

Public Storage  
Form DEF 14A  
March 16, 2016  
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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 under § 240.14a-12**

**PUBLIC STORAGE**

(Name of Registrant as Specified in Its Charter)

**Payment of Filing Fee (Check the appropriate box):**

**No fee required.**

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

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March 16, 2016

Dear Public Storage Shareholder:

On behalf of the Board of Trustees of Public Storage, I am pleased to invite you to our 2016 Annual Meeting of Shareholders on Monday, April 25, 2016, at 11:00 a.m., Pacific Daylight Time, to be held at the Westin Pasadena, located at 191 North Los Robles Avenue in Pasadena, California.

We have included the official notice of meeting, proxy statement and form of proxy with this letter. The proxy statement describes in detail the matters listed in the notice of meeting.

Your vote is important. Whether or not you plan to attend the annual meeting, we hope you will vote as soon as possible. You may vote your shares over the Internet, by telephone or, if you elect to receive printed proxy materials, by mail by following the instructions on the proxy card or the voting instruction card. Of course, even if you vote your shares ahead of time, you may still attend the meeting.

Thank you for your continued support of Public Storage. We look forward to seeing you at our 2016 Annual Meeting.

Sincerely,

Ronald L. Havner, Jr.  
*Chairman of the Board,*

*Chief Executive Officer and President*

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**NOTICE OF THE 2016 ANNUAL MEETING OF SHAREHOLDERS**

<b>Date</b>	Monday, April 25, 2016
<b>Time</b>	11:00 a.m., Pacific Daylight Time
<b>Place</b>	Westin Pasadena 191 North Los Robles Avenue Pasadena, California 91101
<b>Matters to be Voted On</b>	Election of Trustees  Advisory vote to approve executive compensation  Ratification of Ernst & Young LLP as our independent registered public accounting firm for 2016  Approval of 2016 Equity and Performance-Based Incentive Compensation Plan  Any other matters that may properly be brought before the meeting
	By order of the Board of Trustees,  <i>Lily Hughes</i>  Senior Vice President, Chief Legal Officer and Corporate Secretary

March 16, 2016

Please vote promptly.

If you hold your shares in street name and do not provide voting instructions, your shares will not be voted on any proposal on which your broker does not have discretionary authority to vote. See *How proxies will be voted* on page 55 of this proxy statement.

We sent a Proxy Statement to shareholders of record at the close of business on March 1, 2016, together with an accompanying form of proxy card and Annual Report, or a Notice of Internet Availability of Proxy Materials (Notice) on or about March 16, 2016.

Our 2016 Proxy Statement and Annual Report for the year ended December 31, 2015, are available at [www.envisionreports.com/psa](http://www.envisionreports.com/psa). Instructions on how to receive a printed copy of our proxy materials are included in the Notice, as well as in this Proxy Statement.

The shareholders of record of Public Storage common shares of beneficial interest at the close of business on March 1, 2016 will be entitled to vote at the meeting or any postponements or adjournments thereof.

Whether or not you expect to attend, we urge you to sign, date and promptly return the proxy card in the enclosed postage prepaid envelope or vote via telephone or the Internet in accordance with the instructions on the enclosed proxy card. If you attend the meeting, you may vote your shares in person, which will revoke any prior vote.

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2016 Proxy Summary

**2016 Proxy Summary**

*This summary highlights information contained elsewhere in this proxy statement. This summary does not contain all the information you should consider, and you should read the entire proxy statement carefully before voting.*

**Proxy statement**

Your vote is very important. The Board of Trustees (the Board) of Public Storage (the Company or Public Storage) is requesting that you allow your Public Storage common shares of beneficial interest (the Common Stock) to be represented at the annual meeting by the proxies named on the proxy card.

This proxy statement is being sent or made available to you in connection with this request and has been prepared for the Board by our management. This proxy statement is being sent and made available to our shareholders on or about March 16, 2016.

**Annual meeting overview**

**MATTERS TO BE VOTED ON**

**The Board recommends you vote FOR each trustee nominee and FOR each of the following proposals**

*(for more information, see pages referenced):*

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2.	<u>Advisory vote to approve executive compensation</u>	20
3.	<u>Ratification of Ernst &amp; Young LLP as our independent registered public accounting firm for 2016</u>	43
4.	<u>Approval of 2016 Equity and Performance-Based Incentive Compensation Plan</u>	46
5.	Any other matters that may properly be brought before the meeting	

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2016 Proxy Summary

**Election of Trustees**

The Board of Trustees has nominated the eight incumbent trustees listed below for re-election. If re-elected by shareholders at our annual meeting, they will be expected to serve until next year's annual meeting.

**The Board of Trustees has nominated eight trustees, five of whom are independent.**

<b>Nominee</b>	<b>Age</b>	<b>Principal Occupation</b>	<b>Trustee Since</b>	<b>Committee Membership</b>
<b>Ronald L. Havner, Jr.</b>	58	Chairman, Chief Executive Officer and President of Public Storage	2002	
<b>Tamara Hughes Gustavson</b>	54	Real Estate Investor; Philanthropist	2008	
<b>Uri P. Harkham</b>	67	Chief Executive Officer of Harkham Family Enterprises	1993	Compensation
<b>B. Wayne Hughes, Jr.</b>	56	Founder of American Commercial Equities, LLC	1998	
<b>Avedick B. Poladian</b>	64		2010	

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		Executive Vice President and Chief Operating Officer of Lowe Enterprises, Inc.		Audit (Chair) and Nominating/Corporate Governance (Chair)
<b>Gary E. Pruitt (Lead Independent Trustee)</b>	66	Retired Chairman and Chief Executive Officer of Univar N.V.	2006	Audit and Nominating/Corporate Governance
<b>Ronald P. Spogli</b>	67	Co-Founder of Freeman Spogli & Co.; Former Ambassador to the Italian Republic and the Republic of San Marino	2010	Compensation and Nominating/Corporate Governance
<b>Daniel C. Staton</b>	63	Chairman and Managing Director of Staton Capital LLC	1999	Compensation (Chair) and Audit

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2016 Proxy Summary

**Performance and Compensation Highlights**

Public Storage continued its strong performance in 2015 under the leadership of our CEO Ron Havner and the Company's senior management, supported by the oversight of our Board of Trustees.

Below are highlights relating to the Company's performance and compensation program.

**Strong 2015 performance continues to support sustained shareholder value**

We delivered 38.3% in total shareholder return (TSR) in 2015, following 27% in 2014. Over the last decade, our TSR has been 17% per year vs. 7% for the S&P 500 companies.

We paid record dividends of \$6.50 per share, our 139<sup>th</sup> consecutive quarterly dividend.

U.S. same store revenues grew by 6.5%.

Core FFO per common share grew by 10.0%.

Free cash flow per common share increased by 12.0%.

**We maintain a fortress balance sheet with a focus on cost controls**

Our debt to EBITDA ratio is the lowest in the self-storage industry.

We have capital resources many times in excess of our ongoing capital needs.

We continue to enjoy the lowest ratio of general and administrative expense to total revenues in the self-storage industry.

We are one of the two REITs with the highest credit rating in the REIT industry.

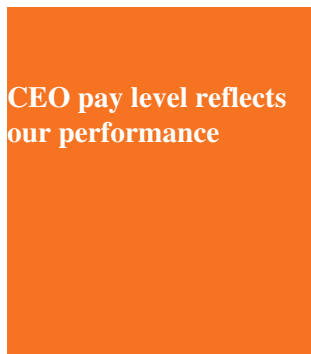
**Our compensation program is rigorous and long-term focused**

Our compensation program reflects the Board's philosophy of paying for performance and incentivizing our executive officers to create long-term shareholder value.

Over 77% of the compensation for our named executive officers (named executive officers or NEOs) is at risk and tied to the achievement of performance goals that are key drivers to the success of our business.



Since 2012, equity award grants to named executive officers vest over at least five years, and will vest over eight years starting with the 2016 grants for 2015 performance.  
We have strong stock ownership guidelines, which are exceeded by all of our named executive officers who have been with the Company for at least five years.



Our CEO and the other named executive officers delivered strong results for the Company as a whole and across all of our business segments.  
Our philosophy towards CEO compensation has remained unchanged since 2012. Almost 80% of the 18.2% increase in the value of our CEO's total 2015 compensation over 2014 levels<sup>1</sup> is attributable entirely to price appreciation in the Company's stock.



Our Lead Independent Trustee provides many of the corporate governance checks and balances that would be performed by an independent, non-employee Chairman of the Board.  
Our Board and its committees maintained strong oversight over our management and business in holding a total of 16 meetings and calls on financial and operational results, governance, compensation and other topics.

<sup>1</sup> As reported in the Summary Compensation Table and its footnotes on page 33.

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2016 Proxy Summary

**Approval of 2016 Equity and Performance-Based Compensation Plan**

Public Storage's 2007 Equity and Performance-Based Compensation Plan, as amended (the 2007 Plan), is the Company's current equity and performance-based compensation plan. It was last amended pursuant to shareholder approval in 2014 to increase (i) the number of shares available for issuance as expected to be needed through the remaining term of the 2007 Plan based on historical rates of grant and (ii) the limit on individual annual incentive awards.

The primary purpose of voting on the 2016 Equity and Performance-Based Compensation Plan (the 2016 Plan) at the 2016 Annual Meeting is to give our shareholders the opportunity to review and approve it before the 2007 Plan expires on February 25, 2017 in advance of our 2017 Annual Meeting. The total number of common shares proposed to be reserved for issuance under the 2016 Plan is 2,453,000. That number consists of 2,000,000 new shares that are being submitted to our shareholders for approval, and the approximately 453,000 shares remaining under the 2007 Plan (as of March 1, 2016), which will be carried over and subsumed under the 2016 Plan once it is approved and adopted.

We believe that voting in favor of the 2016 Plan is important as it preserves the Company's ability to grant equity awards, which is an integral component of the Company's efforts to attract key employees and align their long-term economic interests with those of our shareholders. Without such approval, the Company would lose a critical shareholder alignment feature of our compensation framework.

The 2016 Plan is an amendment and restatement of the 2007 Plan and is organized around three key considerations that we believe shareholders should focus on in their evaluation:

1. We use shares responsibly, as the average rate at which we grant common shares is well below the burn rate benchmark that Institutional Shareholder Services (ISS) has set for the Company's industry.
2. Our equity practices promote the long-term interests of our shareholders and create a culture of success for our employees.
3. Our equity program reinforces individual accountability through strong recovery provisions.

In addition, a significant portion of our CEO compensation is performance-based. And as illustrated in the following charts, total CEO compensation has remained relatively constant over the last five years<sup>1</sup>, a period in which:



Core FFO per share increased by an aggregate of more than 50%;

Free Cash Flow per share increased by an aggregate of more than 53%;

dividends per share increased by an aggregate of more than 78%;

Core FFO per share and Free Cash Flow per share, which we consider to be the two key drivers of our business, increased each year; and

dividends per share, an important measure of return to shareholders, increased each year.

<sup>1</sup> The stock awards granted to Mr. Havner in 2012 for 2011 performance, reported as 2012 compensation in our previous proxy statements as required under applicable SEC rules, were re-classified to 2011 compensation for purposes of these comparisons.

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Proposal 1:

Election of Trustees

Our Board of Trustees has nominated eight trustees, who, if elected by shareholders at our annual meeting, will be expected to serve until next year's annual meeting. All nominees are currently trustees of the Company.

**RECOMMENDATION:**

**Vote FOR all nominees**

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Proposal 1

**Proposal 1 Election of trustees**

**Executive Summary**

The Nominating/Corporate Governance Committee recommended and the Board has nominated each of our eight incumbent trustees for re-election to the Board for the one-year term beginning with our 2016 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.

We believe that each nominee has the skills, experience and personal qualities the Board seeks in its trustees and that the combination of these nominees creates an effective Board that functions well and serves the best interests of Public Storage and our shareholders.

The Board is responsible for overseeing management and providing sound governance on behalf of the shareholders. Risk management oversight is a key priority. The Board carries out its responsibilities through highly capable trustees, the Lead Independent Trustee, a strong committee structure and adherence to our corporate governance principles.

**Trustee Nomination and Selection Criteria**

In evaluating potential candidates for service on the Board, the Nominating/Corporate Governance 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.

The goal in the vetting and nomination process is to achieve an appropriate balance of knowledge, experience and capability on the Board. The Board, through the Nominating/Corporate Governance Committee, considers the following experience, qualifications, attributes and skills of both potential trustee nominees and existing members of the Board:

- Senior leadership experience
- Accounting/financial expertise
- Public company board experience
- Industry experience
- Operational management
- International markets
- Capital markets/banking
- Government
- Legal and regulatory compliance
- Diversity (gender, race, nationality and other attributes)

Our trustee nominees have qualifications, skills and experience relevant to our business. Each trustee nominee has experience, mainly at senior executive levels, in other organizations, and a majority of the trustee nominees hold or have held directorships at other U.S. public companies.

Four of our trustee nominees, in addition to our CEO, have served as chief executive officers, and all have demonstrated superb leadership, intellectual and analytical skills gained from deep experience in management and corporate governance.

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Proposal 1

**Nominees Qualifications and Experience**

The Nominating/Corporate Governance Committee has nominated the eight incumbent trustees listed below for re-election. All of the nominees are currently serving as trustees. The Board believes that these nominees provide Public Storage with the combined skills, experience and personal qualities needed for an effective and engaged Board. We recommend that you vote FOR each nominee.

&nbsp;