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PUBLIC STORAGE INC /CA  
Form 10-K/A  
March 12, 2007

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

FORM 10-K/A  
(Amendment No. 1)

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

For the fiscal year ended December 31, 2006.

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

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(State or other jurisdiction of incorporation or organization)

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(I.R.S. Employer Identification Number)

701 Western Avenue, Glendale, California 91201-2349

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(Address of principal executive offices) (Zip Code)

(818) 244-8080

(Registrant's telephone number, including area code)

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

Title of each class	Name of on whi
Depository Shares Each Representing 1/1,000 of a Share of 7.625% Cumulative Preferred Stock, Series T, \$.01 par value.....	New York
Depository Shares Each Representing 1/1,000 of a Share of 7.625% Cumulative Preferred Stock, Series U, \$.01 par value.....	New York
Depository Shares Each Representing 1/1,000 of a Share of 7.500% Cumulative Preferred Stock, Series V \$.01 par value.....	New York
Depository Shares Each Representing 1/1,000 of a Share of 6.500% Cumulative Preferred Stock, Series W \$.01 par value.....	New York
Depository Shares Each Representing 1/1,000 of a Share of 6.450% Cumulative Preferred Stock, Series X \$.01 par value.....	New York

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Depository Shares Each Representing 1/1,000 of a Share of 6.250% Cumulative Preferred Stock, Series Z \$.01 par value.....	New York
Depository Shares Each Representing 1/1,000 of a Share of 6.125% Cumulative Preferred Stock, Series A \$.01 par value.....	New York
Depository Shares Each Representing 1/1,000 of a Share of 7.125% Cumulative Preferred Stock, Series B \$.01 par value.....	New York
Depository Shares Each Representing 1/1,000 of a Share of 6.600% Cumulative Preferred Stock, Series C \$.01 par value.....	New York
Depository Shares Each Representing 1/1,000 of a Share of 6.180% Cumulative Preferred Stock, Series D \$.01 par value.....	New York
Depository Shares Each Representing 1/1,000 of a Share of 6.750% Cumulative Preferred Stock, Series E \$.01 par value.....	New York
Depository Shares Each Representing 1/1,000 of a Share of 6.450% Cumulative Preferred Stock, Series F \$.01 par value.....	New York
Depository Shares Each Representing 1/1,000 of a Share of 7.000% Cumulative Preferred Stock, Series G \$.01 par value.....	New York
Depository Shares Each Representing 1/1,000 of a Share of 6.950% Cumulative Preferred Stock, Series H \$.01 par value.....	New York
Depository Shares Each Representing 1/1,000 of a Share of 7.250% Cumulative Preferred Stock, Series I \$.01 par value.....	New York
Depository Shares Each Representing 1/1,000 of a Share of 7.250% Cumulative Preferred Stock, Series K \$.01 par value.....	New York
Depository Shares Each Representing 1/1,000 of a Share of 6.750% Cumulative Preferred Stock, Series L \$.01 par value.....	New York
Depository Shares Each Representing 1/1,000 of a Share of 6.625% Cumulative Preferred Stock, Series M \$.01 par value.....	New York
Depository Shares Each Representing 1/1,000 of a Share of Equity Stock, Series A, \$.01 par value.....	New York
Common Stock, \$.10 par value.....	New York

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

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

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

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

Yes  No

Indicate by check mark 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.

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

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

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Exchange Act).

Large Accelerated Filer  Accelerated Filer  Non-accelerated Filer

The aggregate market value of the voting and non-voting common stock held by non-affiliates of the Registrant as of June 30, 2006:

Common Stock, \$0.10 Par Value - \$6,207,100,000 (computed on the basis of \$75.90 per share which was the reported closing sale price of the Company's Common Stock on the New York Stock Exchange on June 30, 2006.

Depository Shares Each Representing 1/1,000 of a Share of Equity Stock, Series A, \$.01 Par Value - \$198,175,000 (computed on the basis of \$26.70 per share which was the reported closing sale price of the Depository Shares each Representing 1/1,000 of a Share of Equity Stock, Series A on the New York Stock Exchange on June 30, 2006.

As of February 26, 2007, the number of outstanding shares of Common Stock, \$.10 par value, was 170,388,218 shares and the number of outstanding Depository Shares Each Representing 1/1,000 of a Share of Equity Stock, Series A, \$.01 par value, was 8,744,193 (representing 8,744.193 shares of Equity Stock, Series A).

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### DOCUMENTS INCORPORATED BY REFERENCE

Portions of the definitive proxy statement to be filed in connection with the Annual Meeting of Shareholders to be held in 2007 are incorporated by reference into Part III of this Annual Report on Form 10-K.

### EXPLANATORY NOTE

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This Amendment No. 1 to our Annual Report on Form 10-K for the fiscal year ended December 31, 2006, is being filed solely to change the date in the last line of the Report of Independent Registered Public Accounting Firm included in Item 9A of the 10-K filed on March 1, 2007 (the "Original Filing"). As required by SEC rules, we have also included the complete text of Item 9A with no other changes.

Also included as part of this filing is a currently dated consent from Ernst & Young LLP, our independent registered public accounting firm, dated March 8, 2007 and currently dated certifications as required by Rules 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934.

Except as described above, this amendment does not modify or update disclosure in, or exhibits to, the Original Filing. Furthermore, this amendment does not change any previously reported financial results, nor does it reflect events occurring after the date of the Original Filing.

### PART II

#### 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

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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, 2006, 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). The scope of our evaluation excluded the operations of Shurgard Self-Storage SCA ("Shurgard Europe"), our subsidiary based in Europe. For the year ended December 31, 2006, our total revenues were \$1.4 billion, of which Shurgard Europe represented \$65 million; our total net assets at December 31, 2006 were \$8.2 billion, of which Shurgard Europe represented \$445 million. Based on that evaluation, and considering the relative significance of Shurgard Europe to our operations, 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, 2006.

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### 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. The scope of our evaluation excluded the operations of Shurgard Self-Storage SCA ("Shurgard Europe"), our subsidiary based in Europe. For the year ended December 31, 2006, our total revenues were \$1.4 billion, of which Shurgard Europe represented \$65 million; our total net assets at December 31, 2006 were \$8.2 billion, of which Shurgard Europe represented \$445 million. Based on our evaluation under the framework in Internal Control-Integrated Framework, and considering the relative significance of Shurgard Europe, our management concluded that our internal control over financial reporting was effective as of December 31, 2006.

Our management's assessment of the effectiveness of our internal control over financial reporting as of December 31, 2006 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

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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.

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### 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, 2006, 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.

As indicated in the accompanying Management's Report on Internal Controls Over Financial Reporting, management's assessment of and conclusion on the

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effectiveness of internal control over financial reporting did not include the internal controls of Shurgard Self Storage SCA and subsidiaries, which is included in the 2006 consolidated financial statements of Public Storage, Inc. and constituted \$2,108 million and \$445 million of total and net assets, respectively, as of December 31, 2006 and \$65 million of revenues and a net loss of \$43 million for the year then ended. Our audit of internal control over financial reporting of Public Storage Inc. and subsidiaries also did not include an evaluation of the internal control over financial reporting of Shurgard Self Storage SCA and subsidiaries.

In our opinion, management's assessment that Public Storage, Inc. maintained effective internal control over financial reporting as of December 31, 2006, 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, 2006, based on the COSO criteria.

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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, 2006 and 2005, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2006 of Public Storage, Inc. and our report dated February 28, 2007 expressed an unqualified opinion thereon.

Ernst & Young LLP

Los Angeles, CA  
February 28, 2007

### PART IV

#### ITEM 15 EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) (3) The exhibits to this Form 10-K/A are set forth in the Index to Exhibits beginning on page 7.

(b) Exhibits

See Item 15(a) (3) above.

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### INDEX TO EXHIBITS

The following exhibits are filed with this Annual Report on Form 10-K/A:

23 Consent of Independent Registered Public Accounting Firm. Filed herewith.

31.1 Certification of Chief Executive Officer under Rules 13a-14(a)/15d-14(a) under the Securities and Exchange Act and Section 302 of Sarbanes-Oxley Act of 2002. Filed herewith.

31.2 Certification of Chief Financial Officer under Rules 13a-14(a)/15d-14(a) under the Securities and Exchange Act and Section 302 of Sarbanes-Oxley Act

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of 2002. Filed herewith.

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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 9, 2007

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

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