726	$ 340,352	13.3%
Number of self-storage facilities (at end of period)	1,463	1,425	2.7%	1,425	1,373	3.8%
Net rentable square feet (in thousands, at end of period) (h):	89,321	85,447	4.5%	85,447	81,121	5.3%

(a) Rental income includes late charges and administrative fees and is net of promotional discounts given. Rental income excludes retail sales, truck rental income and tenant reinsurance revenues generated at these facilities. Such ancillary revenues are reflected as a component of "Ancillary Operations" on our consolidated statements of income.

(b) The Same Store Facilities include 1,260 facilities containing 73,311,000 net rentable square feet that have been owned prior to January 1, 2003, and operated at a mature, stabilized occupancy level since January 1, 2003.

(c) The Acquired Facilities include 77 facilities containing 5,511,000 net rentable square feet that were acquired after January 1, 2003.

(d) The Expansion Facilities include 56 facilities containing 4,944,000 net rentable square feet of self-storage space; these facilities were owned since January 1, 2003, however, operating results are not comparable throughout the periods presented due primarily to expansions in their net rentable square feet (described below).

(e) The Developed Facilities include 70 facilities containing 5,555,000 net rentable square feet of self-storage space. These facilities were developed and opened since January 1, 2001 at a total cost of $546.6 million.

(f) Cost of operations includes all costs, both direct and indirect costs, incurred in the operating activities of the facilities. Cost of operations excludes, costs associated with retail sales, truck rentals, and tenant reinsurance activities; such costs are reflected under "Ancillary Operations" on our income statement. Cost of operations before depreciation is included herein because we believe it provides an important measure for evaluating our ongoing operations.

(g) Net operating income before depreciation is included herein because we believe it provides an important measure for evaluating our ongoing operations.

(h) Square footages do not include 544,000 net rentable square feet of industrial space initially developed for containerized storage activities. This space is being converted into 553,000 net rentable square feet of self-storage space; see "Development Pipeline Summary" below.

Self-Storage Operations - Same Store Facilities

At December 31, 2005, we owned 1,260 self-storage facilities that we have operated at a stabilized level of operations throughout the three-year period. These Same Store Facilities contain approximately 73.3 million net rentable square feet, representing approximately 82% of the aggregate net rentable square feet of our consolidated self-storage portfolio. Revenues and operating expenses with respect to this group of properties are set forth in the above Self-Storage Operations table under the caption, "Same Store Facilities." The following table sets forth additional operating data with respect to the Same Store Facilities of facilities:

SAME STORE FACILITIES

	Year Ended December 31,			Year Ended December 31,		
	2005	2004	Percentage Change	2004	2003	Percentage Change
	(Dollar amounts in thousands, except rents per square foot)					
Rental income	$ 775,012	$ 740,619	4.6%	$ 740,619	$ 705,785	4.9%
Late charges and administrative fees collected	36,028	32,566	10.6%	32,566	29,052	12.1%
Total rental income	811,040	773,185	4.9%	773,185	734,837	5.2%
Cost of operations (excluding depreciation) (a):						
Payroll expense	81,981	83,434	(1.7)%	83,434	79,252	5.3%
Property taxes	73,547	71,393	3.0%	71,393	70,229	1.7%
Repairs and maintenance	25,840	25,821	0.1%	25,821	24,091	7.2%
Advertising and promotion	23,518	22,022	6.8%	22,022	21,136	4.2%
Utilities	16,972	15,798	7.4%	15,798	14,938	5.8%
Property insurance	8,067	8,960	(10.0)%	8,960	8,850	1.2%
Telephone reservation center	7,884	10,599	(25.6)%	10,599	10,833	(2.2)%
Other cost of management	30,160	28,517	5.8%	28,517	25,461	12.0%
Total cost of operations	267,969	266,544	0.5%	266,544	254,790	4.6%
Net operating income before depreciation (a)	543,071	506,641	7.2%	506,641	480,047	5.5%
Depreciation	(154,653)	(151,966)	1.8%	(151,966)	(157,653)	(3.6)%
Net operating income	$ 388,418	$ 354,675	9.5%	$ 354,675	$ 322,394	10.0%
Gross margin (before depreciation)	67.0%	65.5%	2.3%	65.5%	65.3%	0.3%
Weighted average for the fiscal year:						
Square foot occupancy (b)	91.0%	91.0%	0.0%	91.0%	89.2%	2.0%
Realized annual rent per occupied square foot (c).	$11.62	$11.10	4.7%	$11.10	$10.79	2.9%
REVPAF (d)	$10.57	$10.10	4.7%	$10.10	$9.63	4.9%
Weighted average at December 31:						
Square foot occupancy	89.8%	90.1%	(0.3)%	90.1%	89.7%	0.4%
In place annual rent per occupied square foot (e)	$12.84	$12.21	5.2%	$12.21	$11.80	3.5%
Total net rentable square feet (in thousands)	73,311	73,311		73,311	73,311	

(a) Cost of operations before depreciation and net operating income before depreciation are included herein because we believe they provide important measures for evaluating our ongoing operations.

(b) Square foot occupancies represent weighted average occupancy levels over the entire fiscal year.

(c) Realized annual rent per occupied square foot is computed by dividing Rental income, net of discounts by the weighted average occupied square footage for the year. Realized rents per square foot take into consideration promotional discounts, credit card fees and other costs that reduce rental income from the contractual amounts due.

(d) Annualized revenue per available square foot ("REVPAF") represents Rental income, net of discounts divided by total net rentable square feet.

(e) In place annual rent per occupied square foot represents contractual rents per occupied square foot without reductions for promotional discounts.

Rental income increased approximately 4.6% in 2005 as compared to 2004. This increase was primarily attributable to higher average realized annual rental rates per occupied square foot, which were 4.7% higher in 2005 as compared to 2004. Our occupancy levels remained flat on a year-over-year basis at approximately 91.0% for each period.

Rental income increased by 4.9% in 2004 as compared to 2003. This increase was primarily attributable to a 2.9% increase in realized annual rent per occupied square foot combined with a 2.0% increase in weighted average square foot occupancy in 2004 as compared to 2003.

Throughout 2005, 2004 and 2003, we continued advertising through the use of television commercials and we offered various promotional discounts in order to improve both our occupancy levels and rental rates. We believe that continued growth in rental income for these Same Store Facilities will come primarily from continued increases in rental rates charged to our tenants as opposed to improvements in occupancy levels. We experience seasonal fluctuations in the occupancy levels of self-storage facilities with occupancies generally higher in the summer months than in the winter months. We believe that these fluctuations result in part from increased moving activity during the summer.

Our primary goal is to continue to grow rental income in a consistent and sustainable manner. Growth in rental income will depend upon various factors, including our ability to (i) maintain high occupancy levels, (ii) increase rental rates charged to both new and existing customers, and (iii) reduce the amount of promotional discounts to attract new tenants. In this regard, we are continuously evaluating call volume, reservation activity and move-in/move-out rates relative to our marketing activities and rental rates. When warranted we will adjust our pricing, promotional discounts, and media strategies to accommodate changing conditions in each market in which we operate.

We believe that our Same Store Facilities are well positioned for continued rental income growth going into 2006. At December 31, 2005, our existing tenants were paying rental rates that were 5.2% higher than one year earlier. This improvement, however, was partially offset by a slight reduction in occupancy of 0.3%.

There can be no assurance that we will achieve our goal of sustainable growth in our rental income, while sustaining our occupancy levels.

Cost of operations (excluding depreciation) increased by 0.5% in 2005 as compared to 2004. This increase was modest relative to increases we have experienced over the last several years, due to reductions in telephone reservation center costs and payroll expense described below. In 2005, depreciation expense increased 1.8%, due primarily to the impact of additional capital expenditures. Cost of operations increased by 4.6% in 2004 as compared to 2003. This increase was attributable primarily to an increase in direct property payroll due to higher incentives and other compensation to property operating and management personnel, as well as an increase in other cost of management due primarily to increased recruiting and training expenses and information technology costs. In 2004, depreciation expense declined 3.6%, due to assets becoming fully depreciated relative to new capital expenditures.

The underlying compensation to our personnel has increased in 2003, 2004 and 2005, as our field organization has focused upon improving customer service and productivity. However, over the last few years we have bolstered our safety programs and improved our workers compensation claims management skills. These efforts are having a positive impact on reducing workers compensation claims, and have reduced the level of liability for future claims during 2005. This resulted in a significant reduction in workers compensation expense in 2005, resulting in a decrease in overall payroll expense in 2005. While we believe that there will be additional workers compensation expense reductions to be achieved in 2006, principally through reductions in the ongoing level of claims incurred, the level of reduction will be lower than that achieved in 2005.

Advertising and promotion is comprised principally of media (television and radio), yellow page, and internet advertising. We experienced an increase of 4.2% in 2004 and 6.8% in 2005 in advertising and promotion expense. Yellow page advertising has stayed relatively stable in each of the periods. Our internet advertising expenditures, though still a relatively small portion of our overall expenditures, have grown from virtually none in 2003 to $701,000 in 2004 and $1,977,000 in 2005. Media advertising, principally television, has increased from $9,118,000 in 2003 to $10,294,000 in 2004 and $10,912,000 in 2005. We expect that internet advertising will continue to grow as that marketing channel becomes a more important source of new tenants, and that yellow page advertising will remain relatively stable. Future media advertising expenditures are not determinable at this time, and will be driven in part by demand for our self-storage spaces as well as our evaluation of the most effective mix of yellow page, media, and internet advertising.

Repairs and maintenance has increased throughout 2003, 2004, and 2005, as we have endeavored to improve the curb appeal and "rent ready" condition of our facilities. Repairs and maintenance also includes snow removal costs, which declined in 2004 as compared to 2003, but increased in 2005 as compared to 2004. We expect to see a moderate increase in repairs and maintenance expenditures in 2006.

Telephone reservation center costs were $10,833,000 in 2003, $10,599,000 in 2004, and $7,884,000 in 2005. These declines have resulted from reduced call volume, as well as improvements in staffing efficiencies that have occurred throughout 2004 and 2005. We believe that the 2005 expense represents the stabilized level of expenditures for our telephone reservation center given the current number of self-storage facilities in our portfolio and the related call volume.

Property insurance expense was relatively flat in 2004 as compared to 2003; however, it declined 10% in 2005 as compared to 2004. This reduction was due to improved cost controls as well as a somewhat softer insurance market allowing us to get improved premiums on our policies. We expect that property insurance will increase in 2006 as a result of the adverse impact that the recent hurricanes had on the insurance industry.

Overall, our operating expense growth was more moderate in 2005 than we anticipated. We believe this will change in 2006 and return to a 3% to 5% year-over-year growth, excluding advertising expenditures.

The following table summarizes selected quarterly financial data with respect to the Same Store Facilities:

	For the Quarter Ended				
	March 31	June 30	September 30	December 31	Entire Year
	(Amounts in thousands, except for per square foot amount)				
Total rental income:					
2005	$ 196,373	$ 201,522	$ 206,857	$ 206,288	$ 811,040
2004	$ 187,227	$ 192,376	$ 197,162	$ 196,420	$ 773,185
2003	$ 175,802	$ 181,971	$ 189,603	$ 187,461	$ 734,837
Total cost of operations (excluding depreciation):					
2005	$ 69,164	$ 66,837	$ 66,927	$ 65,041	$ 267,969
2004	$ 67,448	$ 66,135	$ 65,616	$ 67,345	$ 266,544
2003	$ 59,451	$ 63,469	$ 64,713	$ 67,157	$ 254,790
Media advertising expense:					
2005	$ 3,522	$ 2,940	$ 2,309	$ 2,141	$ 10,912
2004	$ 3,290	$ 1,956	$ 1,988	$ 3,060	$ 10,294
2003	$ 1,667	$ 2,946	$ 3,342	$ 1,163	$ 9,118
REVPAF:					
2005	$ 10.25	$ 10.51	$ 10.77	$ 10.75	$ 10.57
2004	$ 9.77	$ 10.06	$ 10.31	$ 10.27	$ 10.10
2003	$ 9.22	$ 9.53	$ 9.92	$ 9.83	$ 9.63
Weighted average realized annual rent per occupied square foot:					
2005	$ 11.41	$ 11.41	$ 11.74	$ 11.88	$ 11.62
2004	$ 10.90	$ 10.99	$ 11.22	$ 11.31	$ 11.10
2003	$ 10.88	$ 10.70	$ 10.79	$ 10.83	$ 10.79
Weighted average occupancy levels for the period:					
2005	89.9%	92.1%	91.7%	90.5%	91.0%
2004	89.7%	91.5%	91.9%	90.8%	91.0%
2003	84.7%	89.1%	92.0%	90.8%	89.2%

Analysis of Regional Trends

The following table sets forth regional trends in our Same Store Facilities:

Same Store Facilities Operating Trends by Region

	Year Ended December 31,			Year Ended December 31,		
	2005	2004	Change	2004	2003	Change
	(Dollar amounts in thousands, except rents per square foot)					
Rental income:						
Southern California (126 facilities)...	$ 133,615	$ 125,380	6.6%	$ 125,380	$ 119,090	5.3%
Northern California (131 facilities)...	101,428	97,702	3.8%	97,702	94,533	3.4%
Texas (150 facilities)........................	72,480	70,775	2.4%	70,775	68,140	3.9%
Florida (126 facilities)......................	79,714	72,247	10.3%	72,247	67,225	7.5%
Illinois (88 facilities)........................	59,323	57,549	3.1%	57,549	55,304	4.1%
Georgia (58 facilities)	27,507	25,585	7.5%	25,585	24,356	5.0%
All other states (581 facilities)..........	336,973	323,947	4.0%	323,947	306,189	5.8%
Total rental income	811,040	773,185	4.9%	773,185	734,837	5.2%
Cost of operations (excluding depreciation expense) (a):						
Southern California...........................	29,076	29,605	(1.8)%	29,605	28,085	5.4%
Northern California...........................	26,143	25,580	2.2%	25,580	25,301	1.1%
Texas..	31,211	31,232	(0.1)%	31,232	31,079	0.5%
Florida..	26,947	28,149	(4.3)%	28,149	26,310	7.0%
Illinois..	24,288	25,348	(4.2)%	25,348	24,324	4.2%
Georgia	9,511	9,455	0.6%	9,455	9,017	4.9%
All other states..................................	120,793	117,175	3.1%	117,175	110,674	5.9%
Total cost of operations.........................	267,969	266,544	0.5%	266,544	254,790	4.6%
Net operating income before depreciation (a):						
Southern California...........................	104,539	95,775	9.2%	95,775	91,005	5.2%
Northern California...........................	75,285	72,122	4.4%	72,122	69,232	4.2%
Texas..	41,269	39,543	4.4%	39,543	37,061	6.7%
Florida..	52,767	44,098	19.7%	44,098	40,915	7.8%
Illinois..	35,035	32,201	8.8%	32,201	30,980	3.9%
Georgia	17,996	16,130	11.6%	16,130	15,339	5.2%
All other states..................................	216,180	206,772	4.5%	206,772	195,515	5.8%
Total net operating income....................	$ 543,071	$ 506,641	7.2%	$ 506,641	$ 480,047	5.5%
Weighted average occupancy (b):						
Southern California...........................	92.3%	92.1%	0.2%	92.1%	90.7%	1.5%
Northern California...........................	90.5%	89.5%	1.1%	89.5%	88.6%	1.0%
Texas..	90.0%	90.1%	(0.1)%	90.1%	89.5%	0.7%
Florida..	93.2%	92.3%	1.0%	92.3%	90.2%	2.3%
Illinois..	89.5%	90.0%	(0.6)%	90.0%	88.1%	2.2%
Georgia	92.4%	91.5%	1.0%	91.5%	90.1%	1.6%
All other states..................................	90.8%	91.1%	(0.3)%	91.1%	88.6%	2.8%
Total weighted average occupancy	91.0%	91.0%	0.0%	91.0%	89.2%	2.0%
REVPAF (c):						
Southern California...........................	$ 16.31	$ 15.34	6.3%	$ 15.34	$ 14.62	4.9%
Northern California...........................	13.74	13.27	3.5%	13.27	12.89	2.9%
Texas..	7.42	7.26	2.2%	7.26	7.00	3.7%
Florida..	10.59	9.59	10.4%	9.59	8.89	7.9%
Illinois..	10.55	10.30	2.4%	10.30	9.93	3.7%
Georgia	7.77	7.23	7.5%	7.23	6.90	4.8%
All other states..................................	9.69	9.34	3.7%	9.34	8.86	5.4%
Total REVPAF:.....................................	$ 10.57	$ 10.10	4.7%	$ 10.10	$ 9.63	4.9%

Same Store Facilities Operating Trends by Region (Continued)

	Year Ended December 31,			Year Ended December 31,		
	2005	2004	Change	2004	2003	Change
Realized annual rent per occupied square foot (d):						
Southern California	$ 17.68	$ 16.66	6.1%	$ 16.66	$ 16.12	3.3%
Northern California	15.18	14.82	2.4%	14.82	14.55	1.9%
Texas	8.25	8.06	2.4%	8.06	7.82	3.1%
Florida	11.36	10.39	9.3%	10.39	9.86	5.4%
Illinois	11.79	11.44	3.1%	11.44	11.28	1.4%
Georgia	8.41	7.91	6.3%	7.91	7.66	3.3%
All other states	10.67	10.25	4.1%	10.25	10.00	2.5%
Total realized rent per square foot:	$ 11.62	$ 11.10	4.7%	$ 11.10	$ 10.79	2.9%
In place annual rent per occupied square foot at December 31 (e):						
Southern California	$ 19.44	$ 18.25	6.5%	$ 18.25	$ 17.73	2.9%
Northern California	16.78	16.05	4.5%	16.05	15.79	1.6%
Texas	9.05	8.72	3.8%	8.72	8.60	1.4%
Florida	12.66	11.64	8.8%	11.64	11.06	5.2%
Illinois	12.92	12.55	2.9%	12.55	12.21	2.8%
Georgia	9.49	8.86	7.1%	8.86	8.47	4.6%
All other states	11.83	11.30	4.7%	11.30	10.87	4.0%
Total in place rent per occupied square foot:	$ 12.84	$ 12.21	5.2%	$ 12.21	$ 11.80	3.5%

(a) Cost of operations before depreciation and net operating income before depreciation are included herein because we believe they provide important measures for evaluating our ongoing operations.

(b) Square foot occupancies represent weighted average occupancy levels over the entire fiscal year.

(c) Annualized revenue per available square foot ("REVPAF") represents Rental income, net of discounts divided by total net rentable square feet.

(d) Realized annual rent per occupied square foot is computed by dividing Rental income, net of discounts by the weighted average occupied square footage for the year. Realized rents per square foot take into consideration promotional discounts, credit card fees and other costs that reduce rental income from the contractual amounts due.

(e) In place annual rent per occupied square foot represents contractual rents per occupied square foot without reductions for promotional discounts.

The Southern California Market consists principally of the greater Los Angeles area and San Diego, and has historically been a source of strong growth due to its diverse economy and continued population growth. In addition, barriers to entry in the form of difficult permitting requirements tend to reduce the potential for increased competition in the infill locations where we focus our operations.

The Northern California market consists principally of San Francisco and related peripheral areas. While this area has a vibrant economy and relatively strong population growth, it has been subject to general economic conditions, principally issues associated with the technology sector. In addition, there has been increased competition in the areas that we do business, principally in the peripheral areas near San Francisco, due to new supply. As a result, revenue growth in this area has been average relative to our other markets.

The Texas market principally includes Dallas, Houston and San Antonio. This market has historically been subject to volatility due to minimal regulatory restraint upon building, which results in cycles of overbuilding and absorption. For the last few years, we have been in a period of increased supply and competition in the areas we operate, and as a result revenue growth has been below expectations.

The Florida market principally includes Miami, Orlando, Tampa, and West Palm Beach. These markets have been our strongest in terms of revenue growth in 2005, due in part to increased moving and storage demand resulting from hurricane damage. In addition, over the longer term we believe that this market benefits from continued strong population growth and barriers to entry. Accordingly, we expect this market to continue to perform at the upper end relative to our other markets.

The Illinois market is composed principally of Chicago. Revenue growth has been weak in Chicago due, we believe, to increased competition from building that is comprised principally of conversions of industrial type facilities into self-storage facilities, as well as weaker population growth.

Georgia, which includes principally Atlanta, has been benefiting from a reduction in new supply relative to population growth in the last few years and, as a result, revenue growth has been favorable in the last three years. We believe that these conditions should continue and expect Atlanta to be one of our strongest markets in 2006.

Self-Storage Operations - Acquired Facilities

During 2004 and 2005, we acquired 77 self-storage facilities containing 5,511,000 net rentable square feet (no facilities were acquired during 2003). The following table summarizes operating data with respect to these facilities.

ACQUIRED SELF-STORAGE FACILITIES

	Year Ended December 31,		
	2005	2004	Change
	(Amounts in thousands, except per square foot amounts and facility count)		
Rental income:			
Self-storage facilities acquired in 2005	$ 9,285	$ -	$ 9,285
Self-storage facilities acquired in 2004	30,406	4,705	25,701
Total rental income	39,691	4,705	34,986
Cost of operations (excluding depreciation) (a):			
Self-storage facilities acquired in 2005	4,148	-	4,148
Self-storage facilities acquired in 2004	12,632	1,606	11,026
Total cost of operations	16,780	1,606	15,174
Net operating income before depreciation (a):			
Self-storage facilities acquired in 2005	5,137	-	5,137
Self-storage facilities acquired in 2004	17,774	3,099	14,675
Total net operating income before depreciation	22,911	3,099	19,812
Depreciation	(10,061)	(841)	(9,220)
Net operating income	$ 12,850	$ 2,258	$ 10,592
Weighted average square foot occupancy during the period:			
Self-storage facilities acquired in 2005	86.8%	-	-
Self-storage facilities acquired in 2004	87.0%	80.4%	8.2%
	87.0%	80.4%	8.2%
Weighted average realized annual rent per occupied square foot for the year (b):			
Self-storage facilities acquired in 2005	$10.17	-	-
Self-storage facilities acquired in 2004	10.80	9.51	13.6%
	$10.65	$9.51	12.0%
In place annual rent per occupied square foot at December 31(c):			
Self-storage facilities acquired in 2005	$12.00	-	-
Self-storage facilities acquired in 2004	12.14	11.47	5.8%
	$12.08	$11.47	5.3%

ACQUIRED SELF-STORAGE FACILITIES (Continued)

	Year Ended December 31,		
	2005	2004	Change
	(Amounts in thousands, except per square foot amounts and facility count)		
Number of Facilities:			
2005	32	-	32
2004	45	45	-
	77	45	32
Net rentable square feet at December 31:			
Self-storage facilities acquired in 2005	2,390	-	2,390
Self-storage facilities acquired in 2004 (d)	3,121	3,109	12
	5,511	3,109	2,402
Cumulative acquisition cost at December 31:			
Self-storage facilities acquired in 2005	$ 254,549	$ -	$ 254,549
Self-storage facilities acquired in 2004 (d)	260,801	259,487	1,314
	$ 515,350	$ 259,487	$ 255,863

(a) Cost of operations before depreciation and net operating income before depreciation are included herein because we believe they provide important measures for evaluating our ongoing operations.

(b) Realized annual rent per occupied square foot is computed by dividing rental income, net of discounts by the weighted average occupied square footage for the year. Realized rents per square foot take into consideration promotional discounts, credit card fees and other costs that reduce rental income from the contractual amounts due.

(c) In place annual rent per occupied square foot represents contractual rents per occupied square foot without reductions for promotional discounts.

(d) During 2005, we expanded one of the 2004 acquisitions, adding 12,000 net rentable square feet at a cost of $1,314,000.

The 2004 and 2005 acquisitions were acquired at various dates throughout each respective year. Accordingly, rental income, cost of operations, net operating income and weighted average square foot occupancy levels represent the operating results for the partial period that we owned the facilities during the year acquired.

During 2004, we acquired a total of 45 self-storage facilities for an aggregate cost of approximately $259,487,000. These facilities contain in the aggregate approximately 3,121,000 net rentable square feet and are located principally in the Buffalo, Dallas, Miami, Milwaukee, and Minneapolis metropolitan areas.

During 2005, we acquired a total of 32 self-storage facilities, principally in single-property transactions, for an aggregate cost of $254,549,000. These facilities contain in the aggregate approximately 2,390,000 net rentable square feet and are located principally in the Atlanta, Chicago, Miami, and New York metropolitan areas.

We believe our presence in and knowledge of substantially all of the major markets in the United States enhances our ability to identify attractive acquisition opportunities and capitalize on the overall fragmentation in the storage industry. Our 2004 and 2005 acquisitions consist of facilities that have been operating for a number of years as well as newly constructed facilities that were in the process of filling up to stabilized occupancy levels. In either case, we have been able to leverage off of our operating strategies and improve the occupancy levels of the facilities, or with respect to the newly developed facilities we have been able to accelerate the fill-up pace.

We expect that our 2004 and 2005 acquisitions will continue to provide earnings growth during 2006 as these facilities continue to improve their occupancy levels as well as realized rental rates. In addition, during 2006 we expect to continue to acquire additional self-storage facilities. Between January 1, 2006 and March 15, 2006, we acquired three self-storage facilities from third parties with total net rentable square feet of 170,000, at an aggregate cost of approximately $20.0 million, comprised of cash totaling $15.4 million and the assumption of debt totaling $4.6 million. At March 15, 2006, we are under contract to purchase seven self-storage facilities (total approximate net rentable square feet of 574,000) at an aggregate cost of approximately $69.4 million. We anticipate that these acquisitions will be funded entirely by us. Each of these contracts is subject to significant contingencies, and there is no assurance that any of these facilities will be acquired.

Self-Storage Operations – Expansion Facilities

Our expansion facilities consist of 48 self-storage facilities that we have owned for a number of years and have recently expanded the amount of square footage available for rent combined with eight self-storage facilities located in New Orleans that were heavily impacted by Hurricane Katrina during 2005. The 48 self-storage facilities are generally older facilities that are located in prime locations where we have added additional space by either constructing new buildings on available land at the existing site or by demolishing existing single story buildings and rebuilding multi-story buildings in their place.

The operating results of these 48 expansion facilities and the eight facilities located in New Orleans are not comparable on a year over year basis. The operating results for these facilities are presented in the table below.

EXPANSION SELF-STORAGE FACILITIES

	Year ended December 31,			Year ended December 31,		
	2005	2004	Change	2004	2003	Change
	(Amounts in thousands, except per square foot amounts)					
Rental income:						
New Orleans facilities	$ 4,778	$ 5,821	$ (1,043)	$ 5,821	$ 5,386	$ 435
Other expansion facilities	39,502	35,874	3,628	35,874	32,171	3,703
Total rental income	44,280	41,695	2,585	41,695	37,557	4,138
Cost of operations (excluding depreciation) (a):						
New Orleans facilities	1,773	1,808	(35)	1,808	1,657	151
Other expansion facilities	13,559	12,622	937	12,622	11,003	1,619
Total cost of operations	15,332	14,430	902	14,430	12,660	1,770
Net operating income before depreciation (a):						
New Orleans facilities	3,005	4,013	(1,008)	4,013	3,729	284
Other expansion facilities	25,943	23,252	2,691	23,252	21,168	2,084
Total net operating income before depreciation	28,948	27,265	1,683	27,265	24,897	2,368
Depreciation	(11,187)	(9,579)	(1,608)	(9,579)	(8,669)	(910)
Net operating income	$ 17,761	$ 17,686	$ 75	$ 17,686	$ 16,228	$ 1,458
Weighted average square foot occupancy during the period:						
New Orleans facilities (b)	90.7%	90.9%	(0.2)%	90.9%	89.0%	2.1%
Other expansion facilities	83.8%	84.5%	(0.8)%	84.5%	81.9%	3.2%
	84.5%	85.3%	(0.9)%	85.3%	82.9%	2.9%
Weighted average realized rent per occupied square foot during the period (c):						
New Orleans facilities (b)	$10.97	$11.65	(5.8)%	$11.65	$11.02	5.7%
Other expansion facilities	11.69	11.55	1.2%	11.55	11.82	(2.3)%
	$11.61	$11.56	0.4%	$11.56	$11.71	(1.3)%
In place annual rent per occupied square foot at December 31 (d):						
New Orleans facilities (b)	$13.25	$12.86	3.0%	$12.86	$12.29	4.6%
Other expansion facilities	13.17	12.59	4.6%	12.59	12.80	(1.6)%
	$13.17	$12.62	4.4%	$12.62	$12.72	(0.8)%
Net rentable square feet (in thousands, at end of period): (e)						
New Orleans facilities	524	524	-	524	524	-
Other expansion facilities	4,420	3,699	721	3,699	3,383	316
	4,944	4,223	721	4,223	3,907	316

(a) Cost of operations before depreciation and net operating income before depreciation are included herein because we believe they provide important measures for evaluating our ongoing operations.
(b) Occupied and available square footage excludes the impact of units taken offline due to hurricane damage, where such amounts are factored in to the computations of weighted average square foot occupancy, weighted average realized rent per occupied square foot, and in place annual rent per occupied square foot.
(c) Realized annual rent per occupied square foot is computed by dividing Rental income, net of discounts by the weighted average occupied square footage for the year. Realized rents per square foot take into consideration promotional discounts, credit card fees and other costs that reduce rental income from the contractual amounts due.
(d) In place annual rent per occupied square foot represents contractual rents per occupied square foot without reductions for promotional discounts.
(e) Square footage excludes 371,000 net rentable containerized storage space initially developed for the containerized storage business at December 31, 2005, but includes square footage taken offline due to hurricane damage.

All of the New Orleans facilities were closed for operations for several weeks following the hurricane; however, all but three of these facilities have since reopened. The five that are operating are not operating at full capacity, as many units are unavailable for lease due to damage. Two of the three facilities that remain closed will not be able to reopen at all without substantial restoration and repair work.

For the years ended December 31, 2005, 2004 and 2003, net operating income (before depreciation) for these eight facilities was $3,005,000, $4,013,000 and $3,729,000, respectively. With respect to the two facilities that have been significantly damaged and should remain inoperable for the foreseeable future, net operating income (before depreciation) for the years ended December 31, 2005, 2004 and 2003, was $503,000, $954,000 and $840,000, respectively.

Notwithstanding that five of our facilities in New Orleans are currently operating, we believe that the indirect economic effects of the hurricane on the city may have a negative impact on our facilities' operating results, and these effects are expected to continue for an indeterminate time period.

We expect that the Expansion Facilities, other than the New Orleans facilities, will continue to provide growth to our earnings into 2005 as we continue to rent the newly added vacant space. The weighted average occupancy level of these facilities was 83.8%, 84.5%, and 81.9% for each of the three years ended December 31, 2005, 2004 and 2003 respectively.

We expect that we will continue to repackage additional facilities during 2006. At December 31, 2005, we have seven projects with an aggregate cost of $21.7 million to convert the containerized storage space into self-storage space, and 51 other expansion and repackaging projects to enhance the visual appeal of our facilities or increase their net rentable space at an aggregate cost of $240.3 million. These activities will increase our self-storage space by an aggregate of 3,573,000 net rentable square feet and will result in short-term dilution to earnings. However, we believe that expansion of our existing self-storage facilities in markets that have unmet storage demand, and improving our existing facilities' competitive position through enhancing their visual and structural appeal, provide an important means to improve the Company's earnings. Further, the construction cost for these expansions is generally lower on a per-square foot basis than the development of a new facility, resulting in a higher yield potential. There can be no assurance about the future level of such expansion and enhancement opportunities, and these projects are subject to contingencies.

Self-Storage Operations – Developed Facilities

We have 53 newly developed self-storage facilities, and 17 facilities that were developed to contain both self-storage and containerized storage at the same location ("Combination Facilities") that have not been operating at a stabilized level of operations since January 1, 2003. At December 31, 2005, these newly developed facilities have an aggregate of 5,555,000 net rentable square feet of self-storage space, and 173,000 net rentable square feet of industrial space developed originally for our containerized storage business. Aggregate development cost for these 70 facilities was approximately $546.6 million at December 31, 2005. The operating results of the self-storage facilities and Combination Facilities are reflected in the Self-Storage Operations table under the caption, "Developed Facilities." These facilities are not included in the "Same Store" portfolio because their operations have not been stabilized.

The following table sets forth the operating results and selected operating data with respect to the Developed Facilities:

DEVELOPED SELF-STORAGE FACILITIES

	Year Ended December 31,			Year Ended December 31,		
	2005	2004	Change	2004	2003	Change
	(Amounts in thousands, except per square foot amounts and facility count)					
Rental income:						
Self-storage facilities opened in 2005	$ 464	$ -	$ 464	$ -	$ -	$ -
Self-storage facilities opened in 2004	5,336	1,234	4,102	1,234	-	1,234
Self-storage facilities opened in 2003	12,789	8,705	4,084	8,705	1,566	7,139
Self-storage facilities opened in 2002 and 2001	21,745	19,050	2,695	19,050	13,316	5,734
Combination facilities	16,939	14,235	2,704	14,235	10,645	3,590
Total rental income	57,273	43,224	14,049	43,224	25,527	17,697
Cost of operations (excluding depreciation) (a):						
Self-storage facilities opened in 2005	$ 568	$ -	$ 568	$ -	$ -	$ -
Self-storage facilities opened in 2004	2,068	1,149	919	1,149	-	1,149
Self-storage facilities opened in 2003	4,071	3,788	283	3,788	1,347	2,441
Self-storage facilities opened in 2002 and 2001	7,806	7,464	342	7,464	7,049	415
Combination facilities	6,325	5,699	626	5,699	4,876	823
Total cost of operations	20,838	18,100	2,738	18,100	13,272	4,828
Net operating income before depreciation (a):						
Self-storage facilities opened in 2005	$ (104)	$ -	$ (104)	$ -	$ -	$ -
Self-storage facilities opened in 2004	3,268	85	3,183	85	-	85
Self-storage facilities opened in 2003	8,718	4,917	3,801	4,917	219	4,698
Self-storage facilities opened in 2002 and 2001	13,939	11,586	2,353	11,586	6,267	5,319
Combination facilities	10,614	8,536	2,078	8,536	5,769	2,767
Net operating income before depreciation	36,435	25,124	11,311	25,124	12,255	12,869
Depreciation	(15,366)	(14,017)	(1,349)	(14,017)	(10,525)	(3,492)
Net operating income	$ 21,069	$ 11,107	$ 9,962	$ 11,107	$ 1,730	$ 9,377
Weighted average square foot occupancy during the period:						
Self-storage facilities opened in 2005	26.9%	-	-	-	-	-
Self-storage facilities opened in 2004	74.2%	35.2%	110.8%	35.2%	-	-
Self-storage facilities opened in 2003	89.0%	64.8%	37.3%	64.8%	24.4%	165.6%
Self-storage facilities opened in 2002 and 2001	92.3%	91.0%	1.4%	91.0%	67.4%	35.0%
Combination facilities	77.0%	81.2%	(5.2)%	81.2%	77.9%	4.2%
	82.5%	79.4%	3.9%	79.4%	66.2%	19.9%
Weighted average realized rent per occupied square foot during the period (b):						
Self-storage facilities opened in 2005	$8.47	$ -	-	$ -	$ -	-
Self-storage facilities opened in 2004	14.12	10.97	28.7%	10.97	-	-
Self-storage facilities opened in 2003	13.77	11.96	15.1%	11.96	8.85	35.2%
Self-storage facilities opened in 2002 and 2001	13.02	11.68	11.5%	11.68	11.17	4.6%
Combination facilities	12.80	12.47	2.6%	12.47	12.35	0.9%
	$13.13	$11.97	9.8%	$11.97	$11.45	4.5%
In place annual rent per occupied square foot at December 31 (c):						
Self-storage facilities opened in 2005	$12.90	$ -	-	$ -	$ -	-
Self-storage facilities opened in 2004	16.78	16.02	4.7%	16.02	-	-
Self-storage facilities opened in 2003	15.63	14.47	8.0%	14.47	13.66	5.9%
Self-storage facilities opened in 2002 and 2001	14.56	13.32	9.3%	13.32	12.33	8.0%
Combination facilities	14.09	13.68	3.0%	13.68	13.59	0.7%
	$14.77	$13.83	6.8%	$13.83	$12.95	6.8%

DEVELOPED SELF-STORAGE FACILITIES (Continued)

	Year Ended December 31,			Year Ended December 31,		
	2005	2004	Change	2004	2003	Change
	(Amounts in thousands, except per square foot amounts and facility count)					
Number of facilities:						
Self-storage facilities opened in 2005	6	-	6	-	-	-
Self-storage facilities opened in 2004	7	7	-	7	-	7
Self-storage facilities opened in 2003	14	14	-	14	14	-
Self-storage facilities opened in 2002 and 2001	26	26	-	26	26	-
Combination facilities	17	17	-	17	17	-
	70	64	6	64	57	7
Square Footage:						
Self-storage facilities opened in 2005	463	-	463	-	-	-
Self-storage facilities opened in 2004	505	505	-	505	-	505
Self-storage facilities opened in 2003	994	994	-	994	994	-
Self-storage facilities opened in 2002 and 2001	1,747	1,747	-	1,747	1,714	33
Combination facilities (d)	1,846	1,558	288	1,558	1,195	363
	5,555	4,804	751	4,804	3,903	901
Cumulative development cost:						
Self-storage facilities opened in 2005	$ 37,073	$ -	$ 37,073	$ -	$ -	$ -
Self-storage facilities opened in 2004	60,579	60,579	-	60,579	-	60,579
Self-storage facilities opened in 2003	107,322	107,322	-	107,322	105,026	2,296
Self-storage facilities opened in 2002 and 2001	164,789	164,789	-	164,789	161,675	3,114
Combination facilities (d)	176,874	168,334	8,540	168,334	158,167	10,167
	$ 546,637	$ 501,024	$ 45,613	$ 501,024	$ 424,868	$ 76,156

(a) Cost of operations before depreciation and net operating income before depreciation are included herein because we believe they provide important measures for evaluating our ongoing operations.

(b) Realized annual rent per occupied square foot is computed by dividing Rental income, net of discounts by the weighted average occupied square footage for the year. Realized rents per square foot take into consideration promotional discounts, credit card fees and other costs that reduce rental income from the contractual amounts due.

(c) In place annual rent per occupied square foot represents contractual rents per occupied square foot without reductions for promotional discounts.

(d) Square footages exclude industrial space developed for containerized storage activities totaling 173,000 net rentable square feet at December 31, 2005. During 2003, 2004 and 2005, we have converted industrial space no longer used by the discontinued containerized storage business into 1,483,000 net rentable square feet of traditional self-storage space, at an aggregate cost of $23,207,000.

Unlike many other forms of real estate, we are unable to pre-lease our newly developed facilities due to the nature of our tenants. Accordingly, at the time a newly developed facility first opens for operation the facility is entirely vacant generating no rental income. Historically, we estimated that on average it takes approximately 24 - 36 months for a newly developed facility to fill up and reach a targeted occupancy level of approximately 90%.

As these facilities approach the targeted occupancy level of approximately 90%, rates are increased, resulting in further improvement in net operating income as the existing tenants, which moved in at lower rates, have their rates increased or are replaced by tenants at higher rates. This process of reaching stabilized rental rates can take approximately another 12 to 24 months following the time when the facilities reach a stabilized occupancy level. In addition, move-in discounts have a more pronounced effect upon realized rental rates for the newly developed facilities, because such facilities tend to have a higher ratio of newer tenants.

Property operating expenses are substantially fixed, consisting primarily of payroll, property taxes, utilities, and marketing costs. The rental revenue of a newly developed facility will generally not cover its property operating expenses (excluding depreciation) until the facility has reached an occupancy level of approximately 30% to 35%. However, at that occupancy level, the rental revenues from the facility are still not sufficient to cover related depreciation expense and cost of capital with respect to the facility's development cost. During construction of the self-storage facility, we capitalize interest costs and include such cost as part of the overall development cost of the facility. Once the facility is opened for operations interest is no longer capitalized.

The yield on cost for these facilities for the year ended December 31, 2005, based on net operating income before depreciation, was approximately 6.7%, which is lower than our ultimate yield expectations. We expect these yields to increase as these facilities reach stabilization of both occupancy levels and realized rents. Properties that were developed before 2005 have contributed greatly to our earnings growth with net operating income before depreciation increasing by approximately $11.4 million in 2005 as compared to 2004. This growth was primarily due to higher occupancy levels in 2005 as compared to 2004. We expect that these facilities will continue to provide growth, however, at a growth rate that is much lower than experienced in 2005 as occupancy levels become more stabilized.

With respect to our Combination Facilities, we have been steadily converting these facilities into entirely self-storage facilities by converting the industrial space once used by our containerized storage operations into self-storage space. As of December 31, 2005, 14 of the 17 Combination Facilities have been converted into entirely self-storage. We expect to convert the remaining three facilities over the next two years. Weighted average occupancy levels for the Combination Facilities was 77.9% in 2003, 81.2% in 2004, and 77.0% in 2005. The drop in occupancy in 2005 is due principally to the addition of more space during 2005.

Development of self-storage facilities causes short-term earnings dilution because, as mentioned above, of the extended time to stabilize a self-storage facility. We believe that development of self-storage facilities is favorable, despite the short-term earnings dilution, because it is advantageous for us to continue to expand our asset base and benefit from the resulting increased critical mass, with facilities that will improve our portfolio's overall average construction and location quality.

However, the development environment has changed in the last few years due to increases in construction costs, increases in competition with retail, condominium, and apartment operators for quality construction sites in urban locations, and more difficult zoning and permitting requirements, which has reduced the number of attractive sites available for development and reduced our development of facilities. It is unclear when, or if, these conditions will improve.

We expect that over at least the next 12 months, the Developed Self-Storage Facilities will continue to have a negative impact to our earnings. Furthermore, the 4 newly developed facilities in our development pipeline described in "Liquidity and Capital Resources – Acquisition and Development of Facilities" that will be opened for operation over the next 24 months will also negatively impact our earnings until they reach a stabilized occupancy level.

Commercial Property Operations: Commercial property operations included in our consolidated financial statements include commercial space owned by the Company and entities consolidated by the Company. We have a much larger interest in commercial properties through our ownership interest in PSB. Our investment in PSB is accounted for on the equity method of accounting, and accordingly our share of PSB's earnings is reflected as "Equity in earnings of real estate entities", see below.

Our commercial operations are comprised of 1,296,000 net rentable square feet of commercial space, operated principally at certain of the self-storage facilities.

As noted below, we sold a commercial facility during 2004. The operating results for this facility prior to its disposition are included in "discontinued operations" below.

The results of our commercial operations are provided in the table below:

Commercial Property Operations
(excluding discontinued operations):

	Year Ended December 31,			Year Ended December 31,		
	2005	2004	Change	2004	2003	Change
	(Dollar amounts in thousands)					
Rental income	$ 11,560	$ 10,750	$ 810	$ 10,750	$ 11,001	$ (251)
Cost of operations (excluding depreciation) (a)	4,448	4,328	120	4,328	4,583	(255)
Net operating income before depreciation (a)	7,112	6,422	690	6,422	6,418	4
Depreciation expense	(2,322)	(2,114)	(208)	(2,114)	(2,436)	322
Net operating income	$ 4,790	$ 4,308	$ 482	$ 4,308	$ 3,982	$ 326

(a) Cost of operations before depreciation and net operating income before depreciation are included herein because we believe they provide important measures for evaluating our ongoing operations.

Our commercial property operations consist primarily of facilities that are at a stabilized level of operations, and generally reflect the conditions in the markets in which they operate. We do not expect any significant growth in net operating income from this segment of our business for 2006.

Containerized Storage Operations: Commencing in 2002, we significantly curtailed the scope and number of facilities of our containerized storage operations, and continue to evaluate additional facilities for closure. At December 31, 2005, we operated 12 containerized storage facilities located in major markets in which we have significant traditional self-storage market presence. The operations with respect to the facilities that were closed or consolidated in 2003, 2004, and 2005 (the "Closed Facilities"), including historical operating results for previous periods, are not included in the table below and instead are included in "Discontinued Operations " on our income statement. The following table sets forth the operations of these 12 facilities:

Containerized storage
(excluding discontinued operations):

	Year Ended December 31,			Year Ended December 31,		
	2005	2004	Change	2004	2003	Change
	(Dollar amounts in thousands)					
Rental and other income	$ 16,497	$ 19,355	$ (2,858)	$ 19,355	$ 23,991	$ (4,636)
Cost of operations (excluding depreciation) (a):						
Direct operating costs	11,286	10,448	838	10,448	12,796	(2,348)
Facility lease expense	1,600	1,326	274	1,326	1,143	183
Total cost of operations	12,886	11,774	1,112	11,774	13,939	(2,165)
Net operating income prior to depreciation (a)	3,611	7,581	(3,970)	7,581	10,052	(2,471)
Depreciation expense (b)	(2,808)	(4,546)	1,738	(4,546)	(4,780)	234
Net operating income	$ 803	$ 3,035	$ (2,232)	$ 3,035	$ 5,272	$ (2,237)

(a) Cost of operations before depreciation and net operating income before depreciation are included herein because we believe they provide important measures for evaluating our ongoing operations.
(b) Depreciation expense principally relates to the depreciation related to the containers, however, depreciation expense for 2005, 2004 and 2003 includes $1,048,000, $1,020,000, and $1,218,000, respectively, related to real estate facilities.

Rental and other income includes monthly rental charges to customers for storage of the containers and certain non-core services, which were eliminated. Rental and other income decreased to $16,497,000 for the year ended December 31, 2005 from $19,355,000 for the same period in 2004 and $23,991,000 for 2003, primarily as a result of the termination of these non-core services. At December 31, 2005, there were approximately 21,354 occupied containers at the 12 facilities.

Direct operating costs principally includes payroll, equipment lease expense, utilities and vehicle expenses (fuel and insurance). The reduction in direct operating costs during 2004, when compared to 2003, is due primarily to the aforementioned termination of non-core services. Cost of operations increased in 2005, as compared to 2004, due principally to increases in yellow page and media advertising expense totaling $3,147,000 in 2005 and $800,000 in 2004, partially offset by a decrease in expenses attributable to the termination of the non-core services in 2005 compared to 2004. Future yellow page and media advertising may change in response to demand, occupancy levels, and our determination of the most appropriate marketing mix for this product.

There can be no assurance as to the ultimate level of the containerized storage business's expansion, level of gross rentals, level of occupancy or profitability. We continue to evaluate the business operations, and additional facilities may be closed.

See "Discontinued Operations" below for a discussion of operating results of the Closed Facilities.

Ancillary Operations: Our Ancillary operations include the operating results of our tenant insurance, truck rental, merchandise, and third-party property management operations. The following table sets forth our ancillary operations:

	Year Ended December 31,			Year Ended December 31,		
	2005	2004	Change	2004	2003	Change
			(Dollar amounts in thousands)			
Revenues:						
Tenant reinsurance premiums	$ 24,889	$ 24,243	$ 646	$ 24,243	$ 22,464	$ 1,779
Merchandise sales	22,464	21,336	1,128	21,336	20,498	838
Truck rentals	13,853	12,646	1,207	12,646	12,725	(79)
Property management	2,967	2,771	196	2,771	2,819	(48)
Total revenues	64,173	60,996	3,177	60,996	58,506	2,490
Cost of operations:						
Tenant reinsurance	8,234	13,508	(5,274)	13,508	11,987	1,521
Merchandise sales	18,773	18,901	(128)	18,901	17,587	1,314
Truck rentals	12,733	12,421	312	12,421	11,659	762
Property management	638	657	(19)	657	705	(48)
Total cost of operations	40,378	45,487	(5,109)	45,487	41,938	3,549
Net operating income:						
Tenant reinsurance	16,655	10,735	5,920	10,735	10,477	258
Merchandise sales	3,691	2,435	1,256	2,435	2,911	(476)
Truck rentals	1,120	225	895	225	1,066	(841)
Property management	2,329	2,114	215	2,114	2,114	-
Total net operating income	$ 23,795	$ 15,509	$ 8,286	$ 15,509	$ 16,568	$ (1,059)

Tenant reinsurance operations

On December 31, 2001, we acquired PSIC from a related party. PS Insurance reinsures policies against losses to goods stored by tenants in our self-storage facilities. Revenues are comprised of fees charged to tenants electing such policies. Cost of operations primarily includes claims paid that are not covered by our outside third-party insurers (described below), as well as claims adjusting expenses.

Throughout 2003, 2004, and 2005, we had outside third-party insurance coverage for claims paid exceeding $500,000 resulting from any individual event, to a limit of $10,000,000. Effective January 1, 2006, such coverage was revised to cover claims paid exceeding $1,500,000 resulting from any individual event, to a limit of $9,000,000.

The decrease in cost of operations for 2005 as compared to 2004 is due principally to improved claims handling and claims management. In addition, in 2004, we recorded an estimated loss of approximately $1,500,000 with respect to potential tenant insured losses as a result of several hurricanes affecting the southeastern United States. During 2005, we determined that this accrual was too high based upon claims history, and accordingly we reduced the estimated liability by approximately $500,000 and reduced cost of operations in 2005 by a corresponding amount. Similarly in 2005, we recorded estimated losses of approximately $1 million relating to potential tenant insured claims for losses incurred as a result of hurricanes occurring in 2005. Other amounts included in cost of operations for claims losses during 2003, 2004, and 2005 are isolated to events affecting specific properties or tenants, rather than catastrophic events.

The future level of tenant reinsurance revenues is largely dependent upon the number of new tenants electing to purchase policies, premiums charged for such insurance, and existing tenant retention to continue participating in the insurance program. For the years ended December 31, 2005, 2004, and 2003, approximately 32%, 35%, and 37%, respectively, of our self-storage tenant base had such policies.

The future cost of operations will be dependent primarily upon the level of losses incurred, including the level of catastrophic events, such as hurricanes, that occur and affect our properties. The aforementioned increase in the deductible of $1,500,000 per event could result in higher loss expense in 2006, depending upon the number of catastrophic losses that occur.

Merchandise and truck rental operations

Through a taxable REIT subsidiary, all of our self-storage facilities sell locks, boxes, and packing supplies to our tenants as well as the general public. Revenues and cost of operations for these activities are included in the table above as "Merchandise Sales." In addition, at selected locations, our subsidiary maintains trucks on site for rent to our self-storage customers and the general public on a short-term basis for local use. In addition, we also act as an agent for a national truck rental company to provide their rental trucks to customers for long-distance use. The revenues and cost of operations for these activities are included in the table above as "Truck rentals."

These activities generally serve as an adjunct to our self-storage operations providing our tenants with goods and services that they need in connection with moving and storing their goods.

The revenues and expenses of these activities have remained relatively stable through the three years ended December 31, 2005, 2004, and 2003. The primary factors impacting the level of operations of these activities is the level of customer and tenant traffic at our self-storage facilities, including the level of move-ins.

Property management operations

We manage 27 self-storage facilities on behalf of third-party owners and 38 self-storage facilities that are owned by the Unconsolidated Entities, affiliates of the Company. Under the supervision of the property owners, we coordinate rental policies, rent collections, marketing activities, the purchase of equipment and supplies, maintenance activities, and the selection and engagement of vendors, suppliers, and independent contractors. We also assist and advise the property owners in establishing policies for the hire, discharge, and supervision of employees for the operation of these facilities.

Our operating income from these activities is generally dependent upon the revenues earned at the managed facilities, because our management fee is based upon revenues. Management contracts with the third-party owners can be terminated by either party upon 60 days written notice.

Equity in earnings of real estate entities: In addition to our ownership of equity interests in PSB, we had general and limited partnership interests in eight limited partnerships at December 31, 2005 (PSB and the limited partnerships are collectively referred to as the "Unconsolidated Entities"). Due to our limited ownership interest and limited control of these entities, we do not consolidate the accounts of these entities for financial reporting purposes, and account for such investments using the equity method.

Equity in earnings of real estate entities for the year ended December 31, 2005 consists of our pro-rata share of the Unconsolidated Entities based upon our ownership interest for the period. The following table sets forth the significant components of equity in earnings of real estate entities:

Historical summary:	Year Ended December 31,			Year Ended December 31,		
	2005	2004	Change	2004	2003	Change
			(Amounts in thousands)			
Property operations:						
PSB	$ 68,768	$ 68,545	$ 223	$ 68,545	$ 64,242	$ 4,303
Acquisition Joint Venture	277	23	254	23	-	23
Other Investments (a)	7,903	6,587	1,316	6,587	6,288	299
	76,948	75,155	1,793	75,155	70,530	4,625
Depreciation:						
PSB	(33,593)	(32,063)	(1,530)	(32,063)	(26,048)	(6,015)
Acquisition Joint Venture	(269)	(96)	(173)	(96)	-	(96)
Other Investments (a)	(1,563)	(1,561)	(2)	(1,561)	(1,705)	144
	(35,425)	(33,720)	(1,705)	(33,720)	(27,753)	(5,967)
Other: (b)						
PSB (c)	(16,418)	(19,587)	3,169	(19,587)	(18,507)	(1,080)
Other Investments (a)	(222)	716	(938)	716	696	20
	(16,640)	(18,871)	2,231	(18,871)	(17,811)	(1,060)
Total equity in earnings of real estate entities:						
PSB	18,757	16,895	1,862	16,895	19,687	(2,792)
Acquisition Joint Venture	8	(73)	81	(73)	-	(73)
Other Investments (a)	6,118	5,742	376	5,742	5,279	463
	$ 24,883	$ 22,564	$ 2,319	$ 22,564	$ 24,966	$ (2,402)

(a) Amounts include equity in earnings recorded for investments that have been held consistently throughout the three years ended December 31, 2005.

(b) "Other" reflects our share of general and administrative expense, interest expense, interest income, and other non-property; non-depreciation related operating results of these entities.

(c) Equity in earnings includes our pro-rata share of gain on disposition of real estate investments, impairment charges on real estate assets, and EITF Topic D-42 charges totaling $7,727,000, $4,544,000 and $187,000, respectively, during 2005, 2004 and 2003.

The increase in equity in earnings for the year ended December 31, 2005 as compared to 2004, and the decrease in equity in earnings in 2004 as compared to 2003, is due to our pro-rata share of changes in PSB's operating results. PSB's earnings increased in the year ended December 31, 2005 as compared to 2004, due to increased "same park" operating results, an increased gain on sale of real estate, and reduced EITF Topic D-42 charges associated with redemptions of preferred securities, offset partially by higher depreciation expense associated with property acquisitions. PSB's earnings decreased in the year ended December 31, 2004 as compared to 2003, due to impairment charges, increased EITF Topic D-42 charges associated with redemptions of preferred securities, and increased depreciation expense associated with significant property acquisitions.

Equity in earnings of PSB represents our pro-rata share (approximately 44% throughout 2005, 2004, and 2003) of the earnings of PS Business Parks, Inc., a publicly traded real estate investment trust (American Stock Exchange symbol "PSB") organized by the Company on January 2, 1997. As of December 31, 2005, we owned 5,418,273 common shares and 7,305,355 operating partnership units (units which are convertible into common shares on a one-for-one basis) in PSB. At December 31, 2005, PSB owned and operated 17.6 million net rentable square feet of commercial space located in eight states.

Accordingly, our future equity income from PSB will be dependent entirely upon PSB's operating results. PSB's filings and selected financial information can be accessed through the SEC, and on its website, www.psbusinessparks.com.

In January 2004, we entered into a joint venture partnership with an institutional investor for the purpose of acquiring up to $125.0 million of existing self-storage properties in the United States from third parties (the "Acquisition Joint Venture"). The Acquisition Joint Venture is funded entirely with equity consisting of 30% from us and 70% from the institutional investor. As described more fully in Note 2 to the Consolidated Financial Statements for the year ended December 31, 2005, our pro-rata share of earnings with respect to two of the facilities acquired directly by the Acquisition Joint Venture are reflected in Equity in Earnings in the table above. These two facilities were acquired by the Acquisition Joint Venture directly from third parties at an aggregate cost of $9,086,000. Our investment with respect to these two facilities was approximately $2,930,000. Our future equity in earnings with respect to the Acquisition Joint Venture will be dependent upon the level of earnings generated by these two properties owned by the Acquisition Joint Venture.

The "Other Investments" includes our equity in earnings with respect to our pro-rata share of earnings with respect to seven limited partnerships, for which we held an approximately consistent level of equity interest during the three years ended December 31, 2005. These limited partnerships were formed by the Company during the 1980's. The Company is the general partner in each limited partnership, and manages each of these facilities for a management fee that is included in "Ancillary Operations." The limited partners consist of numerous individual investors, including the Company, which throughout the 1990's acquired units of limited partnership interests in these limited partnerships in various transactions.

Our future earnings with respect to the "Other Investments" will be dependent upon the operating results of the 36 self-storage facilities that these entities own. The operating characteristics of these facilities are similar to those of our self-storage facilities, and are subject to the same operational issues as the Same Store Facilities as discussed above with respect to Self-Storage Operations. See Note 5 to the consolidated financial statements for the operating results of these entities for the years ended December 31, 2005 and 2004.

Other Income and Expense Items

Interest and other income: Interest and other income increased in 2005 as compared to 2004, and in 2004 compared to 2003, due primarily to higher interest income attributable to higher average cash balances and higher average interest rates on short-term cash investments.

As discussed more fully in "Liquidity and Capital Resources" below, at December 31, 2005, we had cash balances totaling approximately $493.5 million. In addition, during the first quarter of 2006, we issued approximately $105.0 million of our 6.95% Series H Cumulative Preferred Stock. The net proceeds from this issuance and our December 31, 2005 cash balances will be used primarily to fund future development, acquisition, and preferred redemption activities (see also "Management's Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources"). In the interim, the net proceeds from our cash balances is expected to earn interest income (currently at approximately 4.0% at December 31, 2005) relative to the corresponding divided requirement (approximately 6.95% with respect to our Series H Cumulative Preferred Stock). This difference will result in an estimated reduction to earnings per common share. In addition, we may issue additional preferred stock during the early part of 2006, raising the necessary funds in anticipation of the potential redemption of approximately $653,750,000 in higher-rate preferred stock that becomes available for redemption in September and October 2006. These issuances similarly will have a negative impact on earnings per share until the proceeds are utilized.

Depreciation and amortization: Depreciation and amortization expense was $196,397,000 in 2005, $183,063,000 in 2004, and $184,063,000 in 2003. Included in depreciation expense with respect to our real estate facilities was $185,989,000 in 2005, $168,915,000 in 2004, and $171,032,000 in 2003. The increase from 2004 to 2005 is due to the acquisition and development of additional real estate facilities. The decrease in depreciation and amortization with respect to real estate facilities for 2004 as compared to 2003 is due primarily to a reduction in depreciation with respect to maintenance capital expenditures, offset partially by an increase in depreciation with respect to newly developed and acquired facilities.

Depreciation and amortization during 2005 with respect to real estate facilities acquired or developed during 2005 amounted to $3,177,000, which was for a partial period for the time they were acquired until December 31, 2005, and we expect the annual depreciation expense with respect to these facilities for 2006 and forward will approximate $8,342,000.

General and administrative expense: General and administrative expense was $21,115,000 in 2005, $18,813,000 in 2004, and $17,127,000 in 2003. General and administrative costs for each year principally consist of state income taxes, investor relation expenses, and corporate and executive salaries, including employee stock based compensation expense. In addition, general and administrative expense includes expenses that vary depending upon our activity levels in certain areas, such as overhead associated with the acquisition and development of real estate facilities, employee severance, and product research and development expenditures.

The increase in general and administrative expense from 2004 to 2005 is primarily due to higher employee stock-based compensation expense relating to our stock option and restricted stock plans which resulted in expenses of $4,758,000 in 2005 as compared to $2,963,000 in 2004. The increase in general and administrative expense from 2003 to 2004 is also primarily due to higher employee stock-based compensation expense which for 2003 amounted to $2,685,000 for 2003.

Total restricted stock and stock option expense, exclusive of payroll taxes on the exercise of options, should approximate $4.9 million based upon options and restricted stock outstanding at December 31, 2005. Grants of restricted stock units and stock options after December 31, 2005 could further increase our future stock-based compensation expense.

Interest expense: Interest expense was $8,216,000 in 2005, $760,000 in 2004, and $1,121,000 in 2003. The increase in interest expense in 2005 compared to 2004 was caused by the assumption of mortgage notes payable in connection with property acquisitions in the fourth quarter of 2004, interest expense with respect to debt due a joint venture partner, interest expense paid to a related party in 2005 and a decrease in capitalized interest due to lower average in-process development balances.

During the later part of 2004, we assumed mortgage notes payable with an aggregate principal balance of $94.7 million and having an average interest rate of approximately 5.2% in connection with property acquisitions. We incurred interest expense with respect to these mortgage notes of $879,000 in 2004 for the partial period these notes became our liabilities. Interest expense with respect to these mortgage notes totaled $4,739,000 in 2005, representing a year-over-year increase of $3,860,000.

As described more fully in Note 2 to the Consolidated Financial Statements, on December 31, 2004, we sold seven self-storage facilities to the Acquisition Joint Venture for an aggregate of $23.0 million in cash. In January 2005, we sold an interest in three additional self-storage facilities to the Acquisition Joint Venture for an aggregate of $27.4 million in cash. Our Joint Venture Partner's equity interest in these ten facilities has been accounted for as a financing arrangement and has been included on our consolidated balance sheet at December 31, 2005 and 2004 as "Debt to joint venture partner." Our partner's pro-rata share of net income with respect to these facilities has been classified as interest expense, which for 2005 totaled $2,939,000 (none for 2004). Based upon the balance outstanding at December 31, 2005, interest expense should be approximately $3,050,000 with respect to our Debt to Joint Venture Partner.

As described more fully in Note 9 to the Consolidated Financial Statements, during 2005 we incurred interest expense totaling $1,458,000 with respect to debt due a related party. This debt was extinguished on November 17, 2005.

Capitalized interest expense totaled $2,820,000 in 2005, $3,617,000 in 2004, and $6,010,000 in 2003 in connection with our development activities. Interest expense, including capitalized interest, was $11,036,000 in 2005, $4,377,000 in 2004, and $7,131,000 in 2003.

Minority interest in income: Minority interest in income represents the income that is allocable to equity interests in the Consolidated Entities, which are not owned by the Company. The following table summarizes minority interest in income for each of the three years ended December 31, 2005:

	Minority interest in income for the year ended		
Description	December 31, 2005	December 31, 2004	December 31, 2003
		(in thousands)	
Preferred partnership interests:			
Ongoing distributions	$ 16,147	$ 22,423	$ 26,906
Redemptions of preferred units	874	10,063	-
Consolidated Development Joint Venture (a)	4,229	5,652	4,211
Convertible Partnership Units (b)	469	328	305
Acquired minority interests (c)	1,197	4,048	4,838
Other minority interests (d)	9,735	7,399	7,443
Total minority interests in income	$ 32,651	$ 49,913	$ 43,703

(a) Included in minority interest in income is $2,051,000, $3,619,000, and $3,362,000 in depreciation expense for the years ended December 31, 2005, 2004, and 2003, respectively.

(b) See Note 9 to the consolidated financial statements. Included in income allocated to Convertible Partnership Units is $385,000, $333,000, and $342,000, in depreciation expense for the years ended December 31, 2005, 2004, and 2003, respectively.

(c) These amounts reflect income allocated to minority interests that the Company acquired as of December 31, 2005, and are therefore no longer outstanding at December 31, 2005. Included in income allocated to the Acquired minority interests is $295,000, $1,197,000, and $1,927,000, in depreciation expense for the years ended December 31, 2005, 2004, and 2003, respectively.

(d) Other minority interests reflect income allocated to minority interests that were outstanding consistently throughout the three years ended December 31, 2005. Included in income allocated to the Other minority interests is $672,000, $897,000, and $697,000, in depreciation expense for the years ended December 31, 2005, 2004, and 2003, respectively, as well as gain on sale of assets totaling $251,000 in 2005 (none in 2004 or 2003).

Income has been allocated to our Preferred partnership interests based upon (i) "Ongoing distributions", representing distributions paid during the period and (ii) "Redemptions of preferred units" representing the differences between the redemption amount and the carrying amount of preferred partnership units that have been redeemed. The reduction in income allocated to preferred partnership interests for ongoing distributions and for redemptions are due to the following issuances and redemptions of our preferred units:

- In March 2005, we redeemed our 9.5% Series N Preferred Units ($40.0 million) and our 9.125% Series O Preferred Units ($45.0 million) for cash. We allocated $874,000 to the minority interests, reflected as "allocations associated with redemptions" with respect to these redemptions in accordance with EITF Topic D-42, representing the excess of the stated amount of the preferred units over their carrying amount. This reduced annual ongoing distributions following the redemption by approximately $7,906,000.

- In December 2004, we issued $25,000,000 of our 6.25% Series Z Preferred Units in connection with a property portfolio acquisition. This increased annual ongoing distributions following issuance by approximately $1,563,000.

- On March 22, 2004, certain investors who held $200 million of our 9.5% Series N Cumulative Redeemable Perpetual Preferred Units agreed, in exchange for a special distribution of $8,000,000, to a reduction in the distribution rate on their preferred units from 9.50% per year to 6.40% per year, and an extension of the call date for these securities to March 17, 2010. The investors also received their distribution that accrued from January 1, 2004 through the effective date of the exchange. The \$8,000,000 special distribution, combined with \$2,063,000, representing the excess of the stated amount of the preferred units over their carrying amount, is reflected above in "Redemptions." This transaction reduced ongoing annual distributions after March 22, 2004 by approximately \$6.2 million.

In November 1999, we formed a development joint venture (the "Consolidated Development Joint Venture") with a joint venture partner (PSAC Storage Investors, LLC) whose partners included a third party institutional investor and Mr. Hughes, the Company's Chairman, to develop approximately \$100 million of self-storage facilities and to purchase \$100 million of our Equity Stock, Series AAA (see Note 9 to the Consolidated Financial Statements).

On August 5, 2005, we acquired the institutional investors interest in PSAC Investors, LLC. As part of the acquisition, we also obtained and subsequently exercised the right to acquire Mr. Hughes' interest in PSAC Investors, LLC which we acquired November 17, 2005. As a result of these events: (i) we ceased allocating income to minority interests with respect to the Consolidated Development Joint Venture effective August 5, 2005, and (ii) Mr. Hughes' interest in the Consolidated Development Joint Venture was classified as debt on our balance sheet and income with respect to Mr. Hughes' interest in the Consolidated Development Joint Venture for the period from August 5, 2005 through November 17, 2005, has been classified as interest expense on our income statement.

The acquired minority interests reflect interests in the Consolidated Entities, other than the Consolidated Development Joint Venture, that we acquired throughout the three years ended December 31, 2005 and are therefore no longer outstanding. There will be no further income allocated to these interests in 2006 and beyond.

Discontinued Operations: As described more fully in Note 3 to the consolidated financial statements, between January 1, 2002 and December 31, 2004, we implemented a business plan that included the closure of all but 12 of our containerized storage facilities. In 2003, we sold five self-storage facilities exiting entirely the Knoxville, Tennessee and Perrysville, Ohio markets. In 2004, we sold one of our commercial facilities located in West Palm Beach, Florida. In 2005, in an eminent domain proceeding, one of our self-storage facilities located in Portland, Oregon was condemned.

During 2003 and 2004, we recorded asset impairment charges totaling \$3,229,000 and \$1,575,000, respectively, relating to assets used at the closed containerized storage facilities.

In connection with the disposition of facilities; in 2003, we recorded a net gain of approximately \$5,121,000; in 2004, we recorded a net gain of approximately \$971,000; and in 2005, we recorded a net gain of \$5,180,000. In addition, during 2005, a gain on sale of containerized storage assets was recorded in the amount of \$1,143,000.

The historical operations of the aforementioned facilities (including the asset impairment losses and lease termination costs) are classified as discontinued operations, with the rental income, cost of operations, and depreciation expense with respect to these facilities for current and prior periods included in the line-item "Discontinued Operations" on the consolidated income statement. These amounts are set forth below:

Discontinued Operations:

	Year Ended December 31, 2005	2004	Change	Year Ended December 31, 2004	2003	Change
			(Dollar amounts in thousand)			
Rental income	$ 556	$ 8,456	$(7,900)	$ 8,456	$ 22,030	$ (13,574)
Cost of operations	(414)	(7,055)	6,641	(7,055)	(16,062)	9,007
Depreciation and amortization	(88)	(1,282)	1,194	(1,282)	(3,940)	2,658
Income before other items	54	119	(65)	119	2,028	(1,909)
Other items:						
Asset impairment charges	-	(1,575)	1,575	(1,575)	(3,229)	1,654
Lease termination costs	-	(416)	416	(416)	-	(416)
Net gain on disposition of assets	6,323	971	5,352	971	5,121	(4,150)
Total other items	6,323	(1,020)	7,343	(1,020)	1,892	(2,912)
Net discontinued operations	$ 6,377	$ (901)	$ 7,278	$ (901)	$ 3,920	$ (4,821)

Casualty Losses: During 2005, we incurred casualty losses totaling $2,592,000 as a result of physical damage to our facilities caused by hurricanes. These losses represent the excess of the aggregate net book values of the assets damaged over the insurance proceeds that we expect to receive to repair such damages totaling approximately $3.4 million. We estimate, however, that the aggregate cost to repair damages to our facilities will be approximately $10.7 million. Also included in the caption "Casualty loss" for the year ended December 31, 2005 is estimated business interruption income approximating $675,000, representing our estimated recovery from our insurers for loss of business through December 31, 2005. We expect to record additional recoveries from our insurers for loss of business through at least approximately September 30, 2006 for the two New Orleans facilities denoted above which remain heavily damaged and are expected to remain closed for an extended period of time.

Included in the caption "casualty loss" for the year ended December 31, 2004 was $1,250,000, representing the net book value of assets damaged. We expect to receive no insurance proceeds for our hurricane losses incurred in 2004.

Gain on disposition of real estate: During 2005, we recorded a net gain on disposition of real estate assets of $3,099,000, as compared to a net gain of $1,317,000 in 2004 and a net gain of $1,007,000 in 2003. The gain in 2005 is composed of a gain on sale of a parcel of land and partial condemnations with respect to four existing self-storage facilities. The gain in 2004 is composed of a gain on sale of four parcels of land and partial condemnation with respect to two existing self-storage facilities. The gain in 2003 is composed of a gain on sale of investments of $316,000, and a gain on sale of seven parcels of land and two self-storage facilities aggregating $691,000.

Liquidity and Capital Resources

We believe that our internally generated net cash provided by operating activities will continue to be sufficient to enable us to meet our operating expenses, capital improvements, debt service requirements and distributions to shareholders for the foreseeable future. Cash and cash equivalents totaled $493.5 million at December 31, 2005. We expect that these funds will be utilized to fund our acquisition and development activities and partially fund the redemptions of preferred securities that become callable at our option during 2006.

Operating as a real estate investment trust ("REIT"), our ability to retain cash flow for reinvestment is restricted. In order for us to maintain our REIT status, a substantial portion of our operating cash flow must be used to make distributions to our shareholders (see ***"Requirement to Pay Distributions"*** below). However, despite the significant distribution requirements, we have been able to retain a significant amount of our operating cash flow. The following table summarizes our ability to fund distributions to the minority interest, capital improvements to maintain our facilities, and distributions to our shareholders through the use of cash provided by operating activities.

The remaining cash flow generated is available to make both scheduled and optional principal payments on debt and for reinvestment.

	For the Year Ended December 31,		
	2005	2004	2003
	(Amount in thousands)		
Net cash provided by operating activities	$692,048	$616,664	$571,387
Allocable to minority interests (Preferred Units) – ongoing distributions	(16,147)	(22,423)	(26,906)
Allocable to minority interests (Preferred Units) – special distribution (a)	-	(8,000)	-
Allocable to minority interests (common equity)	(18,177)	(21,349)	(23,469)
Cash from operations allocable to our shareholders	657,724	564,892	521,012
Capital improvements to maintain our facilities	(25,890)	(35,868)	(30,175)
Remaining operating cash flow available for distributions to our shareholders	631,834	529,024	490,837
Distributions paid to:			
Preferred shareholders	(173,017)	(157,925)	(146,196)
Equity Stock, Series A shareholders	(21,443)	(21,501)	(21,501)
Common and Class B shareholders	(244,200)	(230,834)	(225,864)
Cash available for principal payments on debt and reinvestment	$193,174	$118,764	$97,276

(a) The $8.0 million special distribution was paid to a unitholder of our 9.5% Series N Cumulative Redeemable Perpetual Preferred Units in conjunction with a March 22, 2004 agreement that, among other things, lowered the distribution rate from 9.5% to 6.4%.

Our financial profile is characterized by a low level of debt to total capitalization and a conservative dividend payout ratio with respect to the common stock. We expect to fund our growth strategies with cash on hand at December 31, 2005, internally generated retained cash flows, proceeds from issuing equity securities or as the case with the planned merger with Shurgard Storage Centers, Inc. (see below) the issuance of our common stock for shares of Shurgard. In general, our current strategy is to continue to finance our growth with permanent capital; either common or preferred equity. We have in the past used our $200 million line of credit as temporary "bridge" financing and repaid those amounts with internally generated cash flows and proceeds from the placement of permanent capital. At December 31, 2005, we had no outstanding borrowings under our $200 million bank line of credit.

Over the past three years, we have funded substantially all of our acquisition and development activities with permanent capital. We have elected to use preferred securities as a form of leverage despite the fact that the dividend rates of our preferred securities exceed the prevailing market interest rates on conventional debt. We have chosen this method of financing for the following reasons: (i) under the REIT structure, a significant amount of operating cash flow needs to be distributed to our shareholders, making it difficult to repay debt with operating cash flow alone, (ii) our perpetual preferred stock has no sinking fund requirement or maturity date and does not require redemption, all of which eliminate any future refinancing risks, (iii) after the end of a non-call period, we have the option to redeem the preferred stock at any time, which enabled us to effectively refinance higher coupon preferred stock with new preferred stock at lower rates, (iv) preferred stock does not contain onerous covenants, thus allowing us to maintain significant financial flexibility, and (v) dividends on the preferred stock can be applied to our REIT distribution requirements.

Our credit ratings on each of our series of Cumulative Preferred Stock are "Baa2" by Moody's and "BBB+" by Standard & Poor's.

Our portfolio of real estate facilities remains substantially unencumbered. At December 31, 2005, we had borrowings under mortgage notes totaling $91.6 million (which encumbers 34 facilities with a book value of $196.9 million) and unsecured debt in the amount of $22.4 million. We also have Debt to Joint Venture Partner amounting to $35.7 million with respect to ten real estate facilities with an aggregate book value of $48.6 million.

Recent Issuance of Preferred Stock and Projected Redemption of Preferred Securities: One of our financing objectives over the past several years has been to reduce our average cost of capital with respect to our preferred securities. Accordingly, we have redeemed higher rate preferred securities outstanding and have financed the redemption with cash on-hand or from the proceeds from the issuance of lower rate preferred securities.

We believe that our size and financial flexibility enables us to access capital when appropriate. Since the beginning of 2003 through December 31, 2005, we have raised approximately $1.4 billion of our Cumulative Preferred Stock, and used approximately $601.1 million of these net proceeds in order to redeem higher-coupon preferred securities.

On January 19, 2006, we redeemed our 8.6% Series Q Cumulative Preferred Stock totaling $172.5 million. This redemption was funded with cash on hand. In addition to the Series Q Preferred noted above, we currently have approximately $653.8 million of additional preferred securities that become redeemable at our option in 2006, as follows.

Security	Earliest Redemption Date	Dividend Rate	Liquidation Value (000's)
Series R Preferred Stock	9/28/06	8.000%	$ 510,000
Series S Preferred Stock	10/31/06	7.875%	143,750
Total securities available for redemption through 12/31/06		7.974%	$ 653,750

From time-to-time, we may raise additional capital primarily through the issuance of lower rate preferred securities, in advance of the redemption dates to ensure that we have available funds to redeem these securities. The timing and our ability to issue additional preferred securities are dependent on many factors. There is no assurance that we will be able to raise the necessary capital and at appropriate rates to redeem these securities.

Also in January 2006, we issued 4,200,00 depository shares, each representing 1/1,000 of a share, of our 6.95% Cumulative preferred Stock, Series H, raising net proceeds of approximately $101.5 million.

Requirement to Pay Distributions: We have operated, and intend to continue to operate, in such a manner as to qualify as a REIT under the Internal Revenue Code of 1986, but no assurance can be given that we will at all times so qualify. To the extent that the Company continues to qualify as a REIT, we will not be taxed, with certain limited exceptions, on the taxable income that is distributed to our shareholders, provided that at least 90% of our taxable income is so distributed to our shareholders prior to filing of the Company's tax return. We have satisfied the REIT distribution requirement since 1980.

Aggregate dividends paid during 2005 totaled $173.0 million to the holders of our Cumulative Preferred Stock, $244.2 million to the holders of our Common Stock and $21.4 million to the holders of our Equity Stock, Series A. Although we have not finalized the calculation of our 2005 taxable income, we believe that the aggregate dividends paid in 2005 to our shareholders enabled us to continue to meet our REIT distribution requirements. We estimate that the distribution requirements for fiscal 2006 with respect to our Cumulative Preferred Stock outstanding at March 15, 2006, and assuming the redemption of the preferred securities mentioned above, will be approximately $172.3 million.

During 2005, we paid distributions totaling $16.1 million with respect to our Preferred Partnership Units. We estimate the 2006 distribution requirements with respect to the preferred partnership units outstanding at December 31, 2005, to be approximately $14.4 million.

For 2006, distributions with respect to the Common Stock and Equity Stock, Series A will be determined based upon our REIT distribution requirements after taking into consideration distributions to the preferred shareholders. We anticipate that, at a minimum, quarterly distributions per common share will remain at $0.50 per common share. For the first quarter of 2006, a quarterly distribution of $0.50 per common share has been declared by our Board of Directors.

With respect to the depositary shares of Equity Stock, Series A, we have no obligation to pay distributions if no distributions are paid to the common shareholders. To the extent that we do pay common distributions in any year, the holders of the depositary shares receive annual distributions equal to the lesser of (i) five times the per share dividend on the common stock or (ii) $2.45. The depositary shares are non-cumulative, and have no preference over our Common Stock either as to dividends or in liquidation.

Capital Improvement Requirements: During 2006, we have budgeted approximately $35 million for capital improvements. Capital improvements include major repairs or replacements to the facilities, which keep the facilities in good operating condition and maintain their visual appeal. Capital improvements do not include costs relating to the development or expansion of facilities.

Debt Service Requirements: We do not believe we have any significant refinancing risks with respect to our Notes Payable and Debt to Joint Venture Partner. Except for the Debt to Joint Venture Partner all such debt is fixed rate. At December 31, 2005, we had total outstanding debt of approximately $149.6 million. See Notes 7 & 8 to the consolidated financial statements for approximate principal maturities of such borrowings. We anticipate that our retained operating cash flow will continue to be sufficient to enable us to make scheduled principal payments. It is our current intent to fully amortize our debt as opposed to refinance debt maturities with additional debt.

Acquisition and Development of Facilities: During 2006, we will continue to seek to acquire additional self-storage facilities from third parties; however, it is difficult to estimate the amount of third party acquisitions we will undertake. For 2006, we do not anticipate that our Acquisition Joint Venture will fund additional acquisitions from third parties, and we expect that additional acquisitions and development will be funded entirely by the Company.

Between January 1, 2006 and March 15, 2006, we acquired three additional self-storage facilities from third parties (total net rentable square feet of 170,000) at an aggregate cost of approximately $20.0 million comprised of cash totaling $15.4 million and the assumption of debt totaling $4.6 million. These acquisitions were funded entirely by us.

As of March 15, 2006, we are under contract to purchase seven self-storage facilities (total approximate net rentable square feet of 574,000) at an aggregate cost of approximately $69.4 million. We anticipate that these acquisitions will be funded entirely by us. Each of these contracts is subject to significant contingencies, and there is no assurance that any of these facilities will be acquired.

We currently have a development "pipeline" of 62 self-storage facilities and expansions to existing self-storage facilities with an aggregate estimated cost of approximately $323.2 million (unaudited). Approximately $46.1 million of development cost has been incurred as of December 31, 2005. The development and fill-up of these storage facilities is subject to significant contingencies such as obtaining appropriate governmental approvals. We estimate that the amount remaining to be spent of approximately $277.1 million will be incurred over the next 24 months. The following table sets forth certain information with respect to our development pipeline.

DEVELOPMENT PIPELINE SUMMARY

	Number of projects	Net rentable sq. ft.	Total estimated development costs	Costs incurred through 12/31/05	Costs to complete
			(Amounts in thousands)		
Facilities currently under construction:					
Self-storage facilities	3	281	$ 54,698	$ 35,050	$ 19,648
Expansions to existing self-storage facilities	9	239	16,456	7,001	9,455
	12	520	71,154	42,051	29,103
Facilities awaiting construction, where land is acquired:					
Self-storage facilities	1	57	6,458	2,163	4,295
Expansions to existing self-storage facilities	49	3,334	245,572	1,854	243,718
	50	3,391	252,030	4,017	248,013
Total Development Pipeline	62	3,911	$ 323,184	$ 46,068	$ 277,116

Stock Repurchase Program: Our Board of Directors has authorized the repurchase from time to time of up to 25,000,000 shares of our common stock on the open market or in privately negotiated transactions. During 2004, we repurchased 445,700 shares for approximately $20.3 million. During 2005, we repurchased 84,000 shares for approximately $5.0 million. From the inception of the repurchase program through December 31, 2005, we have repurchased a total of 22,201,720 shares of common stock at an aggregate cost of approximately $567.2 million.

Planned Merger with Shurgard Storage Centers, Inc.: We have entered into an agreement to acquire Shurgard, a publicly held REIT that has interests in approximately 646 self-storage facilities located in the United States and Europe. Under the agreement, and based upon our December 31, 2005 balance sheet and Shurgard's September 30, 2005 balance sheet included in its related Form 10-Q, i) we would issue 0.82 shares of our common stock for each share of Shurgard common stock which would increase our common shares outstanding from 128,089,563 to approximately 166,460,200 shares, ii) we would assume Shurgard debt which totals approximately $1.8 billion at September 30, 2005, increasing our debt outstanding (assuming no prepayment) from $150 million to approximately $2.0 billion, and iii) $136 million of Shurgard preferred stock would be redeemed. The transaction is targeted to close by the end of the second quarter of 2006.

Completion of the transaction is not assured and is subject to risks, including that shareholders of either Public Storage or Shurgard do not approve the transaction or that the other closing conditions are not satisfied. In addition, Shurgard may under limited circumstances terminate the agreement to take a superior proposal. Public Storage and Shurgard are not aware of any significant governmental approvals that are required for consummation of the merger. If any approval or action is required, it is presently contemplated that Public Storage and Shurgard would use their reasonable best efforts to obtain such approval. There can be no assurance that any approvals, if required, will be obtained.

We would also be acquiring Shurgard's international operations in Europe, which consist principally of facilities that have been completed in the last few years and are in various stages of fill-up. Shurgard's international operations have not been profitable, and there is no assurance they will ultimately be profitable. We have limited experience in international operations, which may adversely impact our ability to operate profitably in Europe. In connection with the proposed acquisition of Shurgard's European operations, we will be evaluating various strategic alternatives, including, but not limited to, public or private offerings of securities, one or more possible joint ventures, and possible asset acquisitions and/or sales.

Shurgard's outstanding borrowings on its lines of credit ($569 million at September 30, 2005) would become payable immediately upon completion of the merger. In addition, there would be additional cash costs related to the merger, cash requirements for the redemption of $136 million of Shurgard's preferred stock on the merger date, and additional possible cash requirements following the merger. Our current cash on hand and available borrowing capacity on our existing line of credit will be insufficient to fund these immediate capital requirements. We are currently evaluating several financing alternatives, including, but not limited to, expanding the borrowing capacity of our line of credit, obtaining short-term bridge financing, and raising additional capital through the issuance of preferred or common securities. We would generally look to repay incremental borrowings, including principal payments with respect to the debt assumed as a result of the merger, with retained operating cash and capital raised through the issuance of either preferred or common securities.

The foregoing description of the terms of our agreement to acquire Shurgard does not purport to be complete, and is qualified in its entirety by reference to the full text of the merger agreement, a copy of which is filed with our current report on Form 8-K dated March 7, 2006.

ITEM 7A. Quantitative and Qualitative Disclosures about Market Risk

To limit our exposure to market risk, we principally finance our operations and growth with permanent equity capital consisting either of common stock, preferred stock or retained operating cash flow. At December 31, 2005, our debt, including preferred stock called for redemption, as a percentage of total shareholders' equity (based on book values) was 6.7%.

Our preferred stock is not redeemable at the option of the holders. Except under certain conditions relating to the Company's qualification as a REIT, the Preferred Stock is not redeemable by the Company prior to the following dates: Series R – September 28, 2006, Series S – October 31, 2006, Series T – January 18, 2007, Series U – February 19, 2007, Series V – September 30, 2007, Series W – October 6, 2008, Series X – November 13, 2008, Series Y – January 2, 2009, Series Z – March 5, 2009, Series A – March 31, 2009, Series B – June 30, 2009, Series C – September 13, 2009, Series D – February 28, 2010, Series E – April 27, 2010, Series F – August 23, 2010, Series G – December 12, 2010 and Series H – January 19, 2011. On or after the respective dates, each of the series of Preferred Stock will be redeemable at the option of the Company, in whole or in part, at $25 per depositary share (or share in the case of the Series Y), plus accrued and unpaid dividends through the redemption date.

Our market risk sensitive instruments include notes payable, which totaled $113,950,000 at December 31, 2005. All of our notes payable bear interest at fixed rates. See Note 7 to the consolidated financial statements for terms, valuations and approximate principal maturities of the notes payable as of December 31, 2005.

As mentioned in "Management's Discussion and Analysis of Results of Operations – Liquidity and Capital Resources" above, we have entered into an agreement to acquire Shurgard. This transaction, if completed, would result in our assumption of the following areas of market risk:

- ***Foreign Currency Risk***: Shurgard has a significant amount of debt in its European operations, and a significant investment in its European operations. As a result, changes in foreign currency rates could have a significant impact on their results of operations and liquidity.

- ***Interest Rate Risk***: $569 million (at September 30, 2005) of Shurgard's debt represents line of credit borrowings that would become payable immediately upon completion of the merger. In addition, there would be additional cash costs related to the merger, cash requirements for the redemption of $136 million of Shurgard's preferred stock on the merger date, and additional possible cash requirements following the merger. Accordingly, our short-term borrowings could increase, which may be at variable rates of interest. As a result, changes in interest rates could in the future have a significant impact upon our level of interest expense.

ITEM 8. Financial Statements and Supplementary Data

The financial statements of the Company at December 31, 2005 and December 31, 2004 and for each of the three years in the period ended December 31, 2005 and the report of Ernst & Young LLP, Independent Registered Public Accountants, thereon and the related financial statement schedule, are included elsewhere herein. Reference is made to the Index to Financial Statements and Schedules in Item 15.

ITEM 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

Not applicable.

ITEM 9A. Controls and Procedures

Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures

The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in reports the Company files and submits under the Exchange Act, is recorded, processed, summarized and reported within the time periods specified in accordance with SEC guidelines and that such information is communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure based on the definition of "disclosure controls and procedures" in Rules 13a-15(e) of the Exchange Act. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives and management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures in reaching that level of reasonable assurance. Also, the Company has investments in certain unconsolidated entities. As the Company does not control or manage these entities, its disclosure controls and procedures with respect to such entities are substantially more limited than those it maintains with respect to its consolidated subsidiaries.

As of December 31, 2005, the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and the Company's Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Act of 1934 as amended). Based on that evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective as of December 31, 2005.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f). Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in *Internal Control-Integrated Framework* issued by the Committee on Sponsoring Organizations of the Treadway Commission. Based on our evaluation under the framework in *Internal Control-Integrated Framework*, our management concluded that our internal control over financial reporting was effective as of December 31, 2005.

Our management's assessment of the effectiveness of our internal control over financial reporting as of December 31, 2005 has been audited by Ernst & Young LLP, an independent registered public accounting firm, as stated in their report which is included herein.

Changes in Internal Control Over Financial Reporting

There have not been any changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarter to which this report relates that have materially affected, or are reasonable likely to materially affect, our internal control over financial reporting.

ITEM 9B. Other Information

Not Applicable.

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of Public Storage, Inc.:

We have audited management's assessment, included in the accompanying Management's Report on Internal Control Over Financial Reporting, that Public Storage, Inc. maintained effective internal control over financial reporting as of December 31, 2005, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Public Storage, Inc.'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. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of 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, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and 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, management's assessment that Public Storage, Inc. maintained effective internal control over financial reporting as of December 31, 2005, is fairly stated, in all material respects, based on the COSO criteria. Also, in our opinion, Public Storage, Inc. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2005, 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 Public Storage, Inc. as of December 31, 2005 and 2004, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2005 of Public Storage, Inc. and our report dated March 10, 2006 expressed an unqualified opinion thereon.

Ernst & Young LLP

Los Angeles, CA
March 10, 2006

PART III

ITEM 10. Directors and Executive Officers of the Registrant

Board of Directors. The following is biographical information concerning the current directors of Public Storage:

B. Wayne Hughes, age 72, has been a director of the Company since its organization in 1980 and was President and Co-Chief Executive Officer from 1980 until November 1991 when he became Chairman of the Board and sole Chief Executive Officer. Mr. Hughes retired as Chief Executive Officer in November 2002 and remains Chairman of the Board. Mr. Hughes is currently engaged in the acquisition and operation of commercial properties in California and in the acquisition and operation of self-storage facilities in Canada. Mr. Hughes has been active in the real estate investment field for over 30 years. He is the father of B. Wayne Hughes, Jr., a member of the Company's Board.

Ronald L. Havner, Jr., age 48, has been the Vice-Chairman, Chief Executive Officer and a director of the Company since November 2002 and President since July 1, 2005. Mr. Havner joined the Company in 1986 and has held a variety of positions, including Chairman of the Company's affiliate, PS Business Parks, Inc. (PSB), since March 1998 and was Chief Executive Officer of PSB from March 1998 until August 2003. He is also a member of the Board of Governors of the National Association of Real Estate Investment Trusts, Inc. (NAREIT) and a director of Business Machine Security, Inc., The Mobile Storage Group and Union BanCal Corporation.

Harvey Lenkin, age 69, retired as President and Chief Operating Officer of the Company on June 30, 2005. Mr. Lenkin was employed by the Company or its predecessor for 27 years and has been a member of the Board of Directors since 1991. He has been a director of the Company's affiliate, PS Business Parks, Inc., since March 1998 and was President of PSB from 1990 until March 1998. He is also a director of Paladin Realty Income Properties I, Inc. and a director of Huntington Memorial Hospital, Pasadena, California and a former member of the Executive Committee of the Board of Governors of NAREIT.

Robert J. Abernethy, age 66, Chairman of the Audit Committee and a member of the Compensation Committee, has been President of American Standard Development Company and of Self-Storage Management Company, which develop and operate self-storage facilities, since 1976 and 1977, respectively. Mr. Abernethy was controller of a division of Hughes Aircraft from 1972 to 1974. He has been a director of the Company since its organization. He is a member of the board of trustees of Johns Hopkins University, a director of the Los Angeles Music Center, a member of the Board of Overseers of the Los Angeles Philharmonic, a trustee of Loyola Marymount University, a director of the Pacific Council on International Policy, a director of the Atlantic Council, a member of the Council on Foreign Relations and a former California Transportation Commissioner. Mr. Abernethy is a former member of the board of directors of the Los Angeles County Metropolitan Transportation Authority and of the Metropolitan Water District of Southern California, a former member of the California State Board of Education, a former member of the California State Arts Council, a former Planning Commissioner, a former Telecommunications Commissioner and the former Vice-Chairman of the Economic Development Commission of the City of Los Angeles. He received an M.B.A. from the Harvard University Graduate School of Business.

Dann V. Angeloff, age 70, Chairman of the Nominating/Corporate Governance Committee and a member of the Compensation Committee, has been President of the Angeloff Company, a corporate financial advisory firm, since 1976. Mr. Angeloff is currently the general partner of a limited partnership that in 1974 purchased a self-storage facility operated by the Company. Mr. Angeloff has been a director of the Company since its organization. He is a director of Bjurman, Barry Fund, Inc., Nicholas/Applegate Fund, ReadyPac Foods, Retirement Capital Group and SoftBrands, Inc.

William C. Baker, age 72, a member of Nominating/Corporate Governance Committee, became a director of the Company in November 1991. Mr. Baker was Chairman and Chief Executive Officer of Callaway Golf Company from August 2004 until August 2005. From August 1998 through April 2000, he was President and Treasurer of Meditrust Operating Company, a real estate investment trust. From April 1996 to December 1998, Mr.

Baker was Chief Executive Officer of Santa Anita Companies, which then operated the Santa Anita Racetrack. From April 1993 through May 1995, he was President of Red Robin International, Inc., an operator and franchisor of casual dining restaurants in the United States and Canada. From January 1992 through December 1995, Mr. Baker was Chairman and Chief Executive Officer of Carolina Restaurant Enterprises, Inc., a franchisee of Red Robin International, Inc. From 1991 to 1999, he was Chairman of the Board of Coast Newport Properties, a real estate brokerage company. From 1976 to 1988, Mr. Baker was a principal shareholder and Chairman and Chief Executive Officer of Del Taco, Inc., an operator and franchisor of fast food restaurants in California. He is a director of La Quinta, Inc., California Pizza Kitchen, Javo Beverage Company and Callaway Golf Company.

John T. Evans, age 67, a member of the Audit Committee and of the Nominating/Corporate Governance Committee, became a director of the Company in August 2003. Mr. Evans has been a partner in the law firm of Osler, Hoskin & Harcourt LLP, Toronto, Canada from April 1993 to the present and in the law firm of Blake, Cassels & Graydon LLP, Toronto, Canada from April 1966 to April 1993. Mr. Evans specializes in business law matters, securities, restructurings, mergers and acquisitions and advising on corporate governance. Mr. Evans is a director of Cara Operations Inc., Kubota Metal Corporation, and Toronto East General Hospital. Until August 2003, Mr. Evans was a director of Canadian Mini-Warehouse Properties Ltd., a Canadian corporation owned by B. Wayne Hughes and members of his family.

Uri P. Harkham, age 57, a member of the Compensation Committee, became a director of the Company in March 1993. Mr. Harkham has been the President and Chief Executive Officer of the Jonathan Martin Fashion Group, which specializes in designing, manufacturing and marketing women's clothing, since its organization in 1976. Since 1978, Mr. Harkham has been the Chairman of the Board of Harkham Properties, a real estate firm specializing in buying and managing warehouses and retail and mixed-use real estate in California.

B. Wayne Hughes, Jr., age 46, became a director of the Company in January 1998. He was employed by the Company from 1989 to 2002, serving as Vice President - Acquisitions of the Company from 1992 to 2002. Mr. Hughes, Jr. is currently Vice President of American Commercial Equities, LLC, a company engaged in the acquisition and operation of commercial properties in California and is a director of Canadian Mini-Ware Properties Ltd., a company engaged in the acquisition, development and operation of self-storage facilities in Canada. He is the son of B. Wayne Hughes.

Daniel C. Staton, age 53, Chairman of the Compensation Committee and a member of the Audit Committee, became a director of the Company in March 1999 in connection with the merger of Storage Trust Realty, a real estate investment trust, with the Company. Mr. Staton was Chairman of the Board of Trustees of Storage Trust Realty from February 1998 until March 1999 and a Trustee of Storage Trust Realty from November 1994 until March 1999. He is President of Walnut Capital Partners, an investment and venture capital company and the Co-Chief Executive Officer of PMGI (formerly Media General, Inc.), a print and electronic media company. Mr. Staton was the Chief Operating Officer and Executive Vice President of Duke Realty Investments, Inc. from 1993 to 1997 and a director of Duke Realty Investments, Inc. from 1993 until August 1999. From 1981 to 1993, Mr. Staton was a principal owner of Duke Associates, the predecessor of Duke Realty Investments, Inc. Prior to joining Duke Associates in 1981, he was a partner and general manager of his own moving company, Gateway Van & Storage, Inc. in St. Louis, Missouri. From 1986 to 1988, Mr. Staton served as president of the Greater Cincinnati Chapter of the National Association of Industrial and Office Parks.

Audit Committee and Audit Committee Financial Expert. The Audit Committee of the Board of Directors is comprised of Robert J. Abernethy (chairman), John T. Evans and Daniel C. Staton. The primary functions of the Audit Committee are to assist the Board in fulfilling its responsibilities for oversight of (1) the integrity of the Company's financial statements, (2) compliance with legal and regulatory requirements, (3) the qualifications, independence and performance of the independent registered public accounting firm, and (4) the scope and results of internal audits, the Company's internal controls over financial reporting and the performance of the Company's internal audit function. Among other things, the Audit Committee appoints, evaluates and determines the compensation of the independent registered public accounting firm; reviews and approves the scope of the annual audit, the audit fee and the financial statements; prepares the Audit Committee report for inclusion in the annual proxy statement; and annually reviews its charter and performance.

The Audit Committee operates under a written charter adopted by the Board of Directors, a copy of which is available at www.publicstorage.com. The Board of Directors has determined that the Chairman of the Audit Committee, Robert J. Abernethy and Audit Committee member Daniel C. Staton, each qualify as an audit committee financial expert within the meaning of the rules of the Securities and Exchange Commission. The Board has further determined that Messrs. Abernethy and Staton are each independent within the meaning of Item 7(d)(3)(iv) of Schedule 14A under the Exchange Act.

Code of Ethics. The Board of Directors has adopted a Directors' Code of Ethics as well as Business Conduct Standards applicable to directors, officers, and employees. The Board has also adopted a Code of Ethics for its senior financial officers, including the Company's principal executive officer, principal financial officer and principal accounting officer, that has additional requirements for those individuals. The code covers those persons serving as the Company's principal executive officer, principal financial officer and principal accounting officer, currently Ronald L. Havner, Jr. and John Reyes. Copies of the Directors' Code of Ethics, the Business Conduct Standards and the Code of Ethics for Senior Financial Officers are available on our website at www.publicstorage.com/Corporateinformation/CorpGovernance.aspx. Any amendments to or waivers of the code of ethics granted to the Company's executive officers will be published promptly on our website or by other appropriate means in accordance with applicable SEC and New York Stock Exchange requirements.

Section 16(a) Compliance. Section 16(a) of the Securities Exchange Act of 1934 requires the Company's directors and executive officers, and persons who own more than 10% of any registered class of the Company's equity securities to file with the Securities and Exchange Commission ("SEC") initial reports (on Form 3) of ownership of the Company's equity securities and to file subsequent reports (on Form 4 or Form 5) when there are changes in such ownership. The due dates of such reports are established by statute and the rules of the SEC. Based on a review of the reports submitted to the Company, the Company believes that, with respect to reports filed during the fiscal year ended December 31, 2005, all directors and officers made timely reports.

Executive Officers. The following is a biographical summary of the current executive officers of the Company:

Ronald L. Havner, Jr., age 48, has been the Vice-Chairman, Chief Executive Officer and a director of the Company since November 2002 and President since July 1, 2005. Mr. Havner has been Chairman of the Company's affiliate, PS Business Parks, Inc. (PSB), since March 1998 and was Chief Executive Officer of PSB from March 1998 until August 2003. He is also a member of the Board of Governors of the National Association of Real Estate Investment Trusts, Inc. (NAREIT) and a director of Business Machine Security, Inc., The Mobile Storage Group and Union BanCal Corporation.

John Reyes, age 45, a certified public accountant, joined the Company in 1990 and was Controller of the Company from 1992 until December 1996 when he became Chief Financial Officer. He became a Vice President of the Company in November 1995 and a Senior Vice President of the Company in December 1996. From 1983 to 1990, Mr. Reyes was employed by Ernst & Young.

John S. Baumann, age 45, became Senior Vice President and Chief Legal Officer of the Company in June 2003. From 1998 to 2002, Mr. Baumann was Senior Vice President and General Counsel of Syncor International Corporation, an international high technology health care services company. From 1995 to 1998, he was Associate General Counsel of KPMG LLP, an international accounting, tax and consulting firm.

John E. Graul, age 54, became Senior Vice President and President, Self-Storage Operations, in February 2004, with overall responsibility for the Company's national operations. From 1982 until joining the Company, Mr. Graul was employed by McDonald's Corporation where he served in various management positions, most recently as Vice President and General Manager – Pacific Sierra Region.

David F. Doll, age 47, became Senior Vice President and President, Real Estate Group, in February 2005, with responsibility for Company's real estate activities, including property acquisitions, developments, and repackagings. Before joining the Company, Mr. Doll was Senior Executive Vice President of Development for

Westfield Corporation, a major international owner and operator of shopping malls, where he was employed since 1995.

ITEM 11. **Executive Compensation**

The following table sets forth certain information concerning the annual and long-term compensation paid to the Company's Chief Executive Officer, and the four other most highly compensated persons who were executive officers of the Company on December 31, 2005 (the "Named Executive Officers") for 2005, 2004 and 2003.

		Annual Compensation			Long-Term Compensation Awards		
Name and Principal Position	**Year**	**Salary**	**Bonus**	**Other Annual Compensation (1)**	**Restricted Stock Unit Awards ($)(2)**	**Securities Underlying Options (#)**	**All Other Compensation (3)**
Ronald L. Havner, Jr. (4) Vice-Chairman, Chief Executive Officer and President	2005	$659,875	$715,000		--	83,000	$8,400
	2004	392,700	650,000	--	--	166,000	6,150
	2003	313,800	500,000	--	--	--	6,000
John Reyes Senior Vice President and Chief Financial Officer	2005	$318,750	350,000	--	--	--	$25,400
	2004	260,000	275,000	--	$476,500	100,000	15,150
	2003	238,800	250,500	--	--	--	6,000
John S. Baumann Senior Vice President and Chief Legal Officer	2005	$210,000	100,000	--	--	--	$16,900
	2004	210,000	160,000	--	$238,250	20,000	7,650
	2003	105,800(5)	70,000	--	--	60,000	--
John E. Graul Senior Vice President and President, Self-Storage Operations	2005	$250,000	240,000	--	$420,900	40,000	$22,650
	2004	204,600(6)	200,000	140,600 (7)	--	50,000	--
David F. Doll	2005	$205,538(8)	240,000		$283,250	50,000	$9,500
Senior Vice President and President, Real Estate Group							

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(1) In accordance with SEC rules, other compensation in the form of perquisites and other personal benefits has been omitted in those instances where the aggregate of such perquisites and other personal benefits did not exceed the lesser of $50,000 or 10% of the total annual salary and bonus for the named executive officer for such year.

(2) Represents the value of grants of restricted stock units made under the 2001 Stock Option and Incentive Plan (with the value of one restricted stock unit deemed equivalent to the value of one share of Common Stock and based on the closing price of the Common Stock on the New York Stock Exchange on the date of grant). The restricted stock units set forth in this table vest 20% on each of the first, second, third, fourth and fifth anniversary of the date of grant. On each vesting date, the holder will receive shares of Common Stock representing the applicable percentage of the total number of restricted stock units granted. Holders of restricted stock units receive payments equal to the dividends that would have been paid on an equivalent number of shares of Common Stock. The grants of restricted stock units do not entitle the holders to any voting rights. As of December 31, 2005, the total holdings of restricted stock units of the Named Executive Officers and the market value of such holdings (with the value of one unit deemed equivalent to the value of one share of Common Stock on the New York Stock Exchange based on the closing price on December 30, 2005 of $67.72) were as follows: Mr. Reyes – 10,000 restricted stock units ($677,200), Mr. Baumann - 5,000 restricted stock units ($338,600), Mr. Graul – 7,500 restricted stock units ($507,900), Mr. Doll – 5,000 restricted stock units ($338,600).

(3) All Other Compensation consists solely of employer contributions to the 401(k) Plan (3% of the annual cash compensation up to a maximum of $8,400 in 2005) and dividend equivalent payments based on ownership of restricted stock units in the case of Mr. Reyes of $17,000; Mr. Baumann of $8,500; Mr. Graul of $14,250 and Mr. Doll of $9,500.

(4) Mr. Havner succeeded Mr. Hughes as Chief Executive Officer in November 2002. Compensation to Mr. Havner in this table does not include compensation paid to Mr. Havner in 2003 and 2004 by PS Business Parks, Inc., an affiliate of the Company.

(5) For the period June 30, 2003, the date Mr. Baumann joined the Company, through December 31, 2003.

(6) For the period February 23, 2004, the date Mr. Graul joined the Company, through December 31, 2004.

(7) Represents reimbursement of relocation expenses.

(8) For the period February 21, 2005, the date Mr. Doll joined the Company, through December 31, 2005.

The following table sets forth certain information relating to options to purchase shares of Common Stock granted to the Named Executive Officers during 2005.

Option Grants in Last Fiscal Year

	Individual Grants					
	Number of Securities Underlying Options	Percent of Total Options Granted to Employees in	Exercise Price		Potential Realizable Value at Assumed Annual Rates of Share Price Appreciation for Option Term	
Name	Granted (#)	Fiscal Year	($/Sh)	Expiration Date	5%	10%
Ronald L. Havner, Jr.	83,000	28.82%	$69.87	12/8/2015	$3,647,000	$ 9,242,000
John Reyes	0	--	--	--	--	--
John S. Baumann	0	--	--	--	--	--
John E. Graul	40,000	13.89%	$56.12	3/3/2015	1,412,000	3,578,000
David F. Doll	50,000	17.36%	$55.66	2/21/2015	1,750,000	4,435,000

Options granted to Mr. Havner become exercisable in three equal installments beginning on the first anniversary of the date of grant. Options granted in 2005 to Messrs. Doll and Graul become exercisable in five equal installments beginning on the first anniversary of the date of grant.

The following table sets forth certain information concerning exercised and unexercised options held by the Named Executive Officers at December 31, 2005.

Aggregated Option Exercises in Last Fiscal Year and Fiscal Year-End Option Values

Name	Shares Acquired on Exercise(#)	Value Realized($)	Number of Securities Underlying Unexercised Options at December 31, 2005		Value of Unexercised In-the-Money Options at December 31, 2005 (1)	
			Exercisable	Unexercisable	Exercisable	Unexercisable
Ronald L. Havner, Jr.	--	--	220,333	193,667	$6,927,538	$1,283,737
John Reyes	--	--	122,000	80,000	4,739,465	1,605,600
John S. Baumann	--	--	28,000	52,000	892,680	1,539,720
John E. Graul	--	--	10,000	80,000	197,400	1,253,600
David F. Doll	--	--	--	50,000	--	603,000

(1) Based on closing price of $67.72 per share of Common Stock on December 30, 2005, as reported by the New York Stock Exchange. On March 13, 2006, the closing price per share of Common Stock as reported by the New York Stock Exchange was $82.00.

REPORT OF THE COMPENSATION COMMITTEE ON EXECUTIVE COMPENSATION

The Compensation Committee (the "Committee") is composed entirely of independent directors and has furnished the following report on executive compensation for fiscal 2005.

Executive Compensation Philosophy. Public Storage pays its executive officers compensation the Committee deems appropriate in view of the nature of the Company's business, the performance of individual executive officers, and the Company's objective of providing incentives to its executive officers to achieve a level of individual and Company performance that will maximize the value of shareholders' investment in Public Storage. To those ends, the Public Storage compensation program consists of payment of a base salary and, potentially, bonus compensation, and incentive awards of options to purchase shares of Common Stock or of restricted stock or restricted stock units. Grants of options and restricted stock units are made under the 2001 Stock Option and Incentive Plan (the "2001 Plan").

Cash Compensation. Base salary levels are based generally on market compensation rates and each individual's role at Public Storage. The Committee determines market compensation rates by reviewing public disclosures of compensation paid to executive officers by other REITs of comparable size and market capitalization. Some of the REITs whose executive compensation the Committee considered in establishing the compensation it pays to executive officers are included in the NAREIT Equity Index referred to below under the caption "Stock Price Performance Graph." Generally, the Committee seeks to compensate Public Storage executives at levels consistent with the middle of the range of amounts paid by REITs deemed comparable by the Committee. Individual salaries may vary based on the experience and contribution to overall corporate performance by a particular executive officer.

The Committee bases its payment of base compensation and annual bonuses on corporate, business unit and individual performance. In establishing base compensation and individual bonuses, the Committee takes into account Public Storage's overall profitability, internal revenue growth and revenue growth due to acquisitions, and the executive officer's contribution to the Company's growth and profitability, as well as compensation paid to executive officers, including the chief executive officer, at REITs deemed comparable by the Committee.

Equity-Based Compensation. The Committee believes that Public Storage executive officers should have an incentive to improve the Company's performance by having an ongoing stake in the success of the Company's business. The Committee seeks to create this incentive by granting to appropriate executive officers stock options that have an exercise price of not less than 100% of the fair market value of the underlying stock on the date of grant, so that the executive officer will not profit from the option unless the price of the Common Stock increases. Options granted by the Committee also are designed to help the Company retain executive officers because the options are not exercisable at the time of grant, and achieve their maximum value only if the executive remains in the Company's employ for a period of years.

The 2001 Plan also authorizes the Company to compensate its executive officers and other employees with grants of restricted stock or restricted stock units. Restricted stock and restricted stock units increase in value as the value of the Common Stock increases, and vest over time provided that the executive officer continues to be employed by Public Storage. Accordingly, awards of restricted stock or restricted stock units serve the Committee's objectives of retaining executive officers and other employees and motivating them to advance the interests of Public Storage and its shareholders. No restricted stock units were granted to Mr. Havner during 2005. Restricted stock units were granted to other Named Executive Officers as reflected above in the table captioned "Summary Compensation Table".

CEO Compensation. In December 2004, following a review of compensation of Chief Executive Officers at comparable REITs, the Committee set three year compensation targets for Mr. Havner's base salary, bonus target and stock option grants. The targets were conditioned on Mr. Havner's continued employment with the Company and successful achievement of performance and other goals set annually by the Committee. Accordingly, in November 2005, the Committee increased Mr. Havner's base salary to $715,000. In early 2006, the Committee awarded Mr. Havner a bonus for 2005 performance of $715,000. The Committee's decision to increase Mr. Havner's base compensation and his 2005 bonus award were based on the achievement of three goals related to (1) FFO (funds from operations), (2) revenues, and (3) the Company's FAD (funds available for distribution). The Committee noted that the Company's performance under Mr. Havner's leadership during 2005 with respect to these three goals substantially exceeded the targets set in early 2005.

Based on the same factors described above, the Committee also awarded Mr. Havner an option to acquire 83,000 shares of common stock on December 8, 2005, at an exercise price of $69.87, the closing price for Public Storage common stock on that date. Mr. Havner's options vest over three years and have a ten year term. Under the compensation program put in place by the Committee in 2004, provided that Mr. Havner continues to be employed by the Company and meets the performance and other goals set by the Committee, he will be eligible to receive a 10% salary and bonus target increase in 2006 and to receive a stock option award of 83,000 shares of common stock in December of 2006. In February 2006, the Committee set the performance targets for 2006 incentive compensation for the CEO and the other Named Executive Officers as achievement of goals related to (1) FFO (funds from operations), (2) revenues, and (3) the Company's FAD (funds available for distribution).

Code Section 162(m). Section 162(m) of the Code imposes a $1,000,000 limit on the annual deduction that may be claimed for compensation paid to each of the chief executive officer and four other highest paid employees of a publicly held corporation. Certain performance-based compensation awarded under a plan approved by shareholders is excluded from that limitation. In 2005, the Company's shareholders approved the Company's Performance-Based Plan, which is designed to permit the Compensation Committee to make awards that will qualify for deduction as performance-based compensation. The Committee intends to structure awards to qualify for deductibility under Section 162(m) to the extent consistent with business requirements.

COMPENSATION COMMITTEE

Daniel C. Staton (Chairman)
Robert J. Abernethy
Dann V. Angeloff
Uri P. Harkham

EMPLOYMENT AGREEMENTS AND TERMINATION PAYMENTS

B. Wayne Hughes. Pursuant to a consulting arrangement approved by the Compensation Committee and by the disinterested directors in March 2004, B. Wayne Hughes, Chairman of the Board and former Chief Executive Officer, (1) agreed to be available for up to 50 partial days a year for consulting services, (2) receives compensation of $60,000 per year and the use of a car, and (3) is provided with an executive assistant and office at the Company's headquarters. The consulting arrangement expires on December 31, 2013.

Harvey Lenkin. In August 2003, Harvey Lenkin entered into an employment agreement with the Company that provided, among other terms, and that Mr. Lenkin would continue to serve as President and Chief Operating Officer of Public Storage until his retirement on June 30, 2005, with compensation at a rate of $550,000 per year. Effective July 2, 2005 upon his retirement from the Company, Mr. Lenkin entered into a consulting agreement with the Company that provides for compensation of $12,500 per month. The agreement terminates on June 30, 2006, unless earlier terminated on sixty days prior notice by the Company. The agreements were approved by the Compensation Committee and by the Board of Directors (with Mr. Lenkin not participating).

COMPENSATION OF DIRECTORS

Each director who is not an officer or employee of Public Storage or an affiliate is considered an Outside Director and receives the following compensation:

- An annual retainer of $30,000 paid quarterly;

- Each member of the Audit, Compensation and Nominating/Corporate Governance Committees of the Board is paid an annual fees of $5,000 paid quarterly, with the Chairman receiving an additional $2,500 per year; and
- In addition, John T. Evans, received a fee of $25,000 for services as chairman of a special committee in 2005, and the other members of the special committee, Robert J. Abernethy and Daniel C. Staton, each received $10,000.

The following table presents the compensation provided by the Company to Outside Directors (which do not include B. Wayne Hughes and Ronald L. Havner, Jr.) for fiscal year ended December 31, 2005.

Outside Director Compensation Table

Name	Annual Cash Retainer	Board/Committee Meeting & Chairman Fees	Total	Stock Underlying Options Granted
Robert J. Abernethy	$30,000	$22,500	$52,500	2,500
Dann V. Angeloff	$30,000	$12,500	$42,500	2,500
William C. Baker	$30,000	$5,000	$35,000	2,500
John T. Evans	$30,000	$35,000	$65,000	2,500
Uri P. Harkham	$30,000	$5,000	$35,000	2,500
B. Wayne Hughes, Jr.	$30,000	-	$30,000	2,500
Harvey Lenkin (a) (b)	$15,000	-	$15,000	2,500
Daniel C. Staton	$30,000	$22,500	$52,500	2,500

(a) Pro-rated for periods of service as an Outside Director.

(b) B. Wayne Hughes and Harvey Lenkin are also compensated under consulting agreements with Public Storage. See "Employment Agreements and Termination Payments" above.

The Company's policy is also to reimburse directors for reasonable expenses.

Director Equity Awards

Each of the Company's Outside Directors who receives directors' fees also receives automatic grants of options under the 2001 Stock Option and Incentive Plan (the "2001 Plan"). Ronald L. Havner, Jr. is eligible to receive discretionary grants of options and restricted stock under the 2001 Plan in his capacity as President & Chief Executive Officer of Public Storage. Under the 2001 Plan, each new Outside Director is, upon the date of his or her initial election by the Board or the shareholders to serve as an Outside Director, automatically granted a non-qualified option to purchase 15,000 shares of common stock. After each annual meeting of shareholders, each Outside Director then duly elected and serving (other than an Outside Director initially elected to the Board at such annual meeting) is automatically granted, as of the date of such annual meeting, a non-qualified option to purchase 2,500 shares of common stock, so long as such person has attended, in person or by telephone, at least 75% of the meetings held by the Board of Directors and of any committee on which the director served during the immediately preceding calendar year.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

The Compensation Committee is comprised of Daniel C. Staton (Chairman), Robert J. Abernethy, Dann V. Angeloff and Uri P. Harkham, none of whom has ever been an employee of the Company. No member of the committee had any relationship with us requiring disclosure under Item 404 of SEC Regulation S-K. No executive officer of Public Storage serves on the compensation committee or board of directors of any other entity which has an executive officer who also serves on the Compensation Committee or Board of Directors of Public Storage at any time during 2005.

Messrs. Hughes, Havner, Lenkin and Hughes, Jr., who are or were officers of Public Storage, are members of the Board of Directors.

STOCK PRICE PERFORMANCE GRAPH

The graph set forth below compares the yearly change in the Company's cumulative total shareholder return on its Common Stock for the five-year period ended December 31, 2005 to the cumulative total return of the Standard and Poor's 500 Stock Index ("S&P 500 Index") and the National Association of Real Estate Investment Trusts Equity Index ("NAREIT Equity Index") for the same period (total shareholder return equals price appreciation plus dividends). The stock price performance graph assumes that the value of the investment in the Company's Common Stock and each index was $100 on December 31, 2000 and that all dividends were reinvested. The stock price performance shown in the graph is not necessarily indicative of future price performance.

[Graph Omitted]

	12/31/00	12/31/01	12/31/02	12/31/03	12/31/04	12/31/05
Public Storage, Inc.	$ 100.00	$ 144.82	$ 147.57	$ 208.29	$ 277.44	$ 347.18
S&P 500	100.00	88.11	68.64	88.33	97.94	102.75
NAREIT Equity	100.00	113.93	118.29	162.21	213.43	239.39

ITEM 12. Security Ownership of Certain Beneficial Owners and Management and Related Shareholder Matters

The following table sets forth information as of the dates indicated with respect to persons known to the Company to be the beneficial owners of more than 5% of the outstanding shares of the Common Stock ("Common Shares") or the Depositary Shares:

	Common Shares Beneficially Owned		Depositary Shares Each Representing 1/1,000 of a Share of Equity Stock, Series A Beneficially Owned	
Name and Address	Number of Shares	Percent of Class	Number of Shares	Percent of Class
B. Wayne Hughes (1)	19,901,850	15.4%	55,685	.6%
B. Wayne Hughes, Jr. (1)	4,736,080	3.7%	39,089	.4%
Tamara Hughes Gustavson (1)	21,470,312	16.6%	1,201,354	13.7%
B. Wayne Hughes, Jr. and Tamara Hughes Gustavson (1)	11,348	--	43	--
Total	46,119,590	35.7%	1,296,171	14.8%
701 Western Avenue Glendale, California 91201				
Cohen & Steers Capital Management, Inc. 757 Third Avenue New York, New York 10017 (2)	(3)	(3)	826,200	9.4%

(1) This information is as of March 3, 2006. B. Wayne Hughes, B. Wayne Hughes, Jr. and Tamara Hughes Gustavson have filed a joint Schedule 13D, as amended most recently on November 1, 2002, reporting their collective ownership of Common Shares and Depositary Shares and may constitute a "group" within the meaning of section 13(d)(3) of the Securities Exchange Act of 1934, although each of these persons disclaims beneficial ownership of the shares owned by the others.

(2) This information is as of December 31, 2005 (except that the percent shown is based on the Depositary Shares outstanding at March 3, 2006) and is based on a Schedule 13G filed on February 14, 2006 by Cohen & Steers Capital Management, Inc. ("CSCM"), an investment adviser registered under the Investment Advisers Act of 1940. CSCM reports in this Schedule 13G that it has sole voting power of 802,400 Depositary Shares and sole dispositive power of 826,200 Depositary Shares.

(3) Less than 5%.

Security Ownership of Management

The following table sets forth information as of February 28, 2006 concerning the beneficial ownership of the Common Shares and the Depositary Shares of each director of the Company, the Company's Chief Executive Officer, the other four most highly compensated persons who were executive officers of the Company on December 31, 2005 and all directors and executive officers as a group:

Name	Common Shares: Beneficially Owned (excluding options)(1) Shares Subject to Options(2) Number of Shares	Percent	Depositary Shares Each Representing 1/1,000 of a Share of Equity Stock, Series A Beneficially Owned Number of Shares	Percent
B. Wayne Hughes	19,901,850	15.4%	55,685	.6%
Ronald L. Havner, Jr.	20,300 220,333(2) 240,633	* .2% .2%	--	*
Robert J. Abernethy	91,567 19,999(2) 111,566	* * *	2,108	*
Dann V. Angeloff	58,554(4) 9,999(2) 68,553	* * *	17,000	*
William C. Baker	25,000 19,999(2) 44,999	* * *	455	*
John T. Evans	600 10,833(2) 11,433	-- * --	--	--
Uri P. Harkham	53,329 12,499(2) 64,828	* * *	3,402	*
B. Wayne Hughes, Jr.	4,747,428(5)	3.7%	35,921(5)	.4%
Harvey Lenkin	134,279(3)	.1%	3,966(3)	*
Daniel C. Staton	14,038 4,166(2) 18,204	* * *	47	*
John Reyes	27,669 122,000(2) 149,669	* .1% .1%	1,905	*
John S. Baumann	1,000 28,000(2) 29,000	*	--	--
John E. Graul	1,500 28,000(2) 29,500	*	--	--
David F. Doll	1,000 10,000(2) 11,000	*	--	--
All Directors and Executive Officers as a Group (14 persons)	25,078,114 (1)(3)(4)(5)(6) 485,828 (2) 25,563,942	19.4% .4% 19.8%	120,489(1)(3)(5)(6)	1.4%

* Less than 0.1%

(1) Represents Common Shares or Depositary Shares, as applicable, beneficially owned as of March 1, 2006. Except as otherwise indicated and subject to applicable community property and similar statutes, the persons listed as beneficial owners of the shares have sole voting and investment power with respect to such shares. Includes shares credited to the accounts of the executive officers of the Company that are held in the 401(k) Plan. Does not include restricted stock units described in note (1) to the summary compensation table under "Compensation – Compensation of Executive Officers" unless such units would vest within 60 days of March 1, 2006.

(2) Represents options exercisable within 60 days of March 1, 2006 to purchase Common Shares.

(3) Common Shares include 2,776 Common Shares held of record or beneficially by Mr. Lenkin's spouse or a son as to which each has investment power. Depositary Shares include 425 Depositary Shares held of record or beneficially by Mr. Lenkin's spouse or a son as to which each has investment power.

(4) Includes 2,000 Common Shares held by Mr. Angeloff's spouse as to which she has investment power.

(5) Common Shares include 378,434 Common Shares, held of record or beneficially by Mr. Hughes, Jr.'s spouse or their children as to which she has investment power and 11,348 Common Shares held jointly by Mr. Hughes, Jr. and Ms. Hughes Gustavson as to which they share investment power. Depositary shares include 1,371 Depositary Shares held of record or beneficially by Mr. Hughes, Jr.'s spouse or their children as to which she has investment power and 43 Depositary Shares held jointly by Mr. Hughes, Jr. and Ms. Hughes Gustavson as to which they share investment power.

(6) Includes shares held of record or beneficially by members of the immediate family of executive officers of the Company and shares credited to the accounts of the executive officers of the Company that are held in the 401(k) Plan.

The following table sets forth information as of December 31, 2005 on the Company's equity compensation plans:

	Number of securities to be issued upon exercise of outstanding options, warrants and rights		Weighted average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans
Equity compensation plans approved by security holders (a)	1,644,807	(b)	$ 43.84	2,181,000
Equity compensation plans not approved by security holders (c)........	78,169		23.41	831,671

(a) The Company's stock option and stock incentive plans are described more fully in Note 13 to the consolidated financial statements. All plans other than the 2000 and 2001 Non-Executive/Non-Director Plans, were approved by the Company's shareholders.

(b) Includes 299,830 restricted stock units that, if and when vested, will be settled in shares of common stock of the Company on a one for one basis.

(c) The outstanding options granted under plans not approved by the Company's shareholders were granted under the Company's 2000 and 2001 Non-Executive/Non-Director Plan, which does not allow participation by the Company's executive officers and directors. The principal terms of these plans are as follows: (1) 2,500,000 shares of common stock were authorized for grant, (2) this plan is administered by the Equity Awards Committee, except that grants in excess of 100,000 shares to any one person requires approval by the Executive Equity Awards Committee, (3) options are granted at fair market value on the date of grant, (4) options have a ten year term and (5) options vest over three years in equal installments, or as indicated by the applicable grant agreement.

ITEM 13. Certain Relationships and Related Transactions

Relationships and transactions with the Hughes Family

The Hughes Family has ownership interests in, and operate approximately 44 self-storage facilities in Canada under the name "Public Storage" ("PS Canada") pursuant to a license agreement with the Company. The Company does not currently own any interests in these facilities nor does it own any facilities in Canada. The Hughes Family owns approximately 36% of our Common Stock outstanding at December 31, 2005. The Company has a right of first refusal to acquire the stock or assets of the corporation that manages the 44 self-storage facilities in Canada, if the Hughes Family or the corporation agrees to sell them. However, the Company has no interest in the operations of this corporation, the Company has no right to acquire this stock or assets unless the Hughes Family decides to sell, the right of first refusal does not apply to the self-storage facilities, and the Company receives no benefit from the profits and increases in value of the Canadian self-storage facilities.

Prior to December 31, 2003, the Company's personnel were engaged in the supervision and the operation of these Canadian self-storage facilities and provided certain administrative services for the Canadian owners, and certain other services, primarily tax services, with respect to certain other Hughes Family interests. The sharing of personnel and systems with the Canadian entities was substantially discontinued by December 31, 2003. In October 2005, the Company's Board of Directors (with B. Wayne Hughes and B. Wayne Hughes Jr. abstaining) approved the reimbursement of CAD $653,424 (plus CAD $52,274 in interest accrued at 4%) representing the amount previously charged to the Canadian entities for system development costs that the Company no longer permits them to use. These amounts were reimbursed to PS Canada in November 2005.

The Company, through subsidiaries, continues to reinsure risks relating to loss of goods stored by tenants in the self-storage facilities in Canada. The Company had acquired the tenant insurance business on December 31, 2001 through its acquisition of PSIC. During 2005, PSIC received $1,052,000 in reinsurance premiums attributable to the Canadian Facilities. Since PSIC's right to provide tenant reinsurance to the Canadian Facilities may be qualified, there is no assurance that these premiums will continue.

In November 1999, the Company, through two wholly-owned entities, PS Pennsylvania Trust and PS Texas Holdings, Ltd. (collectively, "PSA"), formed a joint venture (the "Consolidated Development JV") that developed and owned approximately $109 million of self-storage facilities and $100 million of shares of the Company's Equity Stock, Series AAA. At August 5, 2005, the Consolidated Development JV also owned 712,400 shares of the Company's Common Stock. The partners of the Consolidated Development JV were PSA and a limited liability company (referred to hereinafter as "PSAC"). The members of PSAC are a state pension plan (the "Investor") and B. Wayne Hughes. The Consolidated Development JV was capitalized with approximately $202 million; PSA contributed approximately $104 million and had a 51% ownership interest and PSAC contributed approximately $98 million and had a 49% ownership interest. The term of the Consolidated Development JV was 15 years. The Investor, as a member of PSAC, had the right at the end of the sixth year to cause an early termination of the Consolidated Development JV and PSAC, which it exercised in 2005. Accordingly, on August 5, 2005, we acquired the institutional investor's interest in PSAC for approximately $41,420,000 in cash. This acquisition gave us a controlling position in PSAC and the contractual right to acquire the remaining interest in PSAC held by Mr. Hughes, which we exercised in November 2005. In accordance with the preexisting agreements, we paid Mr. Hughes a total of $64,513,000 on November 17, 2005 to acquire his interest. In addition, during 2005 Mr. Hughes received a total of $4,756,000, representing his contractual interest in the cash flow of the partnership from January 1, 2005 through the date we acquired his interest.

The Company and Mr. Hughes are co-general partners in certain of certain partnerships, some of which are consolidated with the Company and some of which are unconsolidated. Mr. Hughes and his family also own limited partnership interests in certain of these partnerships. The Company and Mr. Hughes and his family receive distributions from these partnerships in accordance with the terms of the partnership agreements.

Management Agreement with PS Business Parks, Inc.

PSB manages certain of the commercial facilities that we own pursuant to management agreements for a management fee equal to 5% of revenues. Public Storage paid a total of $579,000 in management fees with respect to PSB's property management services in 2005.

Cost Sharing Arrangements with PSB

Pursuant to a cost-sharing and administrative services agreement, PSB reimburses us for certain administrative services. PSB's share of these costs totaled approximately $340,000 for the year ended December 31, 2005.

Stor-RE and third party insurance carriers have provided PS Canada, the Company, PSB, and other affiliates of the Company with liability and casualty insurance coverage until March 31, 2004. PS Canada has a 2.2% interest, and PSB has a 4.0% interest, in Stor-RE. PS Canada and PSB obtained their own liability and casualty insurance covering occurrences after April 1, 2004. For occurrences before April 1, 2004, STOR-Re continues to provide liability and casualty insurance coverage consistent with the relevant agreements.

Legal Proceedings

In November 2002, a shareholder of the Company made a demand on the Board of Directors that challenged the fairness of the Company's acquisition of PS Insurance Company, Ltd. ("PSIC") and related matters. PSIC was previously owned by the Hughes Family.

In June 2003, the Hughes Family filed a complaint (Gustavson, et al v. Public Storage, Inc.) for declaratory relief asking the court to find that the acquisition of PSIC and related matters were fair to the Company. The Company filed an answer to the Hughes Family's complaint requesting a final judicial determination of the Company's rights of recovery against the Hughes Family in respect of PSIC. By order of the Superior Court, the matter was tried before Justice Malcolm Lucas, a former chief justice of the California Supreme Court. In October 2005, Judge Lucas rendered his decision, ruling against the Company by finding that the PSIC transaction was just and reasonable as to the Company and holding that the Hughes Family was not required to make any payment to the Company. The Superior Court has formally entered judgment accordingly and this lawsuit has been concluded.

At the end of December 2004, the same shareholder referred to above and a second shareholder filed a shareholder's derivative complaint (Potter, et al v. Hughes, et al) naming as defendants the Company's directors (and two former directors) and certain officers of the Company. The matters alleged in the Potter complaint relate to PSIC, the Hughes Family's Canadian self-storage operations and the Company's 1995 reorganization. In June 2005, the court granted the defendants' motion to dismiss the Potter complaint with leave to amend the complaint. In July 2005, the plaintiffs filed an amended complaint, and the defendants filed a motion to dismiss the amended complaint. The matter is currently under submission. We believe the litigation will not have any financially adverse effect on the Company (other than the costs and other expenses relating to the lawsuit).

ITEM 14. Principal Accountant Fees and Services

The following table shows the fees billed or expected to be billed to the Company by Ernst & Young for audit and other services provided for fiscal 2005 and 2004:

	2005	2004
Audit Fees (a)	$ 548,800	$ 581,300
Audit-Related Fees	-	-
Tax Fees (b)	688,600	546,300
All Other Fees	-	-
Total	$ 1,237,400	$ 1,127,600

(a) Audit Fees represent fees for professional services provided in connection with the audits of the Company's annual financial statements and internal control over financial reporting, review of the quarterly financial statements included in the Company's quarterly reports on Form 10-Q and services in connection with the Company's registration statements and securities offerings.

(b) During 2005 tax fees included $644,800 for preparation of federal and state income tax returns for the Company and its consolidated entities and $43,800 for tax planning. During 2004, $12,200 of the tax services were for tax planning, primarily related to acquisitions. All other 2004 tax fees were for preparation of federal and state income tax returns.

The Audit Committee has adopted a pre-approval policy relating to any services provided by the Company's independent registered public accounting firm. Under this policy the Audit Committee of the Company pre-approved all services performed by Ernst & Young LLP during 2005, including those listed above. At this time, the Audit Committee has not delegated pre-approval authority to any member or members of the Audit Committee.

PART IV

ITEM 15. Exhibits and Financial Statement Schedules

a. 1. Financial Statements

The financial statements listed in the accompanying Index to Financial Statements and Schedules hereof are filed as part of this report.

2. Financial Statement Schedules

The financial statements schedules listed in the accompanying Index to Financial Statements and Schedules are filed as part of this report.

3. Exhibits

See Index to Exhibits contained herein.

b. Exhibits:

See Index to Exhibits contained herein.

c. Financial Statement Schedules

Not applicable.

PUBLIC STORAGE, INC.

INDEX TO EXHIBITS(1)

(Items 15(a)(3) and 15(c))

3.1 Restated Articles of Incorporation of Storage Equities, Inc. Filed with Registrant's Registration Statement on Form S-4 (SEC File No. 33-54557) and incorporated herein by reference.

3.2 Certificate of Amendment of Articles of Incorporation of Storage Equities, Inc. Filed with Registrant's Registration Statement on Form S-3/A (SEC File No. 33-63947) and incorporated herein by reference.

3.3 Certificate of Amendment of Articles of Incorporation of Public Storage, Inc. Filed with Registrant's Registration Statement on Form S-3 (SEC File No. 333-18395) and incorporated herein by reference.

3.4 Certificate of Determination of Preferences of 10% Cumulative Preferred Stock, Series A of Storage Equities, Inc. Filed with Registrant's Registration Statement on Form S-4 (SEC File No. 33-54557) and incorporated herein by reference.

3.5 Amendment to Certificate of Determination of Preferences of 10% Cumulative Preferred Stock, Series A of Public Storage, Inc. Filed with the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2004 and incorporated herein by reference.

3.6 Certificate of Determination of Preferences of 9.20% Cumulative Preferred Stock, Series B of Storage Equities, Inc. Filed with Registrant's Registration Statement on Form S-4 (SEC File No. 33-54557) and incorporated herein by reference.

3.7 Amendment to Certificate of Determination of Preferences of 9.20% Cumulative Preferred Stock, Series B of Storage Equities, Inc. Filed with Registrant's Registration Statement on Form S-4 (SEC File No. 33-56925) and incorporated herein by reference.

3.8 Amendment to Certificate of Determination of Preferences of 9.20% Cumulative Preferred Stock, Series B of Public Storage, Inc. Filed with the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2004 and incorporated herein by reference.

3.9 Certificate of Determination of Preferences of 8.25% Convertible Preferred Stock of Public Storage, Inc. Filed with Registrant's Registration Statement on Form S-4 (SEC File No. 33-54557) and incorporated herein by reference.

3.10 Certificate of Determination of Preferences of Adjustable Rate Cumulative Preferred Stock, Series C of Storage Equities, Inc. Filed with Registrant's Registration Statement on Form S-4 (SEC File No. 33-54557) and incorporated herein by reference.

3.11 Amendment to Certificate of Determination of Preferences of Adjustable Rate Cumulative Preferred Stock, Series C of Public Storage, Inc. Filed with Registrant's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2004 and incorporated herein by reference.

3.12 Certificate of Determination of Preferences of 9.50% Cumulative Preferred Stock, Series D of Storage Equities, Inc. Filed with Registrant's Registration Statement on Form 8-A/A relating to the 9.50% Cumulative Preferred Stock, Series D and incorporated herein by reference.

3.13 Amendment to Certificate of Determination of Preferences of 9.50% Cumulative Preferred Stock, Series D of Public Storage, Inc. Filed with Registrant's Annual Report on Form 10-K for the year ended December 31, 2004 and incorporated herein by reference.

3.14 Certificate of Determination of Preferences of 10% Cumulative Preferred Stock, Series E of Storage Equities, Inc. Filed with Registrant's Registration Statement on Form 8-A/A relating to the 10% Cumulative Preferred Stock, Series E and incorporated herein by reference.

3.15 Amendment to Certificate of Determination of Preferences of 10% Cumulative Preferred Stock, Series E of Public Storage, Inc. Filed with Registrant's Current Report on Form 8-K dated April 25, 2005 and incorporated herein by reference.

3.16 Certificate of Determination of Preferences of 9.75% Cumulative Preferred Stock, Series F of Storage Equities, Inc. Filed with Registrant's Registration Statement on Form 8-A/A relating to the 9.75% Cumulative Preferred Stock, Series F and incorporated herein by reference.

3.17 Amendment to Certificate of Determination of Preferences of 9.750% Cumulative Preferred Stock, Series F of Public Storage, Inc. Filed with Registrant's Current Report on Form 8-K dated August 17, 2005 and incorporated herein by reference.

3.18 Certificate of Determination of Preferences of 8-7/8% Cumulative Preferred Stock, Series G of Public Storage, Inc. Filed with Registrant's Registration Statement on Form 8-A/A relating to the Depositary Shares Each Representing 1/1,000 of a Share of 8-7/8% Cumulative Preferred Stock, Series G and incorporated herein by reference.

3.19 Certificate of Determination of Preferences of 8.45% Cumulative Preferred Stock, Series H of Public Storage, Inc. Filed with Registrant's Registration Statement on Form 8-A/A relating to the Depositary Shares Each Representing 1/1,000 of a Share of 8.45% Cumulative Preferred Stock, Series H and incorporated herein by reference.

3.20 Certificate of Determination of Preferences of Convertible Preferred Stock, Series CC of Public Storage, Inc. Filed with Registrant's Registration Statement on Form S-4 (SEC File No. 333-03749) and incorporated herein by reference.

3.21 Certificate of Correction of Certificate of Determination of Preferences of Convertible Participating Preferred Stock of Public Storage, Inc. Filed with Registrant's Registration Statement on Form S-4 (SEC File No. 333-08791) and incorporated herein by reference.

3.22 Certificate of Determination of Preferences of 8 5/8% Cumulative Preferred Stock, Series I of Public Storage, Inc. Filed with Registrant's Registration Statement on Form 8-A/A relating to the Depositary Shares Each Representing 1/1,000 of a Share of 8 5/8% Cumulative Preferred Stock, Series I and incorporated herein by reference.

3.23 Certificate of Determination of Equity Stock, Series A of Public Storage, Inc. Filed with Registrant's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 1997 and incorporated herein by reference.

3.24 Certificate of Determination of Preferences of 8% Cumulative Preferred Stock, Series J of Public Storage, Inc. Filed with Registrant's Registration Statement on Form 8-A/A relating to the Depositary Shares Each Representing 1/1,000 of a Share of 8% Cumulative Preferred Stock, Series J and incorporated herein by reference.

3.25 Certificate of Correction of Certificate of Determination of Preferences of 8.25% Convertible Preferred Stock of Public Storage, Inc. Filed with Registrant's Registration Statement on Form S-4 (SEC File No. 333-61045) and incorporated herein by reference.

3.26 Certificate of Determination of Preferences of 8 1/4% Cumulative Preferred Stock, Series K of Public Storage, Inc. Filed with Registrant's Registration Statement on Form 8-A/A relating to the Depositary Shares Each Representing 1/1,000 of a Share of 8 1/4% Cumulative Preferred Stock, Series K and incorporated herein by reference.

3.27 Certificate of Determination of Preferences of 8 1/4% Cumulative Preferred Stock, Series L of Public Storage, Inc. Filed with Registrant's Registration Statement on Form 8-A/A relating to the Depositary Shares Each Representing 1/1,000 of a Share of 8 1/4% Cumulative Preferred Stock, Series L and incorporated herein by reference.

3.28 Certificate of Determination of Preferences of 8.75% Cumulative Preferred Stock, Series M of Public Storage, Inc. Filed with Registrant's Registration Statement on Form 8-A/A relating to the Depositary Shares Each Representing 1/1,000 of a Share of 8.75% Cumulative Preferred Stock, Series M and incorporated herein by reference.

3.29 Certificate of Determination of Equity Stock, Series AA of Public Storage, Inc. Filed with Registrant's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 1999 and incorporated herein by reference.

3.30 Certificate Decreasing Shares Constituting Equity Stock, Series A of Public Storage, Inc. Filed with Registrant's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 1999 and incorporated herein by reference.

3.31 Certificate of Determination of Equity Stock, Series A of Public Storage, Inc. Filed with Registrant's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 1999 and incorporated herein by reference.

3.32 Certificate of Amendment of Certificate of Determination of Equity Stock, Series A of Public Storage, Inc. Filed with Registrant's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2001 and incorporated herein by reference.

3.33 Certificate of Determination of Equity Stock, Series AAA of Public Storage, Inc. Filed with Registrant's Current Report on Form 8-K dated November 15, 1999 and incorporated herein by reference.

3.34 Certificate of Determination of Preferences of 9.5% Cumulative Preferred Stock, Series N of Public Storage, Inc. Filed with Registrant's Annual Report on Form 10-K for the year ended December 31, 1999 and incorporated herein by reference.

3.35 Certificate of Determination of Preferences of 9.125% Cumulative Preferred Stock, Series O of Public Storage, Inc. Filed with Registrant's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2000 and incorporated herein by reference.

3.36 Certificate of Determination of Preferences of 8.75% Cumulative Preferred Stock, Series P of Public Storage, Inc. Filed with Registrant's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2000 and incorporated herein by reference.

3.37 Certificate of Determination of Preferences of 8.600% Cumulative Preferred Stock, Series Q of Public Storage, Inc. Filed with Registrant's Registration Statement on Form 8-A/A (No. 001-08389) relating to the Depositary Shares Each Representing 1/1,000 of a Share of 8.600% Cumulative Preferred Stock, Series Q and incorporated herein by reference.

3.38 Certificate of Amendment of Certificate of Determination of Equity Stock, Series A of Public Storage, Inc. Filed with Registrant's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2001 and incorporated herein by reference.

3.39 Certificate of Determination of Preferences of 8.000% Cumulative Preferred Stock, Series R of Public Storage, Inc. Filed with Registrant's Registration Statement on Form 8-A relating to the Depositary Shares Each Representing 1/1,000 of a Share of 8.000% Cumulative Preferred Stock, Series R and incorporated herein by reference.

3.40 Certificate of Determination of Preferences of 7.875% Cumulative Preferred Stock, Series S of Public Storage, Inc. Filed with Registrant's Registration Statement on Form 8-A relating to the Depositary Shares Each Representing 1/1,000 of a Share of 7.875% Cumulative Preferred Stock, Series S and incorporated herein by reference.

3.41 Certificate of Determination of Preferences of 7.625% Cumulative Preferred Stock, Series T of Public Storage, Inc. Filed with Registrant's Registration Statement on Form 8-A relating to the Depositary Shares Each Representing 1/1,000 of a Share of 7.625% Cumulative Preferred Stock, Series T and incorporated herein by reference.

3.42 Certificate of Determination of Preferences of 7.625% Cumulative Preferred Stock, Series U of Public Storage, Inc. Filed with Registrant's Registration Statement on Form 8-A relating to Depositary Shares Each Representing 1/1,000 of a Share of 7.625% Cumulative Preferred Stock, Series U and incorporated herein by reference.

3.43 Amendment to Certificate of Determination of Preferences of 7.625% Cumulative Preferred Stock, Series T of Public Storage, Inc. Filed with Registrant's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2002 and incorporated herein by reference.

3.44 Certificate of Determination of Preferences of 7.500% Cumulative Preferred Stock, Series V of Public Storage, Inc. Filed with Registrant's Registration Statement Form 8-A relating to the Depositary Shares Each Representing 1/1,000 of a Share of 7.500% Cumulative Preferred Stock, Series V and incorporated herein by reference.

3.45 Certificate of Determination of Preferences of 6.500% Cumulative Preferred Stock, Series W of Public Storage, Inc. Filed with Registrant's Registration Statement Form 8-A relating to the Depositary Shares Each Representing 1/1,000 of a Share of 6.500% Cumulative Preferred Stock, Series W and incorporated herein by reference.

3.46 Certificate of Determination of Preferences 6.450% Cumulative Preferred Stock, Series X of Public Storage, Inc. Filed with Registrant's Registration Statement on Form 8-A relating to the Depositary Shares Each Representing 1/1,000 of a Share of 6.450% Cumulative Preferred Stock, Series X and incorporated herein by reference.

3.47 Certificate of Determination of Preferences of 6.85% Cumulative Preferred Stock, Series Y of Public Storage, Inc. Filed with the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2004 and incorporated herein by reference.

3.48 Certificate of Determination of Preferences of 6.250% Cumulative Preferred Stock, Series Z of Public Storage, Inc. Filed with Registrant's Registration Statement on Form 8-A relating to the Depositary Shares Each Representing 1/1,000 of a Share of 6.250% Cumulative Preferred Stock, Series Z and incorporated herein by reference.

3.49 Certificate of Determination of Preferences of 6.125% Cumulative Preferred Stock, Series A of Public Storage, Inc. Filed with Registrant's Registration Statement on Form 8-A relating to the Depositary Shares

Each Representing 1/1,000 of a Share of 6.125% Cumulative Preferred Stock, Series A and incorporated herein by reference.

3.50 Certificate of Determination of Preferences of 6.40% Cumulative Preferred Stock, Series NN of Public Storage, Inc. Filed with Registrant's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2004 and incorporated herein by reference.

3.51 Certificate of Determination of Preferences of 7.125% Cumulative Preferred Stock, Series B of Public Storage, Inc. Filed with Registrant's Registration Statement on Form 8-A relating to the Depositary Shares Each Representing 1/1,000 of a Share of 7.125% Cumulative Preferred Stock, Series B and incorporated herein by reference.

3.52 Certificate of Determination of Preferences of 6.60% Cumulative Preferred Stock, Series C of Public Storage, Inc. Filed with Registrant's Registration Statement on Form 8-A relating to the Depositary Shares Each Representing 1/1,000 of a Share of 6.60% Cumulative Preferred Stock, Series C and incorporated herein by reference.

3.53 Certificate of Determination of Preferences of 6.18% Cumulative Preferred Stock, Series D of Public Storage, Inc. Filed with Registrant's Registration Statement on Form 8-A relating to the Depositary Shares Each Representing 1/1,000 of a Share of 6.18% Cumulative Preferred Stock, Series D and incorporated herein by reference.

3.54 Certificate of Determination of Preferences of 6.75% Cumulative Preferred Stock, Series E of Public Storage, Inc. Filed with Registrant's Registration Statement on Form 8-A relating to the Depositary Shares Each Representing 1/1,000 of a share of 6.75% Cumulative Preferred Stock, Series E and incorporated herein by reference.

3.55 Certificate of Determination of Preferences of 6.45% Cumulative Preferred Stock, Series F of Public Storage, Inc. Filed with Registrant's Registration Statement on Form 8-A relating to the Depositary Shares Each Representing 1/1,000 of a Share of 6.45% Cumulative Preferred Stock, Series F and incorporated herein by reference.

3.56 Amendment to Certificate of Determination of Preferences 6.45% Cumulative Preferred Stock, Series F of Public Storage, Inc. Filed with Registrant's Registration Statement on Form 8-A relating to the Depositary Shares Each Representing 1/1,000 of a Share of 6.45% Cumulative Preferred Stock, Series F and incorporated herein by reference.

3.57 Certificate of Determination of Preferences of 7.00% Cumulative Preferred Stock, Series G of Public Storage, Inc. Filed with Registrant's Registration Statement on Form 8-A relating to the Depositary Shares Each Representing 1/1,000 of a Share of 7.00% Cumulative Preferred Stock, Series G and incorporated herein by reference.

3.58 Certificate of Determination of Preferences of 6.95% Cumulative Preferred Stock, Series H of Public Storage, Inc. Filed with Registrant's Registration Statement on Form 8-A relating to the Depositary Shares Each Representing 1/1,000 of a Share of 6.95% Cumulative Preferred Stock, Series H and incorporated herein by reference.

3.59 Amendment to Certificate of Determination of Determination of Preferences of Cumulative Preferred Stock, Series G (8.875%), H (8.45%), I (8.625%), J (8%), K (8.25%), L (8.25%), M (8.75%), N (9.5%), O (9.125%) and P (8.75%) of Public Storage, Inc. Filed with Registrant's Current Report on Form 8-K dated November 22, 2005 and incorporated herein by reference.

3.60 Revised Bylaws of Storage Equities, Inc. Filed with Registrant's Registration Statement on Form S-4/A (SEC File No. 33-64971) and incorporated herein by reference.

3.61 Amendment to Bylaws of Public Storage, Inc. adopted on May 9, 1996. Filed with Registrant's Registration Statement on Form S-4 (Sec File No. 333-03749) and incorporated herein by reference.

3.62 Amendment to Bylaws of Public Storage, Inc. adopted on June 26, 1997. Filed with Registrant's Registration Statement on Form S-3/A (SEC File No. 333-41123) and incorporated herein by reference.

3.63 Amendment to Bylaws of Public Storage, Inc. adopted on January 6, 1998. Filed with Registrant's Registration Statement on Form S-3/A (SEC File No. 333-41123) and incorporated herein by reference.

3.64 Amendment to Bylaws of Public Storage, Inc. adopted on February 10, 1998. Filed with Registrant's Current Report on Form 8-K dated February 10, 1998 and incorporated herein by reference.

3.65 Amendment to Bylaws of Public Storage, Inc. adopted on March 4, 1999. Filed with Registrant's Current Report on Form 8-K dated March 4, 1999 and incorporated herein by reference.

3.66 Amendment to Bylaws of Public Storage, Inc. adopted on May 6, 1999. Filed with Registrant's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 1999 and incorporated herein by reference.

3.67 Amendment to Bylaws of Public Storage, Inc. adopted on November 7, 2002. Filed with Registrant's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2002 and incorporated herein by reference.

3.68 Amendment to Bylaws of Public Storage, Inc. adopted on May 8, 2003. Filed with Registrant's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2003 and incorporated herein by reference.

3.69 Amendment to Bylaws of Public Storage, Inc. adopted on August 5, 2003. Filed with Registrant's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2003 and incorporated herein by reference.

3.70 Amendment to Bylaws of Public Storage, Inc. adopted on March 11, 2004. Filed with Registrant's Annual Report on Form 10-K for the year ended December 31, 2003 and incorporated herein by reference.

10.1 Amended Management Agreement between Registrant and Public Storage Commercial Properties Group, Inc. dated as of February 21, 1995. Filed with Registrant's Annual Report on Form 10-K for the year ended December 31, 1994 and incorporated herein by reference.

10.2 Second Amended and Restated Management Agreement by and among Registrant and the entities listed therein dated as of November 16, 1995. Filed with PS Partners, Ltd.'s Annual Report on Form 10-K for the year ended December 31, 1996 (SEC File No. 001-11186) and incorporated herein by reference.

10.3 Limited Partnership Agreement of PSAF Development Partners, L.P. Filed with Registrant's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 1997 and incorporated herein by reference.

10.4 Agreement of Limited Partnership of PS Business Parks, L.P. Filed with PS Business Parks, Inc.'s Quarterly Report on Form 10-Q for the quarterly period ended June 30, 1998 (SEC File No. 001-10709) and incorporated herein by reference.

10.5 Amended and Restated Agreement of Limited Partnership of Storage Trust Properties, L.P. (March 12, 1999). Filed with Registrant's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 1999 and incorporated herein by reference.

10.6 Limited Partnership Agreement of PSAC Development Partners, L.P. Filed with Registrant's Current Report on Form 8-K dated November 15, 1999 and incorporated herein by reference.

10.7 Agreement of Limited Liability Company of PSAC Storage Investors, L.L.C. Filed with Registrant's Current Report on Form 8-K dated November 15, 1999 and incorporated herein by reference.

10.8 Amended and Restated Agreement of Limited Partnership of PSA Institutional Partners, L.P. Filed with Registrant's Annual Report on Form 10-K for the year ended December 31, 1999 and incorporated herein by reference.

10.9 Amendment to Amended and Restated Agreement of Limited Partnership of PSA Institutional Partners, L.P. Filed with Registrant's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2000 and incorporated herein by reference.

10.10 Second Amendment to Amended and Restated Agreement of Limited Partnership of PSA Institutional Partners, L.P. Filed with Registrant's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2004 and incorporated herein by reference.

10.11 Third Amendment to Amended and Restated Agreement of Limited Partnership of PSA Institutional Partners, L.P. Filed with Registrant's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2004 and incorporated herein by reference.

10.12 Limited Partnership Agreement of PSAF Acquisition Partners, L.P. Filed with Registrant's Annual Report on Form 10-K for the year ended December 31, 2003 and incorporated herein by reference.

10.13 Credit Agreement by and among Registrant, Wells Fargo Bank, National Association, as agent, and the financial institutions party thereto dated as of November 1, 2001. Filed with Registrant's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2001 and incorporated herein by reference.

10.14 Second Amendment to Credit Agreement by and among Registrant, Wells Fargo Bank, National Association, as agent, and the financial institutions party thereto dated as of March 25, 2004. Filed with Registrant's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2004 and incorporated herein by reference.

10.15 Note Purchase Agreement with respect to $100,000,000 of Senior Notes of Storage Trust Properties, L.P. dated as of January 20, 1997. Filed with Storage Trust Realty's Annual Report on Form 10-K for the year ended December 31, 1996 (SEC File No. 001-13462) and incorporated herein by reference.

10.16 Agreement and Plan of Merger by and among Storage Trust Realty, Registrant and Newco Merger Subsidiary, Inc. dated as of November 12, 1998. Filed with Registrant's Registration Statement on Form S-4 (SEC File No. 333-68543) and incorporated herein by reference.

10.17 Amendment No. 1 to Agreement and Plan of Merger by and among Storage Trust Realty, Registrant, Newco Merger Subsidiary, Inc. and STR Merger Subsidiary, Inc. dated as of January 19, 1999. Filed with Registrant's Registration Statement on Form S-4/A (SEC File No. 333-68543) and incorporated herein by reference.

10.18 Deposit Agreement dated as of December 13, 1995, among Registrant, The First National Bank of Boston, and the holders of the depositary receipts evidencing the Depositary Shares Each Representing 1/1,000 of a Share of 8-7/8% Cumulative Preferred Stock, Series G. Filed with Registrant's Registration Statement on Form 8-A/A relating to the Depositary Shares Each Representing 1/1,000 of a Share of 8-7/8% Cumulative Preferred Stock, Series G and incorporated herein by reference.

10.19 Deposit Agreement dated as of January 25, 1996, among Registrant, The First National Bank of Boston, and the holders of the depositary receipts evidencing the Depositary Shares Each Representing 1/1,000 of a Share of 8.45% Cumulative Preferred Stock, Series H. Filed with Registrant's Registration Statement on Form 8-A/A relating to the Depositary Shares Each Representing 1/1,000 of a Share of 8.45% Cumulative Preferred Stock, Series H and incorporated herein by reference.

10.20 Deposit Agreement dated as of November 1, 1996, among Registrant, The First National Bank of Boston, and the holders of the depositary receipts evidencing the Depositary Shares Each Representing 1/1,000 of a Share of 8 5/8% Cumulative Preferred Stock, Series I. Filed with Registrant's Registration Statement on Form 8-A/A relating to the Depositary Shares Each Representing 1/1,000 of a Share of 8 5/8% Cumulative Preferred Stock, Series I and incorporated herein by reference.

10.21 10.11 Deposit Agreement dated as of August 28, 1997 among Registrant, The First National Bank of Boston, and the holders of the depositary receipts evidencing the Depositary Shares Each Representing 1/1,000 of a Share of 8% Cumulative Preferred Stock, Series J. Filed with Registrant's Registration Statement on Form 8-A/A relating to the Depositary Shares Each Representing 1/1,000 of a Share of 8% Cumulative Preferred Stock, Series J and incorporated herein by reference.

10.22 Deposit Agreement dated as of January 19, 1999 among Registrant, BankBoston, N.A. and the holders of the depositary receipts evidencing the Depositary Shares Each Representing 1/1,000 of a Share of 8 1/4% Cumulative Preferred Stock, Series K. Filed with Registrant's Registration Statement on Form 8-A/A relating to the Depositary Shares Each Representing 1/1,000 of a Share of 8 1/4% Cumulative Preferred Stock, Series K and incorporated herein by reference.

10.23 Deposit Agreement dated as of March 10, 1999 among Registrant, BankBoston, N.A. and the holders of the depositary receipts evidencing the Depositary Shares Each Representing 1/1,000 of a Share of 8 1/4% Cumulative Preferred Stock, Series L. Filed with Registrant's Registration Statement on Form 8-A/A relating to the Depositary Shares Each Representing 1/1,000 of a Share of 8 1/4% Cumulative Preferred Stock, Series L and incorporated herein by reference.

10.24 Deposit Agreement dated as of August 17, 1999 among Registrant, BankBoston, N.A. and the holders of the depositary receipts evidencing the Depositary Shares Each Representing 1/1,000 of a Share of 8.75% Cumulative Preferred Stock, Series M. Filed with Registrant's Registration Statement on Form 8-A/A relating to the Depositary Shares Each Representing 1/1,000 of a Share of 8.75% Cumulative Preferred Stock, Series M and incorporated herein by reference.

10.25 Deposit Agreement dated as of January 14, 2000 among Registrant, BankBoston, N.A. and the holders of the depositary receipts evidencing the Depositary Shares Each Representing 1/1,000 of a Share of Equity Stock, Series A. Filed with Registrant's Registration Statement on Form 8-A/A relating to the Depositary Shares Each Representing 1/1,000 of a Share of Equity Stock, Series A and incorporated herein by reference.

10.26 Deposit Agreement dated as of January 19, 2001 among Registrant, Fleet National Bank and the holders of the depositary receipts evidencing the Depositary Shares Each Representing 1/1,000 of a Share of 8.600% Cumulative Preferred Stock, Series Q. Filed with Registrant's Registration Statement on Form 8-A/A (SEC File No. 0010-08389) relating to the Depositary Shares Each Representing 1/1,000 of a Share of 8.600% Cumulative Preferred Stock, Series Q and incorporated herein by reference.

10.27 Deposit Agreement dated as of September 28, 2001 among Registrant, Fleet National Bank and the holders of the depositary receipts evidencing the Depositary Shares Each Representing 1/1,000 of a Share of 8.000% Cumulative Preferred Stock, Series R. Filed with Registrant's Registration Statement on Form 8-A relating to the Depositary Shares Each Representing 1/1,000 of a Share of 8.000% Cumulative Preferred Stock, Series R and incorporated herein by reference.

10.28 Deposit Agreement dated as of October 31, 2001 among Registrant, Fleet National Bank and the holder of the depositary receipts evidencing the Depositary Shares Each Representing 1/1,000 of a Share of 7.875% Cumulative Preferred Stock, Series S. Filed with Registrant's Registration Statement on Form 8-A relating to the Depositary Shares Each Representing 1/1,000 of a Share of 7.875% Cumulative Preferred Stock, Series S and incorporated herein by reference.

10.29 Deposit Agreement dated as of January 18, 2002 among Registrant, Equiserve Trust Company, N.A. and the holders of the depositary receipts evidencing the Depositary Shares Each Representing 1/1,000 of a Share of 7.625% Cumulative Preferred Stock, Series T. Filed with Registrant's Registration Statement on Form 8-A relating to the Depositary Shares Each Representing 1/1,000 of a Share of 7.625% Cumulative Preferred Stock, Series T and incorporated herein by reference.

10.30 Deposit Agreement dated as of February 19, 2002 among Registrant, Equiserve Trust Company, N.A. and the holders of the depositary receipts evidencing the Depositary Shares Each Representing 1/1,000 of a Share of 7.625% Cumulative Preferred Stock, Series U. Filed with Registrant's Registration Statement on Form 8-A relating to the Depositary Shares Each Representing 1/1,000 of a Share of 7.625% Cumulative Preferred Stock, Series U and incorporated herein by reference.

10.31 Deposit Agreement dated as of September 30, 2002 among Registrant, Equiserve Trust Company, N.A. and the holders of the depositary receipts evidencing the Depositary Shares Each Representing 1/1,000 of a Share of 7.500% Cumulative Preferred Stock, Series V. Filed with Registrant's Registration Statement on Form 8-A relating to the Depositary Shares Each Representing 1/1,000 of a Share of 7.500% Cumulative Preferred Stock, Series V and incorporated herein by reference.

10.32 Deposit Agreement dated as of October 6, 2003 among Registrant, Equiserve, Inc., Equiserve Trust Company, N.A. and the holders of the depositary receipts evidencing the Depositary Shares Each Representing 1/1,000 of a Share of 6.500% Cumulative Preferred Stock, Series W. Filed with Registrant's Registration Statement on Form 8-A relating to the Depositary Shares Each Representing 1/1,000 of a Share of 6.500% Cumulative Preferred Stock, Series W and incorporated herein by reference.

10.33 Deposit Agreement dated as of November 13, 2003 among Registrant, Equiserve, Inc., Equiserve Trust Company, N.A. and the holders of the depositary receipts evidencing the Depositary Shares Each Representing 1/1,000 of a Share of 6.450% Cumulative Preferred Stock, Series X. Filed with Registrant's Registration Statement on Form 8-A relating to the Depositary Shares Each Representing 1/1,000 of a Share of 6.450% Cumulative Preferred Stock, Series X and incorporated herein by reference.

10.34 Deposit Agreement dated as of March 5, 2004 among Registrant, Equiserve, Inc., Equiserve Trust Company, N.A. and the holders of the depositary receipts evidencing the Depositary Shares Each Representing 1/1,000 of a Share of 6.250% Cumulative Preferred Stock, Series Z. Filed with Registrant's Registration Statement on Form 8-A relating to the Depositary Shares Each Representing 1/1,000 of a Share of 6.250% Cumulative Preferred Stock, Series Z and incorporated herein by reference.

10.35 Deposit Agreement dated as of March 31, 2004 among Registrant, Equiserve, Inc., Equiserve Trust Company, N.A. and the holders of the depositary receipts evidencing the Depositary Shares Each Representing 1/1,000 of a Share of 6.125% Cumulative Preferred Stock, Series A. Filed with Registrant's Registration Statement on Form 8-A relating to the Depositary Shares Each Representing 1/1,000 of a Share of 6.125% Cumulative Preferred Stock, Series A and incorporated herein by reference.

10.36 Deposit Agreement dated as of June 30, 2004 among Registrant, Equiserve, Inc., Equiserve Trust Company, N.A. and the holders of the depositary receipts evidencing the Depositary Shares Each Representing 1/1,000 of a Share of 7.125% Cumulative Preferred Stock, Series B. Filed with Registrant's Registration Statement on Form 8-A relating to the Depositary Shares Each Representing 1/1,000 of a Share of 7.125% Cumulative Preferred Stock, Series B and incorporated herein by reference.

10.37 Deposit Agreement dated as of September 13, 2004 among Registrant, Equiserve, Inc., Equiserve Trust Company, N.A. and the holders of the depositary receipts evidencing the Depositary Shares Each Representing 1/1,000 of a Share of 6.60% Cumulative Preferred Stock, Series C. Filed with Registrant's Registration Statement on Form 8-A relating to the Depositary Shares Each Representing 1/1,000 of a Share of 6.60% Cumulative Preferred Stock, Series C and incorporated herein by reference.

10.38 Deposit Agreement dated as of February 28, 2005 among Registrant, Equiserve, Inc., Equiserve Trust Company, N.A. and the holders of the depositary receipts evidencing the Depositary Shares Each Representing 1/1,000 of a Share of 6.18% Cumulative Preferred Stock, Series D. Filed with Registrant's Registration Statement on Form 8-A relating to the Depositary Shares Each Representing 1/1,000 of a Share of 6.18% Cumulative Preferred Stock, Series D and incorporated herein by reference.

10.39 Deposit Agreement dated as of April 27, 2005 among Registrant, Equiserve, Inc., Equiserve Trust Company, N.A. and the holders of the depositary receipts evidencing the Depositary Shares Each Representing 1/1,000 of a Share of 6.75% Cumulative Preferred Stock, Series E. Filed with Registrant's Registration Statement on Form 8-A relating to the Depositary Shares Each Representing 1/1,000 of a Share of 6.75% Cumulative Preferred Stock, Series E and incorporated herein by reference.

10.40 Deposit Agreement dated as of August 23, 2005 among Registrant, Computershare Shareholder Services, Inc., Equiserve Trust Company, N.A. and the holders of depositary receipts evidencing Depositary Shares Each Representing 1/1,000 of a Share of 6.45% Cumulative Preferred Stock, Series F. Filed with Registrant's Registration Statement on Form 8-A relating to Depositary Shares Each Representing 1/1,000 of a Share of 6.45% Cumulative Preferred Stock, Series F and incorporated herein by reference.

10.41 Deposit Agreement dated as of October 3, 2005 among Registrant, Computershare Shareholder Services, Inc., Equiserve Trust Company, N.A. and the holders of depositary receipts evidencing additional Depositary Shares Each Representing 1/1,000 of a Share of 6.45% Cumulative Preferred Stock, Series F. Filed with Registrant's Registration Statement on Form 8-A relating to the Depositary Shares Each Representing 1/1,000 of a Share of 6.45% Cumulative Preferred Stock, Series F and incorporated herein by reference.

10.42 Deposit Agreement dated December 12, 2005 among Registrant and Computershare Shareholder Services, Inc., Equiserve Trust Company, N.A. and the holders of the depositary receipts evidencing the Depositary Shares Each Representing 1/1,000 of a share of 7.00% Cumulative Preferred Stock, Series G. Filed with Registrant's Registration Statement on Form 8-A relating to the Depositary Shares Each Representing 1/1,000 of a Share of 7.00% Cumulative Preferred Stock, Series G and incorporated herein by reference.

10.43 Deposit Agreement dated January 19, 2006 among Registrant and Computershare Trust Company N.A. and the holders of the depository receipts evidencing the Depositary Shares Each Representing 1/1,000 of a share of 6.95% Cumulative Preferred Stock, Series H. Filed with Registrant's Registration Statement on Form 8-A relating to the Depositary Shares Each Representing 1/1,000 of a share of 6.95% Cumulative Preferred Stock, Series H and incorporated herein by reference.

10.44 Intentionally omitted.

10.45* Registrant's 1990 Stock Option Plan. Filed with Registrant's Annual Report on Form 10-K for the year ended December 31, 1994 and incorporated herein by reference.

10.46* Registrant's 1994 Stock Option Plan. Filed with Registrant's Annual Report on Form 10-K for the year ended December 31, 1997 and incorporated herein by reference.

10.47* Registrant's 1996 Stock Option and Incentive Plan. Filed with Registrant's Annual Report on Form 10-K for the year ended December 31, 2000 and incorporated herein by reference.

10.48* Registrant's 2000 Non-Executive/Non-Director Stock Option and Incentive Plan. Filed with Registrant's Registration Statement on Form S-8 (SEC File No. 333-52400) and incorporated herein by reference.

10.49* Registrant's 2001 Non-Executive/Non-Director Stock Option and Incentive Plan. Filed with Registrant's Registration Statement on Form S-8 (SEC File No. 333-59218) and incorporated herein by reference.

10.50* Registrant's 2001 Stock Option and Incentive Plan. Filed with Registrant's Registration Statement on Form S-8 (SEC File No. 333-59218) and incorporated herein by reference.

10.51* Form of 2001 Stock Option and Incentive Plan Non-qualified Stock Option Agreement. Filed with Registrant's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2004 and incorporated herein by reference.

10.52* Form of Restricted Stock Unit Agreement. Filed with the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2004 and incorporated herein by reference.

10.53* Form of 2001 Stock Option and Incentive Plan Stock Option Agreement. Filed with Registrant's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2004 and incorporated herein by reference.

10.54* Public Storage, Inc. Performance Based Compensation Plan for Covered Employees. Filed with Registrant's Current Report on Form 8-K dated May 11, 2005 and incorporated herein by reference.

10.55* Storage Trust Realty 1994 Share Incentive Plan. Filed with Storage Trust Realty's Annual Report on Form 10-K for the year ended December 31, 1997 (SEC File No. 001-13462) and incorporated herein by reference.

10.56* Storage Trust Realty Retention Bonus Plan effective as of November 12, 1998. Filed with Registrant's Registration Statement on Form S-4 (SEC File No. 333-68543) and incorporated herein by reference.

10.57* Form of Indemnity Agreement. Filed with the Registrant's Annual Report on Form 10-K for the year ended December 31, 2004 and incorporated herein by reference.

10.58* Employment Agreement between Registrant and B. Wayne Hughes dated as of November 16, 1995. Filed with Registrant's Annual Report on Form 10-K for the year ended December 31, 1995 and incorporated herein by reference.

10.59* Employment Agreement between Registrant and Harvey Lenkin dated as of August 5, 2003. Filed with Registrant's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2003 and incorporated herein by reference.

10.60* Consulting Agreement between Registrant and Harvey Lenkin dated as of June 30, 2005. Filed with Registrant's Current Report on Form 8-K dated July 1, 2005 and incorporated herein by reference.

10.61 Merger Agreement, dated as of March 6, 2006, by and among Shurgard Storage Centers, Inc., ASKL Sub LLC and Public Storage, Inc. Filed with Registrant's Current Report on Form 8-K dated March 6, 2006 and incorporated herein by reference.

10.62 Voting Agreement, dated as of March 6, 2006, by and among Charles K. Barbo and Public Storage, Inc.. Filed with Registrant's Current Report on Form 8-K dated March 6, 2006 and incorporated herein by reference.

11 Statement Re: Computation of Earnings per Share. Filed herewith.

12 Statement Re: Computation of Ratio of Earnings to Fixed Charges. Filed herewith.

14 Code of Ethics for Senior Financial Officers. Filed with the Registrant's Annual Report on Form 10-K for the year ended December 31, 2003 and incorporated herein by reference.

21 Subsidiaries of the Registrant. Filed herewith.

23 Consent of Independent Auditors. Filed herewith.

31.1 Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. Filed herewith.

31.2 Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. Filed herewith.

32 Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. Filed herewith.

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* Compensatory benefit plan or arrangement or management contract.

(1) SEC File No. 001-08389 unless otherwise indicated.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

PUBLIC STORAGE, INC.

Date: March 15, 2006

By: /s/ Ronald L. Havner, Jr.
Ronald L. Havner, Jr., Vice-Chairman of the Board, Chief Executive Officer and President

Pursuant to the requirements of Section 13 or 15(d) 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.

Signature	Title	Date
/s/ Ronald L. Havner, Jr. Ronald L. Havner, Jr.	Vice-Chairman of the Board, Chief Executive Officer, President and Director (principal executive officer)	March 15, 2006
/s/ John Reyes John Reyes	Senior Vice President and Chief Financial Officer (principal financial officer and principal accounting officer)	March 15, 2006
/s/ B. Wayne Hughes B. Wayne Hughes	Chairman of the Board	March 15, 2006
/s/ Harvey Lenkin Harvey Lenkin	Director	March 15, 2006
/s/ B. Wayne Hughes, Jr. B. Wayne Hughes, Jr.	Director	March 15, 2006
/s/ Robert J. Abernethy Robert J. Abernethy	Director	March 15, 2006
/s/ Dann V. Angeloff Dann V. Angeloff	Director	March 15, 2006
/s/ William C. Baker William C. Baker	Director	March 15, 2006
/s/ John T. Evans John T. Evans	Director	March 15, 2006
/s/ Uri P. Harkham Uri P. Harkham	Director	March 15, 2006
/s/ Daniel C. Staton Daniel C. Staton	Director	March 15, 2006

PUBLIC STORAGE, INC.
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS
AND SCHEDULES

(Item 15 (a))

All other schedules have been omitted since the required information is not present or not present in amounts sufficient to require submission of the schedule, or because the information required is included in the consolidated financial statements or notes thereto.

<u>REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</u>

The Board of Directors and Shareholders
Public Storage, Inc.

We have audited the accompanying consolidated balance sheets of Public Storage, Inc. as of December 31, 2005 and 2004, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2005. Our audits also included the financial statement schedule listed in the Index at Item 15(a). These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedule 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 consolidated 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. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. 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 consolidated financial position of Public Storage, Inc. at December 31, 2005 and 2004, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2005, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents 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 effectiveness of Public Storage, Inc.'s internal control over financial reporting as of December 31, 2005, based on criteria established in *Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 10, 2006 expressed an unqualified opinion thereon.

ERNST & YOUNG LLP

Los Angeles, California

March 10, 2006

PUBLIC STORAGE, INC.
CONSOLIDATED BALANCE SHEETS
December 31, 2005 and 2004
(amounts in thousands, except share data)

	December 31, 2005	December 31, 2004
ASSETS		
Cash and cash equivalents	$ 493,501	$ 366,255
Real estate facilities, at cost:		
Land	1,540,357	1,431,148
Buildings	4,390,127	4,079,602
	5,930,484	5,510,750
Accumulated depreciation	(1,500,128)	(1,320,200)
	4,430,356	4,190,550
Construction in process	54,472	56,160
	4,484,828	4,246,710
Investment in real estate entities	328,555	341,304
Goodwill	78,204	78,204
Intangible assets, net	98,081	104,685
Other assets	69,317	67,632
Total assets	$ 5,552,486	$ 5,204,790
LIABILITIES AND SHAREHOLDERS' EQUITY		
Notes payable	$ 113,950	$ 129,519
Debt to joint venture partner	35,697	16,095
Preferred stock called for redemption	172,500	54,875
Accrued and other liabilities	159,360	145,431
Total liabilities	481,507	345,920
Minority interest:		
Preferred partnership interests	225,000	310,000
Other partnership interests	28,970	118,903
Commitments and contingencies (Note 16)	-	-
Shareholders' equity:		
Cumulative Preferred Stock, $0.01 par value, 50,000,000 shares authorized, 1,698,336 shares issued (in series) and outstanding, (3,980,186 at December 31, 2004) at liquidation preference	2,498,400	2,102,150
Common Stock, $0.10 par value, 200,000,000 shares authorized, 128,089,563 shares issued and outstanding (128,526,450 at December 31, 2004)	12,809	12,853
Equity Stock, Series A, $0.01 par value, 200,000,000 shares authorized, 8,744.193 shares issued and outstanding (8,776.102 at December 31, 2004)	-	-
Paid-in capital	2,430,671	2,457,568
Cumulative net income	3,189,266	2,732,873
Cumulative distributions paid	(3,314,137)	(2,875,477)
Total shareholders' equity	4,817,009	4,429,967
Total liabilities and shareholders' equity	$ 5,552,486	$ 5,204,790

See accompanying notes.

PUBLIC STORAGE, INC.
CONSOLIDATED STATEMENTS OF INCOME
For each of the three years in the period ended December 31, 2005
(amounts in thousands, except per share data)

	2005	2004	2003
Revenues:			
Rental income:			
Self-storage facilities	$ 952,284	$ 862,809	$ 797,921
Commercial properties	11,560	10,750	11,001
Containerized storage facilities	16,497	19,355	23,991
Ancillary operations	64,173	60,996	58,506
Interest and other income	16,447	5,391	2,537
	1,060,961	959,301	893,956
Expenses:			
Cost of operations (excluding depreciation and amortization below):			
Storage facilities	320,919	300,680	280,722
Commercial properties	4,448	4,328	4,583
Containerized storage facilities	12,886	11,774	13,939
Ancillary operations	40,378	45,487	41,938
Depreciation and amortization	196,397	183,063	184,063
General and administrative	21,115	18,813	17,127
Interest expense, including interest paid to related party (Note 9)	8,216	760	1,121
	604,359	564,905	543,493
Income from continuing operations before equity in earnings of real estate entities, casualty loss, gain on disposition of real estate and real estate investments, and minority interest in income	456,602	394,396	350,463
Equity in earnings of real estate entities (Note 5)	24,883	22,564	24,966
Casualty loss	(1,917)	(1,250)	-
Gain on disposition of real estate and real estate investments	3,099	1,317	1,007
Minority interest in income:			
Preferred partnership interests:			
Based on ongoing distributions paid	(16,147)	(22,423)	(26,906)
Special distribution and restructuring allocation (Note 9)	(874)	(10,063)	-
Other partnership interests	(15,630)	(17,427)	(16,797)
Income from continuing operations	450,016	367,114	332,733
Discontinued operations (Note 3)	6,377	(901)	3,920
Net income	$ 456,393	$ 366,213	$ 336,653
Net income allocation:			
Allocable to preferred shareholders:			
Based on distributions paid	$ 173,017	$ 157,925	$ 146,196
Based on redemptions of preferred stock (Note 2)	7,538	8,724	7,120
Allocable to Equity Stock, Series A	21,443	21,501	21,501
Allocable to common shareholders	254,395	178,063	161,836
	$ 456,393	$ 366,213	$ 336,653
Net income per common share – basic			
Continuing operations	$ 1.93	$ 1.40	$ 1.26
Discontinued operations	0.05	(0.01)	0.03
	$ 1.98	$ 1.39	$ 1.29
Net income per common share – diluted			
Continuing operations	$ 1.92	$ 1.39	$ 1.25
Discontinued operations	0.05	(0.01)	0.03
	$ 1.97	$ 1.38	$ 1.28
Net income per depositary share of Equity Stock, Series A (basic and diluted)	$ 2.45	$ 2.45	$ 2.45
Basic weighted average common shares outstanding	128,159	127,836	125,181
Diluted weighted average common shares outstanding	128,819	128,681	126,517
Weighted average shares of Equity Stock, Series A (basic and diluted)	8,752	8,776	8,776

See accompanying notes.

PUBLIC STORAGE, INC.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
For each of the three years in the period ended December 31, 2005
(Amounts in thousands, except share and per share amounts)

	Cumulative Preferred Stock	Common Stock	Class B Common Stock	Paid-in Capital	Cumulative Net Income	Cumulative Distributions	Total Shareholders' Equity
Balances at December 31, 2002	$ 1,817,025	$ 11,699	$ 700	$ 2,371,194	$ 2,030,007	$ (2,071,656)	$ 4,158,969
Issuance of Cumulative Preferred Stock; Series W (5,300 shares) and Series X (4,800 shares)	252,500	-	-	(8,354)	-	-	244,146
Redemption of Cumulative Preferred Stock; Series B (2,300,000 shares), Series C (1,200,000 shares) and Series K (4,600 shares)	(202,500)	-	-	(35)	-	-	(202,535)
Conversion of Class B Common Stock (7,000,000 shares) (Note 10)	-	700	(700)	-	-	-	-
Issuance of Common Stock (3,170,279 shares) (Note 10)	-	317	-	81,281	-	-	81,598
Repurchase of Common Stock (175,000 shares) (Note 10)	-	(17)	-	(5,984)	-	-	(6,001)
Stock option and restricted stock expense (Note 12)	-	-	-	530	-	-	530
Net income	-	-	-	-	336,653	-	336,653
Distributions to shareholders:							
Cumulative Preferred Stock	-	-	-	-	-	(146,196)	(146,196)
Equity Stock, Series A	-	-	-	-	-	(21,501)	(21,501)
Common Stock ($1.80 per share)	-	-	-	-	-	(225,864)	(225,864)
Balances at December 31, 2003	1,867,025	12,699	-	2,438,632	2,366,660	(2,465,217)	4,219,799
Issuance of Cumulative Preferred Stock; Series Y (1,600,000 shares), Series Z (4,500 shares), Series A (4,600 shares), Series B (4,350 shares), and Series C (4,600 shares)	491,250	-	-	(15,016)	-	-	476,234
Redemption of Cumulative Preferred Stock; Series L (4,600 shares), Series M (2,250 shares), Series D (1,200,000 shares), and Series E (2,195,000 shares)	(256,125)	-	-	(81)	-	-	(256,206)
Restructuring of Series N preferred partnership units (Note 9)	-	-	-	2,063	-	-	2,063
Issuance of common stock (1,985,416 shares) (Note 10)		199		49,730			49,929
Repurchase of common stock (445,700 shares) (Note 10)	-	(45)	-	(20,250)	-	-	(20,295)
Stock option and restricted stock expense (Note 12)	-	-	-	2,490	-	-	2,490
Net income	-	-	-	-	366,213	-	366,213
Distributions to shareholders:							
Cumulative Preferred Stock	-	-	-	-	-	(157,925)	(157,925)
Equity Stock, Series A	-	-	-	-	-	(21,501)	(21,501)
Common Stock ($1.80 per share)	-	-	-	-	-	(230,834)	(230,834)
Balances at December 31, 2004	2,102,150	12,853	-	2,457,568	2,732,873	(2,875,477)	4,429,967
Issuance of Cumulative Preferred Stock; Series D (5,400 shares), Series E (5,650 shares), Series F (10,000 shares) and Series G (4,000 shares)	626,250	-	-	(19,665)	-	-	606,585
Redemption of Cumulative Preferred Stock; Series F (2,300,000 shares) and Series Q (6,900 shares)	(230,000)	-	-	(34)	-	-	(230,034)
Repurchase of preferred partnership units, Series N and O (Note 9)	-	-	-	874	-	-	874
Issuance of common stock (282,998 shares) (Note 10)		28	-	7,483	-	-	7,511
Repurchase of common stock (84,000 shares) (Note 10)	-	(8)	-	(4,982)	-	-	(4,990)
Stock distribution from unconsolidated real estate entities (635,885 common shares and 31,909 Equity Stock, Series A, depositary shares) (Note 5)	-	(64)	-	(14,456)	-	-	(14,520)
Stock option and restricted stock expense (Note 12)	-	-	-	3,883	-	-	3,883
Net income	-	-	-	-	456,393	-	456,393
Distributions to shareholders:							
Cumulative Preferred Stock	-	-	-	-	-	(173,017)	(173,017)
Equity Stock, Series A	-	-	-	-	-	(21,443)	(21,443)
Common Stock ($1.90 per share)	-	-	-	-	-	(244,200)	(244,200)
Balances at December 31, 2005	$ 2,498,400	$ 12,809	$ -	$ 2,430,671	$ 3,189,266	$ (3,314,137)	$ 4,817,009

See accompanying notes.

PUBLIC STORAGE, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For each of the three years in the period ended December 31, 2005
(amounts in thousands)

	2005	2004	2003
Cash flows from operating activities:			
Net income	$ 456,393	$ 366,213	$ 336,653
Adjustments to reconcile net income to net cash provided by operating activities:			
Amortization of note premium (Note 7)	(1,026)	-	-
Excess of effective interest over cash interest paid on debt to joint venture partner (Note 8)	405	-	-
Gain on sale of real estate assets	(8,279)	(2,288)	(6,128)
Casualty loss (Note 2)	2,592	1,250	-
Depreciation and amortization	196,397	183,063	184,063
Equity in earnings of Real Estate Entities	(24,883)	(22,564)	(24,966)
Distributions received from the Real Estate Entities (Note 5)	23,112	20,961	17,754
Non cash portion of stock-based compensation expense	3,883	2,490	530
Minority interest in income	32,651	49,913	43,703
Depreciation, impairment losses, and gain on sale of non-real estate assets associated with discontinued operations (Note 3)	(1,055)	2,857	7,169
Other operating activities	11,858	14,769	12,609
Total adjustments	235,655	250,451	234,734
Net cash provided by operating activities	692,048	616,664	571,387
Cash flows from investing activities:			
Principal payments received on mortgage notes receivable	-	18	23,814
Repayment/(issuance) of notes receivable to affiliates	-	100,000	(100,000)
Capital improvements to real estate facilities	(25,890)	(35,868)	(30,175)
Construction in process	(86,248)	(71,602)	(102,428)
Acquisition of minority interests (Note 9)	(92,815)	(24,851)	(9,867)
Acquisition of real estate facilities	(254,549)	(139,794)	-
Investments in real estate entities	-	(3,005)	(340)
Proceeds from the sale of real estate and real estate investments	14,755	12,648	34,883
Maturity of held to maturity debt securities (Note 2)	7,452	20,729	10,205
Acquisition of held to maturity debt securities (Note 2)	(6,361)	(13,663)	(21,940)
Other investing activities	-	(2,250)	(9,285)
Net cash used in investing activities	(443,656)	(157,638)	(205,133)
Cash flows from financing activities:			
Principal payments on notes payable and revolving line of credit	(14,543)	(41,204)	(39,837)
Repayment of debt to related party (Note 9)	(64,513)	-	-
Net proceeds from the issuance of common stock	7,511	49,929	68,618
Net proceeds from the issuance of cumulative preferred stock	606,585	476,234	244,146
Repurchase of common stock	(4,990)	(20,295)	(6,001)
Redemption of cumulative preferred stock	(112,409)	(316,331)	(87,535)
Redemption of preferred partnership interest	(85,000)	-	-
Distributions paid to shareholders	(438,660)	(410,260)	(393,561)
Distributions paid to holders of preferred partnership interests (Note 9)	(16,147)	(30,423)	(26,906)
Distributions paid to minority interests, net of reinvestments	(18,177)	(21,349)	(23,469)
Net proceeds from financing through acquisition joint venture (Note 8)	19,197	16,095	-
Net cash used in financing activities	(121,146)	(297,604)	(264,545)
Net increase in cash and cash equivalents	127,246	161,422	101,709
Cash and cash equivalents at the beginning of the year	366,255	204,833	103,124
Cash and cash equivalents at the end of the year	$ 493,501	$ 366,255	$ 204,833

See accompanying notes.

PUBLIC STORAGE, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For each of the three years in the period ended December 31, 2005
(amounts in thousands)

(Continued)

	2005	2004	2003
Supplemental schedule of non cash investing and financing activities:			
Retirement of Common Stock and Equity Stock, Series A, received as a distribution from affiliated entities (Note 5):			
Common Stock	$ (64)	$ -	$ -
Paid-in capital	(14,456)		
Investment in real estate entities	14,520	-	-
Acquisition of minority interest in Consolidated Joint Venture in exchange for debt (Note 9):			
Minority interest – Other partnership interests	(62,013)	-	-
Real estate facilities	(2,500)	-	-
Debt to related party	64,513	-	-
Acquisition of real estate facilities in exchange for minority interests and assumption of mortgage notes payable:			
Real estate facilities	-	(119,693)	-
Mortgage notes payable	-	94,693	-
Preferred partnership interests	-	25,000	-
Acquisition of minority interest in exchange for common stock (Note 9):			
Real estate facilities	-	-	(16,687)
Minority interest	-	-	(6,690)
Issuance of Common Stock to acquire minority interests	-	-	13,510
Exchange of Common Stock for Common Stock, Series B:			
Reduction in Common Stock, Series B (7,000,000 shares)	-	-	(700)
Increase in Common Stock (7,000,000 shares)	-	-	700

See accompanying notes.

PUBLIC STORAGE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2005

1. Description of the business

Public Storage, Inc. (the "Company") is a California corporation, which was organized in 1980. We are a fully integrated, self-administered and self-managed real estate investment trust ("REIT") whose principal business activities include the acquisition, development, ownership and operation of self-storage facilities which offer storage spaces for lease, generally on a month-to-month basis, for personal and business use. In addition, we have (i) interests in commercial properties, containing commercial and industrial rental space, (ii) interests in facilities that lease storage containers, and (iii) ancillary operations comprised principally of reinsurance of policies against losses to goods stored by our self-storage tenants, retail sales and truck rentals at our self-storage locations.

Any references to the number of properties and square footage is unaudited.

At December 31, 2005, we had direct and indirect equity interests in 1,501 self-storage facilities located in 37 states and operating under the "Public Storage" name. We also have direct and indirect equity interests in approximately 19 million net rentable square feet of commercial space located in 10 states.

2. Summary of significant accounting policies

Consolidation policy and basis of presentation

Entities in which we have an interest are first evaluated to determine whether, in accordance with the provisions of the Financial Accounting Standards Board's Interpretation No. 46R, "Consolidation of Variable Interest Entities," they represent Variable Interest Entities. Variable Interest Entities in which we are primary beneficiary are consolidated. No entities were determined to be variable interest entities during the three years ended December 31, 2005. Entities that are not Variable Interest Entities that we control, determined based our ownership of a voting interest excess of 50% are consolidated.

We control 34 such entities and, accordingly, the consolidated financial statements include the accounts of these entities (the "Consolidated Entities") as well as those of the Company. All significant intercompany balances and transactions have been eliminated. Collectively, the Company and the Consolidated Entities own a total of 1,470 real estate facilities, consisting of 1,463 self-storage facilities, three industrial facilities used by the containerized storage operations and four commercial properties.

At December 31, 2005, we had equity investments in eight limited partnerships in which we do not have a controlling interest. These limited partnerships collectively own 38 self-storage facilities, which are managed by the Company. In addition, we own approximately 44% of the common equity of PS Business Parks, Inc. ("PSB"), which owns and operates 17.6 million net rentable square feet of commercial space as of December 31, 2005. We do not control these entities; accordingly, our investments in these limited partnerships and PSB (collectively the "Unconsolidated Entities") are accounted for using the equity method.

Certain amounts previously reported have been reclassified to conform to the December 31, 2005 presentation. In previous presentations, net income from our truck rental, merchandise sales, and property management operations were included on a net basis in "Interest and other income" in our consolidated statements of income. In our current presentation, revenues with respect to each of these operations, along with revenues from our tenant reinsurance operations, are included under the caption "Revenues: Ancillary operations" and the related cost of operations are included in "Expenses: Cost of operations - Ancillary operations" on our consolidated statements of income. Certain reclassifications have also been made from previous presentations as a result of discontinued operations (See Note 3).

Use of estimates

The preparation of the consolidated financial statements in conformity with United States generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Income taxes

For all taxable years subsequent to 1980, the Company qualified and we intend to continue to qualify the Company as a REIT, as defined in Section 856 of the Internal Revenue Code. As a REIT, we are generally not taxed on that portion of our taxable income that is distributed to our shareholders, provided that we meet certain tests. We believe we have met these tests during 2005 and, accordingly, no provision for income taxes has been made in the accompanying consolidated financial statements.

Financial instruments

We have estimated the fair value of our financial instruments using available market information and appropriate valuation methodologies. Considerable judgment is required in interpreting market data to develop estimates of market value. Accordingly, estimated fair values are not necessarily indicative of the amounts that could be realized in current market exchanges.

For purposes of financial statement presentation, we consider all highly liquid financial instruments such as short-term treasury securities or investment grade short-term commercial paper to be cash equivalents.

Due to the short period to maturity of our cash and cash equivalents, accounts receivable, other financial instruments included in other assets, and accrued and other liabilities, the carrying values as presented on the consolidated balance sheets are reasonable estimates of fair value. The approximate fair value of notes payable is presented in Note 7 below.

Financial assets that are exposed to credit risk consist primarily of cash and cash equivalents and accounts receivable. Cash and cash equivalents, which consist of short-term investments, including commercial paper, are only invested in entities with an investment grade rating. Accounts receivable are not a significant portion of total assets and are comprised of a large number of individual customers.

Included in cash and cash equivalents at December 31, 2005 is $18,962,000 ($1,984,000 at December 31, 2004) held by our captive insurance entities. Insurance and other regulations place significant restrictions on our ability to withdraw these funds for purposes other than insurance activities. Other assets at December 31, 2005 include investments totaling $19,838,000 ($20,929,000 at December 31, 2004) in held to maturity Federal government agency securities stated at amortized cost, which approximates fair value.

Real Estate Facilities

Real estate facilities are recorded at cost. Costs associated with the acquisition, development, construction, renovation, and improvement of properties are capitalized. Interest, property taxes, and other costs associated with development incurred during the construction period are capitalized as building cost. Expenditures for repairs and maintenance expense are charged to expense when incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the buildings and improvements, which are generally between 5 and 25 years.

Accounting for Acquisition Joint Venture

In January 2004, we entered into a joint venture partnership with an institutional investor for the purpose of acquiring up to $125.0 million of existing self-storage properties in the United States from third parties (the "Acquisition Joint Venture"). The Acquisition Joint Venture is funded entirely with equity consisting of 30% from the Company and 70% from the institutional investor. For a six-month period beginning 54 months after formation, we have the right to acquire our partner's interest based upon the market value of the properties. If we do not exercise our option, our partner can elect to purchase our interest in the properties during a six-month period commencing upon expiration of our six-month option period. If our partner fails to exercise its option, the Acquisition Joint Venture will be liquidated and the proceeds will be distributed to the partners according to the joint venture agreement.

We have determined that the Acquisition Joint Venture is not a variable interest entity, and we do not control this entity. Therefore, we do not consolidate the accounts of the Acquisition Joint Venture on our consolidated financial statements.

During the year ended December 31, 2004, the Acquisition Joint Venture acquired two facilities directly from third parties at an aggregate cost of $9,086,000. We account for our investment with respect to these facilities using the equity method, with our pro rata share of the income from these facilities recorded as "Equity in earnings of real estate entities" on our consolidated statements of income. See Note 5 for further discussion of these amounts.

In December 2004, we sold seven facilities to the Acquisition Joint Venture for an aggregate of $22,993,000. During the first quarter of 2005, we sold an interest in three additional facilities to the Acquisition Joint Venture for an aggregate of $27,424,000. Due to our continuing interest in these facilities and the likelihood that we will exercise our option to acquire our partner's interest, we have accounted for our partner's investment ($35,697,000 and $16,095,000 at December 31, 2005 and 2004, respectively) in these transactions to be, in substance, debt financing. Accordingly, our partner's investment with respect to these ten facilities is accounted for as a liability on our consolidated balance sheet under the caption "Debt to joint venture partner," with our partner's share of operations with respect to these ten facilities accounted for as interest expense on our consolidated statements of income. Quarterly we review the fair value of this liability and to the extent fair value exceeds the carrying value of the liability an adjustment will be made to increase the liability to fair value; no adjustments were necessary in 2005 or 2004 (See Note 8).

Evaluation of asset impairment

We evaluate impairment of goodwill annually through a two-step process. In the first step, if the fair value of the reporting unit to which the goodwill applies is equal to or greater than the carrying amount of the assets of the reporting unit, including the goodwill, the goodwill is considered unimpaired and the second step is unnecessary. If, however, the fair value of the reporting unit including goodwill is less than the carrying amount, the second step is performed. In this test, we compute the implied fair value of the goodwill based upon the allocations that would be made to the goodwill, other assets and liabilities of the reporting unit if a business combination transaction were consummated at the fair value of the reporting unit. An impairment loss is recorded to the extent that the implied fair value of the goodwill is less than the goodwill's carrying amount. No impairments of our goodwill were identified in our annual evaluations at December 31, 2003, 2004, and 2005.

We evaluate impairment of long-lived assets on a quarterly basis. We first evaluate these assets for indicators of impairment such as a) a significant decrease in the market price of a long-lived asset, b) a significant adverse change in the extent or manner in which a long-lived asset is being used or in its physical condition, c) a significant adverse change in legal factors or the business climate that could affect the value of the long-lived asset, d) an accumulation of costs significantly in excess of the amount originally projected for the acquisition or construction of the long-lived asset, or e) a current-period operating or cash flow loss combined with a history of operating or cash flow losses or a projection or forecast that demonstrates continuing losses associated with the use of the long-lived asset. When any such indicators of impairment are noted, we compare the carrying value of these assets to the future estimated undiscounted cash flows attributable to these assets. If the asset's recoverable amount is less than the carrying value of the asset, then an impairment charge is booked for the excess of carrying value over the asset's fair value.

Any long-lived assets which we expect to sell or otherwise dispose of prior to its previously estimated useful life is stated at what we estimate to be the lower of its estimated net realizable value (less cost to sell) or its carrying value. During 2004 and 2003 we recorded impairment charges related to containers, trucks, and other equipment in our containerized storage segment identified for closure (see Note 3). These impairment charges were based upon the differential between book value and the estimated net realizable value, which was based upon prices for similar assets, and were equal to the net proceeds ultimately received. No additional impairments were identified from our evaluations, except as noted under "Accounting for casualty losses" below.

Accounting for casualty losses

Our policy is to record casualty losses or gains in the period the casualty occurs equal to the differential between (a) the book value of assets destroyed and (b) insurance proceeds, if any, that we expect to receive in accordance with our insurance contracts. Potential insurance proceeds that are subject to uncertainties, such as interpretation of deductible provisions of the governing agreements or the estimation of costs of restoration, are treated as a contingent proceeds in accordance with Statement of Financial Accounting Standards No. 5 ("SFAS 5"), and not recorded until the uncertainties are satisfied.

During 2005, we incurred casualty losses totaling $2,592,000 as a result of physical damage to our facilities caused by hurricanes. These losses represent the excess of the aggregate net book values of the assets damaged ($5,987,000) over the insurance proceeds that we expect to receive of approximately $3,395,000. We estimate, however, that the aggregate cost to repair damages to our facilities will be approximately $10.7 million. Also included in the caption "Casualty loss" for the year ended December 31, 2005 is estimated business interruption income of approximating $675,000, representing our estimated recovery from our insurers for loss of business through December 31, 2005.

Included in the caption "Casualty loss" for the year ended December 31, 2004 was $1,250,000, representing the excess the net book value of assets damaged. We expect to receive no insurance proceeds for our hurricane losses incurred in 2004.

Accounting for stock-based compensation

We utilize the Fair Value Method (as defined in Note 12) of accounting for our employee stock options issued after December 31, 2001, and utilize the APB 25 Method (as defined in Note 12) for employee stock options issued prior to January 1, 2002. Restricted stock unit expense is recorded over the relevant vesting period. See Note 12 for a full discussion of our accounting with respect to employee stock options and restricted stock units.

Other assets

Other assets primarily consists of prepaid expenses, investments in held to maturity debt securities (described below), accounts receivable, assets associated with our containerized storage business, merchandise inventory and rental trucks.

As discussed in Note 3, during 2004 and 2003 asset impairment charges amounting to $1,575,000 and $2,479,000, respectively, were recorded with respect to containers and equipment utilized in the discontinued containerized storage operations. No asset impairment charges were recorded during the year ended December 31, 2005.

Included in depreciation and amortization expense for 2005, 2004 and 2003 is $3,804,000, $7,544,000, and $6,427,000 respectively, related to depreciation of other assets. Included in discontinued operations for 2005, 2004, and 2003, respectively, is depreciation expense of $29,000, $726,000, and $2,644,000 respectively, related to containers and equipment used in the operations of the containerized storage business that have now been discontinued.

Other assets at December 31, 2005 also includes investments totaling $19,838,000 ($20,929,000 at December 31, 2004) in held to maturity debt securities stated at amortized cost, which approximates fair value.

Accrued and other liabilities

Accrued and other liabilities consist primarily of real and personal property tax accruals, prepayments of rents, trade payables, losses and loss adjustment liabilities from our insurance programs (described below), and accrued interest. Prepaid rent totals $26,145,000 and $26,289,000 at December 31, 2005 and 2004, respectively.

STOR-Re Mutual Insurance Company, Inc. ("STOR-Re"), which is consolidated with the Company, was formed in 1994 as an association captive insurance company owned by the Company and affiliates of the Company. STOR-Re provides limited property and liability insurance to the Company and its affiliates for losses incurred during policy periods prior to April 1, 2004, and was succeeded by PS Insurance Company Hawaii, Ltd. ("PSIC-H"), a wholly owned subsidiary of the Company with respect to these insurance activities for policy periods following March 31, 2004. We also utilize other insurance carriers to provide property and liability insurance coverage in excess of STOR-Re's and PSIC-H's limitations which are described in Note 16. STOR-Re and PSIC-H accrue liabilities for covered losses and loss adjustment expense, which at December 31, 2005 totaled $32,797,000 ($34,192,000 at December 31, 2004) with respect to insurance provided to the Company and its affiliates.

Liabilities for losses and loss adjustment expenses include an amount we determine from loss reports and individual cases and an amount, based on recommendations from an independent actuary that is a member of the American Academy of Actuaries using a frequency and severity method, for losses incurred but not reported. Determining the liability for unpaid losses and loss adjustment expense is based upon estimates. While we believe that the amount is adequate, the ultimate loss may be in excess of or less than the amounts provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed.

PS Insurance Company, Ltd ("PSIC"), a wholly-owned subsidiary of the Company, reinsured policies against claims for losses to goods stored by tenants in our self-storage facilities for policy periods prior to March 31, 2004. PSIC-H succeeded PSIC with respect to these tenant insurance activities effective April 1, 2004. Prior to January 1, 2006 both of these entities utilize third-party insurance coverage for losses from any individual event that exceeds a loss of $500,000, to a maximum of $10,000,000. Commencing January 1, 2006, PSIC-H will cover losses up to $1,500,000 with third party insurers covering the next $9,000,000 from any individual event. Losses below the third-party insurers' deductible amounts are accrued as cost of operations for the tenant insurance operations. Losses exceeding the third-party insurers limit are the responsibility of PSIC-H.

Included in cost of operations – ancillary operations for the years ended December 31, 2005 and 2004 are approximately $1.1 million and $1.5 million, respectively in estimated losses for tenant claims as a result of damage sustained from hurricanes. The accrued liability for losses and loss adjustment expense with respect to tenant insurance activities totaled $4,773,000 at December 31, 2005 and $6,622,000 at December 31, 2004 including the unpaid portion of the aforementioned estimated losses from tenant claims.

Intangible assets and goodwill

Intangible assets consist of property management contracts ($165,000,000) that were acquired in 1995 and are net of accumulated amortization of $66,919,000 ($60,315,000 at December 31, 2004). Included in depreciation and amortization expense for each of the years ended December 31, 2005, 2004 and 2003 is $6,604,000 with respect to the amortization of property management contracts. These assets have a defined life and are amortized on a straight-line basis over a 25 year period. We expect amortization expense with respect to property management contracts to be $6,604,000 per year in each of the five years following the year ended December 31, 2005.

Goodwill ($94,719,000) represents the excess of acquisition cost over the fair value of net tangible and identifiable intangible assets acquired in business combinations. Each business combination from which our Goodwill arose was for the acquisition of single businesses and accordingly, the allocation of our goodwill to our business segments is based directly on such acquisitions. Goodwill is net of accumulated amortization of $16,515,000 at December 31, 2005 and December 31, 2004. Our goodwill has an indeterminate life and, in accordance with the provisions of Statement of Financial Accounting Standards No. 142, amortization of goodwill ceased effective January 1, 2002.

Revenue and expense recognition

Rental income, which is generally earned pursuant to month-to-month leases for storage space, is recognized as earned. Promotional discounts are recognized as a reduction to rental income over the promotional period, which is generally during the first month of occupancy. Late charges and administrative fees are recognized as income when collected. Tenant reinsurance premiums are recognized as premium revenue when collected. Revenues from merchandise sales and truck rentals are recognized when earned. Interest income is recognized as earned. Equity in earnings of real estate entities is recognized based on our ownership interest in the earnings of each of the unconsolidated real estate entities.

We accrue for property tax expense based upon estimates and historical trends. If these estimates are incorrect, the timing of expense recognition could be affected.

Cost of operations, general and administrative expense, interest expense, and advertising expenditures are expensed as incurred. Advertising expense totaled $31,743,000, $26,995,000, and $25,231,000 for the years ended December 31, 2005, 2004, and 2003, respectively.

Environmental costs

Our policy is to accrue environmental assessments and estimated remediation cost when it is probable that such efforts will be required and the related costs can be reasonably estimated. Our current practice is to conduct environmental investigations in connection with property acquisitions. Although there can be no assurance, we are not aware of any environmental contamination of any of our facilities, which individually or in the aggregate would be material to our overall business, financial condition, or results of operations.

Net income per common share

Distributions paid to the holders of our Cumulative Preferred Stock totaling $173,017,000, $157,925,000 and $146,196,000 for the years ended December 31, 2005, 2004 and 2003, respectively, have been deducted from net income to arrive at net income allocable to our common shareholders.

Emerging Issues Task Force ("EITF") Topic D-42, "The Effect on the Calculation of Earnings per Share for the Redemption or the Induced Conversion of Preferred Stock" provides, among other things, that any excess of the fair value of the consideration transferred to the holders of preferred stock redeemed over the carrying amount of the preferred stock should be subtracted from net earnings to determine net earnings available to common stockholders in the calculation of earnings per share. At the July 31, 2003 meeting of the EITF, the Securities and Exchange Commission ("SEC") Observer clarified that for purposes of applying EITF Topic D-42, the carrying amount of the preferred stock should be reduced by the issuance costs of the preferred stock, regardless of where in the stockholders' equity section those costs were initially classified at the time issuance.

In conformity with the SEC Observer's clarification, an additional $7,538,000 ($0.06 per diluted share), $8,724,000 ($0.07 per diluted share) and $7,120,000 ($0.06 per diluted share) was allocated to our preferred stockholders in connection with the redemption of such securities for the years ended December 31, 2005, 2004 and 2003, respectively.

Net income allocated to our common shareholders has been further allocated between our two classes of common stock; our regular common stock and our Equity Stock, Series A. The allocation among each class was based upon the two-class method under which earnings per share for each class of common stock is determined according to dividends declared (or accumulated) and participation rights in undistributed earnings. Using the two-class method, the Equity Stock, Series A was allocated net income of $21,443,000 for the year ended December 31, 2005 and $21,501,000 for each of the years ended 2004 and 2003. The remaining net income of $254,395,000, $178,063,000 and $161,836,000 for the years ended December 31, 2005, 2004, and 2003, respectively, was allocated to our regular common stockholders.

Basic net income per share is computed using the weighted average common shares outstanding (prior to the dilutive impact of stock options and restricted stock units outstanding). Diluted net income per common share is computed using the weighted average common shares outstanding (adjusted for the dilutive impact of stock options and restricted stock units outstanding, computed using the treasury stock method, that totaled 660,000 in 2005, 845,000 in 2004 and 1,336,000 in 2003).

3. Discontinued Operations

We segregate all of our disposed components that have operations that (i) can be distinguished from the rest of the Company and (ii) will be eliminated from the ongoing operations of the Company in a disposal transaction.

Since January 1, 2002, we have closed a total of 43 containerized storage facilities that were determined to be non-strategic (the "Closed Facilities."). As the decision was made to close each facility, the related assets were deemed not recoverable from operations and therefore asset impairment charges for the excess of these assets' net book value over their fair value (less costs to sell), determined based upon the values of similar assets, were recorded. These asset impairment charges totaled $1,575,000 and $3,229,000 (including $750,000 with respect to a real estate facility previously utilized by one of the Closed Facilities) for the years ended December 31, 2004 and 2003, respectively. A loss on sale in the amount of $355,000 was also recorded in 2003 in connection with the sale of the real estate facility previously utilized by the Closed Facilities. Amounts for 2004 also include $416,000 in lease termination costs.

During 2005, we sold the non-real estate assets of six of the Closed Facilities, resulting in a gain of approximately $1,143,000.

During 2005, in an eminent domain proceeding, one of our self-storage facilities located in the Portland, Oregon market was entirely condemned. We received the condemnation proceeds, totaling $6,590,000, and recorded a gain of $5,180,000. During 2003, we sold five self-storage facilities and recorded an aggregate gain on sale of $5,476,000. The historical operations of these six facilities are reported as discontinued operations in the table below as the "Sold Self-Storage Facilities."

During 2004, we sold a commercial property to a third party and recorded a gain on sale of $971,000. The historical operating results of this facility are reported as discontinued operations in the table below as the "Sold Commercial Facility."

The following table summarizes the historical operations of the Closed Facilities, the Sold Self-Storage Facilities, and the Sold Commercial Facility:

Discontinued Operations:

	Year Ended December 31,		
	2005	2004	2003
	(Amounts in thousands)		
Rental income:			
Closed Facilities	$ 95	$ 7,488	$ 19,347
Sold Self-Storage Facilities	461	654	2,242
Sold Commercial Facility	-	314	441
Total rental income	556	8,456	22,030
Cost of operations:			
Closed Facilities	(194)	(6,733)	(15,157)
Sold Self-Storage Facilities	(220)	(241)	(800)
Sold Commercial Facility	-	(81)	(105)
Total cost of operations	(414)	(7,055)	(16,062)
Depreciation expense:			
Closed Facilities	(29)	(1,115)	(3,335)
Sold Self-Storage Facilities	(59)	(85)	(506)
Sold Commercial Facility	-	(82)	(99)
Total depreciation expense	(88)	(1,282)	(3,940)
Other:			
Asset impairment charges	-	(1,575)	(3,229)
Lease termination costs	-	(416)	-
Net gain on dispositions	6,323	971	5,121
Total other	6,323	(1,020)	1,892
Total discontinued operations	$ 6,377	$ (901)	$ 3,920

4. Real estate facilities

Activity in real estate facilities during 2005, 2004 and 2003 is as follows:

	2005	2004	2003
	(Amounts in thousands)		
Operating facilities, at cost:			
Beginning balance	$ 5,510,750	$ 5,125,498	$ 4,988,526
Property acquisitions	254,549	259,487	-
Disposition of facilities	(8,582)	(6,785)	(31,327)
Completed projects opened for operations	86,888	93,017	121,437
Casualty loss (Note 2)	(8,953)	(2,874)	-
Acquisition of minority interest (Note 9)	69,942	6,539	16,687
Capital improvements	25,890	35,868	30,175
Ending balance	5,930,484	5,510,750	5,125,498
Accumulated depreciation:			
Beginning balance	(1,320,200)	(1,153,059)	(987,546)
Additions during the year	(186,048)	(169,471)	(172,328)
Casualty loss (Note 2)	2,966	1,624	-
Disposition of facilities	3,154	706	6,815
Ending balance	(1,500,128)	(1,320,200)	(1,153,059)
Construction in process:			
Beginning balance	56,160	81,856	105,323
Current development	86,248	71,602	102,428
Dispositions	(1,048)	(4,281)	(4,458)
Completed projects opened for operations	(86,888)	(93,017)	(121,437)
Ending balance	54,472	56,160	81,856
Total real estate facilities	$ 4,484,828	$ 4,246,710	$ 4,054,295

Operating Facilities

In 2005, we acquired from third parties 32 self-storage facilities (2,390,000 net rentable square feet) at an aggregate cost of $254,549,000 in cash.

During 2005, we opened six newly developed self-storage facilities (463,000 net rentable square feet), completed 11 projects to convert space previously used by our containerized storage business into 721,000 net rentable square feet of self-storage space, and we completed seven expansion projects to existing self-storage facilities adding 288,000 net rentable square feet. The total cost of these projects was approximately $86,888,000.

During 2005, we disposed of various parcels of land for an aggregate of $8,165,000, recording a gain on sale of approximately $3,099,000. In addition, we disposed of a facility in connection with an eminent domain proceeding, for an aggregate of $6,590,000 recording a gain on sale of $5,180,000, which is included in Discontinued Operations (see Note 3).

During the year ended December 31, 2004, we opened seven newly developed self-storage facilities (505,000 net rentable square feet), completed nine projects to convert space previously used by our containerized storage business into 604,000 net rentable square feet of self-storage space, and expanded the square footage of our existing self-storage facilities (108,000 net rentable square feet) for an aggregate cost of $91,498,000. In addition, we incurred $1,519,000 in additional costs with respect to projects completed in 2003.

In 2004 we also acquired interests from third parties in 45 self-storage facilities (3,109,000 net rentable square feet) at an aggregate cost of $259,487,000, comprised of $139,794,000 cash, $94,693,000 in assumed debt (Note 7), and the issuance of $25 million of our Series Z Perpetual Preferred Units (Note 9).

During year ended December 31, 2004, we sold one discontinued commercial facility, four vacant parcels of land and received partial condemnation proceeds with respect to two existing self-storage facilities. Total aggregate net proceeds totaled $12,648,000. We recorded a gain from these transactions of $2,288,000, of which $1,317,000 is recorded to the line item "Gain on disposition of real estate and real estate investments " on our consolidated statement of income and $971,000 is recorded in discontinued operations (Note 3) with respect to the aforementioned commercial facility.

In addition, in 2004, we recorded a $1,250,000 casualty loss with respect to real estate assets damaged as a result of hurricanes occurring in the state of Florida. This casualty loss is comprised of $2,874,000 in buildings and $1,624,000 in accumulated depreciation and is reflected on the consolidated statement of income as "Casualty Loss." We expect to receive no insurance proceeds with respect to this loss.

During 2003, we opened 14 newly developed self-storage facilities with an aggregate cost of $107,126,000. We also completed expansions to eight existing self-storage facilities with a total cost of $12,533,000 and incurred additional costs with respect to facilities opened in prior years of $1,778,000.

During 2003, we sold five self-storage facilities and an industrial facility previously used by the containerized storage operations for aggregate net proceeds of $20,950,000 of cash. An aggregate net gain on sale of $5,121,000 was recorded for these sales, combined with an impairment charge in the amount of $750,000 which was recorded when it was determined that the industrial facility would be sold for less than its book value. The gain and impairment charge are included in Discontinued Operations. See Note 3.

In addition, during 2003 we sold excess land and completed the sale of two additional self-storage facilities for aggregate net proceeds of $13,082,000, recognizing a net gain on sale of $691,000. The two self-storage facilities had been operated by the buyer pursuant to a lease arrangement, with the lease income with respect to these two facilities included in "Interest and Other Income."

At December 31, 2005, the unaudited adjusted basis of real estate facilities for federal tax purposes was approximately $3.7 billion (unaudited).

Construction in process

Construction in process at December 31, 2005 consists primarily of four self-storage facilities (338,000 net rentable square feet), 51 expansion projects and various remodeling projects to enhance the visual and structural appeal of existing self-storage facilities (3,020,000 net rentable square feet) and seven projects to convert space at former containerized storage facilities into self-storage space (553,000 net rentable square feet).

5. Investments in real estate entities

At December 31, 2005, investments in real estate entities consist of our ownership interests in eight partnerships, which principally own self-storage facilities, and our ownership interest in PSB. These interests are non-controlling interests of less than 50% and are accounted for using the equity method of accounting. Accordingly, earnings are recognized based upon our ownership interest in each of these entities. The accounting policies of these entities are similar to ours.

PUBLIC STORAGE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2005

Approximately $46 million of our consolidated retained earnings is represented by undistributed earnings of these Unconsolidated Entities.

During 2005, 2004 and 2003, we recognized earnings from our investments of $24,883,000, $22,564,000, and $24,966,000, respectively, and received cash distributions totaling $23,112,000, $20,961,000, and $17,754,000, respectively. In addition, during 2005, we received a distribution from affiliated entities of 635,885 shares of our common stock and 31,909 depositary shares of our Equity Stock, Series A, with an aggregate book value of $14,520,000.

The following table sets forth our investments in the Unconsolidated Entities at December 31, 2005 and 2004 and our equity in earnings of real estate investments for each of the three years ended December 31, 2005:

	Investments in Real Estate Entities at December 31,		Equity in Earnings of Real Estate Entities for the year ended December 31,		
	2005	2004	2005	2004	2003
Investment in PSB (a)	$ 288,694	$ 284,564	$ 18,757	$ 16,895	$ 19,687
Other investments	36,996	53,883	6,118	5,742	5,279
Acquisition Joint Venture	2,865	2,857	8	(73)	-
Total	$ 328,555	$ 341,304	$ 24,883	$ 22,564	$ 24,966

(a) Included in equity in earnings for is the net impact of PSB's gains on sale of real estate, impairment charges, and the impact from applying EITF Topic D-42 aggregating $7,727,000, $4,544,000, and $187,000 in 2005, 2004 and 2003 respectively.

Investment in PS Business Parks, Inc. ("PSB")

On January 2, 1997, we reorganized our commercial property operations into an entity now known as PS Business Parks, Inc., a REIT traded on the American Stock Exchange, and an operating partnership controlled by PS Business Parks, Inc. (collectively, the REIT and the operating partnership are referred to as "PSB"). The Company, and certain Consolidated Entities, have a 44% common equity interest in PSB as of December 31, 2005. This 44% common equity interest is comprised of the ownership of 5,418,273 shares of PSB common stock and 7,305,355 limited partnership units in the operating partnership; these limited partnership units are convertible at our option, subject to certain conditions, on a one-for-one basis into PSB common stock. Based upon PSB's trading price at December 31, 2005 ($49.20), the shares and units had a market value of approximately $626,002,000 as compared to a book value of $288,694,000, which is substantially equivalent to our underlying equity in this entity.

At December 31, 2005, PSB owned and operated approximately 17.6 million net rentable square feet of commercial space. In addition, PSB manages commercial space owned by the Company and the Consolidated Entities pursuant to property management agreements.

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The following table sets forth selected financial information of PSB; the amounts represent 100% of PSB's balances and not our pro-rata share.

	2005	2004
	(Amount in thousands)	
For the year ended December 31,		
Total revenue, interest and other income	$ 225,136	$ 212,032
Depreciation and amortization	(76,285)	(70,086)
Other expenses and casualty loss	(73,053)	(70,751)
Minority interest in continuing operations	(16,227)	(24,746)
Income from continuing operations	59,571	46,449
Income from discontinued operations (a)	15,723	15,694
Net income	$ 75,294	$ 62,143
At December 31,		
Total assets (primarily real estate investments)	$ 1,463,678	$ 1,366,052
Total debt	25,893	11,367
Other liabilities	39,126	40,676
Preferred equity and preferred minority interests	729,100	638,600
Common equity and common minority interests	669,559	675,409

(a) Included in discontinued operations are net gains on sale of real estate facilities totaling $18,109,000 and $15,462,000 for the years ended December 31, 2005 and 2004, respectively, and minority interest totaling $5,293,000 and $5,259,000 for the years ended December 31, 2005 and 2004 respectively.

Other Investments

Other investments consist primarily of an average of approximately 41% common equity ownership in seven limited partnerships that own an aggregate of 36 self-storage facilities. The book value of these investments ($36,996,000) is approximately $18,011,000 higher than our aggregate underlying equity in these entities; the portion allocated to building is amortized as a reduction to equity in earnings over 25-year period.

The following table sets forth certain condensed financial information (representing 100% of these entities' balances and not our pro-rata share) with respect to these investments:

	2005	2004
	(Amount in thousands)	
For the year ended December 31,		
Total revenue	$ 29,392	$ 28,376
Cost of operations and other expenses	(9,763)	(9,870)
Depreciation and amortization	(2,056)	(2,247)
Net income	$ 17,573	$ 16,259
At December 31,		
Total assets (primarily storage facilities)	$ 48,287	$ 58,124
Total liabilities	1,982	1,853
Total Partners' equity	46,305	56,271

Acquisition Joint Venture

As described more fully under "Accounting for Acquisition Joint Venture" in Note 2, the Acquisition Joint Venture was formed in January 2004 for the purpose of acquiring up to $125 million in existing self-storage facilities from third parties. In 2004, the Acquisition Joint Venture acquired two self-storage facilities directly from third parties at an aggregate cost of $9,086,000, of which our pro rata share was $2,930,000, and our investment in these two facilities is accounted for using the equity method of accounting.

The following table sets forth certain condensed financial information (representing 100% of the Acquisition Joint Venture's balances and not our pro-rata share) with respect to the two self-storage facilities acquired by the Acquisition Joint Venture.

	2005	2004
	(Amounts in thousands)	
For the year ended December 31,		
Total revenue	$ 1,302	$ 447
Cost of operations and other expenses	(482)	(192)
Depreciation and amortization	(270)	(97)
Net income	$ 550	$ 158
At December 31,		
Total assets (primarily storage facilities)	$ 8,442	$ 9,168
Total liabilities	62	11
Total Partners' equity	8,380	9,157

6. Revolving line of credit

We have a $200 million revolving line of credit (the "Credit Agreement") that has a maturity date of April 1, 2007 and bears an annual interest rate ranging from the London Interbank Offered Rate ("LIBOR") plus 0.45% to LIBOR plus 1.20% depending on our credit ratings (currently LIBOR plus 0.45%). In addition, we are required to pay a quarterly commitment fee ranging from 0.15% per annum to 0.30% per annum depending on our credit ratings (currently the fee is 0.15% per annum). At December 31, 2005 and at March 15, 2006, we had no outstanding borrowings on our line of credit.

The Credit Agreement includes various covenants, the more significant of which require us to (i) maintain a balance sheet leverage ratio of less than 0.55 to 1.00, (ii) maintain certain quarterly interest and fixed-charge coverage ratios (as defined therein) of not less than 2.25 to 1.0 and 1.5 to 1.0, respectively, and (iii) maintain a minimum total shareholders' equity (as defined therein). In addition, we are limited in our ability to incur additional borrowings (we are required to maintain unencumbered assets with an aggregate book value equal to or greater than 1.5 times our unsecured recourse debt). We were in compliance with all covenants of the Credit Agreement at December 31, 2005.

At December 31, 2005 and March 15, 2006, we had undrawn standby letters of credit, which reduces our borrowing capability with respect to our line of credit by the amount of the letter of credit, totaling $17,985,000 ($13,935,000 at December 31, 2004). The beneficiaries of these standby letters of credit were certain insurance companies associated with our captive insurance and tenant insurance activities.

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7. Notes payable

Notes payable at December 31, 2005 and 2004 consist of the following:

	2005		2004	
	Carrying amount	Fair value	Carrying amount	Fair value
	(Amounts in thousands)			
Unsecured senior notes:				
7.66% note due January 2007	$ 22,400	$ 23,060	$ 33,600	$ 35,355
Mortgage notes payable:				
7.134% and 8.75% mortgage notes secured by two real estate facilities with an aggregate net book value of $10.8 million, principal and interest payable monthly, due at October 2009 and September 2028	1,484	1,632	1,629	1,782
5.05% mortgage notes (including unamortized note premium of $1,921,000 and $2,382,000 at December 31, 2005 and 2004, respectively) secured by 25 real estate facilities with an aggregate net book value of $95.9 million, principal and interest due monthly, due at varying dates between October 2010 and May 2023	38,568	37,511	41,470	41,470
5.25% mortgage notes (including unamortized note premium of $3,499,000 and $4,064,000 at December 31, 2005 and 2004, respectively) secured by seven real estate facilities with an aggregate net book value of $90.2 million, principal and interest due monthly, due at varying dates between June 2011 and July 2013	51,498	50,679	52,820	52,820
Total notes payable	$113,950	$112,882	$129,519	$131,427

All of our notes payable are fixed rate. The unsecured senior notes require semi-annual interest and annual principal payments to be paid and have various restrictive covenants, all of which have been met at December 31, 2005.

All of the mortgage notes have prepayment penalties or restrictions on prepayment that make prepayment of these notes economically impractical.

We assumed the 5.05% and 5.25% mortgage notes in connection with property acquisitions in 2004. The stated interest rates on the notes range from 5.4% to 8.0% with a weighted average of approximately 6.65%. The notes were recorded at their estimated fair value based upon the estimated market rate of 5.05% and 5.25%, an aggregate of approximately $94,693,000 as compared to actual outstanding balances aggregating approximately $88,247,000. This premium of approximately $6,446,000 over the principal balance of the notes payable is amortized over the remaining term of the loans based upon the effective interest method. During the year ended December 31, 2005, we recorded $6,639,000 in interest expense on our notes payable, comprised of $7,665,000 in cash less $1,026,000 in amortization of premium.

At December 31, 2005, approximate principal maturities of notes payable are as follows:

	Unsecured senior notes	Mortgage notes payable	Total
	(dollar amounts in thousands)		
2006	$ 11,200	$ 4,544	$ 15,744
2007	11,200	4,789	15,989
2008	-	5,041	5,041
2009	-	5,237	5,237
2010	-	5,276	5,276
Thereafter	-	66,663	66,663
	$ 22,400	$ 91,550	$ 113,950
Weighted average rate	7.7%	5.2%	5.7%

Interest paid (including interest related to the borrowings under the Credit Agreement, Debt to Joint Venture Partner described in Note 8, and interest paid to Mr. Hughes described in Note 9) during 2005, 2004 and 2003 was $11,657,000, $4,377,000, and $7,131,000, respectively. In addition, in 2005, 2004 and 2003, capitalized interest totaled $2,820,000, $3,617,000, and $6,010,000, respectively, related to construction of real estate facilities.

8. Debt to Joint Venture Partner

As described more fully in Note 2, we accounted for certain transactions with the Acquisition Joint Venture as financing transactions:

- On December 31, 2004, we sold seven self-storage facilities that we had acquired in 2004 from third parties to our Acquisition Joint Venture for $22,993,000, an amount that was equal to fair value and our cost. Our partner's equity contribution with respect to these transactions was $16,095,000.

- On January 14, 2005, we sold an 86.7% interest in three facilities to the Acquisition Joint Venture for an aggregate amount of $27,424,000. Our partner's equity contribution with respect to these facilities was $19,197,000.

Our partner's equity contributions with respect to these transactions has been classified as debt under the caption "Debt to Joint Venture Partner." The balances of $35,697,000 and $16,095,000 as of December 31, 2005 and 2004, each approximates the fair value of our partners' interest in these facilities as of each respective date.

A total of $2,939,000 was recorded as interest expense on our consolidated statements of income with respect to our Debt to Joint Venture Partner during the year ended December 31, 2005, representing our partner's pro rata share of net earnings with respect to the properties we sold to the Acquisition Joint Venture (an 8.5% return on their investment); a total of $2,534,000 was paid to our joint venture partner (an 8.0% return payable currently in accordance with the partnership agreement) during the year ended December 31, 2005, with the debt balance increasing $405,000.

We expect that this debt will be repaid during 2008, assuming that we exercise our option to acquire our partner's interest in the Acquisition Joint Venture.

9. Minority Interest

In consolidation, we classify ownership interests in the net assets of each of the Consolidated Entities, other than our own, as minority interest on the consolidated financial statements. Minority interest in income consists of the minority interests' share of the operating results of the Consolidated Entities, or in the case of preferred partnership interests, distributions paid, plus costs associated with the application of EITF topic D-42 as it relates to the redemption of preferred units.

Preferred partnership interests:

At December 31, 2005 and 2004, we had the following series of preferred partnership units outstanding:

Series	Earliest Redemption Date or Dates Redeemed	Distribution Rate	At December 31, 2005 Units Outstanding	At December 31, 2005 Carrying Amount	At December 31, 2004 Units Outstanding	At December 31, 2004 Carrying Amount
				(amounts in thousands)		
Series NN	March 17, 2010	6.400%	8,000	$ 200,000	8,000	$ 200,000
Series Z...............	October 12, 2009	6.250%	1,000	25,000	1,000	25,000
Series N	March 17, 2005	9.500%	-	-	1,600	40,000
Series O	March 29, 2005	9.125%	-	-	1,800	45,000
Total			9,000	$ 225,000	12,400	$ 310,000

Subject to certain conditions, the Series NN preferred partnership units are convertible into shares of our 6.4% Series NN Cumulative Preferred Stock, and the Series Z preferred partnership units are convertible into shares of our 6.25% Series Z Cumulative Preferred Stock.

The preferred partnership units are not redeemable during the first five years, thereafter, at our option, we can call the units for redemption at the issuance amount plus any unpaid distributions. The Series NN preferred partnership units are not redeemable by the holder. The holders of the Series Z preferred partnership units have a one-time option, exercisable five years from issuance, to require us to redeem their units for $25.0 million in cash plus any unpaid distributions.

For each of the years ended December 31, 2005, 2004, and 2003, the holders of the preferred partnership units were paid in aggregate approximately $16,147,000, $22,423,000, and $26,906,000, respectively, in distributions (excluding the special distribution paid on March 22, 2004, described below), and received an equivalent allocation of minority interest in earnings.

On March 17, 2005, we redeemed all the outstanding Series N preferred partnership units ($40,000,000) and on March 29, 2005, we redeemed all the outstanding Series O preferred partnership units ($45,000,000), at their carrying amount plus accrued distributions. The redemption of these preferred partnership units resulted in an increase in income allocated to minority interests and a reduction to the Company's net income during the year ended December 31, 2005 of $874,000 as a result of the application of EITF Topic D-42 which allocates the excess of the stated amount of the preferred partnership units over their carrying amount to the holders of the redeemed securities.

During October 2004, in connection with property acquisitions, one of our consolidated operating partnerships issued $25.0 million of 6.250% Series Z preferred partnership units.

On March 22, 2004, certain investors who held $200 million of our Series N preferred partnership units agreed, in exchange for a special distribution of $8,000,000, to exchange all their Series N preferred partnership units for $200 million of our Series NN preferred partnership units. The investors also received a distribution for dividends that accrued from January 1, 2004 through the effective date of the exchange. During the year ended December 31, 2004, income allocated to minority interests was increased by $10,063,000 from (i) the special distribution to the holders of the preferred units ($8,000,000) and (ii) the application of EITF Topic D-42 ($2,063,000).

Other partnership interests

Minority interest at December 31, 2005 and 2004, and minority interest in income for the three years ended December 31, 2005 with respect to the other partnership interests are comprised of the following:

	Minority interest at		Minority interest in income for the year ended		
Description of Minority Interest	December 31, 2005	December 31, 2004	December 31, 2005	December 31, 2004	December 31, 2003
			(Amounts in thousands)		
Consolidated Development Joint Venture	$ -	$ 64,297	$ 4,229	$ 5,652	$ 4,211
Convertible Partnership Units	6,177	6,160	469	328	305
Other Consolidated Partnerships	22,793	48,446	10,932	11,447	12,281
Total other partnership interests	$ 28,970	$ 118,903	$ 15,630	$ 17,427	$ 16,797

Consolidated Development Joint Venture

In November 1999, we formed a development joint venture (the "Consolidated Development Joint Venture") with a joint venture partner (PSAC Storage Investors, LLC, referred to as "PSAC") whose partners included a third party institutional investor and B. Wayne Hughes ("Mr. Hughes"), the Chairman of the Board of the Company, to develop approximately $100 million of self-storage facilities and to purchase $100 million of the our Equity Stock, Series AAA (see Note 10). We owned a controlling interest in the Consolidated Development Joint Venture and included the accounts of this partnership in our consolidated financial statements since its inception. PSAC's interest in the Consolidated Development Joint Venture was accounted for as minority interest, as denoted in the above table.

On August 5, 2005, we acquired the institutional investor's interest in PSAC for approximately $41,420,000 in cash. This acquisition gave us a controlling position in PSAC and the right to acquire the remaining interest in PSAC, held by Mr. Hughes, for a stipulated amount on November 17, 2005. We immediately notified Mr. Hughes of our intent to acquire his interest on November 17, 2005.

On August 5, 2005, we commenced consolidating the accounts of PSAC. The total acquisition cost of the transaction was $105,933,000, comprised of the $41,420,000 in cash paid to the institutional investor and $64,513,000 in debt due to Mr. Hughes. Mr. Hughes' interest in PSAC was accounted for as debt due to the exercise of our right to acquire his interest. The total acquisition cost eliminated the book value of minority interest on the date of acquisition ($62,013,000) with the remainder allocated to real estate ($43,920,000).

The preferred return that Mr. Hughes accrued from August 5, 2005 through November 17, 2005 amounting to $1,458,000 is reflected on our consolidated statements of income as interest expense. On November 17, 2005 we acquired Mr. Hughes' interest for an aggregate of $64,513,000 in cash, plus accrued and unpaid interest, extinguishing the debt.

Minority interest at December 31, 2004 primarily represented the total contributions received from PSAC combined with the accumulated net income allocated to PSAC, net of cumulative distributions.

Convertible Partnership Units

As of December 31, 2005 and 2004, one of our Consolidated Entities had approximately 237,934 convertible partnership units ("Convertible Units") outstanding, representing a limited partnership interest in the partnership. The Convertible Units are convertible on a one-for-one basis (subject to certain limitations) into common stock of the Company at the option of the unitholder. Minority interest in income with respect to Convertible Units reflects the Convertible Units' share of the net income of the Company, with net income allocated to minority interests with respect to weighted average outstanding Convertible Units on a per unit basis equal to diluted earnings per common share. During the years ended December 31, 2005, 2004, and 2003, no Convertible Units were converted.

Other Consolidated Partnerships

The partnership agreements of the Other Consolidated Partnerships included in the table above have termination dates that cannot be unilaterally extended by the Company and, upon termination of each partnership, the net assets of these entities would be liquidated and paid to the minority interests and the Company based upon their relative ownership interests.

At December 31, 2005, the Other Consolidated Partnerships reflect common equity interests that we do not own in 22 entities owning an aggregate of 73 self-storage facilities (24 entities owning an aggregate of 123 self-storage facilities at December 31, 2004).

In 2005, we acquired the remaining interests we did not own in the Consolidated Entities for an aggregate of $51,395,000 in cash. The acquisition resulted in a reduction of minority interest of $25,373,000 with the excess of cost over underlying book value ($26,022,000) allocated to real estate.

On June 30, 2004, we acquired the remaining interest we did not own in one of the Consolidated Entities, for an aggregate of $24,851,000 in cash. This acquisition had the effect of reducing minority interest by $18,312,000, with the excess of cost over underlying book value ($6,539,000) allocated to real estate.

During 2003, we acquired through a merger all of the remaining limited partnership interest not currently owned by the Company in PS Partners IV, Ltd., a partnership that is consolidated with the Company. The acquisition cost was approximately $23,377,000, consisting of the issuance of 426,859 shares of our common stock ($13,510,000) valued at the closing trading price of the shares at the date of the acquisition, and cash of approximately $9,867,000; this acquisition had the effect of reducing minority interest by $6,690,000, with the excess of cost over underlying book value ($16,687,000) allocated to real estate.

Impact of SFAS No. 150

In May 2003, the FASB issued Statement of Financial Accounting Standards No. 150 – "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity" ("SFAS No. 150"). This statement prescribes reporting standards for financial instruments that have characteristics of both liabilities and equity. This standard generally indicates that certain financial instruments that give the issuer a choice of setting an obligation with a variable number of securities or settling an obligation with a transfer of assets, any mandatorily redeemable security, and certain put options and forward purchase contracts, should be classified as a liability on the balance sheet. With the exception of minority interests, described below, we implemented SFAS No. 150 on July 1, 2003, and the adoption had no impact on our financial statements.

The provisions of SFAS No. 150 indicate that the minority interest in the Other Consolidated Partnerships would have to be treated as a liability, because these partnerships have termination dates that cannot be unilaterally extended by us and, upon termination, the net assets of these entities would be liquidated and paid to the minority interest and us based upon relative ownership interests. However, on October 29, 2003, the FASB decided to defer indefinitely a portion of the implementation of SFAS No. 150, which thereby deferred our requirement to recognize these minority interest liabilities. If these partnerships were liquidated at December 31, 2005, we estimate that the minority interests would receive a total of approximately $162 million as their share of the liquidation proceeds.

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10. Shareholders' equity

Cumulative Preferred Stock

At December 31, 2005 and December 31, 2004, we had the following series of Cumulative Preferred Stock outstanding:

			At December 31, 2005		At December 31, 2004	
Series	Earliest Redemption Date (a)	Dividend Rate	Shares Outstanding	Carrying Amount	Shares Outstanding	Carrying Amount
				(Dollar amount in thousands)		
Series F (b)	5/2/05	9.750%	-	$ -	2,300,000	$ 57,500
Series Q (b)	1/19/06	8.600%	-	-	6,900	172,500
Series R	9/28/06	8.000%	20,400	510,000	20,400	510,000
Series S	10/31/06	7.875%	5,750	143,750	5,750	143,750
Series T	1/18/07	7.625%	6,086	152,150	6,086	152,150
Series U	2/19/07	7.625%	6,000	150,000	6,000	150,000
Series V	9/30/07	7.500%	6,900	172,500	6,900	172,500
Series W	10/6/08	6.500%	5,300	132,500	5,300	132,500
Series X	11/13/08	6.450%	4,800	120,000	4,800	120,000
Series Y	1/2/09	6.850%	1,600,000	40,000	1,600,000	40,000
Series Z	3/5/09	6.250%	4,500	112,500	4,500	112,500
Series A	3/31/09	6.125%	4,600	115,000	4,600	115,000
Series B	6/30/09	7.125%	4,350	108,750	4,350	108,750
Series C	9/13/09	6.600%	4,600	115,000	4,600	115,000
Series D	2/28/10	6.180%	5,400	135,000	-	-
Series E	4/27/10	6.750%	5,650	141,250	-	-
Series F	8/23/10	6.450%	10,000	250,000	-	-
Series G	12/12/10	7.000%	4,000	100,000	-	-
Total Cumulative Preferred Stock			1,698,336	$ 2,498,400	3,980,186	$ 2,102,150

(a) Except under certain conditions relating to the Company's qualification as a REIT, the Cumulative Preferred Stock are not redeemable prior to the dates indicated. On or after the dates indicated, each series of Cumulative Preferred Stock will be redeemable, at our option, in whole or in part, at $25.00 per depositary share (or per share in the case of the Series Y), plus accrued and unpaid dividends.

(b) Series F and Series Q were redeemed on the date indicated. The Series Q Cumulative Preferred Stock was called for redemption on November 30, 2005 and was redeemed on January 19, 2006 along with the unpaid distributions from January 1, 2006 through the redemption date. Accordingly, the redemption value of $172,500,000 was classified as a liability at December 31, 2005.

During 2005, we issued four series of Cumulative Preferred Stock: Series D – issued February 28, 2005, net proceeds totaling $130,548,000, Series E – issued April 27, 2005, net proceeds totaling $136,601,000, Series F – issued August 23, 2005, net proceeds totaling $242,550,000 and Series G – issued December 12, 2005, aggregate net proceeds totaling $96,886,000.

During 2005, we redeemed our Series F (including redemption expenses) of $57,517,000, plus accrued dividends. In November 2005, we called for redemption our Series Q Cumulative Preferred Stock, at par. The total cost of redemption of the Series Q Cumulative Preferred Stock was approximately $172,517,000, plus accrued dividends, on the redemption date, January 19, 2006. Accordingly, the redemption value of $172,500,000 Series Q Cumulative Preferred Stock was classified as a liability at December 31, 2005.

During 2004, we issued five series of Cumulative Preferred Stock: Series Y – issued January 2, 2004, net proceeds $40,000,000, Series Z – issued March 5, 2004, net proceeds $108,756,000, Series A – issued March 31, 2004, net proceeds $111,177,000, Series B – issued June 30, 2004, net proceeds $105,124,000, Series C – issued September 13, 2004, net proceeds $111,177,000.

During 2004, we redeemed our Series K (which was called for redemption in December 2003), Series L, Series M, and Series D Cumulative Preferred Stocks (including redemption expenses) of $115,021,000, $56,270,000, and $30,020,000, respectively, plus accrued dividends. In December 2004, we called for redemption our Series E Cumulative Preferred Stock. Accordingly, the redemption value of $54,875,000 for the Series E Cumulative Preferred Stock was classified as a liability at December 31, 2004. The total cost of redemption of the Series E was approximately $54,895,000, plus accrued dividends, on the redemption date, January 31, 2005.

During 2003, we issued our Series W and Series X Cumulative Preferred Stock: Series W – issued on October 6, 2003, net proceeds of $128,126,000 and Series X – issued November 13, 2003, net proceeds of $116,020,000.

During 2003, we redeemed our Series B and Series C Cumulative Preferred Stock, at par, at a total cost of $57,517,000 and $30,018,000 (including related redemption expenses), respectively. In December 2003, we called for redemption our Series K Cumulative Preferred Stock. Accordingly, the $115,000,000 Series K Cumulative Preferred Stock was classified as a liability at December 31, 2003. The total cost of redemption of the Series K was approximately $115,000,000, plus accrued dividends, on the redemption date, January 20, 2004.

The holders of our Cumulative Preferred Stock have general preference rights with respect to liquidation and quarterly distributions and, except under certain conditions and as noted below, will not be entitled to vote on most matters. In the event of a cumulative arrearage equal to six quarterly dividends or failure to maintain a Debt Ratio (as defined) of 50% or less, holders of all outstanding series of preferred stock (voting as a single class without regard to series) will have the right to elect two additional members to serve on the Company's Board of Directors until events of default have been cured. At December 31, 2005, there were no dividends in arrears and the Debt Ratio was 4.5%.

Upon issuance of our Cumulative Preferred Stock, we classify the liquidation value as preferred stock, with any issuance costs recorded as a reduction in Paid-in capital.

Common Stock

During 2005, 2004 and 2003, activity with respect to our Common Stock was as follows:

	2005		2004 (Dollar amount in thousands)		2003	
	Shares	Amount	Shares	Amount	Shares	Amount
Employee Stock based compensation	282,998	$ 7,511	1,985,416	$ 49,929	2,743,420	$ 68,088
Acquisition of minority interests	-	-	-	-	426,859	13,510
Conversion of Class B Common Stock	-	-	-	-	7,000,000	700
Shares received as a distribution From unconsolidated entities	(635,885)	(14,520)	-	-	-	-
Repurchases of common stock	(84,000)	(4,990)	(445,700)	(20,295)	(175,000)	(6,001)
	(436,887)	$ (11,999)	1,539,716	$ 29,634	9,995,279	$ 76,297

During 2005, we received a distribution of 503,110 shares, and one of the Consolidated Entities received 132,775 shares, of our Common Stock previously held by Unconsolidated Entities. The 503,110 shares that we received were retired.

At December 31, 2005, certain entities we consolidate owned 1,146,207 shares of our Common Stock. These shares continue to be legally issued and outstanding. In the consolidation process, these shares and the related balance sheet amounts have been eliminated. In addition, these shares are not included in the computation of weighted average shares outstanding.

The following chart reconciles our legally issued and outstanding shares of Common Stock and the reported outstanding shares of Common Stock at December 31, 2005 and December 31, 2004:

Reconciliation of Common Shares Outstanding	At December 31, 2005	At December 31, 2004
Legally issued and outstanding shares	129,235,770	129,455,882
Less – Shares owned by entities we consolidate that are eliminated in consolidation	(1,146,207)	(929,432)
Reported issued and outstanding shares	128,089,563	128,526,450

As previously reported, the Board of Directors authorized the repurchase from time to time of up to 10,000,000 shares of our Common Stock on the open market or in privately negotiated transactions. During 2000, the Board of Directors increased the authorized number of shares that we could repurchase to 15,000,000. During 2001, the Board of Directors increased the authorized number of shares that we could repurchase to 25,000,000. Cumulatively through December 31, 2005, we repurchased a total of 22,201,720 shares of Common Stock at an aggregate cost of approximately $567,148,000.

At December 31, 2005 and 2004, we had 5,276,412 and 5,548,277 shares of Common Stock reserved in connection with our stock option plans, respectively, (see Note 12) and 237,934 shares reserved for the conversion of Convertible Partnership Units.

Class B Common Stock

The 7,000,000 shares of Class B Common Stock were converted into 7,000,000 shares of Common Stock on January 1, 2003.

Equity Stock

The Company is authorized to issue up to 200,000,000 shares of Equity Stock. The Articles of Incorporation provide that the Equity Stock may be issued from time to time in one or more series and gives the Board of Directors broad authority to fix the dividend and distribution rights, conversion and voting rights, redemption provisions and liquidation rights of each series of Equity Stock.

Equity Stock, Series A

At December 31, 2005, we had 8,744,193 depositary shares outstanding (8,776,102 at December 31, 2004), each representing 1/1,000 of a share of Equity Stock, Series A ("Equity Stock A"). We received 31,909 depositary shares from a distribution from affiliated entities at March 31, 2005 (see Note 5). We have not issued any shares of our Equity Stock, Series A since May 2001. The issuance amounts were recorded as part of Paid-in capital on the consolidated balance sheet.

The Equity Stock, Series A ranks on parity with our common stock and junior to the Cumulative Preferred Stock with respect to general preference rights and has a liquidation amount which cannot exceed \$24.50 per share. Distributions with respect to each depositary share shall be the lesser of: a) five times the per share dividend on the common stock or b) \$2.45 per annum. Except in order to preserve the Company's federal income tax status as a REIT, we may not redeem the depositary shares before March 31, 2010. On or after March 31, 2010, we may, at our option, redeem the depositary shares at \$24.50 per depositary share. If the Company fails to preserve its federal income tax status as a REIT, each depositary share will be convertible into 0.956 shares of our common stock. The depositary shares are otherwise not convertible into common stock. Holders of depositary shares vote as a single class with our holders of common stock on shareholder matters, but the depositary shares have the equivalent of one-tenth of a vote per depositary share. We have no obligation to pay distributions if no distributions are paid to common shareholders.

Equity Stock, Series AAA

In November 1999, we sold \$100,000,000 (4,289,544 shares) of Equity Stock, Series AAA ("Equity Stock AAA") to the Consolidated Development Joint Venture. On November 17, 2005, upon the acquisition of Mr. Hughes' interest in PSAC (Note 9), we owned 100% of the partnership interest in the Consolidated Development Joint Venture. For all periods presented, the Equity Stock, Series AAA and related dividends were eliminated in consolidation.

Dividends

The unaudited characterization of dividends for Federal income tax purposes is made based upon earnings and profits of the Company, as defined by the Internal Revenue Code. For the tax year ended December 31, 2005, distributions for the common stock, Equity Stock, Series A, and all the various series of preferred stocks were classified as follows:

	2005 (unaudited)			
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Ordinary Income	98.5488%	99.3947%	99.9589%	100.0000%
Long-Term Capital Gain	1.4512%	0.6053%	0.0411%	0.0000%
Total	100.00%	100.00%	100.00%	100.00%

A percentage of the long-term capital gain is unrecaptured section 1250 gain for each quarter of 2005 as follows (unaudited):

	2005 Percentage of Total Long-Term Capital Gain Distribution			
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Unrecaptured Section 1250 Gain	7.3110%	0.0000%	8.0542%	0.0000%

For corporate shareholders a portion of the total long-term capital gain is required to be recaptured as ordinary income. For each quarter of 2005 the percentages are as follows (unaudited):

	2005 Percentage of Total Long-Term Capital Gain Distribution			
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
IRC §291 Recapture	1.4621%	0.0000%	1.6121%	0.0000%

The following table summarizes dividends for the years ended December 31, 2005, 2003 and 2002:

	2005		2004		2003	
	Per share	Total	Per share	Total	Per share	Total
	(in thousands, except per share data)					
Cumulative Preferred Stock						
Series B	$-	$ -	$-	$ -	$0.575	$ 1,322
Series C	-	-	-	-	$0.844	1,013
Series D	-	-	$1.776	2,131	$2.375	2,850
Series E	$0.208	457	$2.500	5,488	$2.500	5,488
Series F	$0.819	1,884	$2.437	5,606	$2.437	5,606
Series K	-	-	$0.109	501	$2.063	9,488
Series L	-	-	$0.395	1,818	$2.063	9,488
Series M	-	-	$1.373	3,089	$2.188	4,922
Series Q	$2.150	14,835	$2.150	14,835	$2.150	14,835
Series R	$2.000	40,800	$2.000	40,800	$2.000	40,800
Series S	$1.969	11,320	$1.969	11,320	$1.969	11,320
Series T	$1.906	11,601	$1.906	11,601	$1.906	11,601
Series U	$1.906	11,438	$1.906	11,438	$1.906	11,438
Series V	$1.875	12,938	$1.875	12,938	$1.875	12,938
Series W	$1.625	8,612	$1.625	8,612	$0.388	2,057
Series X	$1.613	7,740	$1.613	7,740	$0.215	1,030
Series Y	$1.713	2,740	$1.708	2,732	-	-
Series Z	$1.563	7,031	$1.289	5,801	-	-
Series A	$1.531	7,044	$1.153	5,302	-	-
Series B	$1.781	7,748	$0.896	3,896	-	-
Series C	$1.650	7,590	$0.495	2,277	-	-
Series D	$1.292	6,976	-	-	-	-
Series E	$1.144	6,463	-	-	-	-
Series F	$0.543	5,430	-	-	-	-
Series G	$0.093	370	-	-	-	-
		173,017		157,925		146,196
Common Equivalent Stock						
Common Stock	$1.900	244,200	$1.800	230,834	$1.800	225,864
Equity Stock, Series A	$2.450	21,443	$2.450	21,501	$2.450	21,501
Total Distributions		$438,660		$410,260		$393,561

11. Related party transactions

Relationships and transactions with the Hughes Family

Mr. Hughes and his family (the "Hughes Family") have ownership interests in, and operate approximately 44 self-storage facilities in Canada under the name "Public Storage" ("PS Canada") pursuant to a license agreement with the Company. We currently do not own any interests in these facilities nor do we own any facilities in Canada. The Hughes Family owns approximately 36% of our Common Stock outstanding at December 31, 2005. We have a right of first refusal to acquire the stock or assets of the corporation that manages the 44 self-storage facilities in Canada, if the Hughes Family or the corporation agrees to sell them. However, we have no interest in the operations of this corporation, we have no right to acquire this stock or assets unless the Hughes Family decides to sell, the right of first refusal does not apply to the self-storage facilities, and we receive no benefit from the profits and increases in value of the Canadian self-storage facilities.

Prior to December 31, 2003, our personnel were engaged in the supervision and the operation of these Canadian self-storage facilities and provided certain administrative services for the Canadian owners, and certain other services, primarily tax services, with respect to certain other Hughes Family interests. The Hughes Family and the Canadian owners reimbursed us at cost for these services (U.S. $542,499 and $638,000 in respect of the Canadian operations for 2003 and 2002, respectively, and U.S. $151,063 and $167,930 for other services during 2003 and 2002, respectively). There have been conflicts of interest in allocating the time of our personnel between our properties, the Canadian properties, and certain other Hughes Family interests. The sharing of personnel and systems with the Canadian entities was substantially discontinued by December 31, 2003. In October 2005, the Company's Board of Directors (with Mr. Hughes and B. Wayne Hughes Jr. abstaining) approved the reimbursement of CAD $653,424 (plus CAD $52,274 in interest accrued at 4%) representing the amount previously charged to the Canadian entities for system development costs that PSI no longer permits them to use. These amounts were reimbursed to PS Canada in November 2005.

Through PSIC and PSCI-H, we continue to reinsure risks relating to loss of goods stored by tenants in the self-storage facilities in Canada. We acquired the tenant insurance business on December 31, 2001 through its acquisition of PSIC. During 2005, 2004, and 2003, respectively, we received $1,052,000, $1,069,000, and $1,017,000, respectively, in reinsurance premiums attributable to the Canadian Facilities. Since our right to provide tenant reinsurance to the Canadian Facilities may be qualified, there is no assurance that these premiums will continue.

In November 1999, we formed the Consolidated Development Joint Venture with a joint venture partner whose partners include an institutional investor and Mr. Hughes. On August 5, 2005, we acquired the institutional investor's interest in PSAC for approximately $41,420,000 in cash. This acquisition gave us a controlling position in PSAC and the right to acquire the remaining interest in PSAC, held by Mr. Hughes, for a stipulated amount of $64,513,000 plus accrued preferred return on November 17, 2005. This transaction is discussed more fully in Note 9.

The Company and Mr. Hughes are co-general partners in certain of the Consolidated Entities and the Unconsolidated Entities. Mr. Hughes and his family also own limited partnership interests in certain of these partnerships. The Company and Mr. Hughes and his family receive distributions from these partnerships in accordance with the terms of the partnership agreements.

Other Related Party Transactions

Ronald L. Havner, Jr. is our vice-chairman and chief executive officer, and he is chairman of the board of PSB. Until August 2003, Mr. Havner was also the Chief Executive Officer of PSB. For 2003 and 2004 services, Mr. Havner was compensated by PSB, as well as by the Company.

Dann V. Angeloff, a director of the Company, is the general partner of a limited partnership formed in June of 1973 that owns a self-storage facility that is managed by us. We recorded management fees with respect to this facility amounting to $45,000, $41,000 and $41,000 for the years ended December 31, 2005, 2004 and 2003, respectively.

In December 2003, we loaned $100,000,000 to PSB. This loan bore interest at the rate of 1.45% per year and was fully repaid on March 8, 2004.

PSB manages certain of the commercial facilities that we own pursuant to management agreements for a management fee equal to 5% of revenues. We paid a total of $579,000, $562,000, and $581,000, respectively, in 2005, 2004 and 2003 in management fees with respect to PSB's property management services.

We manage the Company's wholly-owned self-storage facilities as well as the facilities owned by the Unconsolidated Entities and the Consolidated Entities on a joint basis, in order to take advantage of scale and other efficiencies. As a result, significant components of self-storage operating costs, such as payroll costs, advertising and promotion, data processing, and insurance expenses are shared and allocated among the various entities using methodologies meant to fairly allocate such costs based upon the related activities. The total of such expenses which were included in the operations of the Unconsolidated Entities were approximately $4.3 million, $4.5 million, and $4.1 million for the years ended December 31, 2005, 2004, and 2003, respectively.

Pursuant to a cost-sharing and administrative services agreement, PSB reimburses us for certain administrative services. PSB's share of these costs totaled approximately $340,000 for each of the three years ended December 31, 2005, 2004 and 2003, respectively.

Stor-RE and third party insurance carriers have provided PS Canada, the Company, PSB, and other affiliates of the Company with liability and casualty insurance coverage until March 31, 2004. PS Canada has a 2.2% interest, and PSB has a 4.0% interest, in Stor-RE. PS Canada and PSB obtained their own liability and casualty insurance covering occurrences after April 1, 2004. For occurrences before April 1, 2004, STOR-Re continues to provide liability and casualty insurance coverage consistent with the relevant agreements.

12. Stock-based Compensation

On December 31, 2004, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 123 (revised 2004), "Share-Based Payment." We will adopt the provisions of this statement effective January 1, 2006 utilizing the modified prospective method of adoption. Because we already comply with the provisions of this statement, the adoption will have no effect on our net income, income from continuing operations, basic or diluted earnings per share, cash flow from operations, our cash flow from financing activities, or our disclosure.

Description of Stock-Based Incentive Plan

We have a 1990 Stock Option Plan (the "1990 Plan") which provides for the grant of non-qualified stock options. We have a 1994 Stock Option Plan (the "1994 Plan"), a 1996 Stock Option and Incentive Plan (the "1996 Plan"), a 2000 Non-Executive/Non-Director Stock Option and Incentive Plan (the "2000 Plan"), a 2001 Non-Executive/Non Director Stock Option and Incentive Plan (the "2001 non-executive Plan") and a 2001 Stock Option and Incentive Plan (the "2001 Plan"), each of which provides for the grant of non-qualified options and incentive stock options. (The 1990 Plan, the 1994 Plan, the 1996 Plan, the 2000 Plan, the 2001 Non-Executive Plan, and the 2001 Plan are collectively referred to as the "PSI Plans"). Under the PSI Plans, the Company has granted non-qualified options to certain directors, officers and key employees to purchase shares of the Company's common stock at a price equal to the fair market value of the common stock at the date of grant. Generally, options under the PSI Plans vest over a three-year period from the date of grant at the rate of one-third per year (options granted after December 31, 2002 vest generally over a five-year period at the rate of one-fifth per year) and expire (i) under the 1990 Plan, five years after the date they became exercisable and (ii) under the 1994 Plan, the 1996 Plan and the 2000 Plan, ten years after the date of grant. The 1996 Plan, the 2000 Plan, the 2001 non-executive Plan and the 2001 Plan also provide for the grant of restricted stock (see below) to officers, key employees and service providers on terms determined by an authorized committee of the Board of Directors. A total of approximately 3,012,671 and 3,338,986 securities were available for grant at December 31, 2005 and 2004, respectively.

Stock Options

Information with respect to stock options during 2005, 2004 and 2003 is as follows:

PUBLIC STORAGE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2005

	2005		2004		2003	
	Number of Options	Weighted Average Price per Share	Number of Options	Weighted Average Price per Share	Number of Options	Weighted Average Price per Share
Options outstanding January 1	1,441,901	$35.07	3,088,618	$27.14	5,939,224	$25.79
Granted	288,000	62.56	353,500	51.46	272,500	34.50
Exercised (a)	(249,520)	30.10	(1,957,907)	25.51	(2,743,420)	24.85
Cancelled	(57,235)	36.84	(42,310)	32.75	(379,686)	28.33
Options outstanding December 31 (b) (c)	1,423,146	$41.46	1,441,901	$35.08	3,088,618	$27.14
Price range of options outstanding at December 31:	$18.00 to $69.87		$14.88 to $39.23		$14.88 to $37.40	
Options exercisable at December 31 (d):	780,350	$31.38	651,013	$27.13	2,305,868	$25.24

(a) The aggregate intrinsic value of shares exercised during each year, representing the differential between the market price and the exercise price on the respective dates of exercise, amounted to approximately $7,508,000, $45,673,000, and $36,839,000 for the years ended December 31, 2005, 2004, and 2003, respectively.

(b) The options outstanding at December 31, 2005, have remaining average contractual lives of 7.2 years, and an aggregate intrinsic value, based upon the December 31, 2005 closing price of our common stock, of approximately $37,372,000.

(c) Approximately 372,570, 472,788, and 2,159,544 options have exercise prices less than $30 at December 31, 2005, 2004, and 2003, respectively. Approximately 624,000 and 336,000 options have exercise prices greater than $45 at December 31, 2005 and 2004, respectively (none at December 31, 2003).

(d) The aggregate intrinsic value of exercisable options at December 31, 2005, based upon the closing price of our common stock at December 31, 2005, amounted to approximately $28,358,000. Options exercisable at December 31, 2005 have a weighted average remaining contractual life of approximately 5.9 years.

We recognize compensation expense for stock option awards based upon their fair value on the date of grant amortized over the applicable vesting period (the "Fair Value Method"), with respect to stock options granted after January 1, 2002. The fair value of the stock options is determined utilizing the Black-Scholes option pricing model. The Black-Scholes option pricing model utilizes several assumptions, including the estimated life of the stock options, the average risk-free rate, the expected dividend yield, and expected volatility. We establish these assumptions based generally upon historical trends.

We do not recognize compensation expense for stock option awards prior to January 1, 2002, instead, we disclose the amount of stock option expense that would have been recognized in each year with respect to these options had we utilized the Fair Value Method with respect to these awards, in the table below. Because stock-based awards had a vesting period of three years, our accounting method with respect to these pre-2002 awards has no effect after December 31, 2004.

Outstanding stock options are included on a one-for-one basis in our diluted weighted average shares, less a reduction for the treasury stock method applied to a) the average cumulative measured but unrecognized compensation expense during the period and b) the strike price proceeds expected from the employee upon exercise.

The following table sets forth financial disclosures with respect to the accounting for stock options:

Selected information with respect to employee stock options:	For the years ended December 31, 2005	2004	2003
	(dollar amounts in thousands, except per-share amounts)		
Average estimated value per option granted, utilizing the Black-Scholes method	$6.77	$4.40	$1.95
Assumptions used in valuing options with the Black-Scholes method:			
Expected life of options in years (a)	5	5	5
Risk-free interest rate	4.0%	3.5%	3.0%
Expected volatility (b)	0.234	0.210	0.180
Expected dividend yield	7.0%	7.0%	7.0%
Net income information with respect to each year:			
Net income, as reported	$456,393	$366,213	$336,653
Add back: stock-based employee compensation expense included in net income (c)	1,010	709	530
Less: stock-based employee compensation cost that would have been included if the fair value method were applied for all awards	(1,010)	(874)	(3,311)
Net income, assuming consistent application of the fair value method	$456,393	$366,048	$333,872
Earnings per share, as reported:			
Basic	$1.98	$1.39	$1.29
Diluted	$1.97	$1.38	$1.28
Earnings per share, assuming consistent application of the fair value method			
Basic	$1.98	$1.39	$1.27
Diluted	$1.97	$1.38	$1.26

(a) Expected life is based upon our expectations of stock option recipients' expected exercise and termination patterns.

(b) Expected volatility is based upon the level of volatility historically experienced.

(c) At December 31, 2005, the total compensation cost related to nonvested stock option awards amounts to approximately $2,604,000, which will be recognized over the remaining vesting period.

Restricted Stock Units

Outstanding restricted stock units vest over a five-year period from the date of grant at the rate of one-fifth per year. The employee receives additional compensation equal to the per-share dividends received by common shareholders with respect to restricted stock units outstanding. Such compensation is accounted for as dividends paid. Any dividends paid on units which are subsequently forfeited are expensed. Upon vesting, the employee receives common shares equal to the number of vested restricted stock units in exchange for the units. The total value of each restricted stock unit grant, based upon the market price of our common stock at the date of grant, is amortized over the vesting period as compensation expense. The related employer portion of payroll taxes is expensed as incurred. Outstanding restricted stock units are included on a one-for-one basis in our diluted weighted average shares, less a reduction for the treasury stock method applied to the average cumulative measured but unrecognized compensation expense during the period. For purposes of the disclosures that follow, "fair value" on any particular date reflects the closing market price of our common stock on that date.

During the year ended December 31, 2005, 169,750 restricted stock units were granted with an aggregate fair value on the date of grant of approximately $9,633,000, 74,200 restricted stock units were forfeited (aggregate grant-date fair value of $3,388,000), and 47,760 restricted stock units vested (aggregate grant-date fair value of $2,053,000) with an aggregate fair value on the date of vesting of $3,156,000. This vesting resulted in the issuance of 33,478 shares of common stock. In addition, cash compensation was paid to employees in lieu of 14,282 shares of common stock based upon the market value of the stock at the date of vesting, and used to settle the employees' tax liability generated by the vesting.

During the year ended December 31, 2004, 94,500 restricted stock units were granted with an aggregate fair value on the date of grant of $4,649,000, 48,650 restricted stock units were forfeited, and 42,810 restricted stock units vested with an aggregate fair value on the date of vesting of approximately $2,419,000. This vesting resulted in the issuance of 27,509 shares of common stock. In addition, cash compensation was paid to employees in lieu of 15,301 shares of common stock based upon the market value of the stock at the date of vesting, and used to settle the employees' tax liability generated by the vesting. During the year ended December 31, 2003, we granted 249,000 restricted stock units to employees of the Company with an aggregate fair value on the date of grant of approximately $10,180,000.

At December 31, 2005, approximately 299,830 restricted stock units were outstanding (252,040 and 249,000 at December 31, 2004 and 2003, respectively) with an aggregate fair value at December 31, 2005, based upon the closing price of our common stock, of approximately $20,304,000. The aggregate grant-date fair value of the 299,830 restricted stock units outstanding at December 31, 2005 was approximately $14,922,000 ($10,895,000 for the 252,040 restricted stock units at December 31, 2004), which will be recognized over the remaining vesting period of approximately 3.5 years. A total of $3,748,000, $2,254,000, and $970,000 in restricted stock expense was recorded for the years ended December 31, 2005, 2004 and 2003, respectively, which includes amortization of the fair value of the grant reflected as an increase to paid-in capital, as well as payroll taxes we incurred upon each respective vesting.

Outstanding restricted stock units are included on a one-for-one basis in our diluted weighted average shares, less a reduction for the treasury stock method applied to the average cumulative measured but unrecognized compensation expense during the period.

13. Disclosures Regarding Segment Reporting

Description of Each Reportable Segment

Our reportable segments reflect significant operating activities that are evaluated separately by management. We have four reportable segments: self-storage operations, containerized storage operations, commercial property operations, and ancillary operations. These segments are organized generally based upon their operating characteristics.

The self-storage segment comprises the direct ownership, development, and operation of traditional storage facilities, and the ownership of equity interests in entities that own storage properties. The containerized storage operations represent another segment. The commercial property segment reflects our interest in the ownership, operation, and management of commercial properties. The vast majority of the commercial property operations are conducted through PSB, and to a much lesser extent the Company and certain of its unconsolidated subsidiaries own commercial space, managed by PSB, within facilities that combine storage and commercial space for rent. The ancillary operations include four sources of operating income: (i) the reinsurance of policies against losses to goods stored by tenants in our self-storage facilities, (ii) sale of merchandise at our self-storage facilities, (iii) truck rentals at our self-storage facilities and (iv) management of facilities owned by third-party owners and facilities owned by the Unconsolidated Entities.

Measurement of Segment Profit or Loss

We evaluate performance and allocate resources based upon the net segment income of each segment. Net segment income represents net income in conformity with accounting principles generally accepted in the United States and our significant accounting policies as denoted in Note 2, before interest and other income, interest expense, corporate general and administrative expense, and minority interest in income. The accounting policies of the reportable segments are the same as those described in the Summary of Significant Accounting Policies.

Interest and other income, interest expense, corporate general and administrative expense, minority interest in income and gains and losses on sales of real estate assets are not allocated to segments because management does not utilize them to evaluate the results of operations of each segment.

Measurement of Segment Assets

No segment data relative to assets or liabilities is presented, because we do not consider the historical cost of our real estate facilities and investments in real estate entities in evaluating the performance of operating management or in evaluating alternative courses of action. The only other types of assets that might be allocated to individual segments are trade receivables, payables, and other assets that arise in the ordinary course of business, but they are also not a significant factor in the measurement of segment performance.

Presentation of Segment Information

The following table sets forth a reconciliation of each segment's net income to the Company's consolidated net income:

	Year Ended December 31,		
	2005	2004	2003
	(Amounts in thousands)		
Reconciliation of Net Income by Segment:			
Self-storage			
Revenue less cost of operations	$631,365	$562,129	$517,199
Depreciation and amortization	(191,267)	(176,403)	(176,847)
Equity in earnings of real estate entities	6,348	4,953	4,583
Discontinued operations (Note 3)	5,362	328	6,412
Total self-storage segment net income	451,808	391,007	351,347
Commercial properties			
Revenue less cost of operations	7,112	6,422	6,418
Depreciation and amortization	(2,322)	(2,114)	(2,436)
Equity in earnings of real estate entities	35,175	36,482	38,194
Discontinued operations (Note 3)	-	1,122	237
Total commercial property segment net income	39,965	41,912	42,413
Containerized storage			
Revenue less cost of operations	3,611	7,581	10,052
Depreciation and amortization	(2,808)	(4,546)	(4,780)
Discontinued operations (Note 3)	1,015	(2,351)	(2,729)
Total containerized storage segment net income	1,818	684	2,543
Ancillary Operations			
Revenue less cost of operations	23,795	15,509	16,568
Other items not allocated to segments			
Equity in earnings – general and administrative and other	(16,640)	(18,871)	(17,811)
Interest and other income	16,447	5,391	2,537
General and administrative	(21,115)	(18,813)	(17,127)
Interest expense	(8,216)	(760)	(1,121)
Minority interest in income	(32,651)	(49,913)	(43,703)
Casualty loss	(1,917)	(1,250)	-
Gain on disposition of real estate	3,099	1,317	1,007
Total other items not allocated to segments	(60,993)	(82,899)	(76,218)
Total consolidated net income	$456,393	$366,213	$336,653

14. Events Subsequent to December 31, 2005 (unaudited)

As noted above, on November 30, 2005, we called for redemption all of the outstanding shares (total liquidation value of $172,500,000) of our 8.60% Cumulative Preferred Stock, Series Q, at $25 per share, plus accrued dividends. These shares were subsequently redeemed on January 19, 2006.

On January 19, 2006, we issued 4,000,000 depositary shares, with each depositary share representing 1/1,000 of a share of 6.95% Cumulative Preferred Stock, Series H (carrying amount totaling $100,000,000). On January 27, 2006, we issued an additional 200,000 depository shares, with each depositary share representing 1/1,000 of a share of our 6.95% Cumulative Preferred Stock, Series H (carrying amount totaling $5,000,000).

Between January 1, 2006 and March 15, 2006, we acquired three self-storage facilities from third parties with total net rentable square feet of 170,000, at an aggregate cost of approximately $20.0 million comprised of cash totaling $15.4 million and the assumption of debt totaling $4.6 million. These property acquisitions were funded entirely by us.

We have entered into an agreement to acquire Shurgard Storage Centers, Inc. ("Shurgard"), a publicly held REIT that has interests in approximately 646 self-storage facilities located in the United States and Europe. Under the agreement, and based upon our December 31, 2005 balance sheet and Shurgard's September 30, 2005 balance sheet included in its related Form 10-Q, i) we would issue 0.82 shares of our common stock for each share of Shurgard common stock which would increase our common shares outstanding from 128,089,563 to approximately 166,460,200 shares, ii) we would assume Shurgard debt which totals approximately $1.8 billion at September 30, 2005, increasing our debt outstanding (assuming no prepayment) from $150 million to approximately $2.0 billion, and iii) $136 million of Shurgard preferred stock would be redeemed. The transaction is targeted to close by the end of the second quarter of 2006.

Completion of the transaction is not assured and is subject to risks, including that shareholders of either Public Storage or Shurgard do not approve the transaction or that the other closing conditions are not satisfied. In addition, Shurgard may under limited circumstances terminate the agreement to take a superior proposal. Public Storage and Shurgard are not aware of any significant governmental approvals that are required for consummation of the merger. If any approval or action is required, it is presently contemplated that Public Storage and Shurgard would use their reasonable best efforts to obtain such approval. There can be no assurance that any other approvals, if required, will be obtained.

The foregoing description of the terms of our agreement to acquire Shurgard does not purport to be complete, and is qualified in its entirety by reference to the full text of the merger agreement, a copy of which is filed with our current report on Form 8-K dated March 7, 2006.

15. Recent Accounting Pronouncements and Guidance

EITF Issue 04-05

Issue 04-05 of the Emerging Issues Task Force ("EITF 04-05") states that the general partner in a partnership is presumed to control that limited partnership, for purposes of determining whether to consolidate an interest in an entity or to apply the equity method of accounting. If the limited partners have either (1) the substantive ability - through a simple majority vote - to liquidate the partnership or remove the general partner without cause, or (2) substantive participating rights, the general partner does not control the limited partnership.

The effective date for applying the guidance in EITF 04-05 is June 29, 2005, for new limited partnerships, or no later than our fiscal year beginning January 1, 2006.

We have not fully quantified the impact of this statement on our consolidated financial statements, but we do not believe that the impact will be significant.

Accounting Changes and Error Corrections

In May 2005, the FASB issued SFAS No. 154, "Accounting Changes and Errors Corrections - a replacement of APB Opinion No. 20 and FASB Statement No. 3." This statement replaces APB Opinion No.

20, "Accounting Changes," and SFAS No. 3, "Reporting Accounting Changes in Interim Financial Statements," and changes the requirements for the accounting for and reporting of a voluntary change in accounting principle. It also applies to changes required by an accounting pronouncement in the instance that the pronouncement does not include specific transition provisions. APB Opinion No. 20 previously required that most voluntary changes in accounting principle be recognized by including in net income of the period the cumulative effect of changing to the new accounting principle. SFAS No. 154 requires retrospective application of changes in accounting principle to prior periods' financial statements, unless it is impracticable to determine either the period-specific effects or the cumulative effect of the change. We will adopt the provisions of SFAS No. 154 as of January 1, 2006 and we do not believe this statement will have a material impact on our financial position, operating results or cash flows.

Accounting for Conditional Asset Retirement Obligations

In March 2005, the FASB issued FASB FIN 47, "Accounting for Conditional Asset Retirement Obligations." FIN 47 clarifies that the term "conditional asset retirement obligations" as used in SFAS No. 143, "Accounting for Asset Retirement Obligations," refers to a legal obligation to perform an asset retirement activity in which the timing and/or method of settlements are conditional on a future event that may or may not be within the control of the entity. FIN 47 indicates that an entity must record a liability for a conditional asset retirement obligation if the fair value of the obligation can be reasonably estimated and also clarifies when an entity should have sufficient information to reasonably estimate the fair value of an asset retirement obligation. This interpretation was effective October 1, 2005. The adoption of FIN 47 had no material impact on our financial position, operating results or cash flows.

16. Commitments and Contingencies

Serrao v. Public Storage, Inc. (filed April 2003) (Superior Court – Orange County)

The plaintiff in this case filed a suit against the Company on behalf of a putative class of renters who rented self-storage units from the Company. Plaintiff alleges that the Company misrepresented the size of its storage units, has brought claims under California statutory and common law relating to consumer protection, fraud, unfair competition, and negligent misrepresentation, and is seeking monetary damages, restitution, and declaratory and injunctive relief.

The claim in this case is substantially similar to those in Henriquez v. Public Storage, Inc., which was disclosed in prior reports. In January 2003, the plaintiff caused the Henriquez action to be dismissed.

Based upon the uncertainty inherent in any putative class action, we cannot presently determine the potential damages, if any, or the ultimate outcome of this litigation. On November 3, 2003, the court granted our motion to strike the plaintiff's nationwide class allegations and to limit any putative class to California residents only. In August 2005, we filed a motion to remove the case to federal court, but the case has been remanded to the Superior Court. We are vigorously contesting the claims upon which this lawsuit is based, including class certification efforts.

Gustavson, et al v. Public Storage, Inc. (filed June 2003) (Superior Court – Los Angeles County); Potter, et al v. Hughes, et al (filed December 2004) (United States District Court – Central District of California)

As previously reported, in November 2002, a shareholder of the Company made a demand on the Board of Directors that challenged the fairness of the Company's acquisition of PS Insurance Company, Ltd. ("PSIC") and related matters. PSIC was previously owned by the Hughes Family.

In June 2003, the Hughes family filed a complaint (Gustavson, et al v. Public Storage, Inc.) for declaratory relief asking the court to find that the acquisition of PSIC and related matters were fair to the

Company. The Company filed an answer to the Hughes Family's complaint requesting a final judicial determination of the Company's rights of recovery against the Hughes Family in respect of PSIC. By order of the Superior Court, the matter was tried before Justice Malcolm Lucas, a former chief justice of the California Supreme Court. In October 2005, Judge Lucas rendered his decision, ruling against the Company by finding that the PSIC transaction was just and reasonable as to the Company and holding that the Hughes Family was not required to make any payment to the Company. The Superior Court has formally entered judgment accordingly and this lawsuit has been concluded.

At the end of December 2004, the same shareholder referred to above and a second shareholder filed a shareholder's derivative complaint (Potter, et al v. Hughes, et al) naming as defendants the Company's directors (and two former directors) and certain officers of the Company. The matters alleged in the Potter complaint relate to PSIC, the Hughes Family's Canadian self-storage operations and the Company's 1995 reorganization. In June 2005, the court granted the defendants' motion to dismiss the Potter complaint with leave to amend the complaint. In July 2005, the plaintiffs filed an amended complaint, and the defendants filed a motion to dismiss the amended complaint. The matter is currently under submission. We believe the litigation will not have any financially adverse effect on the Company (other than the costs and other expenses relating to the lawsuit).

Brinkley et al v. Public Storage, Inc. (filed April, 2005) (Superior court of California – Los Angeles County)

The Brinkley plaintiffs are suing the Company on behalf of a purported class of California property managers who claim that they were not compensated for all the hours they worked. The Brinkley suit is based upon California wage and hour laws. The maximum potential liability cannot be estimated, but would be increased if a class or classes are certified or, if claims are permitted to be brought on behalf of others under the California Unfair Business Practices Act. We are vigorously contesting the claims and intend to resist any expansion beyond the named plaintiffs on the grounds of lack of commonality of claims. We do not believe that this matter will have any material adverse effect on the results of operations of the Company.

Other Items

We are a party to various claims, complaints, and other legal actions that have arisen in the normal course of business from time to time that are not described above. We believe that it is unlikely that the outcome of these other pending legal proceedings including employment and tenant claims, in the aggregate, will have a material adverse impact upon our operations or financial position.

Insurance and Loss Exposure

Our facilities have historically carried comprehensive insurance, including fire, earthquake, flood, liability and extended coverage through STOR-Re and PSIC-H, our captive insurance programs, and insure portions of these risks through nationally recognized insurance carriers. Our captive insurance programs also insure affiliates of the Company.

The Company, STOR-Re, PSIC-H and its affiliates' maximum aggregate annual exposure for losses that are below the deductibles set forth in the third-party insurance contracts, assuming multiple significant events occur, is approximately $35 million. In addition, if losses exhaust the third-party insurers' limit of coverage of $125,000,000 for property coverage and $102,000,000 for general liability, our exposure could be greater. These limits are higher than estimates of maximum probable losses that could occur from individual catastrophic events (i.e. earthquake and wind damage) determined in recent engineering and actuarial studies.

Our tenant insurance program, operating through PSIC through March 31, 2004, and through PSIC-H beginning April 1, 2004, reinsures policies against claims for losses to goods stored by tenants at our self-storage facilities. Throughout 2003, 2004, and 2005, we had outside third-party insurance coverage for claims paid exceeding $500,000 resulting from any individual event, to a limit of $10,000,000. Effective January 1, 2006, such coverage was revised to cover claims paid exceeding $1,500,000 resulting from any individual event, to a limit of $9,000,000.

Development and Acquisition of Real Estate Facilities

We currently have 62 projects in our development pipeline, including newly developed facilities and expansions and enhancements to existing self-storage facilities. The total estimated cost of these facilities (unaudited) is $323,184,000, of which $54,472,000 has been spent at December 31, 2005. Development of these projects is subject to contingencies.

As of March 15, 2006, we are under contract to purchase seven self-storage facilities (total approximate net rentable square feet of 574,000) at an aggregate cost of approximately $69.4 million. We anticipate that these acquisitions will be funded entirely by us. Each of these contracts is subject to significant contingencies, and there is no assurance that any of these facilities will be acquired.

17. Supplementary quarterly financial data (unaudited)

	Three Months Ended			
	March 31, 2005	June 30, 2005	September 30, 2005	December 31, 2005
	(in thousands, except per share data)			
Revenues (a)	$ 251,021	$ 262,893	$ 273,485	$ 273,562
Cost of operations (a)	$ 95,945	$ 94,918	$ 96,680	$ 91,088
Income from continuing operations	$ 95,348	$ 108,228	$ 123,068	$ 123,372
Net income	$ 96,411	$ 108,266	$ 128,344	$ 123,372
Per Common Share (Note 2):				
Net income - Basic	$ 0.38	$ 0.47	$ 0.62	$ 0.51
Net income - Diluted	$ 0.38	$ 0.47	$ 0.62	$ 0.51

	Three Months Ended			
	March 31, 2004	June 30, 2004	September 30, 2004	December 31, 2004
	(in thousands, except per share data)			
Revenues (a)	$ 228,182	$ 238,276	$ 245,415	$ 247,418
Cost of operations (a)	$ 90,109	$ 90,841	$ 90,717	$ 90,592
Income from continuing operations	$ 69,116	$ 92,828	$ 98,516	$ 106,654
Net income	$ 69,067	$ 92,360	$ 97,515	$ 107,271
Per Common Share (Note 2):				
Net income – Basic	$ 0.17	$ 0.38	$ 0.38	$ 0.46
Net income – Diluted	$ 0.17	$ 0.37	$ 0.38	$ 0.46

(a) Revenues and cost of operations as presented in this table differ from the revenue and cost of operations as presented in our quarterly reports due primarily to reclassification of our truck rental, merchandise sales, and property management operations which are now included, along with our tenant reinsurance operations, under "Ancillary Operations" on our income statement. In previous presentations, the net income from our truck rental, merchandise sales, and property management operations were reflected as a component of "interest and other income." This reclassification increased revenues and cost of operations a total of $7,558,000, $8,719,000, and $8,417,000 in each of the first three quarters of 2004, respectively, and $7,416,000, $8,597,000, and $8,557,000 in each of the first three quarter in 2005, respectively. Revenues and cost of operations also differ due to the impact of discontinued operations accounting as described in Note 3.

PUBLIC STORAGE, INC.
SCHEDULE III – REAL ESTATE
AND ACCUMULATED DEPRECIATION

Date Acquired	Description	Encum-brances	Initial Cost: Land	Initial Cost: Buildings & Improvements	Subsequent to Acquisition	Adjustments Resulting from the Acquisition of Minority interests	At December 31, 2005: Land	At December 31, 2005: Buildings	At December 31, 2005: Total	Accumulated Depreciation
					(Dollar amounts in thousands)					
Miniwarehouses										
1/1/81	Newport News / Jefferson Avenue	-	108	1,071	630	-	108	1,701	1,809	1,601
1/1/81	Virginia Beach / Diamond Springs	-	186	1,094	737	-	186	1,831	2,017	1,733
8/1/81	San Jose / Snell	-	312	1,815	407	-	312	2,222	2,534	2,152
10/1/81	Tampa / Lazy Lane	-	282	1,899	650	-	282	2,549	2,831	2,384
6/1/82	San Jose / Tully	-	645	1,579	10,726	-	2,990	9,960	12,950	3,319
6/1/82	San Carlos / Storage	-	780	1,387	592	-	780	1,979	2,759	1,844
6/1/82	Mountain View	-	1,180	1,182	318	-	1,046	1,634	2,680	1,390
6/1/82	Cupertino / Storage	-	572	1,270	533	-	572	1,803	2,375	1,609
10/1/82	Sorrento Valley	-	1,002	1,343	(815)	-	651	879	1,530	792
10/1/82	Northwood	-	1,034	1,522	359	-	1,034	1,881	2,915	1,672
12/1/82	Port/Halsey	-	357	1,150	(404)	326	357	1,072	1,429	793
12/1/82	Sacto/Folsom	-	396	329	676	323	396	1,328	1,724	993
1/1/83	Platte	-	409	953	490	428	409	1,871	2,280	1,371
1/1/83	Semoran	-	442	1,882	8,103	720	442	10,705	11,147	3,172
1/1/83	Raleigh/Yonkers	-	203	914	474	425	203	1,813	2,016	1,385
3/1/83	Blackwood	-	213	1,559	329	595	213	2,483	2,696	1,804
4/1/83	Vailsgate	-	103	990	845	505	103	2,340	2,443	1,552
5/1/83	Delta Drive	-	67	481	312	241	68	1,033	1,101	720
6/1/83	Ventura	-	658	1,734	349	583	658	2,666	3,324	1,872
9/1/83	Southington	-	124	1,233	403	546	123	2,183	2,306	1,523
9/1/83	Southhampton	-	331	1,738	685	806	331	3,229	3,560	2,351
9/1/83	Webster/Keystone	-	449	1,688	742	813	449	3,243	3,692	2,372
9/1/83	Dover	-	107	1,462	503	627	107	2,592	2,699	1,862
9/1/83	Newcastle	-	227	2,163	486	817	227	3,466	3,693	2,474
9/1/83	Newark	-	208	2,031	405	746	208	3,182	3,390	2,260
9/1/83	Langhorne	-	263	3,549	552	1,445	263	5,546	5,809	4,003
9/1/83	Hobart	-	215	1,491	732	838	215	3,061	3,276	2,184
9/1/83	Ft. Wayne/W. Coliseum	-	160	1,395	521	535	160	2,451	2,611	1,675
9/1/83	Ft. Wayne/Bluffton	-	88	675	293	285	88	1,253	1,341	852

PUBLIC STORAGE, INC.
SCHEDULE III – REAL ESTATE
AND ACCUMULATED DEPRECIATION

Date Acquired	Description	Encumbrances	Initial Cost: Land	Initial Cost: Buildings & Improvements	Subsequent to Acquisition	Adjustments Resulting from the Acquisition of Minority interests	At December 31, 2005: Land	At December 31, 2005: Buildings	At December 31, 2005: Total	Accumulated Depreciation
		(Dollar amounts in thousands)								
10/1/83	Orlando J. Y. Parkway	-	383	1,512	464	622	383	2,598	2,981	1,840
11/1/83	Aurora	-	505	758	359	341	505	1,458	1,963	1,026
11/1/83	Campbell	-	1,379	1,849	(472)	474	1,379	1,851	3,230	1,352
11/1/83	Col Springs/Ed	-	471	1,640	220	554	471	2,414	2,885	1,736
11/1/83	Col Springs/Mv	-	320	1,036	295	441	320	1,772	2,092	1,267
11/1/83	Thorton	-	418	1,400	178	536	418	2,114	2,532	1,512
11/1/83	Oklahoma City	-	454	1,030	916	620	454	2,566	3,020	1,839
11/1/83	Tucson	-	343	778	665	420	343	1,863	2,206	1,301
11/1/83	Webster/Nasa	-	1,570	2,457	1,585	1,372	1,571	5,413	6,984	3,701
12/1/83	Charlotte	-	165	1,274	487	442	165	2,203	2,368	1,657
12/1/83	Greensboro/Market	-	214	1,653	820	794	214	3,267	3,481	2,435
12/1/83	Greensboro/Electra	-	112	869	384	382	112	1,635	1,747	1,237
12/1/83	Columbia	-	171	1,318	527	492	171	2,337	2,508	1,758
12/1/83	Richmond	-	176	1,360	635	468	176	2,463	2,639	1,758
12/1/83	Augusta	-	97	747	361	324	97	1,432	1,529	1,078
12/1/83	Tacoma	-	553	1,173	487	487	553	2,147	2,700	1,604
1/1/84	Fremont/Albrae	-	636	1,659	523	532	636	2,714	3,350	2,043
1/1/84	Belton	-	175	858	794	378	175	2,030	2,205	1,487
1/1/84	Gladstone	-	275	1,799	604	640	275	3,043	3,318	2,248
1/1/84	Hickman/112	-	257	1,848	(757)	618	158	1,808	1,966	1,312
1/1/84	Holmes	-	289	1,333	472	455	289	2,260	2,549	1,665
1/1/84	Independence	-	221	1,848	470	609	221	2,927	3,148	2,149
1/1/84	Merriam	-	255	1,469	447	480	255	2,396	2,651	1,799
1/1/84	Olathe	-	107	992	381	361	107	1,734	1,841	1,292
1/1/84	Shawnee	-	205	1,420	503	502	205	2,425	2,630	1,807
1/1/84	Topeka	-	75	1,049	298	356	75	1,703	1,778	1,261
3/1/84	Marrietta/Cobb	-	73	542	349	259	73	1,150	1,223	861
3/1/84	Manassas	-	320	1,556	471	553	320	2,580	2,900	1,897
3/1/84	Pico Rivera	-	743	807	363	321	743	1,491	2,234	1,129
4/1/84	Providence	-	92	1,087	472	423	92	1,982	2,074	1,473

PUBLIC STORAGE, INC.
SCHEDULE III – REAL ESTATE
AND ACCUMULATED DEPRECIATION

Date Acquired	Description	Encum-brances	Initial Cost Land	Initial Cost Buildings & Improvements	Subsequent to Acquisition	Adjustments Resulting from the Acquisition of Minority interests	At December 31, 2005 Land	At December 31, 2005 Buildings	At December 31, 2005 Total	Accumulated Depreciation
			(Dollar amounts in thousands)							
4/1/84	Milwaukie/Oregon	-	289	584	285	311	289	1,180	1,469	886
5/1/84	Raleigh/Departure	-	302	2,484	585	788	302	3,857	4,159	2,857
5/1/84	Virginia Beach	-	509	2,121	812	776	499	3,719	4,218	2,714
5/1/84	Philadelphia/Grant	-	1,041	3,262	716	971	1,040	4,950	5,990	3,596
5/1/84	Garland	-	356	844	318	360	356	1,522	1,878	1,044
6/1/84	Lorton	-	435	2,040	778	682	435	3,500	3,935	2,502
6/1/84	Baltimore	-	382	1,793	929	634	382	3,356	3,738	2,458
6/1/84	Laurel	-	501	2,349	869	824	500	4,043	4,543	2,927
6/1/84	Delran	-	279	1,472	385	573	279	2,430	2,709	1,700
6/1/84	Orange Blossom	-	226	924	254	398	226	1,576	1,802	1,123
6/1/84	Cincinnati	-	402	1,573	889	672	402	3,134	3,536	2,076
6/1/84	Florence	-	185	740	506	376	185	1,622	1,807	1,141
7/1/84	Trevose/Old Lincoln	-	421	1,749	480	582	421	2,811	3,232	2,061
8/1/84	Medley	-	584	1,016	455	464	584	1,935	2,519	1,341
8/1/84	Oklahoma City	-	340	1,310	613	652	340	2,575	2,915	1,830
8/1/84	Newport News	-	356	2,395	810	1,013	356	4,218	4,574	2,956
8/1/84	Kaplan/Walnut Hill	-	971	2,359	951	1,041	971	4,351	5,322	3,083
8/1/84	Kaplan/Irving	-	677	1,592	4,684	639	678	6,914	7,592	2,645
9/1/84	Cockrell Hill	-	380	913	1,155	675	380	2,743	3,123	1,939
11/1/84	Omaha	-	109	806	526	399	109	1,731	1,840	1,225
11/1/84	Hialeah	-	886	1,784	407	672	886	2,863	3,749	1,999
12/1/84	Austin/Lamar	-	643	947	589	443	643	1,979	2,622	1,355
12/1/84	Pompano	-	399	1,386	644	698	399	2,728	3,127	1,922
12/1/84	Fort Worth	-	122	928	53	303	122	1,284	1,406	894
12/1/84	Montgomeryville	-	215	2,085	499	776	215	3,360	3,575	2,291
1/1/85	Cranston	-	175	722	368	267	175	1,357	1,532	972
1/1/85	Bossier City	-	184	1,542	628	656	184	2,826	3,010	1,950
2/1/85	Simi Valley	-	737	1,389	368	520	737	2,277	3,014	1,572
2/1/85	Hurst	-	231	1,220	253	480	231	1,953	2,184	1,354
3/1/85	Chattanooga	-	202	1,573	784	683	202	3,040	3,242	1,937

PUBLIC STORAGE, INC.
SCHEDULE III – REAL ESTATE
AND ACCUMULATED DEPRECIATION

Date Acquired	Description	Encum-brances	Initial Cost		Subsequent to Acquisition	Adjustments Resulting from the Acquisition of Minority interests	At December 31, 2005			Accumulated Depreciation
			Land	Buildings & Improvements			Land	Buildings	Total	
		(Dollar amounts in thousands)								
3/1/85	Portland	-	285	941	432	438	285	1,811	2,096	1,195
3/1/85	Fern Park	-	144	1,107	241	432	144	1,780	1,924	1,235
3/1/85	Fairfield	-	338	1,187	532	527	338	2,246	2,584	1,524
3/1/85	Houston / Westheimer	-	850	1,179	805	-	850	1,984	2,834	1,707
4/1/85	Austin/ S. First	-	778	1,282	384	711	778	2,377	3,155	1,531
4/1/85	Cincinnati/ E. Kemper	-	232	1,573	333	853	232	2,759	2,991	1,749
4/1/85	Cincinnati/ Colerain	-	253	1,717	422	932	253	3,071	3,324	1,950
4/1/85	Florence/ Tanner Lane	-	218	1,477	426	835	218	2,738	2,956	1,733
4/1/85	Laguna Hills	-	1,224	3,303	491	1,213	1,224	5,007	6,231	3,440
5/1/85	Tacoma/ Phillips Rd.	-	396	1,204	319	669	396	2,192	2,588	1,387
5/1/85	Milwaukie/ Mcloughlin	-	458	742	423	620	458	1,785	2,243	1,137
5/1/85	Manchester/ S. Willow	-	371	2,129	(70)	854	371	2,913	3,284	1,832
5/1/85	Longwood	-	355	1,645	360	669	355	2,674	3,029	1,829
5/1/85	Columbus/Busch Blvd.	-	202	1,559	612	592	202	2,763	2,965	1,786
5/1/85	Columbus/Kinnear Rd.	-	241	1,865	694	771	241	3,330	3,571	2,113
5/1/85	Worthington	-	221	1,824	658	709	221	3,191	3,412	2,062
5/1/85	Arlington	-	201	1,497	581	618	201	2,696	2,897	1,806
6/1/85	N. Hollywood/ Raymer	-	967	848	270	515	967	1,633	2,600	1,039
6/1/85	Grove City/ Marlane Drive	-	150	1,157	511	471	150	2,139	2,289	1,419
6/1/85	Reynoldsburg	-	204	1,568	791	598	204	2,957	3,161	1,854
7/1/85	San Diego/ Kearny Mesa Rd	-	783	1,750	367	962	783	3,079	3,862	1,966
7/1/85	Scottsdale/ 70th St	-	632	1,368	374	742	632	2,484	3,116	1,547
7/1/85	Concord/ Hwy 29	-	150	750	459	587	150	1,796	1,946	1,153
7/1/85	Columbus/Morse Rd.	-	195	1,510	466	670	195	2,646	2,841	1,808
7/1/85	Columbus/Kenney Rd.	-	199	1,531	562	598	199	2,691	2,890	1,799
7/1/85	Westerville	-	199	1,517	717	620	305	2,748	3,053	1,832
7/1/85	Springfield	-	90	699	474	332	90	1,505	1,595	974
7/1/85	Dayton/Needmore Road	-	144	1,108	543	460	144	2,111	2,255	1,380
7/1/85	Dayton/Executive Blvd.	-	160	1,207	479	569	159	2,256	2,415	1,548
7/1/85	Lilburn	-	331	969	250	424	330	1,644	1,974	1,126

PUBLIC STORAGE, INC.
SCHEDULE III – REAL ESTATE
AND ACCUMULATED DEPRECIATION

Date Acquired	Description	Encumbrances	Initial Cost: Land	Initial Cost: Buildings & Improvements	Subsequent to Acquisition	Adjustments Resulting from the Acquisition of Minority interests	At December 31, 2005: Land	At December 31, 2005: Buildings	At December 31, 2005: Total	Accumulated Depreciation
		(Dollar amounts in thousands)								
9/1/85	Madison/ Copps Ave.	-	450	1,150	467	665	450	2,282	2,732	1,403
9/1/85	Columbus/ Sinclair	-	307	893	400	519	307	1,812	2,119	1,115
9/1/85	Philadelphia/ Tacony St	-	118	1,782	305	856	118	2,943	3,061	1,853
10/1/85	N. Hollywood/ Whitsett	-	1,524	2,576	416	1,302	1,524	4,294	5,818	2,697
10/1/85	Portland/ SE 82nd St	-	354	496	370	380	354	1,246	1,600	785
10/1/85	Columbus/ Ambleside	-	124	1,526	170	644	124	2,340	2,464	1,411
10/1/85	Indianapolis/ Pike Place	-	229	1,531	570	856	229	2,957	3,186	1,748
10/1/85	Indianapolis/ Beach Grove	-	198	1,342	299	709	198	2,350	2,548	1,455
10/1/85	Hartford/ Roberts	-	219	1,481	477	966	219	2,924	3,143	1,762
10/1/85	Wichita/ S. Rock Rd.	-	501	1,478	302	657	642	2,296	2,938	1,433
10/1/85	Wichita/ E. Harry	-	313	1,050	176	468	285	1,722	2,007	1,088
10/1/85	Wichita/ S. Woodlawn	-	263	905	200	437	263	1,542	1,805	952
10/1/85	Wichita/ E. Kellogg	-	185	658	5	261	185	924	1,109	574
10/1/85	Wichita/ S. Tyler	-	294	1,004	138	530	294	1,672	1,966	1,077
10/1/85	Wichita/ W. Maple	-	234	805	(27)	313	234	1,091	1,325	687
10/1/85	Wichita/ Carey Lane	-	192	674	66	296	192	1,036	1,228	650
10/1/85	Wichita/ E. Macarthur	-	220	775	(45)	323	220	1,053	1,273	642
10/1/85	Joplin/ S. Range Line	-	264	904	216	465	264	1,585	1,849	1,017
10/1/85	San Antonio/ Wetmore Rd.	-	306	1,079	558	638	306	2,275	2,581	1,466
10/1/85	San Antonio/ Callaghan	-	288	1,016	451	543	288	2,010	2,298	1,303
10/1/85	San Antonio/ Zarzamora	-	364	1,281	638	674	364	2,593	2,957	1,674
10/1/85	San Antonio/ Hackberry	-	388	1,367	2,552	1,001	389	4,919	5,308	2,027
10/1/85	San Antonio/ Fredericksburg	-	287	1,009	663	597	287	2,269	2,556	1,402
10/1/85	Dallas/ S. Westmoreland	-	474	1,670	216	734	474	2,620	3,094	1,724
10/1/85	Dallas/ Alvin St.	-	359	1,266	187	559	359	2,012	2,371	1,334
10/1/85	Fort Worth/ W. Beach St.	-	356	1,252	207	531	356	1,990	2,346	1,312
10/1/85	Fort Worth/ E. Seminary	-	382	1,346	223	552	382	2,121	2,503	1,402
10/1/85	Fort Worth/ Cockrell St.	-	323	1,136	212	515	323	1,863	2,186	1,227
11/1/85	Everett/ Evergreen	-	706	2,294	605	1,076	706	3,975	4,681	2,654
11/1/85	Scattle/ Empire Way	-	1,652	5,348	779	2,198	1,651	8,326	9,977	5,492

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		(Dollar amounts in thousands)								
12/1/85	Milpitas	-	1,623	1,577	334	913	1,623	2,824	4,447	1,738
12/1/85	Pleasanton/ Santa Rita	-	1,226	2,078	430	1,160	1,226	3,668	4,894	2,264
12/1/85	Amherst/ Niagra Falls	-	132	701	289	400	132	1,390	1,522	914
12/1/85	West Sams Blvd.	-	164	1,159	(242)	383	164	1,300	1,464	865
12/1/85	MacArthur Rd.	-	204	1,628	239	638	204	2,505	2,709	1,629
12/1/85	Brockton/ Main	-	153	2,020	(155)	678	153	2,543	2,696	1,663
12/1/85	Eatontown/ Hwy 35	-	308	4,067	655	1,648	308	6,370	6,678	4,141
12/1/85	Denver/ Leetsdale	-	603	847	285	408	603	1,540	2,143	991
1/1/86	Mapleshade/ Rudderow	-	362	1,811	383	825	362	3,019	3,381	1,965
1/1/86	Bordentown/ Groveville	-	196	981	184	471	196	1,636	1,832	1,064
1/1/86	Sun Valley/ Sheldon	-	544	1,836	399	793	544	3,028	3,572	1,984
1/1/86	Las Vegas/ Highland	-	432	848	308	420	432	1,576	2,008	1,024
2/1/86	Costa Mesa/ Pomona	-	1,405	1,520	409	693	1,405	2,622	4,027	1,719
2/1/86	Brea/ Imperial Hwy	-	1,069	2,165	423	954	1,069	3,542	4,611	2,315
2/1/86	Skokie/ McCormick	-	638	1,912	325	779	638	3,016	3,654	1,944
2/1/86	Colorado Springs/ Sinton	-	535	1,115	424	631	535	2,170	2,705	1,382
2/1/86	Oklahoma City/ Penn	-	146	829	164	406	146	1,399	1,545	914
2/1/86	Oklahoma City/ 39th	-	238	812	351	477	238	1,640	1,878	1,076
3/1/86	Jacksonville/ Wiley	-	140	510	296	331	140	1,137	1,277	747
3/1/86	St. Louis/ Forder	-	517	1,133	339	534	517	2,006	2,523	1,302
3/3/86	Tampa / 56th	-	450	1,360	588	-	450	1,948	2,398	1,542
4/1/86	Reno/ Telegraph	-	649	1,051	558	682	649	2,291	2,940	1,500
4/1/86	St. Louis/Kirkham	-	199	1,001	246	401	199	1,648	1,847	1,086
4/1/86	St. Louis/Reavis	-	192	958	248	384	192	1,590	1,782	1,045
4/1/86	Fort Worth/East Loop	-	196	804	261	369	196	1,434	1,630	953
5/1/86	Westlake Village	-	1,205	995	4,965	429	1,247	6,347	7,594	1,069
5/1/86	Sacramento/Franklin Blvd.	-	872	978	3,287	389	1,139	4,387	5,526	1,729
6/1/86	Richland Hills	-	543	857	459	404	543	1,720	2,263	1,151
6/1/86	West Valley/So. 3600	-	208	1,552	464	413	208	2,429	2,637	1,569
7/1/86	Colorado Springs/ Hollow Tree	-	574	726	321	426	574	1,473	2,047	939

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		(Dollar amounts in thousands)								
7/1/86	West LA/Purdue Ave.	-	2,415	3,585	273	1,212	2,416	5,069	7,485	3,296
7/1/86	Capital Heights/Central Ave.	-	649	3,851	493	1,277	649	5,621	6,270	3,632
7/1/86	Pontiac/Dixie Hwy.	-	259	2,091	227	756	259	3,074	3,333	1,968
8/1/86	Laurel/Ft. Meade Rd.	-	475	1,475	355	630	475	2,460	2,935	1,579
8/1/86	Hammond / Calumet	-	97	751	646	366	97	1,763	1,860	1,105
9/1/86	Kansas City/S. 44th.	-	509	1,906	641	737	509	3,284	3,793	2,105
9/1/86	Lakewood / Wadsworth - 6th	-	1,070	3,155	749	1,027	1,070	4,931	6,001	3,377
10/1/86	Peralta/Fremont	-	851	1,074	327	456	851	1,857	2,708	1,197
10/1/86	Birmingham/Highland	-	89	786	252	398	150	1,375	1,525	909
10/1/86	Birmingham/Riverchase	-	262	1,338	460	645	278	2,427	2,705	1,605
10/1/86	Birmingham/Eastwood	-	166	1,184	416	612	232	2,146	2,378	1,359
10/1/86	Birmingham/Forestdale	-	152	948	280	519	190	1,709	1,899	1,120
10/1/86	Birmingham/Centerpoint	-	265	1,305	419	525	273	2,241	2,514	1,411
10/1/86	Birmingham/Roebuck Plaza	-	101	399	302	425	340	887	1,227	576
10/1/86	Birmingham/Greensprings	-	347	1,173	359	281	16	2,144	2,160	1,397
10/1/86	Birmingham/Hoover-Lorna	-	372	1,128	421	431	266	2,086	2,352	1,329
10/1/86	Midfield/Bessemer	-	170	355	354	112	95	896	991	569
10/1/86	Huntsville/Leeman Ferry Rd.	-	158	992	305	558	198	1,815	2,013	1,203
10/1/86	Huntsville/Drake	-	253	1,172	302	538	248	2,017	2,265	1,301
10/1/86	Anniston/Whiteside	-	59	566	225	329	107	1,072	1,179	706
10/1/86	Houston/Glenvista	-	595	1,043	699	494	595	2,236	2,831	1,452
10/1/86	Houston/I-45	-	704	1,146	992	604	703	2,743	3,446	1,785
10/1/86	Houston/Rogerdale	-	1,631	2,792	718	1,232	1,631	4,742	6,373	3,051
10/1/86	Houston/Gessner	-	1,032	1,693	1,105	746	1,032	3,544	4,576	2,335
10/1/86	Houston/Richmond-Fairdale	-	1,502	2,506	1,215	1,160	1,501	4,882	6,383	3,200
10/1/86	Houston/Gulfton	-	1,732	3,036	1,173	1,398	1,732	5,607	7,339	3,664
10/1/86	Houston/Westpark	-	503	854	221	435	503	1,510	2,013	975
10/1/86	Jonesboro	-	157	718	266	370	157	1,354	1,511	876
10/1/86	Houston / South Loop West	-	1,299	3,491	1,302	1,366	1,299	6,159	7,458	4,267
10/1/86	Houston / Plainfield Road	-	904	2,319	867	920	904	4,106	5,010	2,828

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		(Dollar amounts in thousands)								
10/1/86	Houston / North Freeway	-	719	1,987	238	609	661	2,892	3,553	1,943
10/1/86	Houston / Old Katy Road	-	1,365	3,431	27	1,274	1,164	4,933	6,097	3,334
10/1/86	Houston / Long Point	-	451	1,187	659	563	451	2,409	2,860	1,708
10/1/86	Austin / Research Blvd.	-	1,390	1,710	595	672	1,390	2,977	4,367	2,051
11/1/86	Arleta / Osborne Street	-	987	663	314	290	987	1,267	2,254	842
12/1/86	Lynnwood / 196th Street	-	1,063	1,602	7,395	571	1,405	9,226	10,631	2,771
12/1/86	N. Auburn / Auburn Way N.	-	606	1,144	448	533	606	2,125	2,731	1,475
12/1/86	Gresham / Burnside & 202nd	-	351	1,056	455	482	351	1,993	2,344	1,334
12/1/86	Denver / Sheridan Boulevard	-	1,033	2,792	981	1,007	1,033	4,780	5,813	3,244
12/1/86	Marietta / Cobb Parkway	-	536	2,764	1,042	1,016	536	4,822	5,358	3,162
12/1/86	Hillsboro / T.V. Highway	-	461	574	260	414	461	1,248	1,709	947
12/1/86	San Antonio / West Sunset Road	-	1,206	1,594	580	649	1,207	2,822	4,029	1,913
12/31/86	Monrovia / Myrtle Avenue	-	1,149	2,446	220	-	1,149	2,666	3,815	2,003
12/31/86	Chatsworth / Topanga	-	1,447	1,243	3,776	-	1,448	5,018	6,466	1,427
12/31/86	Houston / Larkwood	-	247	602	387	-	246	990	1,236	718
12/31/86	Northridge	-	3,624	1,922	2,492	-	3,624	4,414	8,038	2,244
12/31/86	Santa Clara / Duane	-	1,950	1,004	404	-	1,950	1,408	3,358	1,046
12/31/86	Oyster Point	-	1,569	1,490	468	-	1,569	1,958	3,527	1,410
12/31/86	Walnut	-	767	613	5,666	-	769	6,277	7,046	1,448
3/1/87	Annandale / Ravensworth	-	679	1,621	339	596	679	2,556	3,235	1,705
4/1/87	City Of Industry / Amar	-	748	2,052	520	702	748	3,274	4,022	1,497
5/1/87	Oklahoma City / W. Hefner	-	459	941	352	417	459	1,710	2,169	1,127
7/1/87	Oakbrook Terrace	-	912	2,688	1,741	399	1,580	4,160	5,740	2,901
8/1/87	San Antonio/Austin Hwy.	-	400	850	(12)	164	400	1,002	1,402	879
10/1/87	Plantation/S. State Rd.	-	924	1,801	(213)	298	924	1,886	2,810	1,598
10/1/87	Rockville/Fredrick Rd.	-	1,695	3,305	(93)	519	1,694	3,732	5,426	3,171
2/1/88	Anaheim/Lakeview	-	995	1,505	46	256	995	1,807	2,802	1,507
6/7/88	Mesquite / Sorrento Drive	-	928	1,011	3,506	-	1,045	4,400	5,445	1,913
7/1/88	Fort Wayne	-	101	1,524	232	663	101	2,419	2,520	1,256
1/1/92	Costa Mesa	-	533	980	772	-	535	1,750	2,285	1,377

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		(Dollar amounts in thousands)								
3/1/92	Dallas / Walnut St.	-	537	1,008	303	-	537	1,311	1,848	1,301
5/1/92	Camp Creek	-	576	1,075	320	-	576	1,395	1,971	876
9/1/92	Orlando/W. Colonial	-	368	713	218	-	367	932	1,299	556
9/1/92	Jacksonville/Arlington	-	554	1,065	275	-	554	1,340	1,894	797
10/1/92	Stockton/Mariners	-	381	730	218	-	381	948	1,329	573
11/18/92	Virginia Beach/General Booth Blvd	-	599	1,119	449	-	599	1,568	2,167	926
1/1/93	Redwood City/Storage	-	907	1,684	262	-	907	1,946	2,853	1,086
1/1/93	City Of Industry	-	1,611	2,991	879	-	1,611	3,870	5,481	2,283
1/1/93	San Jose/Felipe	-	1,124	2,088	553	-	1,124	2,641	3,765	1,412
1/1/93	Baldwin Park/Garvey Ave	-	840	1,561	433	-	840	1,994	2,834	1,161
3/19/93	Westminister / W. 80th	-	840	1,586	317	-	840	1,903	2,743	1,074
4/26/93	Costa Mesa / Newport	867	2,141	3,989	5,397	-	3,730	7,797	11,527	2,744
5/13/93	Austin /N. Lamar	-	919	1,695	8,576	-	1,421	9,769	11,190	2,553
5/28/93	Jacksonville/Phillips Hwy.	-	406	771	224	-	406	995	1,401	586
5/28/93	Tampa/Nebraska Avenue	-	550	1,043	180	-	550	1,223	1,773	690
6/9/93	Calabasas / Ventura Blvd.	-	1,762	3,269	228	-	1,762	3,497	5,259	1,863
6/9/93	Carmichael / Fair Oaks	-	573	1,052	272	-	573	1,324	1,897	773
6/9/93	Santa Clara / Duane	-	454	834	120	-	453	955	1,408	525
6/10/93	Citrus Heights / Sylvan Road	-	438	822	200	-	437	1,023	1,460	604
6/25/93	Trenton / Allen Road	-	623	1,166	255	-	623	1,421	2,044	774
6/30/93	Los Angeles/W.Jefferson Blvd	-	1,085	2,017	224	-	1,085	2,241	3,326	1,199
7/16/93	Austin / So. Congress Ave	-	777	1,445	376	-	777	1,821	2,598	1,057
8/1/93	Gaithersburg / E. Diamond	-	602	1,139	177	-	602	1,316	1,918	706
8/11/93	Atlanta / Northside	-	1,150	2,149	363	-	1,150	2,512	3,662	1,402
8/11/93	Smyrna/ Rosswill Rd	-	446	842	247	-	446	1,089	1,535	639
8/13/93	So. Brunswick/Highway	-	1,076	2,033	370	-	1,076	2,403	3,479	1,324
10/1/93	Denver / Federal Blvd	-	875	1,633	277	-	875	1,910	2,785	1,000
10/1/93	Citrus Heights	-	527	987	124	-	527	1,111	1,638	599
10/1/93	Lakewood / 6th Ave	-	798	1,489	54	-	685	1,656	2,341	855
10/27/93	Houston / S Shaver St	-	481	896	225	-	481	1,121	1,602	624

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11/3/93	Upland/S. Euclid Ave.	-	431	807	551	-	508	1,281	1,789	624
11/16/93	Norcross / Jimmy Carter	-	627	1,167	230	-	626	1,398	2,024	748
11/16/93	Seattle / 13th	-	1,085	2,015	675	-	1,085	2,690	3,775	1,559
12/9/93	Salt Lake City	-	765	1,422	31	-	633	1,585	2,218	461
12/16/93	West Valley City	-	683	1,276	246	-	682	1,523	2,205	814
12/21/93	Pinellas Park / 34th St. W	-	607	1,134	245	-	607	1,379	1,986	769
12/28/93	New Orleans / S. Carrollton Ave	-	1,575	2,941	207	-	1,575	3,148	4,723	1,679
12/29/93	Orange / Main	-	1,238	2,317	1,478	-	1,593	3,440	5,033	1,713
12/29/93	Sunnyvale / Wedell	-	554	1,037	779	-	725	1,645	2,370	861
12/29/93	El Cajon / Magnolia	-	421	791	590	-	542	1,260	1,802	640
12/29/93	Orlando / S. Semoran Blvd.	-	462	872	634	-	601	1,367	1,968	744
12/29/93	Tampa / W. Hillsborough Ave	-	352	665	437	-	436	1,018	1,454	538
12/29/93	Irving / West Loop 12	-	341	643	201	-	355	830	1,185	469
12/29/93	Fullerton / W. Commonwealth	-	904	1,687	1,276	-	1,160	2,707	3,867	1,264
12/29/93	N. Lauderdale / Mcnab Rd	-	628	1,182	725	-	798	1,737	2,535	871
12/29/93	Los Alimitos / Cerritos	-	695	1,299	715	-	874	1,835	2,709	901
12/29/93	Frederick / Prospect Blvd.	-	573	1,082	629	-	692	1,592	2,284	825
12/29/93	Indianapolis / E. Washington	-	403	775	526	-	505	1,199	1,704	632
12/29/93	Gardena / Western Ave.	-	552	1,035	608	-	695	1,500	2,195	746
12/29/93	Palm Bay / Bobcock Street	-	409	775	576	-	525	1,235	1,760	640
1/10/94	Hialeah / W. 20Th Ave.	-	1,855	3,497	(5)	-	1,590	3,757	5,347	1,898
1/12/94	Sunnyvale / N. Fair Oaks Ave	-	689	1,285	335	-	657	1,652	2,309	827
1/12/94	Honolulu / Iwaena	-	-	3,382	898	-	-	4,280	4,280	2,024
1/12/94	Miami / Golden Glades	-	579	1,081	470	-	557	1,573	2,130	823
1/21/94	Herndon / Centreville Road	-	1,584	2,981	523	-	1,358	3,730	5,088	1,765
2/8/94	Las Vegas/S. Martin Luther King Blvd.	-	1,383	2,592	1,101	-	1,436	3,640	5,076	1,824
2/28/94	Arlingtn/Old Jeffersn Davishwy	-	735	1,399	616	-	630	2,120	2,750	1,074
3/8/94	Beaverton / Sw Barnes Road	-	942	1,810	211	-	807	2,156	2,963	1,207
3/21/94	Austin / Arboretum	-	473	897	2,772	-	1,554	2,588	4,142	1,015
3/25/94	Tinton Falls / Shrewsbury Ave	-	1,074	2,033	280	-	921	2,466	3,387	1,286

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3/25/94	East Brunswick / Milltown Road	-	1,282	2,411	455	-	1,099	3,049	4,148	1,587
3/25/94	Mercerville / Quakerbridge Road	-	1,109	2,111	341	-	950	2,611	3,561	1,363
3/31/94	Hypoluxo	-	735	1,404	1,876	-	630	3,385	4,015	2,604
4/26/94	No. Highlands / Roseville Road	-	980	1,835	408	-	840	2,383	3,223	1,284
5/12/94	Fort Pierce/Okeechobee Road	-	438	842	160	-	375	1,065	1,440	693
5/24/94	Hempstead/Peninsula Blvd.	-	2,053	3,832	350	-	1,762	4,473	6,235	2,235
5/24/94	La/Huntington	-	483	905	206	-	414	1,180	1,594	613
6/9/94	Chattanooga / Brainerd Road	-	613	1,170	267	-	525	1,525	2,050	823
6/9/94	Chattanooga / Ringgold Road	-	761	1,433	499	-	652	2,041	2,693	1,126
6/18/94	Las Vegas / S. Valley View Blvd	-	837	1,571	275	-	718	1,965	2,683	951
6/23/94	Las Vegas / Tropicana	-	750	1,408	283	-	643	1,798	2,441	932
6/23/94	Henderson / Green Valley Pkwy	-	1,047	1,960	317	-	898	2,426	3,324	1,173
6/24/94	Las Vegas / N. Lamb Blvd.	-	869	1,629	100	-	669	1,929	2,598	739
6/30/94	Birmingham / W. Oxmoor Road	-	532	1,004	480	-	456	1,560	2,016	909
7/20/94	Milpitas / Dempsey Road	-	1,260	2,358	243	-	1,080	2,781	3,861	1,384
8/17/94	New Orleans/I-10	-	784	1,470	(467)	-	672	1,115	1,787	550
8/17/94	Beaverton / S.W. Denny Road	-	663	1,245	150	-	568	1,490	2,058	732
8/17/94	Irwindale / Central Ave.	-	674	1,263	133	-	578	1,492	2,070	721
8/17/94	Suitland / St. Barnabas Rd	-	1,530	2,913	400	-	1,312	3,531	4,843	1,759
8/17/94	North Brunswick / How Lane	-	1,238	2,323	159	-	1,062	2,658	3,720	1,273
8/17/94	Lombard / 64th	-	847	1,583	186	-	726	1,890	2,616	930
8/17/94	Alsip / 27th	-	406	765	152	-	348	975	1,323	489
9/15/94	Huntsville / Old Monrovia Road	-	613	1,157	253	-	525	1,498	2,023	804
9/27/94	West Haven / Bull Hill Lane	-	455	873	5,356	-	1,964	4,720	6,684	1,457
9/30/94	San Francisco / Marin St.	-	1,227	2,339	1,248	-	1,371	3,443	4,814	1,654
9/30/94	Baltimore / Hillen Street	-	580	1,095	279	-	497	1,457	1,954	784
9/30/94	San Francisco /10th & Howard	-	1,423	2,668	306	-	1,221	3,176	4,397	1,563
9/30/94	Montebello / E. Whittier	-	383	732	202	-	329	988	1,317	508
9/30/94	Arlington / Collins	-	228	435	273	-	195	741	936	464
9/30/94	Miami / S.W. 119th Ave	-	656	1,221	61	-	562	1,376	1,938	655

PUBLIC STORAGE, INC.
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Date Acquired	Description	Encum-brances	Initial Cost: Land	Initial Cost: Buildings & Improvements	Subsequent to Acquisition	Adjustments Resulting from the Acquisition of Minority interests	At December 31, 2005: Land	At December 31, 2005: Buildings	At December 31, 2005: Total	Accumulated Depreciation
		(Dollar amounts in thousands)								
9/30/94	Blackwood / Erial Road	-	774	1,437	138	-	663	1,686	2,349	820
9/30/94	Concord / Monument	-	1,092	2,027	432	-	936	2,615	3,551	1,350
9/30/94	Rochester / Lee Road	-	469	871	332	-	402	1,270	1,672	669
9/30/94	Houston / Bellaire	-	623	1,157	295	-	534	1,541	2,075	785
9/30/94	Austin / Lamar Blvd	-	781	1,452	168	-	669	1,732	2,401	857
9/30/94	Milwaukee / Lovers Lane Rd	-	469	871	264	-	402	1,202	1,604	583
9/30/94	Monterey / Del Rey Oaks	-	1,093	1,897	128	-	903	2,215	3,118	1,108
9/30/94	St. Petersburg / 66Th St.	-	427	793	205	-	366	1,059	1,425	564
9/30/94	Dayton Bch / N. Nova Road	-	396	735	116	-	339	908	1,247	495
9/30/94	Maple Shade / Route 38	-	994	1,846	253	-	852	2,241	3,093	1,100
9/30/94	Marlton / Route 73 N.	-	938	1,742	151	-	805	2,026	2,831	953
9/30/94	Naperville / E. Ogden Ave	-	683	1,268	159	-	585	1,525	2,110	745
9/30/94	Long Beach / South Street	-	1,778	3,307	447	-	1,524	4,008	5,532	1,918
9/30/94	Aloha / S.W. Shaw	-	805	1,495	140	-	690	1,750	2,440	864
9/30/94	Alexandria / S. Pickett	-	1,550	2,879	308	-	1,329	3,408	4,737	1,649
9/30/94	Houston / Highway 6 North	-	1,120	2,083	265	-	960	2,508	3,468	1,256
9/30/94	San Antonio/Nacogdoches Rd	-	571	1,060	250	-	489	1,392	1,881	722
9/30/94	San Ramon/San Ramon Valley	-	1,530	2,840	519	-	1,311	3,578	4,889	1,753
9/30/94	San Rafael / Merrydale Rd	-	1,705	3,165	223	-	1,461	3,632	5,093	1,761
9/30/94	San Antonio / Austin Hwy	-	592	1,098	197	-	507	1,380	1,887	724
9/30/94	Sharonville / E. Kemper	-	574	1,070	261	-	492	1,413	1,905	745
10/13/94	Davie / State Road 84	-	744	1,467	895	-	637	2,469	3,106	1,232
10/13/94	Carrollton / Marsh Lane	-	770	1,437	1,419	-	1,022	2,604	3,626	1,212
10/31/94	Sherman Oaks / Van Nuys Blvd	-	1,278	2,461	967	-	1,423	3,283	4,706	1,588
12/19/94	Salt Lake City/West North Temple	-	490	917	(59)	-	385	963	1,348	289
12/28/94	Milpitas / Watson	-	1,575	2,925	311	-	1,350	3,461	4,811	1,647
12/28/94	Las Vegas / Jones Blvd	-	1,208	2,243	185	-	1,035	2,601	3,636	1,235
12/28/94	Venice / Guthrie	-	578	1,073	140	-	495	1,296	1,791	634
12/30/94	Apple Valley / Foliage Ave	-	910	1,695	251	-	780	2,076	2,856	1,026
1/4/95	Chula Vista / Main Street	-	735	1,802	197	-	735	1,999	2,734	1,030

PUBLIC STORAGE, INC.
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Date Acquired	Description	Encum-brances	Initial Cost		Subsequent to Acquisition	Adjustments Resulting from the Acquisition of Minority interests	At December 31, 2005			Accumulated Depreciation
			Land	Buildings & Improvements			Land	Buildings	Total	
		(Dollar amounts in thousands)								
1/5/95	Pantego / West Park	-	315	735	156	-	315	891	1,206	471
1/12/95	Roswell / Alpharetta	-	423	993	426	-	423	1,419	1,842	762
1/23/95	North Bergen / Tonne	-	1,564	3,772	390	-	1,551	4,175	5,726	1,982
1/23/95	San Leandro / Hesperian	-	734	1,726	147	-	734	1,873	2,607	875
1/24/95	Nashville / Elm Hill	-	338	791	453	-	337	1,245	1,582	722
2/3/95	Reno / S. Mccarron Blvd	-	1,080	2,537	207	-	1,080	2,744	3,824	1,289
2/15/95	Schiller Park	-	1,688	3,939	408	-	1,688	4,347	6,035	1,813
2/15/95	Lansing	-	1,514	3,534	229	-	1,514	3,763	5,277	1,529
2/15/95	Pleasanton	-	1,257	2,932	130	-	1,257	3,062	4,319	1,221
2/15/95	LA/Sepulveda	-	1,453	3,390	135	-	1,453	3,525	4,978	1,414
2/28/95	Decatur / Flat Shoal	-	970	2,288	660	-	970	2,948	3,918	1,455
2/28/95	Smyrna / S. Cobb	-	663	1,559	276	-	663	1,835	2,498	935
2/28/95	Downey / Bellflower	-	916	2,158	200	-	916	2,358	3,274	1,090
2/28/95	Vallejo / Lincoln	-	445	1,052	227	-	445	1,279	1,724	656
2/28/95	Lynnwood / 180th St	-	516	1,205	253	-	516	1,458	1,974	740
2/28/95	Kent / Pacific Hwy	-	728	1,711	160	-	728	1,871	2,599	893
2/28/95	Kirkland	-	1,254	2,932	424	-	1,254	3,356	4,610	1,523
2/28/95	Federal Way/Pacific	-	785	1,832	287	-	785	2,119	2,904	1,072
2/28/95	Tampa / S. Dale	-	791	1,852	301	-	791	2,153	2,944	1,055
2/28/95	Burlingame/Adrian Rd	-	2,280	5,349	360	-	2,280	5,709	7,989	2,686
2/28/95	Miami / Cloverleaf	-	606	1,426	310	-	606	1,736	2,342	875
2/28/95	Pinole / San Pablo	-	639	1,502	307	-	639	1,809	2,448	900
2/28/95	South Gate / Firesto	-	1,442	3,449	443	-	1,442	3,892	5,334	1,919
2/28/95	San Jose / Mabury	-	892	2,088	176	-	892	2,264	3,156	1,045
2/28/95	La Puente / Valley Blvd	-	591	1,390	256	-	591	1,646	2,237	841
2/28/95	San Jose / Capitol E	-	1,215	2,852	153	-	1,215	3,005	4,220	1,401
2/28/95	Milwaukie / 40th Street	-	576	1,388	123	-	579	1,508	2,087	737
2/28/95	Portland / N. Lombard	-	812	1,900	226	-	812	2,126	2,938	1,038
2/28/95	Miami / Biscayne	-	1,313	3,076	325	-	1,313	3,401	4,714	1,455
2/28/95	Chicago / Clark Street	-	442	1,031	349	-	442	1,380	1,822	769

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		(Dollar amounts in thousands)								
2/28/95	Palatine / Dundee	-	698	1,643	544	-	698	2,187	2,885	1,007
2/28/95	Williamsville/Transit	-	284	670	274	-	284	944	1,228	490
2/28/95	Amherst / Sheridan	-	484	1,151	193	-	484	1,344	1,828	678
3/2/95	Everett / Highway 99	-	859	2,022	285	-	859	2,307	3,166	1,119
3/2/95	Burien / 1St Ave South	-	763	1,783	480	-	763	2,263	3,026	1,061
3/2/95	Kent / South 238th Street	-	763	1,783	272	-	763	2,055	2,818	1,044
3/31/95	Cheverly / Central Ave	-	911	2,164	233	-	911	2,397	3,308	1,114
5/1/95	Sandy / S. State Street	-	1,043	2,442	(242)	-	923	2,320	3,243	680
5/3/95	Largo / Ulmerton Roa	-	263	654	145	-	262	800	1,062	430
5/8/95	Fairfield/Western Street	-	439	1,030	97	-	439	1,127	1,566	521
5/8/95	Dallas / W. Mockingbird	-	1,440	3,371	176	-	1,440	3,547	4,987	1,613
5/8/95	East Point / Lakewood	-	884	2,071	366	-	884	2,437	3,321	1,225
5/25/95	Falls Church / Gallows Rd	-	350	835	9,335	-	3,608	6,912	10,520	654
6/12/95	Baltimore / Old Waterloo	-	769	1,850	214	-	769	2,064	2,833	936
6/12/95	Pleasant Hill / Hookston	-	766	1,848	138	-	742	2,010	2,752	926
6/12/95	Mountain View/Old Middlefield	-	2,095	4,913	191	-	2,095	5,104	7,199	2,225
6/30/95	San Jose / Blossom Hill	-	1,467	3,444	231	-	1,467	3,675	5,142	1,659
6/30/95	Fairfield / Kings Highway	-	1,811	4,273	275	-	1,810	4,549	6,359	2,061
6/30/95	Pacoima / Paxton Street	617	840	1,976	211	-	840	2,187	3,027	988
6/30/95	Portland / Prescott	-	647	1,509	220	-	647	1,729	2,376	819
6/30/95	St. Petersburg	-	352	827	267	-	352	1,094	1,446	552
6/30/95	Dallas / Audelia Road	-	1,166	2,725	876	-	1,166	3,601	4,767	1,921
6/30/95	Miami Gardens	-	823	1,929	222	-	823	2,151	2,974	997
6/30/95	Grand Prairie / 19th	-	566	1,329	158	-	566	1,487	2,053	704
6/30/95	Joliet / Jefferson Street	-	501	1,181	214	-	501	1,395	1,896	677
6/30/95	Bridgeton / Pennridge	-	283	661	200	-	283	861	1,144	454
6/30/95	Portland / S.E.92nd	-	638	1,497	221	-	638	1,718	2,356	817
6/30/95	Houston / S.W. Freeway	-	537	1,254	6,875	-	1,140	7,526	8,666	1,522
6/30/95	Milwaukee / Brown	-	358	849	257	-	358	1,106	1,464	549
6/30/95	Orlando / W. Oak Ridge	-	698	1,642	274	-	697	1,917	2,614	918

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		(Dollar amounts in thousands)								
6/30/95	Lauderhill / State Road	-	644	1,508	192	-	644	1,700	2,344	788
6/30/95	Orange Park /Blanding Blvd	-	394	918	231	-	394	1,149	1,543	590
6/30/95	St. Petersburg /Joe'S Creek	-	704	1,642	204	-	703	1,847	2,550	869
6/30/95	St. Louis / Page Service Drive	-	531	1,241	195	-	531	1,436	1,967	693
6/30/95	Independence /E. 42nd	-	438	1,023	187	-	438	1,210	1,648	594
6/30/95	Cherry Hill / Dobbs Lane	-	716	1,676	218	-	715	1,895	2,610	849
6/30/95	Edgewater Park / Route 130	-	683	1,593	132	-	683	1,725	2,408	781
6/30/95	Beaverton / S.W. 110	-	572	1,342	206	-	572	1,548	2,120	729
6/30/95	Markham / W. 159Th Place	-	230	539	188	-	229	728	957	364
6/30/95	Houston / N.W. Freeway	-	447	1,066	150	-	447	1,216	1,663	592
6/30/95	Portland / Gantenbein	-	537	1,262	240	-	537	1,502	2,039	712
6/30/95	Upper Chichester/Market St.	-	569	1,329	164	-	569	1,493	2,062	681
6/30/95	Fort Worth / Hwy 80	-	379	891	131	-	379	1,022	1,401	502
6/30/95	Greenfield/ S. 108th	-	728	1,707	299	-	727	2,007	2,734	955
6/30/95	Altamonte Springs	-	566	1,326	208	-	566	1,534	2,100	692
6/30/95	Seattle / Delridge Way	-	760	1,779	270	-	760	2,049	2,809	948
6/30/95	Elmhurst / Lake Frontage Rd	-	748	1,758	226	-	748	1,984	2,732	909
6/30/95	Los Angeles / Beverly Blvd	-	787	1,886	426	-	787	2,312	3,099	1,167
6/30/95	Lawrenceville / Brunswick	-	841	1,961	183	-	841	2,144	2,985	950
6/30/95	Richmond / Carlson	-	865	2,025	317	-	865	2,342	3,207	1,139
6/30/95	Liverpool / Oswego Road	-	545	1,279	325	-	545	1,604	2,149	788
6/30/95	Rochester / East Ave	-	578	1,375	464	-	578	1,839	2,417	798
6/30/95	Pasadena / E. Beltway	-	757	1,767	159	-	757	1,926	2,683	884
7/13/95	Tarzana / Burbank Blvd	-	2,895	6,823	431	-	2,895	7,254	10,149	3,328
7/31/95	Orlando / Lakehurst	-	450	1,063	169	-	450	1,232	1,682	585
7/31/95	Livermore / Portola	-	921	2,157	212	-	921	2,369	3,290	1,089
7/31/95	San Jose / Tully	-	912	2,137	502	-	912	2,639	3,551	1,184
7/31/95	Mission Bay	-	1,617	3,785	567	-	1,617	4,352	5,969	2,051
7/31/95	Las Vegas / Decatur	-	1,147	2,697	354	-	1,147	3,051	4,198	1,436
7/31/95	Pleasanton / Stanley	-	1,624	3,811	245	-	1,624	4,056	5,680	1,824

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		(Dollar amounts in thousands)								
7/31/95	Castro Valley / Grove	-	757	1,772	105	-	757	1,877	2,634	835
7/31/95	Honolulu / Kaneohe	-	1,215	2,846	2,151	-	2,133	4,079	6,212	1,652
7/31/95	Chicago / Wabash Ave	-	645	1,535	685	-	645	2,220	2,865	1,294
7/31/95	Springfield / Parker	-	765	1,834	210	-	765	2,044	2,809	931
7/31/95	Huntington Bch/Gotham	-	765	1,808	185	-	765	1,993	2,758	931
7/31/95	Tucker / Lawrenceville	-	630	1,480	217	-	630	1,697	2,327	812
7/31/95	Marietta / Canton Road	-	600	1,423	295	-	600	1,718	2,318	844
7/31/95	Wheeling / Hintz	-	450	1,054	173	-	450	1,227	1,677	574
8/1/95	Gresham / Division	-	607	1,428	107	-	607	1,535	2,142	703
8/1/95	Tucker / Lawrenceville	-	600	1,405	359	-	600	1,764	2,364	864
8/1/95	Decatur / Covington	-	720	1,694	268	-	720	1,962	2,682	924
8/11/95	Studio City/Ventura	-	1,285	3,015	272	-	1,285	3,287	4,572	1,439
8/12/95	Smyrna / Hargrove Road	-	1,020	3,038	489	-	1,020	3,527	4,547	1,524
9/1/95	Hayward / Mission Blvd	-	1,020	2,383	267	-	1,020	2,650	3,670	1,157
9/1/95	Park City / Belvider	-	600	1,405	138	-	600	1,543	2,143	688
9/1/95	New Castle/Dupont Parkway	-	990	2,369	193	-	990	2,562	3,552	1,151
9/1/95	Las Vegas / Rainbow	-	1,050	2,459	123	-	1,050	2,582	3,632	1,138
9/1/95	Mountain View / Reng	-	945	2,216	163	-	945	2,379	3,324	1,059
9/1/95	Venice / Cadillac	-	930	2,182	269	-	930	2,451	3,381	1,133
9/1/95	Simi Valley /Los Angeles	-	1,590	3,724	309	-	1,590	4,033	5,623	1,768
9/1/95	Spring Valley/Foreman	-	1,095	2,572	366	-	1,095	2,938	4,033	1,238
9/6/95	Darien / Frontage Road	-	975	2,321	130	-	975	2,451	3,426	1,097
9/30/95	Whittier	-	215	384	199	781	215	1,364	1,579	666
9/30/95	Van Nuys/Balboa	-	295	657	60	1,148	295	1,865	2,160	956
9/30/95	Huntington Beach	-	176	321	125	738	176	1,184	1,360	594
9/30/95	Monterey Park	-	124	346	(38)	782	124	1,090	1,214	611
9/30/95	Downey	-	191	317	113	825	191	1,255	1,446	634
9/30/95	Del Amo	-	474	742	418	922	474	2,082	2,556	1,079
9/30/95	Carson	-	375	735	397	428	375	1,560	1,935	627
9/30/95	Van Nuys/Balboa Blvd	-	1,920	4,504	627	-	1,920	5,131	7,051	1,954

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		(Dollar amounts in thousands)								
10/31/95	San Lorenzo /Hesperian	-	1,590	3,716	399	-	1,590	4,115	5,705	1,651
10/31/95	Chicago / W. 47th Street	-	300	708	270	-	300	978	1,278	448
10/31/95	Los Angeles / Eastern	-	455	1,070	176	-	454	1,247	1,701	519
11/15/95	Costa Mesa	-	522	1,218	159	-	522	1,377	1,899	542
11/15/95	Plano / E. 14th	-	705	1,646	102	-	705	1,748	2,453	732
11/15/95	Citrus Heights/Sunrise	-	520	1,213	148	-	520	1,361	1,881	607
11/15/95	Modesto/Briggsmore Ave	-	470	1,097	124	-	470	1,221	1,691	535
11/15/95	So San Francisco/Spruce	-	1,905	4,444	459	-	1,904	4,904	6,808	2,063
11/15/95	Pacheco/Buchanan Circle	-	1,681	3,951	327	-	1,681	4,278	5,959	1,816
11/16/95	Palm Beach Gardens	-	657	1,540	127	-	657	1,667	2,324	746
11/16/95	Delray Beach	-	600	1,407	156	-	600	1,563	2,163	715
1/1/96	Bensenville/York Rd	-	667	1,602	251	895	667	2,748	3,415	1,040
1/1/96	Louisville/Preston	-	211	1,060	96	594	211	1,750	1,961	628
1/1/96	San Jose/Aborn Road	-	615	1,342	98	759	615	2,199	2,814	824
1/1/96	Englewood/Federal	-	481	1,395	150	777	481	2,322	2,803	888
1/1/96	W. Hollywood/Santa Monica	-	3,415	4,577	305	2,552	3,415	7,434	10,849	2,673
1/1/96	Orland Hills/W. 159th	-	917	2,392	350	1,342	917	4,084	5,001	1,529
1/1/96	Merrionette Park	-	818	2,020	167	1,122	818	3,309	4,127	1,194
1/1/96	Denver/S Quebec	-	1,849	1,941	203	1,086	1,849	3,230	5,079	1,194
1/1/96	Tigard/S.W. Pacific	-	633	1,206	140	705	633	2,051	2,684	760
1/1/96	Coram/Middle Count	-	507	1,421	150	792	507	2,363	2,870	838
1/1/96	Houston/FM 1960	-	635	1,294	233	783	635	2,310	2,945	891
1/1/96	Kent/Military Trail	-	409	1,670	201	956	409	2,827	3,236	1,022
1/1/96	Turnersville/Black	-	165	1,360	145	758	165	2,263	2,428	828
1/1/96	Sewell/Rts. 553	-	323	1,138	134	658	323	1,930	2,253	711
1/1/96	Maple Shade/Fellowship	-	331	1,421	145	803	331	2,369	2,700	843
1/1/96	Hyattsville/Kenilworth	-	509	1,757	172	1,000	509	2,929	3,438	1,039
1/1/96	Waterbury/Captain	-	434	2,089	209	1,162	434	3,460	3,894	1,097
1/1/96	Bedford Hts/Miles	-	835	1,577	305	929	835	2,811	3,646	1,070
1/1/96	Livonia/Newburgh	-	635	1,407	122	783	635	2,312	2,947	820

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		(Dollar amounts in thousands)								
1/1/96	Sunland/Sunland Blvd.	-	631	1,965	134	1,090	631	3,189	3,820	1,085
1/1/96	Des Moines	-	448	1,350	115	768	448	2,233	2,681	816
1/1/96	Oxonhill/Indianhead	-	772	2,017	332	1,141	772	3,490	4,262	1,250
1/1/96	Sacramento/N. 16th	-	582	2,610	181	1,466	582	4,257	4,839	1,270
1/1/96	Houston/Westheimer	-	1,508	2,274	287	1,304	1,508	3,865	5,373	1,418
1/1/96	San Pablo/San Pablo	-	565	1,232	157	713	565	2,102	2,667	747
1/1/96	Bowie/Woodcliff	-	718	2,336	220	1,292	718	3,848	4,566	1,260
1/1/96	Milwaukee/S. 84th	-	444	1,868	337	1,091	444	3,296	3,740	1,154
1/1/96	Clinton/Malcolm Road	-	593	2,123	261	1,187	593	3,571	4,164	1,199
1/3/96	San Gabriel	-	1,005	2,345	259	-	1,005	2,604	3,609	1,174
1/5/96	San Francisco, Second St.	-	2,880	6,814	215	-	2,880	7,029	9,909	2,939
1/12/96	San Antonio, TX	-	912	2,170	91	-	912	2,261	3,173	945
2/29/96	Naples, FL/Old US 41	-	849	2,016	242	-	849	2,258	3,107	955
2/29/96	Lake Worth, FL/S. Military Tr.	-	1,782	4,723	44	-	1,782	4,767	6,549	1,966
2/29/96	Brandon, FL/W Brandon Blvd.	-	1,928	4,523	1,004	-	1,928	5,527	7,455	2,716
2/29/96	Coral Springs FL/W Sample Rd.	-	3,480	8,148	(115)	-	3,480	8,033	11,513	3,273
2/29/96	Delray Beach FL/S Military Tr.	-	941	2,222	174	-	940	2,397	3,337	1,041
2/29/96	Jupiter FL/Military Trail	-	2,280	5,347	245	-	2,280	5,592	7,872	2,337
2/29/96	Lakeworth FL/Lake Worth Rd	-	737	1,742	140	-	736	1,883	2,619	817
2/29/96	New Port Richey/State Rd 54	-	857	2,025	265	-	856	2,291	3,147	966
2/29/96	Sanford FL/S Orlando Dr	-	734	1,749	2,038	-	975	3,546	4,521	1,470
3/8/96	Atlanta/Roswell	-	898	3,649	125	-	898	3,774	4,672	1,535
3/31/96	Oakland	-	1,065	2,764	440	-	1,065	3,204	4,269	1,331
3/31/96	Saratoga	-	2,339	6,081	226	-	2,339	6,307	8,646	2,526
3/31/96	Randallstown	-	1,359	3,527	313	-	1,359	3,840	5,199	1,624
3/31/96	Plano	-	650	1,682	127	-	650	1,809	2,459	776
3/31/96	Houston	-	543	1,402	131	-	543	1,533	2,076	658
3/31/96	Irvine	-	1,920	4,975	728	-	1,920	5,703	7,623	2,330
3/31/96	Milwaukee	-	542	1,402	158	-	542	1,560	2,102	664
3/31/96	Carrollton	-	578	1,495	106	-	578	1,601	2,179	683

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		(Dollar amounts in thousands)								
3/31/96	Torrance	-	1,415	3,675	180	-	1,415	3,855	5,270	1,589
3/31/96	Jacksonville	-	713	1,845	224	-	713	2,069	2,782	913
3/31/96	Dallas	-	315	810	1,744	-	315	2,554	2,869	719
3/31/96	Houston	-	669	1,724	553	-	669	2,277	2,946	1,046
3/31/96	Baltimore	-	842	2,180	253	-	842	2,433	3,275	1,039
3/31/96	New Haven	-	740	1,907	(166)	-	667	1,814	2,481	794
4/1/96	Chicago/Pulaski	-	764	1,869	200	-	764	2,069	2,833	800
4/1/96	Las Vegas/Desert Inn	-	1,115	2,729	178	-	1,115	2,907	4,022	1,127
4/1/96	Torrance/Crenshaw	-	916	2,243	138	-	916	2,381	3,297	900
4/1/96	Weymouth	-	485	1,187	187	-	485	1,374	1,859	504
4/1/96	St. Louis/Barrett Station Road	-	630	1,542	113	-	630	1,655	2,285	630
4/1/96	Rockville/Randolph	-	1,153	2,823	221	-	1,153	3,044	4,197	1,153
4/1/96	Simi Valley/East Street	-	970	2,374	73	-	970	2,447	3,417	916
4/1/96	Houston/Westheimer	-	1,390	3,402	6,228	-	1,390	9,630	11,020	3,052
4/3/96	Naples	-	1,187	2,809	271	-	1,186	3,081	4,267	1,318
6/26/96	Boca Raton	-	3,180	7,468	275	-	3,180	7,743	10,923	3,171
6/28/96	Venice	-	669	1,575	172	-	669	1,747	2,416	757
6/30/96	Las Vegas	-	921	2,155	349	-	921	2,504	3,425	1,032
6/30/96	Bedford Park	-	606	1,419	256	-	606	1,675	2,281	739
6/30/96	Los Angeles	-	692	1,616	122	-	691	1,739	2,430	719
6/30/96	Silver Spring	-	1,513	3,535	278	-	1,513	3,813	5,326	1,599
6/30/96	Newark	-	1,051	2,458	124	-	1,051	2,582	3,633	1,045
6/30/96	Brooklyn	-	783	1,830	528	-	783	2,358	3,141	1,126
7/2/96	Glen Burnie/Furnace Br Rd	-	1,755	4,150	676	-	1,755	4,826	6,581	1,783
7/22/96	Lakewood/W Hampton	-	717	2,092	84	-	716	2,177	2,893	848
8/13/96	Norcross/Holcomb Bridge Rd	-	955	3,117	161	-	954	3,279	4,233	1,294
9/5/96	Spring Valley/S Pascack rd	-	1,260	2,966	581	-	1,260	3,547	4,807	1,468
9/16/96	Dallas/Royal Lane	-	1,008	2,426	222	-	1,007	2,649	3,656	1,082
9/16/96	Colorado Springs/Tomah Drive	-	731	1,759	123	-	730	1,883	2,613	747
9/16/96	Lewisville/S. Stemmons	-	603	1,451	145	-	603	1,596	2,199	660

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		(Dollar amounts in thousands)								
9/16/96	Las Vegas/Boulder Hwy.	-	947	2,279	394	-	947	2,673	3,620	1,100
9/16/96	Sarasota/S. Tamiami Trail	-	584	1,407	1,456	-	584	2,863	3,447	723
9/16/96	Willow Grove/Maryland Road	-	673	1,620	134	-	673	1,754	2,427	683
9/16/96	Houston/W. Montgomery Rd.	-	524	1,261	204	-	524	1,465	1,989	629
9/16/96	Denver/W. Hampden	-	1,084	2,609	230	-	1,084	2,839	3,923	1,108
9/16/96	Littleton/Southpark Way	-	922	2,221	362	-	922	2,583	3,505	1,070
9/16/96	Petaluma/Baywood Drive	-	861	2,074	175	-	861	2,249	3,110	902
9/16/96	Canoga Park/Sherman Way	-	1,543	3,716	595	-	1,543	4,311	5,854	1,789
9/16/96	Jacksonville/South Lane Ave.	-	554	1,334	246	-	554	1,580	2,134	677
9/16/96	Newport News/Warwick Blvd.	-	575	1,385	189	-	575	1,574	2,149	655
9/16/96	Greenbrook/Route 22	-	1,227	2,954	605	-	1,227	3,559	4,786	1,360
9/16/96	Monsey/Route 59	-	1,068	2,572	181	-	1,068	2,753	3,821	1,066
9/16/96	Santa Rosa/Santa Rosa Ave.	-	575	1,385	130	-	575	1,515	2,090	604
9/16/96	Fort Worth/Brentwood	-	823	2,016	163	-	823	2,179	3,002	867
9/16/96	Glendale/San Fernando Road	-	2,500	6,124	215	-	2,500	6,339	8,839	2,403
9/16/96	Houston/Harwin	-	549	1,344	178	-	549	1,522	2,071	630
9/16/96	Irvine/Cowan Street	-	1,890	4,631	348	-	1,890	4,979	6,869	1,915
9/16/96	Fairfield/Dixie Highway	-	427	1,046	148	-	427	1,194	1,621	474
9/16/96	Mesa/Country Club Drive	-	701	1,718	385	-	701	2,103	2,804	815
9/16/96	San Francisco/Geary Blvd.	-	2,957	7,244	411	-	2,957	7,655	10,612	2,946
9/16/96	Houston/Gulf Freeway	-	701	1,718	4,972	-	701	6,690	7,391	1,430
9/16/96	Las Vegas/S. Decatur Blvd.	-	1,037	2,539	262	-	1,037	2,801	3,838	1,072
9/16/96	Tempe/McKellips Road	-	823	1,972	277	-	823	2,249	3,072	914
9/16/96	Richland Hills/Airport Fwy.	-	473	1,158	200	-	473	1,358	1,831	586
10/11/96	Hampton/Pembroke Road	-	1,080	2,346	(176)	-	914	2,336	3,250	703
10/11/96	Norfolk/Widgeon Road	-	1,110	2,405	(301)	-	908	2,306	3,214	700
10/11/96	Richmond/Bloom Lane	-	1,188	2,512	(117)	-	995	2,588	3,583	804
10/11/96	Virginia Beach/Southern Blvd	-	282	610	263	-	282	873	1,155	441
10/11/96	Chesapeake/Military Hwy	-	912	1,974	442	-	912	2,416	3,328	1,085
10/11/96	Richmond/Midlothian Park	-	762	1,588	535	-	762	2,123	2,885	1,040

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		(Dollar amounts in thousands)								
10/11/96	Roanoke/Peters Creek Road	-	819	1,776	279	-	819	2,055	2,874	885
10/11/96	Orlando/E Oakridge Rd	-	927	2,020	274	-	927	2,294	3,221	938
10/11/96	Orlando/South Hwy 17-92	-	1,170	2,549	204	-	1,170	2,753	3,923	1,107
10/25/96	Austin/Renelli	-	1,710	3,990	303	-	1,710	4,293	6,003	1,697
10/25/96	Austin/Santiago	-	900	2,100	214	-	900	2,314	3,214	962
10/25/96	Dallas/East N.W. Highway	-	698	1,628	194	-	697	1,823	2,520	759
10/25/96	Dallas/Denton Drive	-	900	2,100	153	-	900	2,253	3,153	904
10/25/96	Houston/Hempstead	-	518	1,207	438	-	517	1,646	2,163	699
10/25/96	Pasadena/So. Shaver	-	420	980	420	-	420	1,400	1,820	580
10/31/96	Houston/Joel Wheaton Rd	-	465	1,085	204	-	465	1,289	1,754	557
10/31/96	Mt Holly/541 Bypass	-	360	840	291	-	360	1,131	1,491	499
11/13/96	Town East/Mesquite	-	330	770	179	-	330	949	1,279	394
11/14/96	Bossier City LA	-	633	1,488	(104)	-	557	1,460	2,017	456
12/5/96	Lake Forest/Bake Parkway	-	971	2,173	579	-	973	2,750	3,723	940
12/16/96	Cherry Hill/Old Cuthbert	-	645	1,505	642	-	645	2,147	2,792	941
12/16/96	Oklahoma City/SW 74th	-	375	875	115	-	375	990	1,365	413
12/16/96	Oklahoma City/S Santa Fe	-	360	840	167	-	360	1,007	1,367	444
12/16/96	Oklahoma City/S. May	-	360	840	143	-	360	983	1,343	431
12/16/96	Arlington/S. Watson Rd.	-	930	2,170	566	-	930	2,736	3,666	1,167
12/16/96	Richardson/E. Arapaho	-	1,290	3,010	436	-	1,290	3,446	4,736	1,347
12/23/96	Eagle Rock/Colorado	-	330	813	422	-	444	1,121	1,565	314
12/23/96	Upper Darby/Lansdowne	-	899	2,272	264	-	899	2,536	3,435	1,008
12/23/96	Plymouth Meeting /Chemical	-	1,109	2,802	206	-	1,109	3,008	4,117	798
12/23/96	Philadelphia/Byberry	-	1,019	2,575	224	-	1,019	2,799	3,818	1,090
12/23/96	Ft. Lauderdale/State Road	-	1,199	3,030	265	-	1,199	3,295	4,494	1,289
12/23/96	Englewood/Costilla	-	1,739	4,393	181	-	1,739	4,574	6,313	1,729
12/23/96	Lilburn/Beaver Ruin Road	-	600	1,515	176	-	600	1,691	2,291	697
12/23/96	Carmichael/Fair Oaks	-	809	2,045	214	-	809	2,259	3,068	922
12/23/96	Portland/Division Street	-	989	2,499	165	-	989	2,664	3,653	1,041
12/23/96	Napa/Industrial	-	660	1,666	158	-	659	1,825	2,484	737

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12/23/96	Wheatridge/W. 44th Avenue	-	1,439	3,636	184	-	1,439	3,820	5,259	1,465
12/23/96	Las Vegas/Charleston	-	1,049	2,651	184	-	1,049	2,835	3,884	1,090
12/23/96	Las Vegas/South Arvill	-	929	2,348	221	-	929	2,569	3,498	971
12/23/96	Los Angeles/Santa Monica	-	3,328	8,407	307	-	3,327	8,715	12,042	3,282
12/23/96	Warren/Schoenherr Rd.	-	749	1,894	182	-	749	2,076	2,825	843
12/23/96	Portland/N.E. 71st Avenue	-	869	2,196	288	-	869	2,484	3,353	1,004
12/23/96	Seattle/Pacific Hwy. South	-	689	1,742	194	-	689	1,936	2,625	814
12/23/96	Broadview/S. 25th Avenue	-	1,289	3,257	345	-	1,289	3,602	4,891	1,424
12/23/96	Winter Springs/W. St. Rte 434	-	689	1,742	131	-	689	1,873	2,562	734
12/23/96	Tampa/15th Street	-	420	1,060	335	-	420	1,395	1,815	611
12/23/96	Pompano Beach/S. Dixie Hwy.	-	930	2,292	378	-	930	2,670	3,600	1,115
12/23/96	Overland Park/Mastin	-	990	2,440	3,274	-	1,306	5,398	6,704	1,478
12/23/96	Auburn/R Street	-	690	1,700	218	-	690	1,918	2,608	794
12/23/96	Federal Heights/W. 48th Ave.	-	720	1,774	189	-	720	1,963	2,683	746
12/23/96	Decatur/Covington	-	930	2,292	249	-	930	2,541	3,471	1,015
12/23/96	Forest Park/Jonesboro Rd.	-	540	1,331	168	-	540	1,499	2,039	630
12/23/96	Mangonia Park/Australian Ave.	-	840	2,070	78	-	840	2,148	2,988	857
12/23/96	Whittier/Colima	-	540	1,331	104	-	540	1,435	1,975	566
12/23/96	Kent/Pacific Hwy South	-	930	2,292	195	-	930	2,487	3,417	985
12/23/96	Topeka/8th Street	-	150	370	159	-	150	529	679	262
12/23/96	Denver East Evans	-	1,740	4,288	217	-	1,740	4,505	6,245	1,736
12/23/96	Pittsburgh/California Ave.	-	630	1,552	119	-	630	1,671	2,301	670
12/23/96	Ft. Lauderdale/Powerline	-	660	1,626	324	-	660	1,950	2,610	866
12/23/96	Philadelphia/Oxford	-	900	2,218	205	-	900	2,423	3,323	952
12/23/96	Dallas/Lemmon Ave.	-	1,710	4,214	171	-	1,710	4,385	6,095	1,679
12/23/96	Alsip/115th Street	-	750	1,848	4,583	-	750	6,431	7,181	1,233
12/23/96	Green Acres/Jog Road	-	600	1,479	74	-	600	1,553	2,153	634
12/23/96	Pompano Beach/Sample Road	-	1,320	3,253	55	-	1,320	3,308	4,628	1,283
12/23/96	Wyndmoor/Ivy Hill	-	2,160	5,323	278	-	2,160	5,601	7,761	2,148
12/23/96	W. Palm Beach/Belvedere	-	960	2,366	211	-	960	2,577	3,537	1,025

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12/23/96	Renton 174th St.	-	960	2,366	259	-	960	2,625	3,585	1,073
12/23/96	Sacramento/Northgate	-	1,021	2,647	158	-	1,021	2,805	3,826	1,099
12/23/96	Phoenix/19th Avenue	-	991	2,569	238	-	991	2,807	3,798	1,117
12/23/96	Bedford Park/Cicero	-	1,321	3,426	348	-	1,321	3,774	5,095	1,495
12/23/96	Lake Worth/Lk Worth	-	1,111	2,880	241	-	1,111	3,121	4,232	1,227
12/23/96	Arlington/Algonquin	-	991	2,569	637	-	991	3,206	4,197	1,305
12/23/96	Seattle/15th Avenue	-	781	2,024	260	-	781	2,284	3,065	890
12/23/96	Southington/Spring	-	811	2,102	180	-	811	2,282	3,093	899
12/23/96	Clifton/Broad Street	-	1,411	3,659	218	-	1,411	3,877	5,288	1,475
12/23/96	Hillside/Glenwood	-	563	4,051	381	-	563	4,432	4,995	1,773
12/23/96	Nashville/Dickerson Pike	-	990	2,440	215	-	990	2,655	3,645	1,061
12/23/96	Madison/Gallatin Road	-	780	1,922	250	-	780	2,172	2,952	913
12/30/96	Concorde/Treat	-	1,396	3,258	278	-	1,396	3,536	4,932	1,307
12/30/96	Virginia Beach	-	535	1,248	156	-	535	1,404	1,939	568
12/30/96	San Mateo	-	2,408	5,619	224	-	2,408	5,843	8,251	2,188
1/22/97	Austin, 1033 E. 41 Street	-	257	3,633	97	-	257	3,730	3,987	1,351
4/12/97	Annandale / Backlick	-	955	2,229	377	-	955	2,606	3,561	979
4/12/97	Ft. Worth / West Freeway	-	667	1,556	249	-	667	1,805	2,472	689
4/12/97	Campbell / S. Curtner	-	2,550	5,950	723	-	2,550	6,673	9,223	2,410
4/12/97	Aurora / S. Idalia	-	1,002	2,338	567	-	1,002	2,905	3,907	1,096
4/12/97	Santa Cruz / Capitola	-	1,037	2,420	337	-	1,037	2,757	3,794	1,009
4/12/97	Indianapolis / Lafayette Road	-	682	1,590	295	-	682	1,885	2,567	737
4/12/97	Indianapolis / Route 31	-	619	1,444	342	-	619	1,786	2,405	701
4/12/97	Farmingdale / Broad Hollow Rd.	-	1,568	3,658	771	-	1,568	4,429	5,997	1,625
4/12/97	Tyson's Corner / Springhill Rd.	-	3,861	9,010	1,312	-	3,861	10,322	14,183	3,845
4/12/97	Fountain Valley / Newhope	-	1,137	2,653	344	-	1,137	2,997	4,134	1,085
4/12/97	Dallas / Winsted	-	1,375	3,209	465	-	1,375	3,674	5,049	1,381
4/12/97	Columbia / Broad River Rd.	-	121	282	155	-	121	437	558	225
4/12/97	Livermore / S. Front Road	-	876	2,044	194	-	876	2,238	3,114	825
4/12/97	Garland / Plano	-	889	2,073	237	-	888	2,311	3,199	872

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		(Dollar amounts in thousands)								
4/12/97	San Jose / Story Road	-	1,352	3,156	367	-	1,352	3,523	4,875	1,328
4/12/97	Aurora / Abilene	-	1,406	3,280	457	-	1,406	3,737	5,143	1,394
4/12/97	Antioch / Sunset Drive	-	1,035	2,416	224	-	1,035	2,640	3,675	971
4/12/97	Rancho Cordova / Sunrise	-	1,048	2,445	391	-	1,048	2,836	3,884	1,119
4/12/97	Berlin / Wilbur Cross	-	756	1,764	281	-	756	2,045	2,801	798
4/12/97	Whittier / Whittier Blvd.	-	648	1,513	178	-	648	1,691	2,339	619
4/12/97	Peabody / Newbury Street	-	1,159	2,704	536	-	1,159	3,240	4,399	1,262
4/12/97	Denver / Blake	-	602	1,405	213	-	602	1,618	2,220	612
4/12/97	Evansville / Green River Road	-	470	1,096	189	-	470	1,285	1,755	496
4/12/97	Burien / First Ave. So.	-	792	1,847	255	-	792	2,102	2,894	809
4/12/97	Rancho Cordova / Mather Field	-	494	1,153	181	-	494	1,334	1,828	520
4/12/97	Sugar Land / Eldridge	-	705	1,644	225	-	705	1,869	2,574	724
4/12/97	Columbus / Eastland Drive	-	602	1,405	334	-	602	1,739	2,341	671
4/12/97	Slickerville / Black Horse Pike	-	539	1,258	210	-	539	1,468	2,007	605
4/12/97	Seattle / Aurora	-	1,145	2,671	316	-	1,145	2,987	4,132	1,105
4/12/97	Gaithersburg / Christopher Ave.	-	972	2,268	285	-	972	2,553	3,525	972
4/12/97	Manchester / Tolland Turnpike	-	807	1,883	235	-	807	2,118	2,925	797
6/25/97	L.A./Venice Blvd.	-	523	1,221	1,797	-	1,044	2,497	3,541	704
6/25/97	Kirkland-Totem	-	2,131	4,972	253	-	2,131	5,225	7,356	1,957
6/25/97	Idianapolis	-	471	1,098	158	-	471	1,256	1,727	478
6/25/97	Dallas	-	699	1,631	75	-	699	1,706	2,405	639
6/25/97	Atlanta	-	1,183	2,761	141	-	1,183	2,902	4,085	1,080
6/25/97	Bensalem	-	1,159	2,705	105	-	1,159	2,810	3,969	1,032
6/25/97	Evansville	-	429	1,000	62	-	401	1,090	1,491	418
6/25/97	Austin	-	813	1,897	78	-	813	1,975	2,788	733
6/25/97	Harbor City	-	1,244	2,904	271	-	1,244	3,175	4,419	1,243
6/25/97	Birmingham	-	539	1,258	119	-	539	1,377	1,916	530
6/25/97	Sacramento	-	489	1,396	(191)	-	489	1,205	1,694	454
6/25/97	Carrollton	-	441	1,029	43	-	441	1,072	1,513	397
6/25/97	La Habra	-	822	1,918	87	-	822	2,005	2,827	735

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		(Dollar amounts in thousands)								
6/25/97	Lombard	-	1,527	3,564	1,753	-	2,047	4,797	6,844	1,649
6/25/97	Fairfield	-	740	1,727	88	-	740	1,815	2,555	657
6/25/97	Seattle	-	1,498	3,494	295	-	1,498	3,789	5,287	1,510
6/25/97	Bellevue	-	1,653	3,858	201	-	1,653	4,059	5,712	1,452
6/25/97	Citrus Heights	-	642	1,244	539	-	642	1,783	2,425	755
6/25/97	San Jose	-	1,273	2,971	24	-	1,273	2,995	4,268	1,078
6/25/97	Stanton	-	948	2,212	67	-	948	2,279	3,227	835
6/25/97	Garland	-	486	1,135	61	-	486	1,196	1,682	451
6/25/97	Westford	-	857	1,999	192	-	857	2,191	3,048	804
6/25/97	Dallas	-	1,627	3,797	670	-	1,627	4,467	6,094	1,686
6/25/97	Wheat Ridge	-	1,054	2,459	418	-	1,054	2,877	3,931	1,020
6/25/97	Berlin	-	825	1,925	318	-	825	2,243	3,068	802
6/25/97	Gretna	-	1,069	2,494	407	-	1,069	2,901	3,970	1,175
6/25/97	Spring	-	461	1,077	214	-	461	1,291	1,752	486
6/25/97	Sacramento	-	592	1,380	907	-	720	2,159	2,879	758
6/25/97	Houston/South Dairyashford	-	856	1,997	355	-	856	2,352	3,208	853
6/25/97	Naperville	-	1,108	2,585	435	-	1,108	3,020	4,128	1,075
6/25/97	Carrollton	-	1,158	2,702	526	-	1,158	3,228	4,386	1,195
6/25/97	Waipahu	-	1,620	3,780	776	-	1,620	4,556	6,176	1,576
6/25/97	Davis	-	628	1,465	229	-	628	1,694	2,322	624
6/25/97	Decatur	-	951	2,220	411	-	951	2,631	3,582	991
6/25/97	Jacksonville	-	653	1,525	297	-	653	1,822	2,475	701
6/25/97	Chicoppe	-	663	1,546	341	-	663	1,887	2,550	735
6/25/97	Alexandria	-	1,533	3,576	533	-	1,533	4,109	5,642	1,474
6/25/97	Houston/Veterans Memorial Dr.	-	458	1,070	181	-	458	1,251	1,709	467
6/25/97	Los Angeles/Olympic	-	4,392	10,247	1,262	-	4,392	11,509	15,901	4,066
6/25/97	Littleton	-	1,340	3,126	615	-	1,340	3,741	5,081	1,350
6/25/97	Metairie	-	1,229	2,868	234	-	1,229	3,102	4,331	1,137
6/25/97	Louisville	-	717	1,672	304	-	717	1,976	2,693	739
6/25/97	East Hazel Crest	-	753	1,757	2,198	-	1,236	3,472	4,708	1,442

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		(Dollar amounts in thousands)								
6/25/97	Edmonds	-	1,187	2,770	425	-	1,187	3,195	4,382	1,165
6/25/97	Foster City	-	1,064	2,483	342	-	1,064	2,825	3,889	1,003
6/25/97	Chicago	-	1,160	2,708	532	-	1,160	3,240	4,400	1,196
6/25/97	Philadelphia	-	924	2,155	405	-	924	2,560	3,484	928
6/25/97	Dallas/Vilbig Rd.	-	508	1,184	223	-	508	1,407	1,915	533
6/25/97	Staten Island	-	1,676	3,910	584	-	1,676	4,494	6,170	1,629
6/25/97	Pelham Manor	-	1,209	2,820	765	-	1,209	3,585	4,794	1,345
6/25/97	Irving	-	469	1,093	206	-	468	1,300	1,768	495
6/25/97	Elk Grove	-	642	1,497	286	-	642	1,783	2,425	659
6/25/97	LAX	-	1,312	3,062	555	-	1,312	3,617	4,929	1,340
6/25/97	Denver	-	1,316	3,071	645	-	1,316	3,716	5,032	1,333
6/25/97	Plano	-	1,369	3,193	480	-	1,369	3,673	5,042	1,305
6/25/97	Lynnwood	-	839	1,959	360	-	839	2,319	3,158	875
6/25/97	Lilburn	-	507	1,182	390	-	507	1,572	2,079	595
6/25/97	Parma	-	881	2,055	505	-	880	2,561	3,441	944
6/25/97	Davie	-	1,086	2,533	567	-	1,085	3,101	4,186	1,153
6/25/97	Allen Park	-	953	2,223	543	-	953	2,766	3,719	1,015
6/25/97	Aurora	-	808	1,886	463	-	808	2,349	3,157	843
6/25/97	San Diego/16th Street	-	932	2,175	620	-	932	2,795	3,727	1,088
6/25/97	Sterling Heights	-	766	1,787	459	-	766	2,246	3,012	837
6/25/97	East L.A./Boyle Heights	-	957	2,232	510	-	957	2,742	3,699	991
6/25/97	Springfield/Alban Station	-	1,317	3,074	674	-	1,317	3,748	5,065	1,355
6/25/97	Littleton	-	868	2,026	508	-	868	2,534	3,402	915
6/25/97	Sacramento/57th Street	-	869	2,029	492	-	869	2,521	3,390	935
6/25/97	Miami	-	1,762	4,111	995	-	1,762	5,106	6,868	1,804
8/13/97	Santa Monica / Wilshire Blvd.	-	2,040	4,760	317	-	2,040	5,077	7,117	1,880
10/1/97	Marietta /Austell Rd	-	398	1,326	306	681	440	2,271	2,711	804
10/1/97	Denver / Leetsdale	-	1,407	1,682	254	952	1,554	2,741	4,295	1,006
10/1/97	Baltimore / York Road	-	1,538	1,952	671	1,125	1,700	3,586	5,286	1,245
10/1/97	Bolingbrook	-	737	1,776	262	927	814	2,888	3,702	1,026

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		(Dollar amounts in thousands)								
10/1/97	Kent / Central	-	483	1,321	196	687	533	2,154	2,687	773
10/1/97	Geneva / Roosevelt	-	355	1,302	219	665	392	2,149	2,541	778
10/1/97	Denver / Sheridan	-	429	1,105	170	587	474	1,817	2,291	674
10/1/97	Mountlake Terrace	-	1,017	1,783	232	950	1,123	2,859	3,982	985
10/1/97	Carol Stream/ St.Charles	-	185	1,187	202	591	205	1,960	2,165	692
10/1/97	Marietta / Cobb Park	-	420	1,131	314	619	464	2,020	2,484	736
10/1/97	Venice / Rose	-	5,468	5,478	677	3,117	6,042	8,698	14,740	2,835
10/1/97	Ventura / Ventura Blvd	-	911	2,227	273	1,146	1,006	3,551	4,557	1,244
10/1/97	Studio City/ Ventura	-	2,421	1,610	192	995	2,676	2,542	5,218	883
10/1/97	Madison Heights	-	428	1,686	2,590	1,014	473	5,245	5,718	893
10/1/97	Lax / Imperial	-	1,662	2,079	194	1,159	1,837	3,257	5,094	1,169
10/1/97	Justice / Industrial	-	233	1,181	177	589	258	1,922	2,180	681
10/1/97	Burbank / San Fernando	-	1,825	2,210	252	1,223	2,016	3,494	5,510	1,199
10/1/97	Pinole / Appian Way	-	728	1,827	205	935	804	2,891	3,695	1,019
10/1/97	Denver / Tamarac Park	-	2,545	1,692	431	1,127	2,812	2,983	5,795	1,152
10/1/97	Gresham / Powell	-	322	1,298	215	646	356	2,125	2,481	719
10/1/97	Warren / Mound Road	-	268	1,025	211	528	296	1,736	2,032	585
10/1/97	Woodside/Brooklyn	-	5,016	3,950	588	3,195	5,542	7,207	12,749	2,075
10/1/97	Enfield / Elm Street	-	399	1,900	291	945	441	3,094	3,535	1,015
10/1/97	Roselle / Lake Street	-	312	1,411	215	710	344	2,304	2,648	803
10/1/97	Milwaukee / Appleton	-	324	1,385	276	706	358	2,333	2,691	779
10/1/97	Emeryville / Bay St	-	1,602	1,830	171	1,091	1,770	2,924	4,694	1,009
10/1/97	Monterey / Del Rey	-	257	1,048	230	563	284	1,814	2,098	569
10/1/97	San Leandro / Washington	-	660	1,142	170	653	730	1,895	2,625	639
10/1/97	Boca Raton / N.W. 20	-	1,140	2,256	422	1,198	1,260	3,756	5,016	1,210
10/1/97	Washington Dc/So Capital	-	1,437	4,489	459	2,274	1,588	7,071	8,659	2,105
10/1/97	Lynn / Lynnway	-	463	3,059	430	1,513	512	4,953	5,465	1,642
10/1/97	Pompano Beach	-	1,077	1,527	650	869	1,190	2,933	4,123	852
10/1/97	Lake Oswego/ N.State	-	465	1,956	278	972	514	3,157	3,671	1,013
10/1/97	Daly City / Mission	-	389	2,921	230	1,389	430	4,499	4,929	1,475

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10/1/97	Odenton / Route 175	-	456	2,104	254	1,053	504	3,363	3,867	1,007
10/1/97	Novato / Landing	-	2,416	3,496	249	1,706	2,905	4,962	7,867	1,720
10/1/97	St. Louis / Lindberg	-	584	1,508	335	711	728	2,410	3,138	832
10/1/97	Oakland/International	-	358	1,568	249	700	475	2,400	2,875	807
10/1/97	Stockton / March Lane	-	663	1,398	192	657	811	2,099	2,910	691
10/1/97	Des Plaines / Golf Rd	-	1,363	3,093	256	1,118	1,630	4,200	5,830	1,473
10/1/97	Morton Grove / Wauke	-	2,658	3,232	5,976	822	3,111	9,577	12,688	2,087
10/1/97	Los Angeles / Jefferson	-	1,090	1,580	263	820	1,323	2,430	3,753	783
10/1/97	Los Angeles / Martin	-	869	1,152	113	717	1,066	1,785	2,851	562
10/1/97	San Leandro / E. 14th	-	627	1,289	116	608	775	1,865	2,640	619
10/1/97	Tucson / Tanque Verde	-	345	1,709	270	709	469	2,564	3,033	829
10/1/97	Randolph / Warren St	-	2,330	1,914	524	1,332	2,719	3,381	6,100	958
10/1/97	Forrestville / Penn.	-	1,056	2,347	315	1,114	1,313	3,519	4,832	1,188
10/1/97	Bridgeport	-	4,877	2,739	683	1,651	5,613	4,337	9,950	1,478
10/1/97	North Hollywood/Vine	-	906	2,379	232	1,211	1,166	3,562	4,728	1,092
10/1/97	Santa Cruz / Portola	-	535	1,526	178	761	689	2,311	3,000	737
10/1/97	Hyde Park / River St	-	626	1,748	309	665	759	2,589	3,348	843
10/1/97	Dublin / San Ramon Rd	-	942	1,999	177	803	1,119	2,802	3,921	951
10/1/97	Vallejo / Humboldt	-	473	1,651	191	757	620	2,452	3,072	779
10/1/97	Fremont/Warm Springs	-	848	2,885	253	1,105	1,072	4,019	5,091	1,300
10/1/97	Seattle / Stone Way	-	829	2,180	347	1,080	1,078	3,358	4,436	1,001
10/1/97	W. Olympia	-	149	1,096	294	452	209	1,782	1,991	545
10/1/97	Mercer/Parkside Ave	-	359	1,763	273	962	503	2,854	3,357	843
10/1/97	Bridge Water / Main	-	445	2,054	299	811	576	3,033	3,609	930
10/1/97	Norwalk / Hoyt Street	-	2,369	3,049	576	1,391	2,794	4,591	7,385	1,547
11/2/97	Lansing	-	758	1,768	(101)	-	730	1,695	2,425	640
11/7/97	Phoenix	-	1,197	2,793	231	-	1,197	3,024	4,221	1,048
11/13/97	Tinley Park	-	1,422	3,319	80	-	1,422	3,399	4,821	1,132
3/17/98	Houston/De Soto Dr.	-	659	1,537	151	-	659	1,688	2,347	582
3/17/98	Houston / East Freeway	-	593	1,384	180	-	593	1,564	2,157	577

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3/17/98	Austin/Ben White	-	692	1,614	70	-	682	1,694	2,376	575
3/17/98	Arlington/E.Pioneer	-	922	2,152	246	-	922	2,398	3,320	837
3/17/98	Las Vegas/Tropicana	-	1,285	2,998	165	-	1,285	3,163	4,448	1,069
3/17/98	Branford / Summit Place	-	728	1,698	189	-	727	1,888	2,615	647
3/17/98	Las Vegas / Charleston	-	791	1,845	123	-	791	1,968	2,759	668
3/17/98	So. San Francisco	-	1,550	3,617	220	-	1,550	3,837	5,387	1,208
3/17/98	Pasadena / Arroyo Prkwy	-	3,005	7,012	254	-	3,005	7,266	10,271	2,358
3/17/98	Tempe / E. Broadway	-	633	1,476	260	-	633	1,736	2,369	594
3/17/98	Phoenix / N. 43rd Ave	-	443	1,033	178	-	443	1,211	1,654	453
3/17/98	Phoenix/No. 43rd	-	380	886	437	-	380	1,323	1,703	465
3/17/98	Phoenix / Black Canyon	-	380	886	154	-	380	1,040	1,420	398
3/17/98	Phoenix/Black Canyon	-	136	317	195	-	136	512	648	265
3/17/98	Nesconset / Southern	-	1,423	3,321	170	-	1,423	3,491	4,914	1,137
4/1/98	St. Louis / Hwy. 141	-	659	1,628	4,464	-	1,344	5,407	6,751	1,332
4/1/98	Island Park / Austin	-	2,313	3,015	(739)	-	1,374	3,215	4,589	1,040
4/1/98	Akron / Brittain Rd.	-	275	2,248	(197)	-	669	1,657	2,326	490
4/1/98	Patchogue/W.Sunrise	-	936	2,184	169	-	936	2,353	3,289	812
4/1/98	Havertown/West Chester	-	1,254	2,926	132	-	1,249	3,063	4,312	1,027
4/1/98	Schiller Park/River	-	568	1,390	110	-	568	1,500	2,068	524
4/1/98	Chicago / Cuyler	-	1,400	2,695	220	-	1,400	2,915	4,315	1,012
4/1/98	Chicago Heights/West	-	468	1,804	170	-	468	1,974	2,442	696
4/1/98	Arlington Hts/University	-	670	3,004	98	-	670	3,102	3,772	1,076
4/1/98	Cicero / Ogden	-	1,678	2,266	313	-	1,678	2,579	4,257	1,013
4/1/98	Chicago/W. Howard St.	-	974	2,875	165	-	974	3,040	4,014	1,092
4/1/98	Chicago/N. Western Ave	-	1,453	3,205	171	-	1,453	3,376	4,829	1,183
4/1/98	Chicago/Northwest Hwy	-	925	2,412	86	-	925	2,498	3,423	858
4/1/98	Chicago/N. Wells St.	-	1,446	2,828	103	-	1,446	2,931	4,377	1,017
4/1/98	Chicago / Pulaski Rd.	-	1,276	2,858	82	-	1,276	2,940	4,216	1,002
4/1/98	Artesia / Artesia	-	625	1,419	94	-	625	1,513	2,138	630
4/1/98	Arcadia / Lower Azusa	-	821	1,369	207	-	821	1,576	2,397	656

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		(Dollar amounts in thousands)								
4/1/98	Manassas / Centreville	-	405	2,137	302	-	405	2,439	2,844	1,023
4/1/98	La Downtwn/10 Fwy	-	1,608	3,358	242	-	1,608	3,600	5,208	1,466
4/1/98	Bellevue / Northup	-	1,232	3,306	464	-	1,232	3,770	5,002	1,505
4/1/98	Hollywood/Cole & Wilshire	-	1,590	1,785	117	-	1,590	1,902	3,492	770
4/1/98	Atlanta/John Wesley	-	1,233	1,665	219	-	1,233	1,884	3,117	850
4/1/98	Montebello/S. Maple	-	1,274	2,299	136	-	1,273	2,436	3,709	981
4/1/98	Lake City/Forest Park	-	248	1,445	125	-	248	1,570	1,818	647
4/1/98	Baltimore / W. Patap	-	403	2,650	169	-	402	2,820	3,222	1,136
4/1/98	Fraser/Groesbeck Hwy	-	368	1,796	86	-	368	1,882	2,250	758
4/1/98	Vallejo / Mini Drive	-	560	1,803	83	-	560	1,886	2,446	768
4/1/98	San Diego/54th & Euclid	-	952	2,550	160	-	952	2,710	3,662	1,170
4/1/98	Miami / 5th Street	-	2,327	3,234	209	-	2,327	3,443	5,770	1,428
4/1/98	Silver Spring/Hill	-	922	2,080	157	-	922	2,237	3,159	998
4/1/98	Chicago/E. 95th St.	-	397	2,357	178	-	397	2,535	2,932	1,111
4/1/98	Chicago / S. Harlem	-	791	1,424	113	-	791	1,537	2,328	678
4/1/98	St. Charles /Highway	-	623	1,501	197	-	623	1,698	2,321	741
4/1/98	Chicago/Burr Ridge Rd.	-	421	2,165	78	-	421	2,243	2,664	985
4/1/98	Yonkers / Route 9a	-	1,722	3,823	296	-	1,722	4,119	5,841	1,744
4/1/98	Silverlake/Glendale	-	2,314	5,481	229	-	2,314	5,710	8,024	2,418
4/1/98	Chicago/Harlem Ave	-	1,430	3,038	148	-	1,430	3,186	4,616	1,366
4/1/98	Bethesda / Butler Rd	-	1,146	2,509	77	-	1,146	2,586	3,732	1,081
4/1/98	Dundalk / Wise Ave	-	447	2,005	141	-	447	2,146	2,593	885
4/1/98	St. Louis / Hwy. 141	-	659	1,628	66	-	659	1,694	2,353	795
4/1/98	Island Park / Austin	-	2,313	3,015	109	-	2,313	3,124	5,437	1,460
4/1/98	Dallas / Kingsly	-	1,095	1,712	109	-	1,095	1,821	2,916	758
5/1/98	Berkeley / 2nd St.	-	1,914	4,466	(70)	-	1,837	4,473	6,310	1,487
5/8/98	Cleveland / W. 117th	-	930	2,277	206	-	930	2,483	3,413	868
5/8/98	La /Venice Blvd	-	1,470	3,599	137	-	1,470	3,736	5,206	1,180
5/8/98	Aurora / Farnsworth	-	960	2,350	106	-	960	2,456	3,416	784
5/8/98	Santa Rosa / Hopper	-	1,020	2,497	123	-	1,020	2,620	3,640	842

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		(Dollar amounts in thousands)								
5/8/98	Golden Valley / Winn	-	630	1,542	139	-	630	1,681	2,311	559
5/8/98	St. Louis / Benham	-	810	1,983	153	-	810	2,136	2,946	728
5/8/98	Chicago / S. Chicago	-	840	2,057	100	-	840	2,157	2,997	679
10/1/98	El Segundo / Sepulveda	-	6,586	5,795	223	-	6,586	6,018	12,604	1,885
10/1/98	Atlanta / Memorial Dr.	-	414	2,239	246	-	414	2,485	2,899	828
10/1/98	Chicago / W. 79th St	-	861	2,789	279	-	861	3,068	3,929	1,082
10/1/98	Chicago / N. Broadway	-	1,918	3,824	242	-	1,917	4,067	5,984	1,308
10/1/98	Dallas / Greenville	-	1,933	2,892	116	-	1,933	3,008	4,941	958
10/1/98	Tacoma / Orchard	-	358	1,987	147	-	358	2,134	2,492	684
10/1/98	St. Louis / Gravois	-	312	2,327	140	-	312	2,467	2,779	821
10/1/98	White Bear Lake	-	578	2,079	196	-	578	2,275	2,853	729
10/1/98	Santa Cruz / Soquel	-	832	2,385	121	-	832	2,506	3,338	809
10/1/98	Coon Rapids / Hwy 10	-	330	1,646	124	-	330	1,770	2,100	572
10/1/98	Oxnard / Hueneme Rd	-	923	3,925	208	-	923	4,133	5,056	1,301
10/1/98	Vancouver/ Millplain	-	343	2,000	89	-	342	2,090	2,432	677
10/1/98	Tigard / Mc Ewan	-	597	1,652	80	-	597	1,732	2,329	571
10/1/98	Griffith / Cline	-	299	2,118	88	-	299	2,206	2,505	686
10/1/98	Miami / Sunset Drive	-	1,656	2,321	1,657	-	2,267	3,367	5,634	919
10/1/98	Farmington / 9 Mile	-	580	2,526	157	-	580	2,683	3,263	836
10/1/98	Los Gatos / University	-	2,234	3,890	184	-	2,234	4,074	6,308	1,286
10/1/98	N. Hollywood	-	1,484	3,143	90	-	1,484	3,233	4,717	1,002
10/1/98	Petaluma / Transport	-	460	1,840	4,901	-	857	6,344	7,201	1,338
10/1/98	Chicago / 111th	-	341	2,898	2,277	-	431	5,085	5,516	1,212
10/1/98	Upper Darby / Market	-	808	5,011	198	-	808	5,209	6,017	1,645
10/1/98	San Jose / Santa	-	966	3,870	105	-	966	3,975	4,941	1,254
10/1/98	San Diego / Morena	-	3,173	5,469	190	-	3,173	5,659	8,832	1,752
10/1/98	Brooklyn /Rockaway Ave	-	6,272	9,691	517	-	6,272	10,208	16,480	3,259
10/1/98	Revere / Charger St	-	1,997	3,727	297	-	1,997	4,024	6,021	1,321
10/1/98	Las Vegas / E. Charles	-	602	2,545	259	-	602	2,804	3,406	926
10/1/98	Laurel / Baltimore Ave	-	1,899	4,498	201	-	1,899	4,699	6,598	1,505

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		(Dollar amounts in thousands)								
10/1/98	East La/Figueroa & 4th	-	1,213	2,689	72	-	1,213	2,761	3,974	862
10/1/98	Oldsmar / Tampa Road	-	760	2,154	2,760	-	1,049	4,625	5,674	1,188
10/1/98	Ft. Lauderdale /S.W.	-	1,046	2,928	125	-	1,046	3,053	4,099	951
10/1/98	Miami / Nw 73rd St	-	1,050	3,064	42	-	1,050	3,106	4,156	982
12/9/98	Miami / Nw 115th Ave	-	1,095	2,349	4,807	-	1,178	7,073	8,251	788
1/1/99	New Orleans/St.Charles	-	1,463	2,634	(432)	-	1,039	2,626	3,665	741
1/6/99	Brandon / E. Brandon Blvd	-	1,560	3,695	62	-	1,560	3,757	5,317	975
3/12/99	St. Louis / N. Lindbergh Blvd.	-	1,688	3,939	352	-	1,688	4,291	5,979	1,276
3/12/99	St. Louis /Vandeventer Midtown	-	699	1,631	163	-	699	1,794	2,493	546
3/12/99	St. Ann / Maryland Heights	-	1,035	2,414	297	-	1,035	2,711	3,746	795
3/12/99	Florissant / N. Hwy 67	-	971	2,265	273	-	971	2,538	3,509	768
3/12/99	Ferguson Area-W.Florissant	-	1,194	2,732	425	-	1,178	3,173	4,351	1,002
3/12/99	Florissant / New Halls Ferry Rd	-	1,144	2,670	351	-	1,144	3,021	4,165	948
3/12/99	St. Louis / Airport	-	785	1,833	248	-	785	2,081	2,866	612
3/12/99	St. Louis/ S.Third St	-	1,096	2,557	110	-	1,096	2,667	3,763	769
3/12/99	Kansas City / E. 47th St.	-	610	1,424	172	-	610	1,596	2,206	493
3/12/99	Kansas City /E. 67th Terrace	-	1,136	2,643	180	-	1,134	2,825	3,959	797
3/12/99	Kansas City / James A. Reed Rd	-	749	1,748	100	-	749	1,848	2,597	549
3/12/99	Independence / 291	-	871	2,032	150	-	871	2,182	3,053	644
3/12/99	Raytown / Woodson Rd	-	915	2,134	106	-	915	2,240	3,155	657
3/12/99	Kansas City / 34th Main Street	-	114	2,599	606	-	114	3,205	3,319	1,113
3/12/99	Columbia / River Dr	-	671	1,566	278	-	671	1,844	2,515	572
3/12/99	Columbia / Buckner Rd	-	714	1,665	345	-	714	2,010	2,724	709
3/12/99	Columbia / Decker Park Rd	-	605	1,412	117	-	605	1,529	2,134	487
3/12/99	Columbia / Rosewood Dr	-	777	1,814	97	-	777	1,911	2,688	581
3/12/99	W. Columbia / Orchard Dr.	-	272	634	152	-	272	786	1,058	278
3/12/99	W. Columbia / Airport Blvd	-	493	1,151	128	-	493	1,279	1,772	398
3/12/99	Greenville / Whitehorse Rd	-	882	2,058	124	-	882	2,182	3,064	649
3/12/99	Greenville / Woods Lake Rd	-	364	849	130	-	364	979	1,343	322
3/12/99	Mauldin / N. Main Street	-	571	1,333	140	-	571	1,473	2,044	480

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		(Dollar amounts in thousands)								
3/12/99	Simpsonville / Grand View Dr	-	582	1,358	126	-	574	1,492	2,066	472
3/12/99	Taylors / Wade Hampton Blvd	-	650	1,517	126	-	650	1,643	2,293	515
3/12/99	Charleston/Ashley Phosphate	-	839	1,950	183	-	823	2,149	2,972	698
3/12/99	N. Charleston / Dorchester Rd	-	380	886	134	-	380	1,020	1,400	324
3/12/99	N. Charleston / Dorchester	-	487	1,137	156	-	487	1,293	1,780	425
3/12/99	Charleston / Sam Rittenberg Blvd	-	555	1,296	106	-	555	1,402	1,957	444
3/12/99	Hilton Head / Office Park Rd	-	1,279	2,985	148	-	1,279	3,133	4,412	908
3/12/99	Columbia / Plumbers Rd	-	368	858	146	-	368	1,004	1,372	331
3/12/99	Greenville / Pineknoll Rd	-	927	2,163	206	-	927	2,369	3,296	741
3/12/99	Hilton Head / Yacht Cove Dr	-	1,182	2,753	228	-	1,180	2,983	4,163	894
3/12/99	Spartanburg / Chesnee Hwy	-	533	1,244	299	-	533	1,543	2,076	554
3/12/99	Charleston / Ashley River Rd	-	1,114	2,581	185	-	1,108	2,772	3,880	817
3/12/99	Columbia / Broad River	-	1,463	3,413	279	-	1,463	3,692	5,155	1,135
3/12/99	Charlotte / East Wt Harris Blvd	-	736	1,718	115	-	736	1,833	2,569	559
3/12/99	Charlotte / North Tryon St.	-	708	1,653	580	-	708	2,233	2,941	626
3/12/99	Charlotte / South Blvd	-	641	1,496	144	-	641	1,640	2,281	516
3/12/99	Kannapolis / Oregon St	-	463	1,081	113	-	463	1,194	1,657	378
3/12/99	Durham / E. Club Blvd	-	947	2,209	150	-	947	2,359	3,306	703
3/12/99	Durham / N. Duke St.	-	769	1,794	131	-	769	1,925	2,694	587
3/12/99	Raleigh / Maitland Dr	-	679	1,585	141	-	679	1,726	2,405	539
3/12/99	Greensboro / O'henry Blvd	-	577	1,345	213	-	577	1,558	2,135	542
3/12/99	Gastonia / S. York Rd	-	467	1,089	123	-	467	1,212	1,679	404
3/12/99	Durham / Kangaroo Dr.	-	1,102	2,572	419	-	1,102	2,991	4,093	918
3/12/99	Pensacola / Brent Lane	-	402	938	(151)	-	229	960	1,189	296
3/12/99	Pensacola / Creighton Road	-	454	1,060	69	-	454	1,129	1,583	381
3/12/99	Jacksonville / Park Avenue	-	905	2,113	149	-	905	2,262	3,167	693
3/12/99	Jacksonville / Phillips Hwy	-	665	1,545	227	-	663	1,774	2,437	570
3/12/99	Clearwater / Highland Ave	-	724	1,690	256	-	724	1,946	2,670	581
3/12/99	Tarpon Springs / Us Highway 19	-	892	2,081	181	-	892	2,262	3,154	709
3/12/99	Orlando /S. Orange Blossom Trail	-	1,229	2,867	142	-	1,229	3,009	4,238	907

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		(Dollar amounts in thousands)								
3/12/99	Casselberry Ii	-	1,160	2,708	171	-	1,160	2,879	4,039	849
3/12/99	Miami / Nw 14th Street	-	1,739	4,058	131	-	1,739	4,189	5,928	1,221
3/12/99	Tarpon Springs / Highway 19	-	1,179	2,751	341	-	1,179	3,092	4,271	888
3/12/99	Ft. Myers / Tamiami Trail South	-	834	1,945	(266)	-	834	1,679	2,513	431
3/12/99	Jacksonville / Ft. Caroline Rd.	-	1,037	2,420	174	-	1,037	2,594	3,631	809
3/12/99	Orlando / South Semoran	-	565	1,319	40	-	565	1,359	1,924	393
3/12/99	Jacksonville / Southside Blvd.	-	1,278	2,982	245	-	1,278	3,227	4,505	994
3/12/99	Miami / Nw 7th Ave	-	783	1,827	138	-	783	1,965	2,748	624
3/12/99	Vero Beach / Us Hwy 1	-	678	1,583	60	-	678	1,643	2,321	486
3/12/99	Ponte Vedra / Palm Valley Rd.	-	745	2,749	505	-	745	3,254	3,999	1,021
3/12/99	Miami Lakes / Nw 153rd St.	-	425	992	59	-	425	1,051	1,476	326
3/12/99	Deerfield Beach / Sw 10th St.	-	1,844	4,302	76	-	1,844	4,378	6,222	1,241
3/12/99	Apopka / S. Orange Blossom	-	307	717	145	-	307	862	1,169	288
3/12/99	Davie / University	-	313	4,379	128	-	313	4,507	4,820	1,274
3/12/99	Arlington / Division	-	998	2,328	84	-	997	2,413	3,410	693
3/12/99	Duncanville/S.Cedar Ridge	-	1,477	3,447	222	-	1,477	3,669	5,146	1,109
3/12/99	Carrollton / Trinity Mills West	-	530	1,237	88	-	530	1,325	1,855	413
3/12/99	Houston / Wallisville Rd.	-	744	1,736	75	-	744	1,811	2,555	536
3/12/99	Houston / Fondren South	-	647	1,510	128	-	647	1,638	2,285	482
3/12/99	Houston / Addicks Satsuma	-	409	954	126	-	409	1,080	1,489	341
3/12/99	Addison / Inwood Road	-	1,204	2,808	65	-	1,204	2,873	4,077	815
3/12/99	Garland / Jackson Drive	-	755	1,761	77	-	755	1,838	2,593	538
3/12/99	Garland / Buckingham Road	-	492	1,149	114	-	492	1,263	1,755	411
3/12/99	Houston / South Main	-	1,461	3,409	200	-	1,461	3,609	5,070	1,021
3/12/99	Plano / Parker Road-Avenue K	-	1,517	3,539	157	-	1,517	3,696	5,213	1,086
3/12/99	Houston / Bingle Road	-	576	1,345	127	-	576	1,472	2,048	461
3/12/99	Houston / Mangum Road	-	737	1,719	246	-	737	1,965	2,702	603
3/12/99	Houston / Hayes Road	-	916	2,138	121	-	916	2,259	3,175	657
3/12/99	Katy / Dominion Drive	-	995	2,321	52	-	995	2,373	3,368	677
3/12/99	Houston / Fm 1960 West	-	513	1,198	131	-	513	1,329	1,842	415

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3/12/99	Webster / Fm 528 Road	-	756	1,764	82	-	756	1,846	2,602	548
3/12/99	Houston / Loch Katrine Lane	-	580	1,352	139	-	580	1,491	2,071	436
3/12/99	Houston / Milwee St.	-	779	1,815	170	-	778	1,986	2,764	618
3/12/99	Lewisville / Highway 121	-	688	1,605	93	-	688	1,698	2,386	513
3/12/99	Richardson / Central Expressway	-	465	1,085	99	-	465	1,184	1,649	371
3/12/99	Houston / Hwy 6 South	-	569	1,328	67	-	569	1,395	1,964	406
3/12/99	Houston / Westheimer West	-	1,075	2,508	48	-	1,075	2,556	3,631	726
3/12/99	Ft. Worth / Granbury Road	-	763	1,781	63	-	763	1,844	2,607	534
3/12/99	Houston / New Castle	-	2,346	5,473	1,291	-	2,346	6,764	9,110	1,779
3/12/99	Dallas / Inwood Road	-	1,478	3,448	114	-	1,478	3,562	5,040	1,003
3/12/99	Fort Worth / Loop 820 North	-	729	1,702	117	-	729	1,819	2,548	546
3/12/99	Arlington / Cooper St	-	779	1,818	80	-	779	1,898	2,677	546
3/12/99	Webster / Highway 3	-	677	1,580	74	-	677	1,654	2,331	492
3/12/99	Augusta / Peach Orchard Rd	-	860	2,007	299	-	860	2,306	3,166	809
3/12/99	Martinez / Old Petersburg Rd	-	407	950	149	-	407	1,099	1,506	362
3/12/99	Jonesboro / Tara Blvd	-	785	1,827	284	-	784	2,112	2,896	687
3/12/99	Atlanta / Briarcliff Rd	-	2,171	5,066	251	-	2,171	5,317	7,488	1,576
3/12/99	Decatur / N Decatur Rd	-	933	2,177	261	-	933	2,438	3,371	728
3/12/99	Douglasville / Westmoreland	-	453	1,056	216	-	453	1,272	1,725	458
3/12/99	Doraville / Mcelroy Rd	-	827	1,931	247	-	827	2,178	3,005	723
3/12/99	Roswell / Alpharetta	-	1,772	4,135	198	-	1,772	4,333	6,105	1,252
3/12/99	Douglasville / Duralee Lane	-	533	1,244	160	-	533	1,404	1,937	441
3/12/99	Douglasville / Highway 5	-	804	1,875	466	-	804	2,341	3,145	884
3/12/99	Forest Park / Jonesboro	-	659	1,537	199	-	659	1,736	2,395	575
3/12/99	Marietta / Whitlock	-	1,016	2,370	198	-	1,016	2,568	3,584	777
3/12/99	Marietta / Cobb	-	727	1,696	478	-	727	2,174	2,901	665
3/12/99	Norcross / Jones Mill Rd	-	1,142	2,670	186	-	1,142	2,856	3,998	870
3/12/99	Norcross / Dawson Blvd	-	1,232	2,874	388	-	1,232	3,262	4,494	984
3/12/99	Forest Park / Old Dixie Hwy	-	895	2,070	353	-	889	2,429	3,318	777
3/12/99	Decatur / Covington	-	1,764	4,116	142	-	1,764	4,258	6,022	1,231

PUBLIC STORAGE, INC.
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Date Acquired	Description	Encum-brances	Initial Cost Land	Initial Cost Buildings & Improvements	Subsequent to Acquisition	Adjustments Resulting from the Acquisition of Minority interests	At December 31, 2005 Land	At December 31, 2005 Buildings	At December 31, 2005 Total	Accumulated Depreciation
		(Dollar amounts in thousands)								
3/12/99	Alpharetta / Maxwell Rd	-	1,075	2,509	139	-	1,075	2,648	3,723	764
3/12/99	Alpharetta / N. Main St	-	1,240	2,893	108	-	1,240	3,001	4,241	860
3/12/99	Atlanta / Bolton Rd	-	866	2,019	178	-	865	2,198	3,063	673
3/12/99	Riverdale / Georgia Hwy 85	-	1,075	2,508	175	-	1,075	2,683	3,758	778
3/12/99	Kennesaw / Rutledge Road	-	803	1,874	251	-	803	2,125	2,928	683
3/12/99	Lawrenceville / Buford Dr.	-	256	597	84	-	256	681	937	228
3/12/99	Hanover Park / W. Lake Street	-	1,320	3,081	180	-	1,320	3,261	4,581	947
3/12/99	Chicago / W. Jarvis Ave	-	313	731	79	-	313	810	1,123	271
3/12/99	Chicago / N. Broadway St	-	535	1,249	225	-	535	1,474	2,009	521
3/12/99	Carol Stream / Phillips Court	-	829	1,780	100	-	783	1,926	2,709	537
3/12/99	Winfield / Roosevelt Road	-	1,109	2,587	118	-	1,109	2,705	3,814	795
3/12/99	Schaumburg / S. Roselle Road	-	659	1,537	101	-	659	1,638	2,297	496
3/12/99	Tinley Park / Brennan Hwy	-	771	1,799	174	-	771	1,973	2,744	608
3/12/99	Schaumburg / Palmer Drive	-	1,333	3,111	157	-	1,333	3,268	4,601	943
3/12/99	Mobile / Hillcrest Road	-	554	1,293	144	-	554	1,437	1,991	464
3/12/99	Mobile / Azalea Road	-	517	1,206	156	-	517	1,362	1,879	444
3/12/99	Mobile / Moffat Road	-	537	1,254	120	-	537	1,374	1,911	444
3/12/99	Mobile / Grelot Road	-	804	1,877	176	-	804	2,053	2,857	619
3/12/99	Mobile / Government Blvd	-	407	950	116	-	407	1,066	1,473	340
3/12/99	New Orleans / Tchoupitoulas	-	1,092	2,548	173	-	1,092	2,721	3,813	869
3/12/99	Louisville / Breckenridge Lane	-	581	1,356	103	-	581	1,459	2,040	440
3/12/99	Louisville	-	554	1,292	134	-	554	1,426	1,980	459
3/12/99	Louisville / Poplar Level	-	463	1,080	147	-	463	1,227	1,690	411
3/12/99	Chesapeake / Western Branch	-	1,274	2,973	195	-	1,274	3,168	4,442	941
3/12/99	Centreville / Lee Hwy	-	1,650	3,851	190	-	1,636	4,055	5,691	1,187
3/12/99	Sterling / S. Sterling Blvd	-	1,282	2,992	186	-	1,282	3,178	4,460	941
3/12/99	Manassas / Sudley Road	-	776	1,810	214	-	776	2,024	2,800	627
3/12/99	Longmont / Wedgewood Ave	-	717	1,673	90	-	717	1,763	2,480	512
3/12/99	Fort Collins / So.College Ave	-	745	1,739	142	-	745	1,881	2,626	570
3/12/99	Colo Sprngs / Parkmoor Village	-	620	1,446	177	-	620	1,623	2,243	484

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		(Dollar amounts in thousands)								
3/12/99	Colo Sprngs / Van Teylingen	-	1,216	2,837	192	-	1,216	3,029	4,245	894
3/12/99	Denver / So. Clinton St.	-	462	1,609	93	-	462	1,702	2,164	492
3/12/99	Denver / Washington St.	-	795	1,846	395	-	792	2,244	3,036	662
3/12/99	Colo Sprngs / Centennial Blvd	-	1,352	3,155	94	-	1,352	3,249	4,601	920
3/12/99	Colo Sprngs / Astrozon Court	-	810	1,889	152	-	810	2,041	2,851	632
3/12/99	Arvada / 64th Ave	-	671	1,566	96	-	671	1,662	2,333	500
3/12/99	Golden / Simms Street	-	918	2,143	339	-	918	2,482	3,400	784
3/12/99	Lawrence / Haskell Ave	-	636	1,484	157	-	636	1,641	2,277	495
3/12/99	Overland Park / Hemlock St	-	1,168	2,725	132	-	1,168	2,857	4,025	827
3/12/99	Lenexa / Long St.	-	720	1,644	42	-	709	1,697	2,406	482
3/12/99	Shawnee / Hedge Lane Terrace	-	570	1,331	149	-	570	1,480	2,050	453
3/12/99	Mission / Foxridge Dr	-	1,657	3,864	178	-	1,656	4,043	5,699	1,176
3/12/99	Milwaukee / W. Dean Road	-	1,362	3,163	538	-	1,357	3,706	5,063	1,199
3/12/99	Columbus / Morse Road	-	1,415	3,302	556	-	1,415	3,858	5,273	1,193
3/12/99	Milford / Branch Hill	-	527	1,229	2,416	-	527	3,645	4,172	811
3/12/99	Fairfield / Dixie	-	519	1,211	113	-	519	1,324	1,843	397
3/12/99	Cincinnati / Western Hills	-	758	1,769	220	-	758	1,989	2,747	635
3/12/99	Austin / N. Mopac Expressway	-	865	2,791	75	-	865	2,866	3,731	758
3/12/99	Atlanta / Dunwoody Place	-	1,410	3,296	256	-	1,390	3,572	4,962	1,053
3/12/99	Kennedale/Bowman Sprgs	-	425	991	69	-	425	1,060	1,485	323
3/12/99	Colo Sprngs/N.Powers	-	1,124	2,622	204	-	1,124	2,826	3,950	866
3/12/99	St. Louis/S. Third St	-	206	480	15	-	206	495	701	141
3/12/99	Orlando / L.B. Mcleod Road	-	521	1,217	61	-	521	1,278	1,799	376
3/12/99	Jacksonville / Roosevelt Blvd.	-	851	1,986	301	-	851	2,287	3,138	794
3/12/99	Miami-Kendall / Sw 84th Street	-	935	2,180	126	-	935	2,306	3,241	717
3/12/99	North Miami Beach / 69th St	-	1,594	3,720	193	-	1,594	3,913	5,507	1,162
3/12/99	Miami Beach / Dade Blvd	-	962	2,245	283	-	962	2,528	3,490	794
3/12/99	Chicago / N. Natchez Ave	-	1,684	3,930	266	-	1,684	4,196	5,880	1,214
3/12/99	Chicago / W. Cermak Road	-	1,294	3,019	608	-	1,294	3,627	4,921	1,267
3/12/99	Kansas City / State Ave	-	645	1,505	209	-	645	1,714	2,359	557

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Date Acquired	Description	Encum-brances	Initial Cost Land	Initial Cost Buildings & Improvements	Subsequent to Acquisition	Adjustments Resulting from the Acquisition of Minority interests	At December 31, 2005 Land	At December 31, 2005 Buildings	At December 31, 2005 Total	Accumulated Depreciation
		(Dollar amounts in thousands)								
3/12/99	Lenexa / Santa Fe Trail Road	-	713	1,663	186	-	713	1,849	2,562	559
3/12/99	Waukesha / Foster Court	-	765	1,785	167	-	765	1,952	2,717	579
3/12/99	River Grove / N. 5th Ave.	-	1,094	2,552	30	-	1,034	2,642	3,676	1,001
3/12/99	St. Charles / E. Main St.	-	951	2,220	(292)	-	802	2,077	2,879	847
3/12/99	Chicago / West 47th St.	-	705	1,645	72	-	705	1,717	2,422	497
3/12/99	Carol Stream / S. Main Place	-	1,320	3,079	186	-	1,320	3,265	4,585	995
3/12/99	Carpentersville /N. Western Ave	-	911	2,120	144	-	909	2,266	3,175	679
3/12/99	Elgin / E. Chicago St.	-	570	2,163	103	-	570	2,266	2,836	638
3/12/99	Elgin / Big Timber Road	-	1,347	3,253	253	-	1,347	3,506	4,853	1,104
3/12/99	Chicago / S. Pulaski Road	-	458	2,118	300	-	458	2,418	2,876	664
3/12/99	Aurora / Business 30	-	900	2,097	153	-	899	2,251	3,150	683
3/12/99	Streamwood / Old Church Road	-	855	1,991	78	-	854	2,070	2,924	591
3/12/99	Mt. Prospect / Central Road	-	802	1,847	213	-	795	2,067	2,862	654
3/12/99	Geneva / Gary Ave	-	1,072	2,501	76	-	1,072	2,577	3,649	747
3/12/99	Naperville / Lasalle Ave	-	1,501	3,502	121	-	1,501	3,623	5,124	1,054
3/31/99	Forest Park	-	270	3,378	3,862	-	270	7,240	7,510	2,368
4/1/99	Fresno	-	44	206	(241)	804	193	620	813	177
5/1/99	Stockton	-	151	402	(256)	2,017	590	1,724	2,314	498
6/30/99	Winter Park/N. Semor	-	342	638	331	728	427	1,612	2,039	427
6/30/99	N. Richland Hills	-	455	769	278	832	569	1,765	2,334	520
6/30/99	Rolling Meadows/Lois	-	441	849	371	898	551	2,008	2,559	597
6/30/99	Gresham/Burnside	-	354	544	207	627	441	1,291	1,732	368
6/30/99	Jacksonville/University	-	211	741	244	700	263	1,633	1,896	483
6/30/99	Irving/W. Airport	-	419	960	216	857	524	1,928	2,452	530
6/30/99	Houston/Highway 6 So.	-	751	1,006	1,001	1,057	937	2,878	3,815	852
6/30/99	Concord/Arnold	-	827	1,553	484	1,874	1,031	3,707	4,738	1,146
6/30/99	Rockville/Gude Drive	-	602	768	389	880	751	1,888	2,639	557
6/30/99	Bradenton/Cortez Road	-	476	885	382	906	594	2,055	2,649	607
6/30/99	San Antonio/Nw Loop	-	511	786	209	855	638	1,723	2,361	470
6/30/99	Anaheim / La Palma	-	1,378	851	217	1,221	1,720	1,947	3,667	499

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		(Dollar amounts in thousands)								
6/30/99	Spring Valley/Sweetwater	-	271	380	5,058	416	356	5,769	6,125	544
6/30/99	Ft. Myers/Tamiami	-	948	962	325	1,208	1,184	2,259	3,443	605
6/30/99	Littleton/Centennial	-	421	804	301	812	526	1,812	2,338	522
6/30/99	Newark/Cedar Blvd	-	729	971	325	1,067	910	2,182	3,092	594
6/30/99	Falls Church/Columbia	-	901	975	327	1,141	1,126	2,218	3,344	622
6/30/99	Fairfax / Lee Highway	-	586	1,078	346	1,106	732	2,384	3,116	689
6/30/99	Wheat Ridge / W. 44th	-	480	789	271	831	599	1,772	2,371	525
6/30/99	Huntington Bch/Gotham	-	952	890	322	1,130	1,189	2,105	3,294	605
6/30/99	Fort Worth/McCart	-	372	942	180	703	464	1,733	2,197	372
6/30/99	San Diego/Clairemont	-	1,601	2,035	412	2,034	1,999	4,083	6,082	1,107
6/30/99	Houston/Millridge N.	-	1,160	1,983	281	2,433	1,449	4,408	5,857	1,193
6/30/99	Woodbridge/Jefferson	-	840	1,689	296	1,446	1,048	3,223	4,271	733
6/30/99	Mountainside	-	1,260	1,237	337	1,523	1,574	2,783	4,357	697
6/30/99	Woodbridge / Davis	-	1,796	1,623	478	1,996	2,243	3,650	5,893	1,058
6/30/99	Huntington Beach	-	1,026	1,437	149	1,450	1,282	2,780	4,062	721
6/30/99	Edison / Old Post Rd	-	498	1,267	329	1,175	622	2,647	3,269	733
6/30/99	Northridge/Parthenia	-	1,848	1,486	197	1,839	2,308	3,062	5,370	759
6/30/99	Brick Township/Brick	-	590	1,431	313	1,364	736	2,962	3,698	754
6/30/99	Stone Mountain/Rock	-	1,233	288	320	852	1,540	1,153	2,693	299
6/30/99	Hyattsville	-	768	2,186	270	1,919	959	4,184	5,143	1,075
6/30/99	Union City / Alvarado	-	992	1,776	223	1,690	1,239	3,442	4,681	871
6/30/99	Oak Park / Greenfield	-	621	1,735	218	1,490	775	3,289	4,064	855
6/30/99	Tujunga/Foothill Blvd	-	1,746	2,383	248	2,370	2,180	4,567	6,747	1,068
7/1/99	Pantego/W. Pioneer Pkwy	-	432	1,228	61	-	432	1,289	1,721	223
7/1/99	Nashville/Lafayette St	-	486	1,135	217	-	486	1,352	1,838	453
7/1/99	Nashville/Metroplex Dr	-	380	886	143	-	379	1,030	1,409	358
7/1/99	Madison / Myatt Dr	-	441	1,028	108	-	441	1,136	1,577	361
7/1/99	Hixson / Highway 153	-	488	1,138	224	-	487	1,363	1,850	466
7/1/99	Hixson / Gadd Rd	-	207	484	342	-	207	826	1,033	357
7/1/99	Red Bank / Harding Rd	-	452	1,056	183	-	452	1,239	1,691	432

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		(Dollar amounts in thousands)								
7/1/99	Nashville/Welshwood Dr	-	934	2,179	219	-	934	2,398	3,332	747
7/1/99	Madison/Williams Ave	-	1,318	3,076	501	-	1,318	3,577	4,895	1,103
7/1/99	Nashville/Mcnally Dr	-	884	2,062	509	-	884	2,571	3,455	903
7/1/99	Hermitage/Central Ct	-	646	1,508	173	-	646	1,681	2,327	536
7/1/99	Antioch/Cane Ridge Rd	-	353	823	184	-	352	1,008	1,360	347
9/1/99	Charlotte / Ashley Road	-	664	1,551	39	-	651	1,603	2,254	464
9/1/99	Raleigh / Capital Blvd	-	927	2,166	217	-	909	2,401	3,310	675
9/1/99	Charlotte / South Blvd.	-	734	1,715	39	-	719	1,769	2,488	521
9/1/99	Greensboro/W.Market St.	-	603	1,409	53	-	591	1,474	2,065	436
10/8/99	Belmont / O'neill Ave	-	869	4,659	167	-	878	4,817	5,695	1,338
10/11/99	Matthews	-	937	3,165	256	1,665	1,500	4,523	6,023	814
11/15/99	Poplar, Memphis	-	1,631	3,093	316	2,201	2,378	4,863	7,241	824
12/17/99	Dallas / Swiss Ave	-	1,862	4,344	149	-	1,878	4,477	6,355	1,270
12/30/99	Oak Park/Greenfield Rd	-	1,184	3,685	(95)	-	1,196	3,578	4,774	935
12/30/99	Santa Anna	-	2,657	3,293	462	3,083	3,705	5,790	9,495	882
1/21/00	Hanover Park	-	262	3,104	69	-	256	3,179	3,435	715
1/25/00	Memphis / N.Germantwn Pkwy	-	884	3,024	194	1,237	1,301	4,038	5,339	774
1/31/00	Rowland Heights/Walnut	-	681	1,589	117	-	688	1,699	2,387	471
2/8/00	Lewisville / Justin Rd	-	529	2,919	2,772	1,585	1,680	6,125	7,805	802
2/28/00	Plano / Avenue K	-	2,064	10,407	1,781	-	1,221	13,031	14,252	5,582
4/1/00	Hyattsville/Edmonson	-	1,036	2,657	61	-	1,036	2,718	3,754	670
4/29/00	St.Louis/Ellisville Twn Centre	-	765	4,377	292	1,621	1,312	5,743	7,055	1,064
5/2/00	Mill Valley	-	1,412	3,294	(367)	-	1,283	3,056	4,339	779
5/2/00	Culver City	-	2,439	5,689	(656)	-	2,217	5,255	7,472	1,326
5/26/00	Phoenix/N. 35th Ave	-	868	2,967	54	-	867	3,022	3,889	604
6/5/00	Mount Sinai / Route 25a	-	950	3,338	287	1,923	1,600	4,898	6,498	814
6/15/00	Pinellas Park	-	526	2,247	271	1,100	887	3,257	4,144	472
6/30/00	San Antonio/Broadway St	-	1,131	4,558	1,262	-	1,131	5,820	6,951	1,227
7/13/00	Lincolnwood	-	1,598	3,727	344	-	1,613	4,056	5,669	1,081
7/17/00	La Palco/New Orleans	-	1,023	3,204	111	1,709	1,609	4,438	6,047	603

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		(Dollar amounts in thousands)								
7/29/00	Tracy/1615& 1650 W.11th S	-	1,745	4,530	320	-	1,762	4,833	6,595	1,198
8/1/00	Pineville	-	2,197	3,417	348	2,262	2,965	5,259	8,224	860
8/23/00	Morris Plains	-	1,501	4,300	636	3,596	2,720	7,313	10,033	1,002
8/31/00	Florissant/New Halls Fry	-	800	4,225	92	-	807	4,310	5,117	1,066
8/31/00	Orange, CA	-	661	1,542	54	-	667	1,590	2,257	394
9/1/00	Bayshore, NY	-	1,277	2,980	1,564	-	1,533	4,288	5,821	1,039
9/1/00	Los Angeles, CA	-	590	1,376	517	-	708	1,775	2,483	489
9/13/00	Merrillville	-	343	2,474	213	1,449	832	3,647	4,479	567
9/15/00	Gardena / W. El Segundo	-	1,532	3,424	125	-	1,532	3,549	5,081	740
9/15/00	Chicago / Ashland Avenue	-	850	4,880	361	-	850	5,241	6,091	1,130
9/15/00	Oakland / Macarthur	-	678	2,751	151	-	678	2,902	3,580	619
9/15/00	Alexandria / Pickett Ii	-	2,743	6,198	369	-	2,743	6,567	9,310	1,331
9/15/00	Royal Oak / Coolidge Highway	-	1,062	2,576	155	-	1,062	2,731	3,793	580
9/15/00	Hawthorne / Crenshaw Blvd.	-	1,079	2,913	149	-	1,079	3,062	4,141	639
9/15/00	Rockaway / U.S. Route 46	-	2,424	4,945	271	-	2,424	5,216	7,640	1,088
9/15/00	Evanston / Greenbay	-	846	4,436	190	-	846	4,626	5,472	941
9/15/00	Los Angeles / Coliseum	-	3,109	4,013	173	-	3,109	4,186	7,295	826
9/15/00	Bethpage / Hempstead Turnpike	-	2,899	5,457	861	-	2,899	6,318	9,217	1,252
9/15/00	Northport / Fort Salonga Road	-	2,999	5,698	279	-	2,998	5,978	8,976	1,211
9/15/00	Brooklyn / St. Johns Place	-	3,492	6,026	296	-	3,492	6,322	9,814	1,222
9/15/00	Lake Ronkonkoma / Portion Rd.	-	937	4,199	165	-	937	4,364	5,301	869
9/15/00	Tampa/Gunn Hwy	-	1,843	4,300	87	-	1,843	4,387	6,230	966
9/18/00	Tampa/N. Del Mabry	-	2,204	2,447	7,533	-	2,225	9,959	12,184	3,593
9/30/00	Marietta/Kennestone& Hwy5	-	622	3,388	1,409	-	628	4,791	5,419	1,015
9/30/00	Lilburn/Indian Trail	-	1,695	5,170	1,649	-	1,712	6,802	8,514	1,352
11/15/00	Largo/Missouri	-	1,092	4,270	293	2,215	1,838	6,032	7,870	937
11/21/00	St. Louis/Wilson	-	1,608	3,913	1,931	-	1,628	5,824	7,452	1,163
12/21/00	Houston/7715 Katy Frwy	-	2,274	5,307	(2,514)	-	1,500	3,567	5,067	557
12/21/00	Houston/10801 Katy Frwy	-	1,664	3,884	(41)	-	1,618	3,889	5,507	692
12/21/00	Houston/Main St	-	1,681	3,924	105	-	1,684	4,026	5,710	724

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		(Dollar amounts in thousands)								
12/21/00	Houston/W. Loop/S. Frwy	-	2,036	4,749	117	-	2,038	4,864	6,902	875
12/29/00	Chicago	-	1,946	6,002	37	-	1,949	6,036	7,985	1,210
12/30/00	Raleigh/Glenwood	-	1,545	3,628	116	-	1,560	3,729	5,289	840
12/30/00	Frazier	-	800	3,324	43	-	800	3,367	4,167	566
1/5/01	Troy/E. Big Beaver Rd	-	2,195	4,221	260	1,846	2,821	5,701	8,522	877
1/11/01	Ft Lauderdale	-	954	3,972	387	2,183	1,746	5,750	7,496	852
1/16/01	No Hollywood/Sherman Way	-	2,173	5,442	56	-	2,175	5,496	7,671	1,220
1/18/01	Tuscon/E. Speedway	-	735	2,895	177	1,066	1,095	3,778	4,873	614
1/25/01	Lombard/Finley	-	851	3,806	405	2,112	1,565	5,609	7,174	835
3/15/01	Los Angeles/West Pico	-	8,579	8,630	2,513	-	8,610	11,112	19,722	2,120
4/1/01	Lakewood/Cedar Dr.	-	1,329	9,356	3,751	-	1,331	13,105	14,436	2,311
4/7/01	Farmingdale/Rte 110	-	2,364	5,807	10	-	2,378	5,803	8,181	1,159
4/17/01	Philadelphia/Aramingo	-	968	4,539	26	-	968	4,565	5,533	861
4/18/01	Largo/Walsingham Road	-	1,000	3,545	(241)	-	800	3,504	4,304	668
6/17/01	Port Washington/Seaview &W.Sh	-	2,381	4,608	1,792	-	2,359	6,422	8,781	900
6/18/01	Silver Springs/Prosperity	-	1,065	5,391	1,731	-	1,065	7,122	8,187	1,048
6/19/01	Tampa/W. Waters Ave & Wilsky	-	953	3,785	23	-	954	3,807	4,761	695
6/26/01	Middletown	-	1,535	4,258	463	2,258	2,295	6,219	8,514	831
7/29/01	Miami/Sw 85th Ave	-	2,755	4,951	(12)	-	2,731	4,963	7,694	890
8/28/01	Hoover/John Hawkins Pkwy	-	1,050	2,453	43	-	1,051	2,495	3,546	453
9/30/01	Syosset	-	2,461	5,312	227	1,855	3,090	6,765	9,855	924
12/27/01	Los Angeles/W.Jefferson	-	8,285	9,429	902	-	8,300	10,316	18,616	1,701
12/27/01	Howell/Hgwy 9	-	941	4,070	269	1,260	1,365	5,175	6,540	719
12/29/01	Catonsville/Kent	-	1,378	5,289	2,623	-	1,378	7,912	9,290	1,094
12/29/01	Old Bridge/Rte 9	-	1,244	4,960	(10)	-	1,250	4,944	6,194	802
12/29/01	Sacremento/Roseville	-	876	5,344	1,936	-	526	7,630	8,156	1,129
12/31/01	Santa Ana/E.Mcfadden	-	7,587	8,612	1,027	-	7,601	9,625	17,226	1,617
1/1/02	Concord	-	650	1,332	64	-	650	1,396	2,046	345
1/1/02	Tustin	-	962	1,465	(13)	-	963	1,451	2,414	390
1/1/02	Pasadena/Sierra Madre	-	706	872	45	-	706	917	1,623	229

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Date Acquired	Description	Encum-brances	Initial Cost Land	Initial Cost Buildings & Improvements	Subsequent to Acquisition	Adjustments Resulting from the Acquisition of Minority interests	At December 31, 2005 Land	At December 31, 2005 Buildings	At December 31, 2005 Total	Accumulated Depreciation
		(Dollar amounts in thousands)								
1/1/02	Azusa	-	933	1,659	4,967	-	932	6,627	7,559	838
1/1/02	Redlands	-	423	1,202	171	-	422	1,374	1,796	338
1/1/02	Airport I	-	346	861	35	-	347	895	1,242	227
1/1/02	Miami / Marlin Road	-	562	1,345	13	-	562	1,358	1,920	350
1/1/02	Riverside	-	95	1,106	(1)	-	94	1,106	1,200	295
1/1/02	Oakland / San Leandro	-	330	1,116	60	-	330	1,176	1,506	304
1/1/02	Richmond / Jacuzzi	-	419	1,224	(3)	-	419	1,221	1,640	317
1/1/02	Santa Clara / Laurel	-	1,178	1,789	57	-	1,179	1,845	3,024	485
1/1/02	Pembroke Park	-	475	1,259	(50)	-	475	1,209	1,684	321
1/1/02	Ft. Lauderdale / Sun	-	452	1,254	(58)	-	452	1,196	1,648	314
1/1/02	San Carlos / Shorewa	-	737	1,360	(35)	-	737	1,325	2,062	356
1/1/02	Ft. Lauderdale / Sun	-	532	1,444	2	-	533	1,445	1,978	384
1/1/02	Sacramento / Howe	-	361	1,181	1	-	361	1,182	1,543	303
1/1/02	Sacramento / Capitol	-	186	1,284	(16)	-	186	1,268	1,454	329
1/1/02	Miami / Airport	-	517	915	30	-	517	945	1,462	270
1/1/02	Marietta / Cobb Park	-	419	1,571	39	-	420	1,609	2,029	465
1/1/02	Sacramento / Florin	-	624	1,710	84	-	623	1,795	2,418	533
1/1/02	Belmont / Dairy Lane	-	915	1,252	45	-	914	1,298	2,212	376
1/1/02	So. San Francisco	-	1,018	2,464	103	-	1,019	2,566	3,585	753
1/1/02	Palmdale / P Street	-	218	1,287	37	-	218	1,324	1,542	383
1/1/02	Tucker / Montreal Rd	-	760	1,485	66	-	759	1,552	2,311	445
1/1/02	Pasadena / S Fair Oaks	-	1,313	1,905	72	-	1,312	1,978	3,290	560
1/1/02	Carmichael/Fair Oaks	-	584	1,431	12	-	584	1,443	2,027	409
1/1/02	Carson / Carson St	-	507	877	89	-	506	967	1,473	270
1/1/02	San Jose / Felipe Ave	-	517	1,482	31	-	516	1,514	2,030	481
1/1/02	Miami / 27th Ave	-	272	1,572	47	-	271	1,620	1,891	484
1/1/02	San Jose / Capitol	-	400	1,183	16	-	401	1,198	1,599	349
1/1/02	Tucker / Mountain	-	519	1,385	58	-	520	1,442	1,962	433
1/3/02	St Charles/Veterans Memorial Pkwy	-	687	1,602	142	-	687	1,744	2,431	334
1/7/02	Bothell/ N. Bothell Way	-	1,063	4,995	150	-	1,063	5,145	6,208	819

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		(Dollar amounts in thousands)								
1/15/02	Houston / N.Loop	-	2,045	6,178	1,885	-	2,045	8,063	10,108	994
1/16/02	Orlando / S. Kirkman	-	889	3,180	41	-	889	3,221	4,110	542
1/16/02	Austin / Us Hwy 183	-	608	3,856	23	-	608	3,879	4,487	658
1/16/02	Rochelle Park / 168	-	744	4,430	30	-	744	4,460	5,204	742
1/16/02	Honolulu / Waialae	-	10,631	10,783	152	-	10,631	10,935	21,566	1,833
1/16/02	Sunny Isles Bch	-	931	2,845	(7)	-	931	2,838	3,769	479
1/16/02	San Ramon / San Ramo	-	1,522	3,510	38	-	1,522	3,548	5,070	587
1/16/02	Austin / W. 6th St	-	2,399	4,493	255	-	2,399	4,748	7,147	859
1/16/02	Schaumburg / W. Wise	-	1,158	2,598	24	-	1,158	2,622	3,780	439
1/16/02	Laguna Hills / Moulton	-	2,319	5,200	153	-	2,319	5,353	7,672	954
1/16/02	Annapolis / West St	-	955	3,669	32	-	955	3,701	4,656	625
1/16/02	Birmingham / Commons	-	1,125	3,938	105	-	1,125	4,043	5,168	675
1/16/02	Crestwood / Watson Rd	-	1,232	3,093	2	-	1,232	3,095	4,327	514
1/16/02	Northglenn /Huron St	-	688	2,075	29	-	688	2,104	2,792	359
1/16/02	Skokie / Skokie Blvd	-	716	5,285	31	-	716	5,316	6,032	912
1/16/02	Garden City / Stewart	-	1,489	4,039	26	-	1,489	4,065	5,554	677
1/16/02	Millersville / Veterans	-	1,036	4,229	22	-	1,036	4,251	5,287	747
1/16/02	W. Babylon / Sunrise	-	1,609	3,959	33	-	1,609	3,992	5,601	668
1/16/02	Memphis / Summer Ave	-	1,103	2,772	12	-	1,103	2,784	3,887	461
1/16/02	Santa Clara/Lafayette	-	1,393	4,626	9	-	1,393	4,635	6,028	764
1/16/02	Naperville / Washington	-	2,712	2,225	445	-	2,712	2,670	5,382	413
1/16/02	Phoenix/W Union Hills	-	1,071	2,934	26	-	1,065	2,966	4,031	504
1/16/02	Woodlawn / Whitehead	-	2,682	3,355	29	-	2,682	3,384	6,066	598
1/16/02	Issaquah / Pickering	-	1,138	3,704	22	-	1,137	3,727	4,864	621
1/16/02	West La /W Olympic	-	6,532	5,975	53	-	6,532	6,028	12,560	1,013
1/16/02	New Orleans/I-10	-	1,286	3,380	(1,934)	-	1,292	1,440	2,732	240
1/16/02	Pasadena / E. Colorado	-	1,125	5,160	49	-	1,125	5,209	6,334	860
1/16/02	Memphis / Covington	-	620	3,076	5	-	620	3,081	3,701	513
1/16/02	Hiawassee / N.Hiawassee	-	1,622	1,892	56	-	1,622	1,948	3,570	332
1/16/02	Longwood / State Rd	-	2,123	3,083	88	-	2,123	3,171	5,294	571

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		(Dollar amounts in thousands)								
1/16/02	Casselberry / State	-	1,628	3,308	19	-	1,628	3,327	4,955	551
1/16/02	Honolulu/Kahala	-	3,722	8,525	52	-	3,722	8,577	12,299	1,416
1/16/02	Waukegan / Greenbay	-	933	3,826	19	-	933	3,845	4,778	634
1/16/02	Southfield / Telegraph	-	2,869	5,507	110	-	2,869	5,617	8,486	916
1/16/02	San Mateo / S. Delaware	-	1,921	4,602	36	-	1,921	4,638	6,559	760
1/16/02	Scottsdale/N.Hayden	-	2,111	3,564	23	-	2,113	3,585	5,698	602
1/16/02	Gilbert/W Park Ave	-	497	3,534	2	-	497	3,536	4,033	588
1/16/02	W.Palm Beach/Okeechobee	-	2,149	4,650	(391)	-	2,149	4,259	6,408	614
1/16/02	Indianapolis / W.86th	-	812	2,421	2	-	812	2,423	3,235	400
1/16/02	Indianapolis / Madison	-	716	2,655	23	-	716	2,678	3,394	441
1/16/02	Indianapolis / Rockville	-	704	2,704	3	-	704	2,707	3,411	446
1/16/02	Santa Cruz / River	-	2,148	6,584	66	-	2,148	6,650	8,798	1,079
1/16/02	Novato / Rush Landing	-	1,858	2,574	10	-	1,858	2,584	4,442	427
1/16/02	Martinez / Arnold Dr	-	847	5,422	16	-	847	5,438	6,285	876
1/16/02	Charlotte/Cambridge	-	836	3,908	6	-	836	3,914	4,750	651
1/16/02	Rancho Cucamonga	-	579	3,222	3,356	-	1,130	6,027	7,157	562
1/16/02	Renton / Kent	-	768	4,078	37	-	768	4,115	4,883	683
1/16/02	Hawthorne / Goffle Rd	-	2,414	4,918	5	-	2,413	4,924	7,337	805
2/2/02	Nashua / Southwood Dr	-	2,493	4,326	168	-	2,493	4,494	6,987	703
2/15/02	Houston/Fm 1960 East	-	859	2,004	55	-	859	2,059	2,918	334
3/7/02	Baltimore / Russell Street	-	1,763	5,821	190	-	1,763	6,011	7,774	927
3/11/02	Weymouth / Main St	-	1,440	4,433	152	-	1,440	4,585	6,025	707
3/28/02	Clinton / Branch Ave & Schultz	-	1,257	4,108	449	3,253	2,358	6,709	9,067	717
4/17/02	La Mirada/Alondra	-	1,749	5,044	346	2,443	2,575	7,007	9,582	807
5/1/02	N.Richlnd Hls/Rufe Snow Dr	-	632	6,337	2,287	-	632	8,624	9,256	1,120
5/2/02	Parkville/E.Joppa	-	898	4,306	132	-	898	4,438	5,336	654
6/17/02	Waltham / Lexington St	-	3,183	5,733	278	-	3,187	6,007	9,194	844
6/30/02	Nashville / Charlotte	-	876	2,004	88	-	876	2,092	2,968	320
7/2/02	Mt Juliet / Lebonan Rd	-	516	1,203	70	-	516	1,273	1,789	200
7/14/02	Yorktown / George Washington	-	707	1,684	39	-	707	1,723	2,430	262

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		(Dollar amounts in thousands)								
7/22/02	Brea/E. Lambert & Clifwood Pk	-	2,114	3,555	147	-	2,113	3,703	5,816	520
8/1/02	Bricktown/Route 70	-	1,292	3,690	176	-	1,293	3,865	5,158	537
8/1/02	Danvers / Newbury St.	-	1,311	4,140	593	-	1,312	4,732	6,044	611
8/15/02	Montclair / Holt Blvd.	-	889	2,074	196	-	889	2,270	3,159	384
8/21/02	Rockville Centre/Merrick Rd	-	3,693	6,990	362	-	3,692	7,353	11,045	995
9/13/02	Lacey / Martin Way	-	1,379	3,217	61	-	1,379	3,278	4,657	283
9/13/02	Lakewood / Bridgeport	-	1,286	3,000	83	-	1,286	3,083	4,369	277
9/13/02	Kent / Pacific Highway	-	1,839	4,291	130	-	1,839	4,421	6,260	399
11/4/02	Scotch Plains /Route 22	-	2,124	5,072	50	-	2,126	5,120	7,246	701
12/23/02	Snta Clarita/Viaprincssa	-	2,508	3,008	3,562	-	2,508	6,570	9,078	644
2/13/03	Pasadena / Ritchie Hwy	-	2,253	4,218	10	-	2,253	4,228	6,481	494
2/13/03	Malden / Eastern Ave	-	3,212	2,739	41	-	3,212	2,780	5,992	312
2/24/03	Miami / SW 137th Ave	-	1,600	4,684	(292)	-	1,600	4,392	5,992	507
3/3/03	Chantilly / Dulles South Court	-	2,190	4,314	26	-	2,190	4,340	6,530	469
3/6/03	Medford / Mystic Ave	-	3,886	4,982	19	-	3,886	5,001	8,887	536
5/27/03	Castro Valley / Grove Way	-	2,247	5,881	917	-	2,307	6,738	9,045	687
8/2/03	Sacramento / E.Stockton Blvd	-	554	4,175	31	-	554	4,206	4,760	463
8/13/03	Timonium / W. Padonia Road	-	1,932	3,681	27	-	1,932	3,708	5,640	374
8/21/03	Van Nuys / Sepulveda	-	1,698	3,886	2,406	-	1,699	6,291	7,990	362
9/9/03	Westwood / East St	-	3,267	5,013	281	-	3,281	5,280	8,561	531
10/21/03	San Diego / Miramar Road	-	2,244	6,653	656	-	2,244	7,309	9,553	682
11/3/03	El Sobrante/San Pablo	-	1,255	4,990	795	-	1,257	5,783	7,040	506
11/6/03	Pearl City / Kamehameha Hwy	-	4,428	4,839	479	-	4,430	5,316	9,746	481
12/23/03	Boston / Southampton Street	-	5,334	7,511	789	-	5,345	8,289	13,634	673
1/9/04	Farmingville / Horseblock Road	-	1,919	4,420	(115)	-	1,919	4,305	6,224	348
2/27/04	Salem / Goodhue St.	-	1,544	6,160	52	-	1,544	6,212	7,756	457
3/18/04	Seven Corners / Arlington Blvd.	-	6,087	7,553	(290)	-	6,086	7,264	13,350	505
6/30/04	Marlton / Route 73	-	1,103	5,195	15	-	1,103	5,210	6,313	321
7/1/04	Long Island City/Northern Blvd.	-	4,876	7,610	(246)	-	4,876	7,364	12,240	468
7/9/04	West Valley Cty/Redwood	1,999	876	2,067	47	-	883	2,107	2,990	130

PUBLIC STORAGE, INC.
SCHEDULE III – REAL ESTATE
AND ACCUMULATED DEPRECIATION

Date Acquired	Description	Encum-brances	Initial Cost: Land	Initial Cost: Buildings & Improvements	Subsequent to Acquisition	Adjustments Resulting from the Acquisition of Minority interests	At December 31, 2005: Land	At December 31, 2005: Buildings	At December 31, 2005: Total	Accumulated Depreciation
		(Dollar amounts in thousands)								
7/12/04	Hicksville/E. Old Country Rd.	-	1,693	3,910	145	-	1,693	4,055	5,748	228
7/15/04	Harwood/Ronald	-	1,619	3,778	36	-	1,619	3,814	5,433	221
9/24/04	E. Hanover/State Rt	-	3,895	4,943	233	-	3,895	5,176	9,071	257
10/14/04	Apple Valley/148th St	774	591	1,375	27	-	592	1,401	1,993	67
10/14/04	Blaine / Hwy 65 NE	1,029	789	1,833	27	-	790	1,859	2,649	88
10/14/04	Brooklyn Park / Lakeland Ave	1,846	1,411	3,278	66	-	1,413	3,342	4,755	158
10/14/04	Brooklyn Park / Xylon Ave	1,464	1,120	2,601	49	-	1,121	2,649	3,770	126
10/14/04	St Paul(Eagan)/Sibley Mem'l Hwy	800	615	1,431	16	-	616	1,446	2,062	68
10/14/04	Maple Grove / Zachary Lane	1,738	1,337	3,105	34	-	1,338	3,138	4,476	148
10/14/04	Minneapolis / Hiawatha Ave	1,930	1,480	3,437	53	-	1,482	3,488	4,970	165
10/14/04	New Hope / 36th Ave	1,734	1,332	3,094	40	-	1,333	3,133	4,466	148
10/14/04	Rosemount / Chippendale Ave	1,130	864	2,008	39	-	865	2,046	2,911	98
10/14/04	St Cloud/Franklin	752	575	1,338	24	-	576	1,361	1,937	65
10/14/04	Savage / W 128th St	1,988	1,522	3,535	62	-	1,524	3,595	5,119	169
10/14/04	Spring Lake Park/Hwy 65 NE	1,998	1,534	3,562	50	-	1,535	3,611	5,146	169
10/14/04	St Paul / Terrace Court	1,473	1,122	2,606	67	-	1,123	2,672	3,795	126
10/14/04	St Paul / Eaton St	1,521	1,161	2,698	60	-	1,163	2,756	3,919	130
10/14/04	St Paul-Hartzell / Wabash Ave	-	1,207	2,816	68	-	1,207	2,884	4,091	138
10/14/04	West St Paul / Marie Ave	1,888	1,447	3,361	56	-	1,449	3,415	4,864	160
10/14/04	Stillwater / Memorial Ave	2,175	1,669	3,876	57	-	1,671	3,931	5,602	185
10/14/04	St Paul(VadnaisHts/Birch Lake Rd	1,212	928	2,157	37	-	929	2,193	3,122	102
10/14/04	Woodbury / Hudson Road	2,429	1,863	4,327	67	-	1,865	4,392	6,257	206
10/14/04	Brown Deer / N Green Bay Rd	1,382	1,059	2,461	40	-	1,061	2,499	3,560	117
10/14/04	Germantown / Spaten Court	797	607	1,411	34	-	608	1,444	2,052	67
10/14/04	Milwaukee/ N 77th St	1,618	1,241	2,882	44	-	1,242	2,925	4,167	137
10/14/04	Milwaukee/ S 13th St	1,933	1,484	3,446	48	-	1,486	3,492	4,978	164
10/14/04	Oak Creek / S 27th St	980	751	1,746	27	-	752	1,772	2,524	83
10/14/04	Waukesha / Arcadian Ave	2,170	1,665	3,868	56	-	1,667	3,922	5,589	184
10/14/04	West Allis / W Lincoln Ave	1,806	1,390	3,227	34	-	1,391	3,260	4,651	153
10/14/04	Garland / O'Banion Rd	1,372	606	1,414	33	-	608	1,445	2,053	60

PUBLIC STORAGE, INC.
SCHEDULE III – REAL ESTATE
AND ACCUMULATED DEPRECIATION

Date Acquired	Description	Encum-brances	Initial Cost: Land	Initial Cost: Buildings & Improvements	Subsequent to Acquisition	Adjustments Resulting from the Acquisition of Minority interests	At December 31, 2005: Land	At December 31, 2005: Buildings	At December 31, 2005: Total	Accumulated Depreciation
		(Dollar amounts in thousands)								
10/14/04	Grand Prairie/ Hwy360	2,120	942	2,198	30	-	944	2,226	3,170	91
10/14/04	Duncanville/N Duncnvill	3,424	1,524	3,556	41	-	1,526	3,595	5,121	147
10/14/04	Lancaster/ W Pleasant	2,237	993	2,317	35	-	995	2,350	3,345	96
10/14/04	Mesquite / Oates Dr	2,111	937	2,186	35	-	939	2,219	3,158	91
10/14/04	Dallas / E NW Hwy	2,127	942	2,198	40	-	944	2,236	3,180	92
11/24/04	Pompano Beach/E. Sample	4,729	1,608	3,754	73	-	1,621	3,814	5,435	165
11/24/04	Davie / SW 41st St.	6,104	2,467	5,758	86	-	2,467	5,844	8,311	252
11/24/04	North Bay Village/Kennedy	6,697	3,275	7,644	53	-	3,274	7,698	10,972	334
11/24/04	Miami / Biscayne Blvd	6,636	3,538	8,258	(44)	-	3,538	8,214	11,752	357
11/24/04	Miami Gardens/NW 57th St	6,645	2,706	6,316	19	-	2,706	6,335	9,041	274
11/24/04	Tamarac/ N University Dr	6,465	2,580	6,022	(6)	-	2,580	6,016	8,596	261
11/24/04	Miami / SW 31st Ave	14,228	11,574	27,009	118	-	11,573	27,128	38,701	1,177
11/24/04	Hialeah / W 20th Ave	5,555	2,224	5,192	(7)	-	2,224	5,185	7,409	229
11/24/04	Miami / SW 42nd St	7,402	2,955	6,897	33	-	2,955	6,930	9,885	305
11/24/04	Miami / SW 40th St	7,347	2,933	6,844	16	-	2,933	6,860	9,793	300
11/25/04	Carlsbad/CorteDelAbeto	-	2,861	6,676	1,339	-	2,861	8,015	10,876	344
1/19/05	Cheektowaga / William St	-	965	2,262	34	-	965	2,296	3,261	86
1/19/05	Amherst / Millersport Hwy	-	1,431	3,350	13	-	1,431	3,363	4,794	127
1/19/05	Lancaster / Walden Ave	-	528	1,244	19	-	528	1,263	1,791	47
1/19/05	Tonawanda/HospitalityCentreWay	-	1,205	2,823	20	-	1,205	2,843	4,048	107
1/19/05	Wheatfield / Niagara Falls Blv	-	1,130	2,649	24	-	1,130	2,673	3,803	101
1/20/05	Oak Lawn / Southwest Hwy	-	1,850	4,330	63	-	1,850	4,393	6,243	164
2/25/05	Owings Mills / Reisterstown Rd	-	887	3,865	-	-	887	3,865	4,752	131
4/26/05	Hoboken / 8th St	-	3,963	9,290	2	-	3,963	9,292	13,255	254
5/3/05	Bayville / 939 Route 9	-	1,928	4,519	14	-	1,928	4,533	6,461	120
5/3/05	Bricktown / Burnt Tavern Rd	-	3,522	8,239	12	-	3,522	8,251	11,773	218
5/3/05	JacksonTwnshp/N.County Line Rd	-	1,555	3,647	15	-	1,555	3,662	5,217	97
5/16/05	Methuen / Pleasant Valley St	-	2,263	4,540	-	-	2,263	4,540	6,803	115
5/19/05	Libertyville / Kelley Crt	-	2,042	4,783	20	-	2,042	4,803	6,845	121
5/19/05	Joliet / Essington	-	1,434	3,367	46	-	1,434	3,413	4,847	85

PUBLIC STORAGE, INC.
SCHEDULE III – REAL ESTATE
AND ACCUMULATED DEPRECIATION

Date Acquired	Description	Encum-brances	Initial Cost Land	Initial Cost Buildings & Improvements	Subsequent to Acquisition	Adjustments Resulting from the Acquisition of Minority interests	At December 31, 2005 Land	At December 31, 2005 Buildings	At December 31, 2005 Total	Accumulated Depreciation
		(Dollar amounts in thousands)								
6/15/05	Atlanta/Howell Mill Rd NW	-	1,864	4,363	18	-	1,864	4,381	6,245	96
6/15/05	Smyrna / Herodian Way SE	-	1,294	3,032	28	-	1,294	3,060	4,354	66
7/7/05	Lithonia / Minola Dr	-	1,273	2,985	36	-	1,273	3,021	4,294	58
7/13/05	Kennesaw / Bells Ferry Rd NW	-	1,264	2,976	18	-	1,264	2,994	4,258	56
7/27/05	Atlanta / Monroe Dr NE	-	2,914	6,829	-	-	2,914	6,829	9,743	117
8/11/05	Suwanee / Old Peachtree Rd NE	-	1,914	4,497	7	-	1,914	4,504	6,418	60
9/7/05	Brandon / Providence Rd	-	2,592	6,067	3	-	2,592	6,070	8,662	76
9/15/05	Woodstock / Hwy 92	-	1,251	2,935	25	-	1,251	2,960	4,211	30
9/22/05	Charlotte / W. Arrowood Rd	-	1,426	3,335	4	-	1,426	3,339	4,765	34
10/4/05	Jacksonville Beach / Beach Bl	-	2,552	5,981	3	-	2,552	5,984	8,536	58
10/5/05	Bronx / Brush Ave	-	4,517	10,581	-	-	4,517	10,581	15,098	101
10/11/05	Austin / E. Ben White Blvd	-	213	3,461	-	-	213	3,461	3,674	267
10/12/05	Deerfield Beach/S. Powerline R	-	3,365	7,874	-	-	3,365	7,874	11,239	69
10/14/05	Cooper City / Sheridan St	-	3,035	7,092	-	-	3,035	7,092	10,127	61
10/19/05	Staten Island / Veterans Rd W.	-	3,599	8,430	-	-	3,599	8,430	12,029	67
10/19/05	Pittsburg / LoveridgeCenter	-	3,602	8,448	1	-	3,602	8,449	12,051	68
10/21/05	Norristown / W.Main St	-	1,465	4,818	-	-	1,465	4,818	6,283	37
11/1/05	Miller Place / Route 25A	-	2,757	6,459	-	-	2,757	6,459	9,216	42
11/17/05	Miami / Biscayne Blvd (Omni)	-	7,434	17,268	-	-	7,434	17,268	24,702	83
11/30/05	Manchester / Taylor St	-	1,305	3,029	1	-	1,305	3,030	4,335	10
12/6/05	Buffalo Grove/E. Aptakisic Rd	-	1,986	4,635	-	-	1,986	4,635	6,621	13
12/13/05	Lorton / Pohick Rd & I95	-	1,167	4,582	-	-	1,167	4,582	5,749	17
12/15/05	Pico Rivera / Washington Blvd	-	4,719	11,012	-	-	4,719	11,012	15,731	19
12/27/05	Queens Village / Jamaica Ave	-	3,409	5,494	-	-	3,409	5,494	8,903	2
Other Properties										
	Glendale/Western Avenue	-	1,622	3,771	14,287	-	1,615	18,065	19,680	16,120

PUBLIC STORAGE, INC.
SCHEDULE III – REAL ESTATE
AND ACCUMULATED DEPRECIATION

			Initial Cost			Adjustments Resulting from the Acquisition	At December 31, 2005			
Date Acquired	Description	Encumbrances	Land	Buildings & Improvements	Subsequent to Acquisition	of Minority interests	Land	Buildings	Total	Accumulated Depreciation
		(Dollar amounts in thousands)								
12/13/99	Burlingame (Commercial & PUD)	-	4,043	9,434	328	-	4,044	9,761	13,805	2,369
4/28/00	San Diego/Sorrento	-	1,282	3,016	268	-	1,024	3,542	4,566	955
6/1/98	Renton / Sw 39th St.	-	725	2,196	52	-	725	2,248	2,973	765
6/29/98	Pompano Bch/Center Port Circle	-	795	2,312	25	-	795	2,337	3,132	731
12/30/99	Tamarac Parkway	-	1,902	4,467	1,350	-	1,890	5,829	7,719	773
12/29/00	Gardena	-	1,737	5,456	30	-	1,737	5,486	7,223	890
4/2/02	Long Beach	-	887	6,251	16	-	887	6,267	7,154	493
	Construction in Progress	-	-	-	54,472	-	-	54,472	54,472	-
		$127,247	$1,500,069	$3,518,756	$647,233	$318,898	$1,540,357	$4,444,599	$5,984,956	$1,500,128

PUBLIC STORAGE, INC.
EXHIBIT 12 – STATEMENT RE: COMPUTATION OF
RATIO OF EARNINGS TO FIXED CHARGES

	For the Year Ended December 31,				
	2005	2004	2003	2002	2001
	(Amounts in thousands)				
Net income	$ 456,393	$ 366,213	$ 336,653	$ 318,738	$ 324,208
Add: Minority interest in income	32,651	49,913	43,703	44,087	46,015
Less: Minority interest in income which do not have fixed charges	(15,161)	(17,099)	(13,610)	(14,307)	(11,243)
Less: Equity in earnings of investments	(24,883)	(22,564)	(24,966)	(29,888)	(38,542)
Add: Cash distributions from investments	23,112	20,961	17,754	19,496	24,124
Less: Impact of discontinued operations	(6,377)	901	(3,920)	11,808	1,632
Adjusted net income	465,735	398,325	355,614	349,934	346,194
Interest expense	8,216	760	1,121	3,809	3,227
Total earnings available to cover fixed charges	$ 473,951	$ 399,085	$ 356,735	$ 353,743	$ 349,421
Total fixed charges - interest expense (a)	$ 11,036	$ 4,377	$ 7,131	$ 10,322	$ 12,219
Cumulative preferred stock dividends	$ 173,017	$ 157,925	$ 146,196	$ 148,926	$ 117,979
Preferred partnership unit distributions	16,147	30,423	26,906	26,906	31,737
Allocations pursuant to EITF Topic D-42	8,412	10,787	7,120	6,888	14,835
Total preferred distributions	$ 197,576	$ 199,135	$ 180,222	$ 182,720	$ 164,551
Total combined fixed charges and preferred stock distributions	$ 208,612	$ 203,512	$ 187,353	$ 193,042	$ 176,770
Ratio of earnings to fixed charges	42.95x	91.18x	50.03x	34.27x	28.60x
Ratio of earnings to combined fixed charges	2.27x	1.96x	1.90x	1.83x	1.98x
Supplemental disclosure of Ratio of Earnings before Interest, Taxes, Depreciation and Amortization ("EBITDA") to fixed charges:					
Net Income	$ 456,393	$ 366,213	$ 336,653	$ 318,738	$ 324,208
Add - Depreciation and amortization (including discontinued operations)	196,485	184,345	188,003	181,648	168,061
Less - Depreciation allocated to minority interests	(3,403)	(6,046)	(6,328)	(8,087)	(7,847)
Add - Depreciation included in equity in earnings of real estate entities	35,425	33,720	27,753	27,078	25,096
Add - Minority interest - preferred	17,021	32,486	26,906	26,906	31,737
Add - Interest expense	8,216	760	1,121	3,809	3,227
EBITDA available to cover fixed charges (b)	$ 710,137	$ 611,478	$ 574,108	$ 550,092	$ 544,482
Total fixed charges - interest expense (a)	$ 11,036	$ 4,377	$ 7,131	$ 10,322	$ 12,219
Preferred stock dividends	$ 173,017	$ 157,925	$ 146,196	$ 148,926	$ 117,979
Preferred partnership unit distributions	16,147	30,423	26,906	26,906	31,737
Allocations pursuant to EITF Topic D-42	8,412	10,787	7,120	6,888	14,835
Total preferred distributions	$ 197,576	$ 199,135	$ 180,222	$ 182,720	$ 164,551
Total combined fixed charges and preferred stock distributions	$ 208,612	$ 203,512	$ 187,353	$ 193,042	$ 176,770
Ratio of EBITDA to fixed charges	64.35x	139.70x	80.51x	53.29x	44.56x
Ratio of EBITDA to combined fixed charges and preferred stock distributions	3.40x	3.00x	3.06x	2.85x	3.08x

(a) "Total fixed charges – interest expense" includes interest expense plus capitalized interest.

(b) EBITDA represents earnings prior to interest, taxes, depreciation, amortization, gains on sale of real estate assets and the impact of the application of EITF Topic D-42. This supplemental disclosure of EBITDA is included because we believe that coverage ratios computed on a pre-depreciation basis are a useful measure of our liquidity and financial analysts and other members of the investment community consider coverage ratios for real estate companies on a pre-depreciation basis. EBITDA should not be used as an alternative to net income or cash flow from operations in evaluating our liquidity or operating results.

RULE 13a-14(a)/15d-14(a) CERTIFICATION

I, Ronald L. Havner, Jr., certify that:

1. I have reviewed this annual report on Form 10-K of Public Storage, Inc.;

2. Based on my knowledge, this annual 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 annual report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the 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 officers and I have disclosed, based on our most recent evaluation of internal controls over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors:

   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 controls over financial reporting.

/s/ Ronald L. Havner, Jr.
Name: Ronald L. Havner, Jr.
Title: Chief Executive Officer & President
Date: March 15, 2006

RULE 13a-14(a)/15d-14(a) CERTIFICATION

I, John Reyes, certify that:

1. I have reviewed this annual report on Form 10-K of Public Storage, Inc.;

2. Based on my knowledge, this annual 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 annual report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the 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 officers and I have disclosed, based on our most recent evaluation of internal controls over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors:

   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 controls over financial reporting.

/s/ John Reyes
Name: John Reyes
Title: Chief Financial Officer
Date: March 15, 2006

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 Year-end Report on Form 10-K of Public Storage, Inc. (the "Company") for the year ended December 31, 2005 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Ronald L. Havner, Jr., as Chief Executive Officer and President of the Company and John Reyes, as Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Ronald L. Havner, Jr.
Name: Ronald L. Havner, Jr.
Title: Chief Executive Officer & President
Date: March 15, 2006

/s/ John Reyes
Name: John Reyes
Title: Chief Financial Officer
Date: March 15, 2006

This certification accompanies the Report pursuant to §906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of §18 of the Securities Exchange Act of 134, as amended.

A signed original of this written statement required by §906 of the Sarbanes-Oxley Act of 2002 has been provided to the Company, and will be retained and furnished to the SEC or its staff upon request.

CORPORATE DATA *(as of March 22, 2006)*

Directors

B. Wayne Hughes (1980)
Chairman of the Board

Ronald L. Havner, Jr. (2002)
Vice-Chairman of the Board,
Chief Executive Officer and President

Harvey Lenkin (1991)
Retired President and Chief Operating Officer

Robert J. Abernethy (1980)
President of American Standard Development Company and Self-Storage Management Company

Dann V. Angeloff (1980)
President of The Angeloff Company

William C. Baker (1991)
Principal, Baker & Associates

John T. Evans (2003)
Partner, Osler, Hoskin & Harcourt LLP

Uri P. Harkham (1993)
President and Chief Executive Officer of the Jonathan Martin Fashion Group

B. Wayne Hughes, Jr. (1998)
Vice President of American Commercial Equities, LLC

Daniel C. Staton (1999)
President of Walnut Capital Partners

(   ) = date director was elected to the Board

Executive Officers

Ronald L. Havner, Jr.
Vice-Chairman of the Board,
Chief Executive Officer and President

John Reyes
Senior Vice President and Chief Financial Officer

John E. Graul
Senior Vice President

John S. Baumann
Senior Vice President and Chief Legal Officer

David F. Doll
Senior Vice President

Corporate Officers

Drew J. Adams
Vice President and Director of Taxes

Todd Andrews
Vice President and Controller

Mark B. Bilfield
Senior Vice President—Marketing

Capri L. Haga
Senior Vice President—Risk Management

Stephanie G. Heim
Vice President, Corporate Counsel and Secretary

Ken A. Kederian
Vice President of Internal Audit

A. Ammar Kharouf
Vice President and Litigation Counsel

Candace N. Krol
Senior Vice President of Human Resources

Brent C. Peterson
Vice President and Chief Information Officer

A. Timothy Scott
Vice President and Tax Counsel

Clemente Teng
Vice President of Investor Services

Self-Storage Operations

John E. Graul
President

Harvey A. Grindeland
Senior Vice President and Divisional Manager

Peter G. Panos
Senior Vice President and Divisional Manager

John M. Sambuco
Senior Vice President and Divisional Manager

David D. Young
Senior Vice President and Divisional Manager

Alan Grossman
Senior Vice President and Chief Financial Officer

Ancillary Businesses

Thomas Miller
President—PS Orangeco

Obren B. Gerich
President—PS Insurance

Real Estate Group

David F. Doll
President

David W. Marzocchi
Senior Vice President—Development and Construction

Michael K. McGowan
Senior Vice President—Acquisitions

James F. Fitzpatrick
Senior Vice President—Entitlements

Professional Services

Transfer Agent
Computershare Trust Company, N.A.
P.O. Box 43010
Providence, RI 02940-3010
(781) 575-3120
www.computershare.com

Independent Registered Public Accounting Firm
Ernst & Young LLP
Los Angeles, California

Certifications

The most recent certifications by our Chief Executive Officer and Chief Financial Officer pursuant to Sections 302 and 906 of the Sarbanes-Oxley Act of 2002 are filed as exhibits to our Form 10-K. Our Chief Executive Officer's most recent annual certification to the New York Stock Exchange was submitted on May 10, 2005.

Stock Exchange Listing

The Company's common stock trades under ticker symbol PSA on the New York Stock Exchange and Pacific Exchange.

Additional Information Sources

The Company's website, www.publicstorage.com, contains financial information of interest to shareholders, brokers, etc.

Public Storage, Inc. is a member and active supporter of the National Association of Real Estate Investment Trusts.

PUBLIC STORAGE, INC.

701 Western Avenue, Glendale, California 91201-2349 • (818) 244-8080 • www.publicstorage.com

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