

Public Storage  
Form DEF 14A  
March 25, 2011  
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**United States**  
**Securities and Exchange Commission**  
**Washington, D.C. 20549**

**SCHEDULE 14A**

**Proxy Statement Pursuant To Section 14(A) of  
the Securities Exchange Act of 1934**

Filed by the registrant  Filed by a party other than the registrant

Check the appropriate box:

- Preliminary proxy statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive proxy statement
- Definitive additional materials
- Soliciting material pursuant to Rule 14a-11(c) or Rule 14a-12

**PUBLIC STORAGE**

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(Name of Registrant as Specified in Its Charter)

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(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of filing fee (Check the appropriate box):

No fee required.

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(1) Title of each class of securities to which transaction applies:

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(2) Form, schedule or registration statement no.:

(3) Filing party:

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**TO THE SHAREHOLDERS OF  
PUBLIC STORAGE**

Dear Public Storage Shareholder:

On behalf of the Board of Trustees of Public Storage, I am pleased to invite you to attend our 2011 Annual Meeting of Shareholders to be held on Thursday, May 5, 2011, at 11:00 a.m., local time, at the Hilton Glendale Hotel, 100 West Glenoaks Boulevard, Glendale, California. You may attend the meeting in person or by proxy. Only shareholders showing proof of ownership of Public Storage shares will be allowed to attend the meeting in person.

This year, we are again offering shareholders the opportunity to receive proxy materials over the Internet. As a result, we are mailing many of our shareholders a notice instead of a paper copy of our proxy statement and Annual Report. The notice contains instructions on how to access these documents over the Internet or to obtain paper copies of the proxy materials. We believe this process conserves natural resources and reduces our costs for printing and mailing these materials.

Your vote is important and we strongly urge you to cast your vote. To ensure that your vote is recorded, please vote as soon as possible, whether or not you plan to attend in person. You may vote your shares over the Internet or by telephone or, if you elected to receive paper copies by mail, you may vote by mail by following the instructions on the proxy card or the voting instruction card. If you attend the meeting, you may withdraw your proxy at the meeting and vote your shares in person from the floor.

We appreciate your investment in Public Storage and look forward to seeing you at our 2011 Annual Meeting.

Sincerely,

Ronald L. Havner, Jr.  
President and Chief Executive Officer

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**PUBLIC STORAGE**

701 Western Avenue

Glendale, California 91201-2349

**NOTICE OF THE 2011 ANNUAL MEETING OF SHAREHOLDERS**

The 2011 Annual Meeting of Shareholders of Public Storage, a Maryland real estate investment trust, will be held at the time and place and for the purposes indicated below.

**Time and Date:** 11:00 a.m., local time, on Thursday, May 5, 2011.

**Place:** The Hilton Glendale Hotel, 100 West Glenoaks Boulevard, Glendale, California.

**Items of Business:** 1. To elect nine trustees from the nominees named in the attached proxy statement to serve until the 2012 Annual Meeting of Shareholders and until their successors are elected and qualified;

2. To ratify the appointment of Ernst & Young LLP as Public Storage's independent registered public accounting firm for the fiscal year ending December 31, 2011;

3. To hold an advisory vote on executive compensation;

4. To hold an advisory vote on the frequency of future advisory votes on executive compensation; and

5. To consider and act upon such other matters as may properly come before the meeting or any adjournment or postponement thereof.

**Recommendations of the Board:** The Board of Trustees recommends that you vote For each of the trustee nominees, For ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for fiscal year 2011, For approval of the advisory vote on executive compensation and Three Years with respect to the advisory vote on the frequency of future advisory votes on executive compensation. The full text of these proposals is set forth in the accompanying proxy statement.

**Adjournments and Postponements:** Any action on the items of business described above may be considered at the annual meeting at the time and on the date specified above or at any time and date to which the annual meeting may be properly adjourned or postponed.

**Record Date:** You are entitled to vote at the meeting if you were a shareholder of record at the close of business on March 10, 2011 of Public Storage common shares of beneficial interest.

**Voting:** **Your vote is very important.** To ensure your representation at the meeting, whether or not you plan to attend, please vote your shares as soon as possible. You may vote your shares over the Internet or by telephone. If you received a paper copy of a proxy card or voting instruction card for the annual meeting, you may vote by completing, signing, dating and returning your proxy card or voting instruction card in the pre-addressed postage-prepaid envelope provided. You may revoke a proxy at any time prior to its exercise at the meeting by following the instructions in the accompanying proxy statement beginning on page 3. Additional information on how to vote your shares is provided

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beginning at page 2.

**Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting to Be Held on May 5, 2011: This proxy statement and our 2010 Annual Report are available at the Investor Relations section of our website ([www.publicstorage.com](http://www.publicstorage.com)).**

By Order of the Board of Trustees

Stephanie G. Heim, Secretary

March 25, 2011

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**PUBLIC STORAGE**

**PROXY STATEMENT**

**ANNUAL MEETING OF SHAREHOLDERS**

**May 5, 2011**

**GENERAL INFORMATION**

We are providing these proxy materials in connection with the solicitation by the Board of Trustees of Public Storage of proxies to be voted at our 2011 Annual Meeting and at any adjournment or postponement of the meeting. The proxies will be used at our annual meeting to be held on May 5, 2011 beginning at 11:00 a.m. local time at the Hilton Glendale Hotel, 100 West Glenoaks Boulevard, Glendale, California.

This proxy statement contains important information regarding our annual meeting. Specifically, it identifies the proposals on which you are being asked to vote, provides information that you may find useful in determining how to vote, and describes voting procedures. This notice of annual meeting and proxy statement is first being distributed and made available on or about March 25, 2011 to holders of our common shares of beneficial interest.

We use several abbreviations in this proxy statement. We refer to Public Storage as Public Storage, we, us, our or the company, unless the context indicates otherwise. We call our Board of Trustees the Board. We refer to our common shares of beneficial interest as our common shares.

**Purposes of the Meeting**

Shareholders will vote on the following matters at the Annual Meeting:

To elect nine trustees from the nominees identified in Proposal 1 to the Board of Public Storage;

To ratify the appointment of Ernst & Young LLP as Public Storage's independent registered public accounting firm for the fiscal year ending December 31, 2011 as set forth in Proposal 2;

To approve, in an advisory vote, executive compensation as set forth in Proposal 3;

To recommend, in an advisory vote, the frequency of future advisory votes on executive compensation as set forth in Proposal 4; and

To consider any other appropriate matters properly brought before the meeting or any adjournment or postponement of the meeting.

**Recommendations of the Board of Trustees**

The Board recommends that you vote:

**FOR** the election of the nine nominees for trustee named in Proposal 1;

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**FOR** ratification of the appointment of Ernst & Young LLP as Public Storage's independent registered public accounting firm for fiscal year 2011 as set forth in Proposal 2;

**FOR** the advisory vote to approve executive compensation as set forth in Proposal 3; and

**THREE YEARS** as the frequency of future advisory votes on executive compensation as set forth in Proposal 4.

### **Who May Attend the Meeting**

Only shareholders of record of Public Storage common shares outstanding at the close of business on the record date of March 10, 2011 will be entitled to receive notice of and to vote at the meeting or at any adjournment or postponement of the meeting. On the record date, Public Storage had issued and outstanding approximately 170,528,549 common shares, each of which is entitled to one vote.

If your shares are held in the name of a bank, broker, trustee or other nominee and you plan to attend our annual meeting, you will need to bring proof of ownership, such as a recent bank or brokerage account statement.

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### **Internet Availability of Proxy Materials**

**Notice of Internet availability of the proxy materials.** We are again providing our proxy materials over the Internet under the rules of the U.S. Securities and Exchange Commission ( SEC ). As a result, we are mailing to all of our shareholders a notice about the Internet availability of the proxy materials instead of a paper copy of the proxy materials, unless a shareholder has previously advised that he or she wishes a paper copy of the materials. All shareholders receiving the notice will have the ability to access the proxy materials over the Internet and request to receive a paper copy of the proxy materials by mail. Instructions on how to access the proxy materials over the Internet or to request a paper copy may be found on the notice.

**Multiple notices about the Internet availability of the proxy materials or paper copies of the proxy materials.** You may receive more than one notice or more than one paper copy of the proxy materials, including multiple paper copies of this proxy statement and multiple proxy cards or voting instruction cards. For example, if you hold your shares in more than one brokerage account, you may receive a separate notice or a separate voting instruction card for each brokerage account in which you hold shares. If you are a shareholder of record and your shares are registered in more than one name, you may receive more than one notice or more than one proxy card. To ensure all your shares are voted, please follow the instructions provided in each notice, proxy card or voting instruction card that you receive.

### **Voting Your Shares at the Annual Meeting**

**Voting shares in person at the annual meeting.** Shares held in your name as the shareholder of record may be voted in person at the annual meeting. Shares for which you are the beneficial owner but not the shareholder of record may be voted in person at the annual meeting only if you obtain a legal proxy from the bank, broker, trustee or nominee that holds your shares giving you the right to vote the shares. Even if you plan to attend the annual meeting, we recommend that you also vote by proxy as described below so that your vote will be counted if you later decide not to attend the meeting.

**Voting shares without attending the annual meeting.** Whether you hold shares directly as the shareholder of record or through a bank, broker, trustee or other nominee as the beneficial owner, you may direct how your shares are voted without attending the annual meeting. There are three ways to vote by proxy:

**By Internet** Shareholders who have received a notice about the Internet availability of the proxy materials may submit proxies over the Internet by following the instructions on the notice. Shareholders who have received a paper copy of a proxy card or voting instruction card by mail may submit proxies over the Internet by following the instructions on the proxy card or voting instruction card.

**By Telephone** Shareholders who have received a notice about the Internet availability of the proxy materials and who live in the United States or Canada may submit proxies by telephone by calling the telephone number indicated in the notice and following the instructions. These shareholders will need to have the control number that appears on their notice available when voting. Shareholders who have received a paper copy of a proxy card or a voting instruction card by mail may submit proxies by telephone by calling the number on the card and following the instructions. These shareholders will need to have the control number that appears on their card available when voting.

**By Mail** Shareholders who have received a paper copy of a proxy card or voting instruction card by mail may submit proxies by completing, signing and dating their proxy card or voting instruction card and mailing it in the accompanying pre-addressed postage-prepaid envelope.

**If additional matters are presented at the annual meeting.** Other than the four items of business described in this proxy statement, we are not aware of any other business to be acted upon at the annual meeting. If you grant a proxy, the persons named as proxy holders, Ronald L. Havner, Jr. and Stephanie G. Heim, will have the discretion to vote your shares on any additional matters properly presented for a vote at the meeting. If for any reason any of our nominees is not available as a candidate for trustee, the persons named as proxy holders will vote any shares represented by your proxy for such other candidate or candidates as may be nominated by the Board.

**Inspector of elections.** The inspector of elections will be a representative from our transfer agent, Computershare Trust Company, N.A.

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**Special Voting Procedures for Public Storage 401(k)/Profit Sharing Plan Participants.** If you hold your shares as a participant in the PS 401(k)/Profit Sharing Plan, your proxy will serve as a voting instruction for the trustee of the plan with respect to the amount of common shares credited to your account as of the record date. If you provide voting instructions via

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your proxy/instruction card with respect to your shares held in the plan, the trustee will vote those common shares in the manner specified. The trustee will vote any shares for which it does not receive instructions in the same proportion as the shares for which voting instructions have been received, unless the trustee is required by law to exercise its discretion in voting such shares. To allow sufficient time for the trustee to vote your shares, the trustee must receive your voting instructions by 9:00 a.m., Central time, on May 3, 2011.

**Voting Mechanics.** If you grant a proxy and do not revoke it before the applicable voting deadline, the persons designated as proxies will vote the common shares represented thereby, if any, in the manner specified. **If you grant a proxy but do not indicate how your shares should be voted on a matter, the shares represented by your properly completed proxy/voting instruction card will be voted (1) For the election of the Board's nominees for trustee, (2) For the ratification of Ernst & Young LLP as our independent registered public accounting firm for fiscal 2011, (3) For approval of executive compensation, (4) Three Years with respect to the frequency of future advisory votes on executive compensation and (5) and in the discretion of the proxy holders on any other matter that may properly come before the meeting.** The persons designated as proxies reserve full discretion to cast votes for other persons if any of the nominees for trustee become unavailable to serve and to cumulate votes selectively among the nominees as to which authority to vote has not been withheld.

**Changing Your Vote.** You may change your vote before the vote at the annual meeting in accordance with the following procedures. Any change to your voting instructions for the Public Storage 401(k) Profit Sharing Plan must be provided by 9:00 a.m., Central time, on May 3, 2011. If you are the shareholder of record, you may change your vote by granting a new proxy bearing a later date (which automatically revokes the earlier proxy) by providing a written notice of revocation to the Corporate Secretary at Public Storage, 701 Western Avenue, Glendale, CA 91201-2349, prior to your shares being voted, or by attending the annual meeting and voting in person. Attendance at the meeting alone will not cause your previously granted proxy to be revoked unless you specifically make that request. For shares you hold beneficially in the name of a bank, broker, trustee or other nominee, you may change your vote by submitting new voting instructions to your bank, broker, trustee or nominee by 11:00 p.m., Pacific time, on May 4, 2011, or, if you have obtained a legal proxy from your bank, broker, trustee or other nominee giving you the right to vote your shares, by attending the meeting and voting in person.

## **Quorum**

The presence at the meeting in person or by proxy of the holders of a majority of the voting power represented by the outstanding common shares will constitute a quorum for the transaction of business. Abstentions and broker non-votes are counted for purposes of whether a quorum exists.

A broker non-vote occurs when a nominee holding shares for a beneficial owner does not vote on a particular proposal because the nominee does not have discretionary voting power with respect to that item and has not received voting instructions from the beneficial owner. If the shareholders present or represented by proxy at the meeting constitute holders of less than a majority of the shares entitled to vote, our meeting may be adjourned to a subsequent date for the purpose of obtaining a quorum.

## **Voting Rights**

With respect to the election of trustees, each holder of common shares on the record date is entitled to cast as many votes as there are trustees to be elected multiplied by the number of shares registered in the holder's name on the record date.

You may cumulate votes for trustees by casting all of your votes for one candidate or by distributing your votes among as many candidates as you choose. However, no shareholder shall be entitled to cumulate votes for any candidate unless the candidate's name has been placed in nomination prior to the voting and the shareholder, or any other shareholder, has given notice at the annual meeting prior to the voting of the intention to cumulate the shareholder's votes. If you vote by proxy card or voting instruction card and sign your card with no further instructions, Ronald L. Havner, Jr. and Stephanie G. Heim, as proxy holders, may cumulate and cast your votes in favor of the election of some or all of the applicable nominees in their sole discretion, except that none of your votes will be cast for any nominee as to whom you vote against or abstain from voting. Cumulative voting applies only to the election of trustees. With respect to all other matters, shareholders can cast one vote for each common share registered in their name on March 10, 2011, the record date of the annual meeting.

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### **Required Vote**

***Election of Trustees:*** To be elected, trustees must receive a majority of the votes cast so that the number of shares voted for a trustee nominee is greater than 50% of the votes cast with respect to the election of such trustee. Common shares not voted (whether by abstention or otherwise) will not affect the vote.

***Ratification of Independent Registered Public Accounting Firm:*** This proposal requires the affirmative vote of at least a majority of the votes cast at the meeting by the holders of Public Storage common shares. Any Public Storage shares not voted (whether by abstention or otherwise) will not affect the vote.

***Advisory vote to approve executive compensation:*** This proposal requires the affirmative vote of at least a majority of the votes cast at the meeting by the holders of Public Storage common shares. Any Public Storage shares not voted (whether by abstention or otherwise) will not affect the vote. Although this proposal is not binding on the Public Storage Board of Trustees, the Board will consider the results of the shareholder vote.

***Advisory vote on the frequency of future advisory votes on executive compensation:*** This proposal requires the affirmative vote of at least a majority of the votes cast at the meeting by the holders of Public Storage common shares. However, because shareholders are being asked to consider several choices, it is possible that no one choice will receive a majority vote. Although this resolution is not binding on the Public Storage Board of Trustees, the Board will consider the results of the shareholder vote.

### **Proxy Solicitation Costs**

We will pay the cost of soliciting proxies. In addition to solicitation by mail, certain trustees, officers and regular employees of the company and its affiliates may solicit the return of proxies by telephone, personal interview or otherwise. We may also reimburse brokerage firms and other persons representing the beneficial owners of our shares for their reasonable expenses in forwarding proxy solicitation materials to such beneficial owners. Alliance Advisors LLC may be retained to assist us in the solicitation of proxies, for which they would receive an estimated fee of \$1,000 together with normal and customary expenses.

### **Public Storage's Transfer Agent**

Please contact Public Storage's transfer agent, at the phone number or address listed below, with questions concerning share certificates, dividend checks, transfer of ownership or other matters pertaining to your share account: Computershare Trust Company, N.A., Att: Shareholder Services, 250 Royall Street, Canton, Massachusetts 02021 (telephone: 781- 575-3120).

## **CORPORATE GOVERNANCE AND BOARD MATTERS**

### **Board Leadership**

The Board does not have a policy as to whether the roles of chairman and chief executive officer should be combined or separated. Rather, the Board believes that Public Storage shareholders are best served by the Board having flexibility to consider the relevant facts and circumstances when the chairman is elected so that the Board leadership structure best reflects the needs of the company at that time and best facilitates Board performance.

We currently have separate individuals serving as Chairman of the Board and as Chief Executive Officer. B. Wayne Hughes, founder of our company, has served as Chairman of the Board since 1991. The Hughes family collectively, including Mr. Hughes, is our largest shareholder. Mr. Hughes' role as Chairman facilitates his ongoing involvement with the business he helped found, and his in-depth knowledge of the self-storage business and the company benefits the Board. Mr. Havner serves as Vice Chairman, Chief Executive Officer and President and is primarily responsible for the management and growth of the business. The Board believes the current arrangement is appropriate for the company as it enables us to facilitate the involvement of our founder and largest shareholder group in Board decisions while our chief executive officer provides, among other things, the perspective of current management to the Board.

In addition, the Board has established a position of independent presiding trustee to provide for an independent leadership role on the Board. The independent trustee presides at meetings of all non-management trustees in executive session without the presence of management. These meetings are held on a regular basis, generally following each regularly scheduled Board meeting and at the request of any non-management trustee, with at least one meeting of only independent trustees held annually. The sessions are designed to encourage open Board discussion of any matter of interest without the chief executive officer or any other members of management present.



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The independent presiding trustee is selected by the independent trustees for a two-year term. Gary E. Pruitt is the current independent presiding trustee. He was selected in 2010 to serve until the 2012 Annual Meeting.

### **Board Responsibilities and Oversight of Risk Management**

The Board is responsible for oversight of management's responsibility for management of risks related to our business. In connection with its oversight function, the Board regularly considers management presentations on the company's operations and strategies and considers related risks to our business. As part of the Board's consideration, the Board and management actively engage in discussions of potential and perceived risks to the business. The Board routinely meets with the chief executive officer, the chief financial officer and other company officers as appropriate in the Board's consideration of matters submitted for Board approval and risks associated with such matters.

In addition, the Board is assisted in its oversight responsibilities by the standing Board committees, which have assigned areas of oversight responsibility for various matters as described in the Committee charters and as provided in the rules of the New York Stock Exchange. For example, our Audit Committee assists the Board's oversight of the integrity of our financial statements, the qualifications and independence of our independent registered public accounting firm and the performance of our internal audit function and independent registered public accounting firm. Pursuant to its charter, the Audit Committee also considers our policies with respect to risk assessment and risk management. The Compensation Committee oversees the compensation of our chief executive officer and other executive officers and evaluates the appropriate compensation incentives to motivate senior management to grow long-term shareholder returns without undue risk taking.

The Board and the Board committees hear reports from the members of management responsible for the matters considered to enable the Board and each committee to understand and discuss risk identification and risk management. The chairman of each of the Board's standing committees reports on the discussion to the full Board at the next Board meeting. All trustees have access to members of management in the event a trustee wishes to follow up on items discussed outside the Board meeting.

*Oversight of Compensation Risks.* With respect to consideration of risks related to compensation, the Compensation Committee considered a report from management concerning its review of potential risks related to compensation policies and practices applicable to all employees. The Committee also considered and discussed with management, management's conclusion that the company's compensation policies and practices are not reasonably likely to have a material adverse effect on our company.

In connection with preparing the report for the Compensation Committee's consideration, members of our senior management team, including our chief executive officer and senior vice president for human resources, reviewed the target metrics for all our employee incentive compensation plans. At the completion of the review, management and the Committee concluded that the incentive compensation plans did not create undue risks for the company based on factors, including the following:

Financial targets for bonuses typically involve several different metrics, which discourages employees from focusing on a particular financial metric to the detriment of others or of the business as a whole.

The Board and management do not establish any earnings targets for cash bonus awards and management does not give earnings guidance and historically has maintained a very conservative financial profile, which discourages management from taking risks to achieve quarterly or annual earnings.

All of our equity awards to employees vest over an extended period of time, typically five years for stock options and five to eight years for restricted share unit awards, which helps to align our employees' focus on long-term results.

Property acquisitions above certain authorized levels are approved by the Board after discussion with management, which facilitates Board oversight of management's plans to grow the business.

The company is funded primarily with perpetual preferred and common shares and retained earnings rather than debt so management is able to focus on the business operations;



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Final approval of incentive compensation for all employees other than executive officers is made by our chief executive officer and our senior vice president for human resources so there is a comprehensive understanding of the inter-relationship of all incentive programs. The reviewing senior executives have the discretion to reduce recommended award for any reason, including if they determine the performance was not in the company's long-term interests.

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As a result, we believe there is little motivation or opportunity for employees to take undue risks to achieve an incentive compensation award. Our review concluded that employees who are eligible for incentive compensation are properly incentivized to achieve long-term company goals without creating undue risks for the company. At a meeting in February 2011, our chief executive officer and senior vice president for human resources reviewed and discussed the results of management's compensation risk assessment with the Compensation Committee.

### **Board Meetings**

The Board meets at regularly scheduled intervals and may hold additional special meetings as necessary or desirable in furtherance of its oversight responsibilities. As described above in *Board Leadership*, the non-management trustees generally meet in executive session without the presence of management following each regularly scheduled board meeting. During 2010, the Board of Trustees held nine meetings and the Board committees held 13 meetings. During 2010, each trustee attended at least 75% of the meetings held by the Board of Trustees or, if a member of a committee of the Board of Trustees, 75% of the meetings held by both the Board of Trustees and all committees of the Board of Trustees on which the trustee served. Trustees are encouraged to attend the annual meeting of shareholders. All trustees attended the 2010 annual meeting of shareholders.

### **Board Orientation and Education**

Each new trustee participates in an orientation program and receives material and briefings concerning our business, industry, management and corporate governance policies and practices. Continuing education is provided for all directors through board materials and presentations, discussions with management and the opportunity to attend external board education programs. In addition, the company provides membership in the National Association of Corporate Directors to all Board members.

### **Committees of the Board of Trustees**

Our Board has three standing committees: the Audit Committee, the Nominating/Corporate Governance Committee and the Compensation Committee. In addition, the Board may appoint special committees to consider various matters. During 2010, the Audit Committee held four meetings, the Nominating/Corporate Governance Committee held four meetings and the Compensation Committee held five meetings. Each of the standing committees operates pursuant to a written charter. The charters for the Audit, Nominating/Corporate Governance and Compensation Committees can be viewed at our website at [www.publicstorage.com/Corporateinformation/CorpGovernance.aspx](http://www.publicstorage.com/Corporateinformation/CorpGovernance.aspx) and will be provided in print to any shareholder who requests a copy by writing to the Corporate Secretary.

In addition to our standing committees, our Board may establish special committees to consider various matters that arise outside the ordinary course of business. The Board sets fees for members of the special committees as the Board deems appropriate in light of the amount of additional responsibility special committee membership may entail.

Our three standing committees are described below and the committee members are identified in the following table:

<b>Trustee (1)</b>	<b>Audit Committee</b>	<b>Nominating/Corporate Governance Committee</b>	<b>Compensation Committee</b>
Dann V. Angeloff	X	X (Chairman)	
John T. Evans		X	X
Uri P. Harkham			X
Avedick B. Poladian	X	X	
Gary E. Pruitt	X (Chairman)		X
Ronald P. Spogli		X	X
Daniel C. Staton	X		X (Chairman)
<b>Number of meetings in 2010</b>	4	4	5

(1) Until his retirement from the Board on January 3, 2011, Harvey Lenkin was a member of the Audit and Nominating/Corporate Governance Committees.

### **Audit Committee**

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The primary functions of the Audit Committee are set forth in its charter and 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; approves all other services and fees performed by the independent

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registered public accounting firm; prepares the Audit Committee report for inclusion in the annual proxy statement; and annually reviews its charter and performance.

The Audit Committee is comprised of four trustees: Gary E. Pruitt (Chairman), Dann V. Angeloff, Avedick B. Poladian and Daniel C. Staton. The Board of Trustees has determined that each member of the Audit Committee meets the financial literacy and independence standards of the New York Stock Exchange rules. The Board has also determined that the chairman of the Audit Committee qualifies as an audit committee financial expert within the meaning of the rules of the SEC and the New York Stock Exchange.

## **Compensation Committee**

The primary functions of the Compensation Committee, as set forth in its charter, are to (1) determine, either as a committee or together with other independent trustees, the compensation of the company's chief executive officer, (2) determine the compensation of other executive officers, (3) administer the company's stock option and incentive plans, (4) review and discuss with management the Compensation Discussion and Analysis (CD&A) to be included in the proxy statement and to recommend to the Board inclusion of the CD&A in the company's Form 10-K and proxy statement, (5) provide a description of the processes and procedures for the consideration and determination of executive compensation for inclusion in the company's annual proxy statement, (6) produce the Compensation Committee Report for inclusion in the annual proxy statement and (7) evaluate its performance annually.

In early 2011, the Compensation Committee also met with management to discuss management's annual review of the company's compensation policies and practices for all employees and its conclusions that these policies and practices do not encourage risks that are reasonably likely to have a material adverse effect on the company.

During 2010, the Compensation Committee made all compensation decisions for our executive officers, including the named executive officers set forth in the Summary Compensation Table below. Pursuant to its charter, the Committee has the authority to delegate any of its authority or responsibilities to individual members of the Committee or a subcommittee of the Committee. However, the Committee did not delegate any of its responsibilities during 2010. The Compensation Committee also has the authority to retain outside compensation consultants for advice, but historically, including for 2010, has not done so, relying instead on surveys of publicly available information for information about senior executive compensation at similar companies. For a discussion of the Committee's use of survey information, as well as the role of Mr. Havner, our chief executive officer, in determining or recommending the amount of compensation paid to our Named Executive Officers in 2010, see the CD&A below.

The Compensation Committee is comprised of five trustees: Daniel C. Staton (Chairman), John T. Evans, Uri P. Harkham, Gary E. Pruitt and Ronald P. Spogli. The Board of Trustees has determined that each member of the Compensation Committee is independent under the rules of the New York Stock Exchange.

## **Nominating/Corporate Governance Committee**

The primary functions of the Nominating/Corporate Governance Committee as set forth in its charter are (1) to identify, evaluate and make recommendations to the Board for trustee nominees for each annual shareholder meeting or to fill any vacancy on the Board, (2) to develop and review and assess the adequacy of the Board's Guidelines on Corporate Governance on an ongoing basis and recommend any changes to those guidelines to the Board and (3) to oversee the annual Board assessment of Board performance. Other duties and responsibilities include periodically reviewing the structure, size, composition and operation of the Board and each Board committee, recommending assignments of trustees to Board committees, conducting a preliminary review of trustee independence, periodically evaluating trustee compensation and recommending any changes in trustee compensation to the Board, overseeing trustee orientation and annually evaluating its charter and performance.

The Nominating/Corporate Governance Committee is comprised of four trustees: Dann V. Angeloff (Chairman), John T. Evans, Avedick B. Poladian and Ronald P. Spogli. The Board of Trustees has determined that each member of the Nominating/Corporate Governance Committee is independent under the rules of the New York Stock Exchange.

## **Trustee Independence**

The Board evaluates the independence of each trustee annually based on information supplied by trustees and the company, and on the recommendations of the Nominating/Corporate Governance Committee. In making its determinations, the Board also considers the standards for independence set forth in the requirements of the rules of the New York Stock Exchange. A trustee qualifies as independent unless the Board determines that the trustee has a material relationship with Public Storage, based on all relevant facts and circumstances, subject to the

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provisions of Section 303A.02(b) of the New York Stock Exchange Listed Company Manual. Material relationships may include commercial, industrial, consulting, legal,

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accounting, charitable, family and other business, professional and personal relationships. Section 303A.02(b) provides that a trustee is not independent if:

The trustee is, or has been within the last three years, an employee of Public Storage, or an immediate family member is, or has been within the last three years, an executive officer of Public Storage;

The trustee is, or has been within the last three years, an employee of Public Storage, or during any 12-month period within the last three years, received more than \$120,000 in direct compensation from Public Storage, other than trustee and committee fees;

(1) The trustee is a current partner or employee of a firm that is Public Storage’s external auditor (currently Ernst & Young LLP); (2) the trustee has an immediate family member who is a current partner of such firm; (3) the trustee has an immediate family member who is a current employee of such firm and personally works on Public Storage’s audit; or (4) the trustee or an immediate family member was within the last three years a partner or employee of such firm and personally worked on Public Storage’s audit within that time;

The trustee or an immediate family member is, or has been within the last three years, employed as an executive officer of another company where any of Public Storage’s present executive officers at the same time serves or served on that company’s compensation committee; or

The trustee is a current employee, or an immediate family member is a current executive officer, of a company that has made payments to, or received payments from, Public Storage for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of \$1 million or 2% of such other company’s consolidated gross revenues.

The Nominating/Corporate Governance Committee annually reviews trustees’ responses to a questionnaire asking about their relationships with the company (and those of immediate family members) and other potential conflicts of interest, as well as material provided by management related to transactions, relationships or arrangements between the company and trustees and their immediate families. Based on its review in February 2011, the Nominating/Corporate Governance Committee recommended to the Board and the Board determined that (1) each member of the Board, other than B. Wayne Hughes, Tamara Hughes Gustavson, B. Wayne Hughes, Jr. and Ronald L. Havner, Jr., and (2) each member of the Audit Committee, the Compensation Committee and the Nominating/Corporate Governance Committee is independent pursuant to the rules of the New York Stock Exchange and each Audit Committee member meets the additional independence requirements of the rules of the SEC.

**Compensation of Trustees**

*General Compensation Arrangements.* Compensation for non-management trustees who are not officers or employees of Public Storage or an affiliate (currently, all trustees other than B. Wayne Hughes and Ronald L. Havner, Jr.) is set by the Board after consideration of the recommendations of the Nominating/Corporate Governance Committee. The Board has approved the mix of cash and equity compensation described below.

*Retainers.* Retainers are paid in cash quarterly and are pro-rated when a trustee joins the Board other than at the beginning of a calendar year. During 2010, non-management trustees were entitled to receive the following annual retainers for Board service:

	<b>Annual Retainer</b>
Board member	\$ 40,000
Audit Committee chair’s supplemental retainer	\$ 10,000
Other standing committee chairs’ supplemental retainer	\$ 5,000

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Committee member

\$ 7,500

*Equity Awards.* Each new non-management trustee is, upon the date of his or her initial election by the Board or the shareholders to serve as a trustee, granted a non-qualified option to purchase 15,000 common shares, which vests in equal installments over three years based on continued service.

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Annually, each trustee, other than B. Wayne Hughes and Ronald L. Havner, Jr., receives a non-qualified stock option to acquire 5,000 common shares, which vests in three equal annual installments based on continued service. The annual grants are made immediately following the annual meeting of shareholders at the closing price for the company's common shares on the New York Stock Exchange on such date.

*Consulting Arrangement.* Pursuant to a consulting arrangement approved by the Compensation Committee and by the disinterested trustees 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, if requested, the use of a company car and (3) is provided with the services of an executive assistant and office at the company's headquarters. The consulting arrangement expires on December 31, 2013.

The following table presents the compensation provided by the company to our non-management trustees for the fiscal year ended December 31, 2010:

**Trustee Compensation in Fiscal 2010**

Name (a)	Fees Earned or Paid in Cash (\$)	Option Awards (\$)(d)(e)	All Other Compensation (\$)	Total (\$)
Dann V. Angeloff	\$ 60,000	\$ 42,400	0	\$ 102,400
William C. Baker (a)	\$ 27,500	\$ 42,400	0	\$ 69,900
John T. Evans	\$ 55,000	\$ 42,400	0	\$ 97,400
Tamara Hughes Gustavson	\$ 40,000	\$ 42,400	0	\$ 82,400
Uri P. Harkham	\$ 47,500	\$ 42,400	0	\$ 89,900
Ronald L. Havner, Jr. (b)	NA	NA	NA	NA
B. Wayne Hughes (c)	NA	NA	\$ 60,000	\$ 60,000
B. Wayne Hughes, Jr.	\$ 40,000	\$ 42,400	0	\$ 82,400
Harvey Lenkin	\$ 55,000	\$ 42,400	0	\$ 97,400
Avedick B. Poladian (a)	\$ 43,459	\$ 42,400	0	\$ 85,859
Gary E. Pruitt	\$ 65,000	\$ 42,400	0	\$ 107,400
Ronald P. Spogli (a)	\$ 43,459	\$ 42,400	0	\$ 85,859
Daniel C. Staton	\$ 60,000	\$ 42,400	0	\$ 102,400

- (a) Represents the pro-rated portion of fees for Avedick B. Poladian and Ronald P. Spogli, who were appointed to the Board in February 2010, and for William C. Baker, who passed away in May 2010.
- (b) Ronald L. Havner, Jr., our Vice Chairman, Chief Executive Officer and President, does not receive any compensation for his service as a trustee. Mr. Havner's compensation as Vice Chairman, Chief Executive Officer and President of Public Storage is described beginning on page 27.
- (c) B. Wayne Hughes received \$60,000 as compensation for consulting services during 2010 pursuant to the consulting agreement with Public Storage described above. Although Mr. Hughes is also entitled to use a company-leased car under his agreement, he elected not to do so for 2010.
- (d) Reflects the fair value of the grant on May 6, 2010 of a stock option to acquire 5,000 common shares computed in accordance with FASB ASC Topic 718.
- (e) As of December 31, 2010, each non-management trustee on such date had the following number of options outstanding: Dann V. Angeloff: 22,500, of which 12,499 are fully vested and exercisable; John T. Evans: 19,996, of which 9,995 are fully vested and exercisable; Tamara Hughes Gustavson: 25,000, of which 11,666 are fully vested and exercisable; Uri P. Harkham: 22,500, of which 12,499 are fully vested and exercisable; B. Wayne Hughes, Jr.: 22,500, of which 12,499 are fully vested and exercisable; Harvey Lenkin: 22,500, of which 12,499 are fully vested and exercisable; Avedick B. Poladian: 20,000, none of which are vested; Gary E. Pruitt: 48,120, of which 38,119 are fully vested and exercisable; Ronald P. Spogli: 20,000, none of which are vested; Daniel C. Staton: 25,000, of which 14,999 are fully vested and exercisable. As of the same date, Mr. Havner had 449,000 options of which 315,666 are fully vested and exercisable. Mr. Havner's options were granted to him in his capacity as a senior executive of Public Storage.



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### **Compensation Committee Interlocks and Insider Participation**

The Compensation Committee is comprised of Daniel C. Staton (Chairman), John T. Evans, Uri P. Harkham, Gary E. Pruitt and Ronald P. Spogli, 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 served on the Compensation Committee or Board of Trustees of any other entity which has an executive officer who also served on the Compensation Committee or Board of Trustees of Public Storage at any time during 2010.

Messrs. Hughes, Havner and Hughes, Jr. and Ms. Gustavson are present or former officers of Public Storage and are members of the Board of Trustees.

### **Consideration of Candidates for Trustee**

*Shareholder Recommendations.* The policy of the Nominating/Corporate Governance Committee is to consider properly submitted shareholder recommendations of candidates for membership on the Board of Trustees as described below under Identifying and Evaluating Nominees for Trustees. Under this policy, shareholder recommendations may only be submitted by shareholders who would be entitled to submit shareholder proposals under the SEC rules. In evaluating recommendations, the Nominating/Corporate Governance Committee seeks to achieve a balance of knowledge, experience and capability on the Board and to address the membership criteria set forth below under *Trustee Qualifications*. Any shareholder recommendations proposed for consideration by the Nominating/Corporate Governance Committee should include the candidate's name and qualifications for Board membership, including the information required under Regulation 14A under the Securities and Exchange Act of 1934, and should be addressed to: Stephanie Heim, Corporate Secretary, Public Storage, 701 Western Avenue, Glendale, California 91201-2349.

*Deadline to Propose or Nominate Individuals to Serve as Trustees.* A shareholder may send a proposed trustee candidate's name and information to the Board at any time. Generally, such proposed candidates are considered at the Nominating/Corporate Governance Committee meeting prior to the annual meeting.

To nominate an individual for election at the 2012 annual shareholder meeting, the shareholder must give timely notice to the Corporate Secretary in accordance with Public Storage's Bylaws, which, in general, require that the notice be received by the Corporate Secretary between the close of business on November 26, 2011 and the close of business on December 26, 2011, unless the date of the 2011 proxy statement is moved by more than 30 days before or after the anniversary of the date of this proxy statement, in which case the nomination must be received not earlier than the 120<sup>th</sup> day and not later than the 90<sup>th</sup> day prior to the mailing of the notice for such meeting or the tenth day following the date we announce publicly the date for our 2011 proxy statement.

*Trustee Qualifications.* Members of the Board should have high professional and personal ethics and values. They should have broad experience at the policy-making level in business or other relevant experience. They should be committed to enhancing shareholder value and should have sufficient time to carry out their duties and to provide insight and practical wisdom based on experience. Their service on other boards of public companies should be limited to a number that permits them, given their individual circumstances, to perform responsibly all trustee duties. Each trustee must represent the interests of all shareholders. In general, the Board seeks to add trustees who meet the independence requirements of the New York Stock Exchange rules. In addition, trustee candidates must submit a completed trustee questionnaire concerning matters related to independence determination, the determination of whether a candidate qualifies as an audit committee financial expert and other proxy disclosure matters, and must satisfactorily complete a background investigation by a third-party firm.

The Nominating/Corporate Governance Committee of the Board is responsible under the company's Corporate Governance Guidelines for reviewing with the Board the skills and characteristics required of Board members in the context of the current make-up of the Board. This assessment includes trustees' qualifications as independent, as well as consideration of skills, knowledge, perspective, broad business judgment and leadership, relevant specific industry or regulatory affairs knowledge, business creativity and vision and experience, all in the context of an assessment of the perceived needs of the Board at that time.

The Board has delegated to the Nominating/Corporate Governance Committee responsibility for recommending to the Board new trustees for election. Although the Nominating/Corporate Governance Committee does not have and does not believe there is a need for a formal policy concerning diversity, it seeks to ensure that a diversity of different experience and viewpoints are represented on the Board and is also guided by the principles set forth in the Committee's charter that each trustee should:



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Be an individual of the highest character and integrity;

Have substantial experience which is of particular relevance to Public Storage;

Have an understanding of the business environment and industry in which Public Storage operates;

Have sufficient time available to devote to board affairs;

Represent the best interests of the company's shareholders;

Have his or her skill set complement the skill set of the other Public Storage trustees; and

Be able to read and understand financial statements.

There are no other policies or guidelines that limit the selection of trustee candidates by the Nominating/Corporate Governance Committee and the Committee and the Board have and exercise broad discretion to select trustee candidates who will best serve the Board and Public Storage in the current and anticipated business environment.

*Identifying and Evaluating Nominees for Trustees.* The Nominating/Corporate Governance Committee utilizes a variety of methods for identifying and evaluating nominees for trustee. The Nominating/Corporate Governance Committee regularly assesses the appropriate size of the Board and whether any vacancies on the Board are expected due to retirement or otherwise. In the event that vacancies are anticipated, or otherwise arise, the Nominating/Corporate Governance Committee considers various potential candidates for trustee if it and the Board determine that vacancies should be filled.

Candidates may come to the attention of the Nominating/Corporate Governance Committee through current Board members, professional search firms, shareholders or other persons. These candidates are evaluated at meetings of the Nominating/Corporate Governance Committee and may be considered at any point during the year. As described above, the Nominating/Corporate Governance Committee considers properly submitted shareholder recommendations of candidates for the Board in the same manner as other candidates. Following verification of the shareholder status of persons proposing candidates, recommendations will be aggregated and considered by the Nominating/Corporate Governance Committee prior to the issuance of the proxy statement for the annual meeting. If any materials are provided by a shareholder in connection with the recommendation of a trustee candidate, such materials are forwarded to the Nominating/Corporate Governance Committee. The Nominating/Corporate Governance Committee may also review materials provided by professional search firms or other parties in connection with a nominee who is not proposed by a shareholder. In evaluating such nominations, the Nominating/Corporate Governance Committee seeks to achieve a balance of knowledge, experience and capability on the Board.

## **Communications with the Board**

The company provides a process by which shareholders and interested parties may communicate with the Board. Communications to the Board should be addressed to: Stephanie Heim, Corporate Secretary, Public Storage, 701 Western Avenue, Glendale, California 91201-2349. Communications that are intended for a specified individual Board member or group of Board members should be addressed c/o Corporate Secretary at the above address and will be forwarded to the Board member(s).

## **Business Conduct Standards and Code of Ethics**

The Board of Trustees has adopted a Trustees' Code of Ethics for members of the Board and Business Conduct Standards applicable to 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 of Ethics for senior financial officers covers those persons serving as the company's principal executive officer, currently Ronald L. Havner, Jr., and the principal financial officer and principal accounting officer, currently John Reyes.

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The Trustees Code of Ethics, the Business Conduct Standards and the Code of Ethics for senior financial officers may be found on the Public Storage website at [www.publicstorage.com/Corporateinformation/CorpGovernance.aspx](http://www.publicstorage.com/Corporateinformation/CorpGovernance.aspx) and is available in print to any shareholder who requests a copy by writing to the Corporate Secretary. Any amendments or waivers to the code of ethics for trustees or executive officers will be disclosed on our website or other appropriate means in accordance with applicable SEC and New York Stock Exchange requirements.

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**Corporate Governance Guidelines and Trustees Code of Ethics**

The Board has adopted the Public Storage Corporate Governance Guidelines and Trustees Code of Ethics to set forth its guidelines for overall governance practices. These Guidelines may be found on the Public Storage website at [www.publicstorage.com/Corporateinformation/CorpGovernance.aspx](http://www.publicstorage.com/Corporateinformation/CorpGovernance.aspx). Shareholders can request a paper copy of the Guidelines and Code of Ethics by writing to the Corporate Secretary.

**PROPOSAL 1**

**ELECTION OF TRUSTEES**

**Nominees for Trustee**

Upon the recommendation of our Nominating/Corporate Governance Committee, our Board has nominated the nine persons listed below to serve as trustees for the one-year term beginning with our 2011 Annual Meeting, or until their successors, if any, are elected or appointed. We believe that each nominee for election as a trustee will be able to serve if elected. If any nominee is not able to serve, proxies may be voted in favor of the remainder of those nominated and may be voted for substitute nominees, if designated by the Board.

*Majority Vote Standard for Uncontested Trustee Elections.* Our bylaws require that in order to be elected, a trustee nominee must receive a majority of the votes cast with respect to such nominee in uncontested elections so that the number of shares voted for a trustee nominee must exceed 50% of the votes cast with respect to that trustee. Each of our trustee nominees is currently serving on the Board. If a nominee who is currently serving as a trustee is not re-elected, Maryland law provides that the trustee would continue to serve on the Board as a holdover trustee. Under our bylaws and Corporate Governance Guidelines, each trustee nominee who does not receive the required majority vote for election must submit a resignation that the Board may accept. Our Nominating/Corporate Governance Committee would make a recommendation to the Board about whether to accept or reject the resignation or take other action. The Board would act on the Nominating/Corporate Governance Committee's recommendation and publicly disclose its decision and rationale within 90 days from the date that the election results were certified. If a trustee's resignation is accepted by the Board, the Board may fill the resulting vacancy or decrease the size of the Board as provided in our bylaws.

If the number of persons nominated exceeds the number of trustees to be elected, the trustees shall be elected by the a plurality of the votes cast at the meeting, provided a quorum is present. In this case, the nine trustees receiving the highest number of votes cast would be elected.

*Trustee Changes in 2010 and 2011.* Thirteen trustees were elected at the 2010 Annual Meeting. In May 2010, William C. Baker passed away, and in January 2011, Harvey Lenkin retired from the Board. In the past year, the Board amended its Corporate Governance Guidelines to provide that trustees will not be nominated for election to the Board if they would attain the age of 70 during the subsequent term, except that the Board provided that the B. Wayne Hughes, Chairman of the Board, would be re-nominated at the 2011 Annual Meeting to provide for a one-year period to transition the role of Chairman of the Board. In accordance with the retirement policy contained in the Corporate Governance Guidelines, Dann V. Angeloff and John T. Evans will retire from the Board effective with the 2011 Annual Meeting of Shareholders. Effective with the 2011 Annual Meeting, the size of the Board will be reduced to nine trustees unless the Board decides to appoint one or more new trustees.

Set forth below is information concerning each of the nominees for trustee:

**B. Wayne Hughes**, age 77, is Chairman of the Board and has been a member of the Board of Public Storage since its organization in 1980. Mr. Hughes 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 currently operates a horse farm in Kentucky and is engaged in philanthropic activities. Mr. Hughes has been active in the real estate investment field for over 40 years. He is the father of B. Wayne Hughes, Jr. and Tamara Hughes Gustavson, who are also members of the Public Storage Board. The Hughes family together owns approximately 17% of the outstanding common shares of Public Storage.

Mr. Hughes is the founder of Public Storage. Mr. Hughes' qualifications for election to the Public Storage Board include his vast knowledge of and more than 37 years experience with Public Storage and in the self-storage business, which provides valuable insight to the Board with respect to the historical and future direction of the company.

**Ronald L. Havner, Jr.**, age 53, has been the Vice-Chairman, Chief Executive Officer and a member of the Board of Public Storage since November 2002 and President since July 1, 2005. Mr. Havner joined Public Storage in 1986 and held a variety of senior management positions

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until his appointment as Vice-Chairman and Chief Executive Officer in 2002. Mr. Havner has been Chairman of Public Storage's affiliate, PS Business Parks, Inc. (PSB), since March 1998 and was

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Chief Executive Officer of PSB from March 1998 until August 2003. He is also a member of the Board of Governors and the Executive Committee of the National Association of Real Estate Investment Trusts, Inc. (NAREIT), serving as Treasurer and a member of its Audit and Investment Committee. He is also a member of the NYU REIT Center Board of Advisors and a director of Business Machine Security, Inc. Within the last five years, Mr. Havner served on the boards of Union BanCal Corporation and its subsidiary, Union Bank of California, and of General Finance Corporation, The Mobile Storage Group and PacVan, Inc.

Mr. Havner's qualifications for the Public Storage Board include his extensive leadership experience and company and industry knowledge. As the only Board member who is also an active member of the Public Storage management team, Mr. Havner provides management's perspective in Board discussions about the operations and strategic direction of the company.

**Tamara Hughes Gustavson**, age 49, joined the Public Storage Board in December 2008. She was previously employed by Public Storage from 1983 to 2003, serving most recently as Vice President, Administration. During the past five years, Ms. Gustavson has been engaged in charitable and community activities, and her business experience has included supervising her personal financial and business investments. She also serves on the Board of Directors of the USC-CHLA Institute for Pediatric Clinical Research. Ms. Gustavson is the daughter of B. Wayne Hughes, Chairman of the Board, and sister of B. Wayne Hughes, Jr., also a Trustee.

Ms. Hughes Gustavson is our largest single shareholder and a member of the Hughes family that collectively owns approximately 17% of the company's outstanding common shares. Her qualifications for election to the Public Storage Board include her previous managerial experience at Public Storage, as well as her ongoing investment and charitable board experience.

**Uri P. Harkham**, age 62, a member of the Compensation Committee, became a member of the Board of Public Storage in March 1993. Mr. Harkham has been the President and Chief Executive Officer of Harkham Industries, which specializes in designing, manufacturing and marketing women's clothing under its four labels, Harkham, Hype, Jonathan Martin and Johnny Martin, since its organization in 1974. Since 1978, Mr. Harkham has been the Chief Executive Officer of Harkham Family Enterprises, a real estate firm specializing in buying and rebuilding retail and mixed use real estate throughout Southern California.

Mr. Harkham's qualifications for election to the Public Storage Board include his extensive real estate experience and experience with consumer businesses. He also brings to the Board his leadership experience as the Chief Executive Officer of Harkham Industries and Harkham Family Enterprises, as well as his knowledge of international business operations.

**B. Wayne Hughes, Jr.**, age 51, became a member of the Board of Public Storage in January 1998. He was employed by Public Storage from 1983 to 2002, serving as Vice President Acquisitions of Public Storage from 1992 to 2002. Mr. Hughes, Jr. is currently Vice President of American Commercial Equities, LLC and its affiliates, companies engaged in the acquisition and operation of commercial properties in California. He is the son of B. Wayne Hughes, Chairman of the Board, and the brother of Tamara Hughes Gustavson, also a Trustee. The Hughes family together owns approximately 17% of the outstanding common shares of Public Storage.

Mr. Hughes, Jr.'s qualifications for election to the Public Storage Board include his extensive experience in the real estate industry, including previous management experience at Public Storage. He continues to play an active role in family real estate investment activities and brings that expertise to Board discussions.

**Avedick B. Poladian**, age 59, has been Executive Vice President and Chief Operating Officer for Lowe Enterprises, Inc., a diversified national real estate company active in commercial, residential and hospitality property investment, management and development since 2007. He was Executive Vice President, Chief Financial Officer and Chief Administrative Officer for Lowe from 2003 to 2006. Mr. Poladian was with Arthur Andersen from 1974 to 2002 and is a certified public accountant (inactive). He is also a director and member of the Audit Committee of Occidental Petroleum Corporation and Western Asset Funds (Western Asset Income Fund, Western Asset Premier Bond Fund and Western Asset Funds, Inc.) and was a director of California Pizza Kitchen from 2004 to 2008. He is also a director of the YMCA of Metropolitan Los Angeles and a former Trustee of Loyola Marymount University.

Mr. Poladian's qualifications for election to the Public Storage Board include his extensive knowledge of the real estate industry and his executive, operational and financial experience at Lowe Enterprises and previous accounting experience at Arthur Andersen. He also has experience as a director of other public companies.

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**Gary E. Pruitt**, age 61, Chairman of the Audit Committee and a member of the Compensation Committee, became a member of the Board of Public Storage in August 2006 in connection with the merger of Shurgard Storage Centers, Inc. with Public Storage. Mr. Pruitt was previously a director of Shurgard until the company was acquired by Public Storage. He retired as the Chairman of Univar N.V., a chemical distribution company based in Bellevue, Washington, with distribution centers in the United States, Canada and Europe, on November 30, 2010. Mr. Pruitt joined Univar in 1978 and held a variety of senior management positions until his appointment as Chairman and Chief Executive Officer in 2002. Mr. Pruitt retired as CEO of Univar in October 2009. Mr. Pruitt is also a member of the Board of Directors of Itron, Inc., Esterline Technologies Corp. and Premera Blue Cross (a private company).

Mr. Pruitt's qualifications for election to the Public Storage Board include his leadership and financial experience as chairman and chief executive officer at Univar, as well as his previous experience on the board of Shurgard Storage Centers, Inc., a self-storage real estate investment trust ( REIT ). Mr. Pruitt is an audit committee financial expert and serves as the Chairman of the Audit Committee of Public Storage.

**Ronald P. Spogli**, age 63, co-founded Freeman Spogli & Co., a private investment firm, in 1983 after a career in investment banking with Dean Witter Reynolds where he was a Managing Director responsible for mergers and acquisitions in the western United States. He rejoined the Freeman Spogli & Co. in June 2009 after having served as the United States Ambassador to the Italian Republic and the Republic of San Marino from August 2005 until February 2009. Mr. Spogli graduated Phi Beta Kappa with great distinction in history from Stanford University. He earned his Master's degree in business administration from Harvard University.

Mr. Spogli's qualifications for election to the Public Storage Board include his broad-ranging board and executive responsibilities for a variety of companies engaged in consumer businesses in which the firm of Freeman Spogli & Co. has investments. In addition, Mr. Spogli's experience in government and international relations provides helpful insight in the European countries where Public Storage has investments.

**Daniel C. Staton**, age 58, Chairman of the Compensation Committee and a member of the Audit Committee, became a member of the Board of Public Storage in March 1999 in connection with the merger of Storage Trust Realty with Public Storage. 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 Chairman of Staton Capital, an investment and venture capital company, and the Chairman and Co-Chief Executive Officer of FriendFinder Networks Inc., a print and electronic media company, since November 2004 and Chairman of Armour Residential REIT, Inc. (NYSE Amex: ARR) since November 2009. 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.

Mr. Staton's qualifications for election to the Public Storage Board include his leadership and self-storage industry experience as Chairman of the Board of Storage Trust Realty, a self-storage REIT, and operational and financial experience as co-founder and senior executive at Duke Realty and currently, as Co-Chief Executive Officer of FriendFinder Networks, Inc. His managerial experience provides a strong foundation for his role as Chairman of the Public Storage Compensation Committee. He is also an audit committee financial expert and serves as a member of the Audit Committee of Public Storage.

**Vote Required and Board Recommendation.** Each of the nine nominees for election as trustee must receive more than 50% of the votes cast with respect to such trustee.

**Your Board of Trustees recommends that you vote FOR the election of each nominee named above.**

**PROPOSAL 2**

**RATIFICATION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTANTS**

The Audit Committee of the Board of Trustees has appointed Ernst & Young LLP as the independent registered public accounting firm for Public Storage for the fiscal year ending December 31, 2011. The Audit Committee also recommended that the Board submit the appointment of Ernst & Young LLP to the company's shareholders for ratification.

Although we are not required to seek shareholder ratification of the appointment of Ernst & Young LLP as the independent registered public accounting firm, Public Storage is asking its shareholders to do so because it believes that shareholder ratification of the appointment is a matter of good corporate practice. If the shareholders do not ratify the appointment of Ernst & Young LLP, the Audit Committee will reconsider whether or not to retain Ernst & Young LLP as the independent registered public accounting firm for Public Storage, but may determine to do so. Even if the appointment of





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Ernst & Young LLP is ratified by the shareholders, the Audit Committee may change the appointment at any time during the year if it determines that a change would be in the best interest of Public Storage and its shareholders.

Representatives of Ernst & Young LLP, the independent registered public accounting firm for Public Storage since its organization in 1980, will be in attendance at the 2011 Annual Meeting of Shareholders and will have the opportunity to make a statement if they desire to do so and to respond to any appropriate shareholder inquiries.

**Fees Billed to the Company by Ernst & Young LLP for 2010 and 2009**

The following table shows the fees billed or expected to be billed to Public Storage by Ernst & Young for audit and other services provided for fiscal 2010 and 2009:

	2010	2009
Audit Fees (a)	\$ 855,000	\$ 763,000
Audit-Related Fees (b)	\$ 34,000	\$ 34,000
Tax Fees (c)	\$ 471,000	\$ 1,286,000
All Other Fees (d)	\$ 2,000	\$ 2,000
<b>Total</b>	<b>\$ 1,362,000</b>	<b>\$ 2,085,000</b>

- (a) Audit fees represent fees for professional services provided in connection with the audits of Public Storage's annual financial statements and internal control over financial reporting, review of the quarterly financial statements included in Public Storage's quarterly reports on Form 10-Q and services in connection with the company's registration statements and securities offerings.
- (b) Audit-related fees represent professional services for auditing the Public Storage 401(k)/Profit Sharing Plan financial statements.
- (c) During 2010, tax fees included \$300,000 for preparation of federal and state income tax returns for Public Storage and its consolidated entities and \$171,000 for various tax consulting matters. During 2009, tax fees included \$937,000 for preparation of federal and state income tax returns for Public Storage and its consolidated entities and \$349,000 for various tax consulting matters; \$498,000 of the tax fees incurred in 2009 relate to the preparation of additional tax returns required to be filed in connection with the 2008 disposition of an interest in Shurgard Europe.
- (d) All other fees represent subscription fees for an online accounting research database.

**Required Vote**

Ratification of the appointment of Ernst & Young LLP requires approval by a majority of the votes cast at the meeting. For these purposes, an abstention or broker non-vote will not be treated as a vote cast.

**Your Board of Trustees recommends that you vote FOR the proposal to ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm.**

**Audit Committee Report**

The Audit Committee consists of four trustees, each of whom has been determined by the Board to meet the New York Stock Exchange standards for independence and the Securities and Exchange Commission's requirements for audit committee member independence. The Audit Committee operates under a charter adopted by the Board of Trustees. The Audit Committee's charter may be found at [publicstorage.com/CorporateInformation/corpGov/PSAuditCharter.pdf](http://publicstorage.com/CorporateInformation/corpGov/PSAuditCharter.pdf) on the company's website.

The Audit Committee's responsibilities include appointing the company's independent registered public accounting firm, pre-approving audit and non-audit services provided by the firm, and assisting the Board in providing oversight to the company's financial reporting process. In fulfilling its oversight responsibilities, the Audit Committee meets with the company's independent registered public accounting firm, internal auditors and management to review accounting, auditing, internal controls and financial reporting matters.

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It is not the Audit Committee's responsibility to plan or conduct audits or to determine that the company's financial statements and disclosures are complete, accurate and in accordance with U.S. generally accepted accounting principles and applicable laws, rules and regulations. Management is responsible for the company's financial statements, including the estimates and judgments on which they are based, as well as the company's internal controls, accounting policies and the

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financial reporting process. The independent registered public accounting firm is responsible for performing an independent audit of the company's consolidated financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States) and for issuing a report thereon. The Audit Committee's responsibility is to monitor and oversee these processes and necessarily relies on the work and assurances of the company's management and of the company's independent registered public accounting firm.

In this context, the Audit Committee has met with management and Ernst & Young LLP, the company's independent registered public accounting firm, and has reviewed and discussed with them the audited consolidated financial statements. Management represented to the Audit Committee that the company's consolidated financial statements were prepared in accordance with U.S. generally accepted accounting principles. The Audit Committee discussed with the independent registered public accounting firm matters required to be discussed by Statement on Auditing Standards No. 61 (Communication with Audit Committees), as modified or supplemented.

The company's independent registered public accounting firm also provided to the Audit Committee the written disclosures and the letter required by the applicable rules of the Public Company Accounting Oversight Board, and the Audit Committee discussed with the independent registered public accounting firm that firm's independence. In addition, the Audit Committee has considered whether the independent registered public accounting firm's provision of non-audit services to the company and its affiliates is compatible with the firm's independence.

During 2010, management documented, tested and evaluated the company's system of internal control over financial reporting in response to the requirements set forth in Section 404 of the Sarbanes-Oxley Act of 2002 and SEC regulations adopted thereunder. The Audit Committee met with representatives of management, the internal auditors, legal counsel and the independent registered public accounting firm on a regular basis throughout the year to discuss the progress of the process. At the conclusion of this process, the Audit Committee received from management its assessment and report on the effectiveness of the company's internal controls over financial reporting. In addition, the Audit Committee received from Ernst & Young LLP its attestation report on the company's internal control over financial reporting. These assessments and reports are as of December 31, 2010. The Audit Committee reviewed and discussed the results of management's assessment and Ernst & Young's attestation.

Based on the foregoing and the Audit Committee's discussions with management and the independent registered public accounting firm, and review of the representations of management and the attestation report of the independent registered public accounting firm, the Audit Committee recommended to the Board of Trustees, and the Board has approved, that the audited consolidated financial statements be included in the company's Annual Report on Form 10-K for the year ended December 31, 2010 for filing with the Securities and Exchange Commission. The Audit Committee also approved the appointment of Ernst & Young LLP as the company's independent registered public accountants for the fiscal year ending December 31, 2011 and recommended that the Board submit this appointment to the company's shareholders for ratification at the 2011 Annual Meeting.

THE AUDIT COMMITTEE

Gary E. Pruitt (Chairman)

Dann V. Angeloff

Avedick B. Poladian

Daniel C. Staton

**Table of Contents****STOCK OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT****Security Ownership of Certain Beneficial Owners**

The following table sets forth information as of the dates indicated with respect to persons known to us to be the beneficial owners of more than 5% of the outstanding common shares:

**STOCK OWNERSHIP OF CERTAIN BENEFICIAL OWNERS**

Name and Address	Common Shares Beneficially Owned	
	Number of Shares	Percent of Class
B. Wayne Hughes (1)	2,713,969	1.6%
B. Wayne Hughes, Jr. (1)	6,198,951	3.6%
Tamara Hughes Gustavson (1)	19,548,868	11.5%
B. Wayne Hughes, Jr. and Tamara Hughes Gustavson (1)	11,348	
<b>Total</b>	<b>28,473,136</b>	<b>16.7%</b>
The Vanguard Group, Inc. 100 Vanguard Boulevard Malvern, Pennsylvania 19355 (2)	13,096,833	7.7%
BlackRock, Inc. 40 East 52 <sup>nd</sup> Street New York, NY 10022 (3)	10,458,988	6.1%
FMR LLC 82 Devonshire Street Boston, Massachusetts 02109 (4)	9,924,614	5.8%
Cohen & Steers, Inc. 280 Park Avenue, 10 <sup>th</sup> Floor New York, New York 10017 (5)	9,021,569	5.3%

- (1) This information is as of March 1, 2011. B. Wayne Hughes, B. Wayne Hughes, Jr. and Tamara Hughes Gustavson have filed a joint Schedule 13D, as amended most recently on December 16, 2009, to report their collective ownership of common 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. The address for the Hughes family is 701 Western Avenue, Glendale, California 91201-2349.
- (2) This information is as of December 31, 2010 and is based on a Schedule 13G filed on February 10, 2011 by The Vanguard Group, Inc. to report that it has sole voting power for 192,119 common shares; sole dispositive power for 12,904,714 common shares and shared dispositive power with respect to 192,119 common shares.
- (3) This information is as of December 31, 2010 and is based on a Schedule 13G filed on February 8, 2011 by BlackRock, Inc. to report that it (including affiliates) has sole voting power and sole dispositive power with respect to 10,458,988 common shares.
- (4) This information is as of December 31, 2010 and is based on a Schedule 13G filed on February 14, 2011 by FMR LLC to report that it (including affiliates) has sole voting power for 5,975,816 common shares and sole dispositive power for 9,924,614 common shares.
- (5) This information is as of December 31, 2010 and is based on a Schedule 13G filed on February 14, 2011 by Cohen & Steers, Inc. to report that it (including affiliates) has sole voting power for 7,889,991 common shares and sole dispositive power for 9,021,569 common shares.

**Table of Contents****Security Ownership of Management**

The following table sets forth information as of March 1, 2011 concerning the beneficial ownership of common shares by each of our trustees, the chief executive officer, the chief financial officer and the other four most highly compensated persons who were executive officers of the company on December 31, 2010 and all trustees and executive officers as a group. Amounts reported include the number of shares subject to stock options and restricted share units (RSUs) that become exercisable or vest within 60 days of March 1, 2011.

**SECURITY OWNERSHIP OF MANAGEMENT**

Name	Common Shares Beneficially Owned	
	Number of Shares	Percent
B. Wayne Hughes	2,713,969(1)(6)	1.6%
Ronald L. Havner, Jr.	417,632(1)(2)(3)	.2%
Dann V. Angeloff	66,099(1)(2)	*
John T. Evans	12,244(1)(2)	*
Tamara Hughes Gustavson	19,574,786(1)(2)(6)(7)	11.5%
Uri P. Harkham	70,023(1)(2)	*
B. Wayne Hughes, Jr.	6,242,032(1)(2)(5)(6)	3.6%
Harvey Lenkin	206,714	*
Avedick B. Poladian	6,151	*
Gary E. Pruitt	39,431(1)(2)	*
Ronald P. Spogli	5,000	*
Daniel C. Staton	32,749(1)(2)	*
John Reyes	424,768(1)(2)	.2%
David F. Doll	217,743(1)(2)	.1%
Steven M. Glick	11,437	*
Mark C. Good		*
Candace N. Krol	67,938(1)(2)	*
All trustees and executive officers as a group (17 persons)	30,108,716(1)(2)(3)(4)(5)(6)(7)(8)	17.7%

\* Less than 1%

(1) Represents common shares beneficially owned as of March 1, 2011. 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 Public Storage that are held in the Public Storage 401(k)/Profit Sharing Plan.