SHURGARD

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October 23, 2003

Mr. Robert H. Herz Chairman Financial Accounting Standards Board 401 Merritt 7 P.O. Box 5116 Norwalk, Connecticut 06856-5116 Letter of Comment No: 40 File Reference: 1100-LEU Date Received: 10/23/03

Re: Statement of Financial Accounting Standard No. 150. Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity

Dear Mr. Herz:

I am writing to the Financial Accounting Standards Board on behalf of Shurgard Storage Centers, Inc. to urge the Board to reconsider certain aspects of Statement of Financial Accounting Standard No. 150, Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity (SFAS 150). Shurgard is a real estate company traded on the New York Stock Exchange. We develop, own, operate, and finance self storage real estate assets in the United States and in Europe.

As currently being interpreted, SFAS 150 will significantly impact our company. The implications of SFAS 150 have only recently become clear to our industry as we and others have begun the implementation process.

We have invested in numerous entities that are organized in a partnership structure or other partnership-like structures such as limited liability companies. As required by certain state or country laws, many of these entities have finite lives, extending as long as 50 years, with most providing for further extension upon agreement of the owners. For entities we control, the assets and liabilities have been consolidated and the non-owned investor's portion reflected in the mezzanine section of the balance sheet as minority interest. Prior to the issuance of SFAS 150, these minority interests reflected the *book value* of the minority partners' claim on the net assets of the consolidated entity.

We understand that pursuant to the provisions of paragraph 9 of SFAS 150, effective in the third quarter of 2003, the consolidated entities described above may meet the definition of mandatorily redeemable financial instruments. They would therefore be

required to be reported as liabilities and measured at their fair value at each balance sheet date. Further, the changes to the fair value would be included in our operating results for the periods in which the change occurs. We do not believe that this treatment will result in financial reporting that accurately represents the economics of our interest in such entities.

All of our jointly owned entities provide the minority party with a residual interest in the final liquidation of the net assets of the entity that is included in our consolidated financial statements. SFAS 150 will produce an inconsistency in the financial statements, requiring the minority interest liability to be adjusted to settlement value based on the fair value of the jointly owned entity's underlying assets even though those assets continue to be carried at historical cost in the consolidated financial statements. Since our formation in 1994, our real estate assets have appreciated significantly. The application of this new standard would have resulted in repeated charges against income as the liability to our minority partners increased, while the underlying economics of our fundamental business, the appreciation of assets, was not reflected in those same statements. While we clearly believe that the fair value of all assets and liabilities is the most relevant information for investors, adjusting these residual interests to fair value while not adjusting the underlying assets in which they hold an interest is misleading. We are very concerned about our ability to clearly and accurately communicate to the investing public the implications of FAS150 to our financial statements.

We respectfully request that the Board address this inappropriate financial reporting result. We are attempting to implement SFAS 150 for the third quarter of 2003 and are concerned, not only about the inconsistencies created by the standard but also about our ability to accurately determine settlement values and apply the standard within the reporting deadlines. We believe that, at the very least, the Board should defer the application of SFAS 150 to those liabilities that represent residual interests with the right to participate in the final liquidation of the net assets of an entity that is included in the consolidated financial statements

We appreciate your consideration of our comments and the opportunity to participate in the Board's standard setting process. If you have any questions regarding the comments above, please contact me at (206) 652-3844.

Sincerely,

Vice President, Corporate Controlle

Taunya L. Schultz, CPA