

Public Storage
Form DEF 14A
March 16, 2018
Table of Contents

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)

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No fee required.

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Table of Contents

Table of Contents

701 Western Avenue

Glendale, California 91201-2349

March 16, 2018

Dear fellow shareholders:

We are pleased to invite you to attend our 2018 Annual Meeting of Shareholders on Wednesday, April 25, 2018 in Glendale, California.

We hope that you will attend the meeting in person. We encourage you to designate the proxies named on the proxy card to vote your shares even if you are planning to come. This will ensure that your common stock is represented at the meeting.

Our proxy materials are furnished to shareholders primarily over the Internet. We believe this process expedites the shareholders' receipt of the materials, lowers the costs of the Annual Meeting and conserves natural resources.

Thank you for your continued support of Public Storage. We look forward to seeing you at our 2018 Annual Meeting.

Sincerely,

Ronald L. Havner, Jr.

Chairman and Chief Executive Officer

Table of Contents

NOTICE OF 2018 ANNUAL MEETING OF SHAREHOLDERS

March 16, 2018

To our shareholders:

I invite you to attend the 2018 annual meeting of shareholders of Public Storage at 2:30 p.m. Pacific Daylight Time on April 25, 2018 at Hilton Los Angeles North/Glendale at 100 West Glenoaks Boulevard, Glendale, California 91201.

Items of Business

1. To elect nine trustees to our board of trustees;
2. To vote on an advisory resolution to approve executive compensation;
3. To vote on amending the company's Amended and Restated Declaration of Trust to allow shareholders to amend the company's bylaws;
4. To ratify the appointment of Ernst & Young LLP as the independent registered public accounting firm for 2018; and
5. To transact such other business as may properly come before the Annual Meeting and any postponements or adjournments thereof.

Record Date

Close of business on March 1, 2018.

Proxy Materials

The Notice of Meeting, Proxy Statement and Annual Report on Form 10-K are available free of charge at www.envisionreports.com/psa.

On behalf of the Board of Trustees,

Lily Yan Hughes

Senior Vice President,

Chief Legal Officer and Corporate Secretary

Table of Contents

<u>Proxy Statement Summary</u>	3
<u>Proposal 1 Election Of Trustees</u>	10
<u>Board Evaluations And Nominations</u>	11
<u>Board Qualifications</u>	11
<u>Board Focus On Diversity</u>	12
<u>Nominee Qualifications</u>	13
<u>Corporate Governance</u>	19
<u>Governance Structure</u>	19
<u>Proxy Access</u>	19
<u>Board Leadership Structure</u>	19
<u>Chairman Emeritus</u>	20
<u>Board's Role In Risk Oversight</u>	20
<u>Board Orientation And Education</u>	21
<u>Trustee Independence</u>	21
<u>Communications With The Board</u>	21
<u>Trustee Attendance</u>	21
<u>Board Committees</u>	22
<u>Compensation Of Trustees</u>	24
<u>Proposal 2 Advisory Vote to Approve Executive Compensation</u>	26
<u>Compensation Discussion And Analysis (CD&A)</u>	28
<u>Compensation Philosophy</u>	28
<u>Elements Of Executive Compensation</u>	29
<u>Compensation Process</u>	30
<u>2017 Executive Compensation Performance Highlights</u>	31
<u>Our Executive Officers</u>	35
<u>2017 Compensation Targets</u>	35

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<u>2017 Compensation Decisions</u>	37
<u>2017 At-Risk Compensation For All NEOs</u>	39
<u>2018 Compensation Outlook</u>	39
<u>2019 Succession Plan</u>	40
<u>2017 Tax and Accounting Considerations Section 162(M)</u>	41
<u>Compensation Committee Report</u>	42
<u>Executive Compensation Tables</u>	43
<u>Share Ownership Of Trustees And Management</u>	49
<u>Additional Information</u>	51
<u>Anti-Hedging Policy</u>	51

Table of Contents

<u>Policy Regarding Pledging Of Shares</u>	51
<u>Section 16(A) Beneficial Ownership Reporting Compliance</u>	51
<u>Related Party Transaction Approval Policies And Procedures</u>	52
<u>Relationships And Transactions With The Hughes Family</u>	52
<u>Management Agreement With PS Business Parks</u>	52
<u>Cost Sharing And Other Arrangements With PS Business Parks</u>	52
<u>Common Management/Board Members With PS Business Parks</u>	53
<u>Pay Ratio Disclosure</u>	53
<u>Proposal 3 Amendment To Our Declaration Of Trust</u>	54
<u>Proposal 4 Ratification Of Independent Registered Public Accounting Firm</u>	56
<u>Fees Billed To The Company By EY For 2017 And 2016</u>	57
<u>Audit Committee Report</u>	58
<u>General Information About The Meeting</u>	60
<u>Purpose Of Proxy Solicitation</u>	60
<u>Important Notice Regarding Delivery Of Security Holder Documents</u>	60
<u>Availability Of Proxy Statement And Annual Report</u>	60
<u>Date, Time And Place Of The Annual Meeting</u>	60
<u>Who Can Vote</u>	60
<u>Quorum For The Annual Meeting</u>	61
<u>How Votes Are Counted</u>	61
<u>Trustee Nominess Who Do Not Receive A Majority Of The Votes Cast</u>	61
<u>How Proxies Will Be Voted</u>	61
<u>How To Cast A Vote</u>	62
<u>Changing Your Vote</u>	63

<u>Cost Of This Proxy Solicitation</u>	63
<u>Contacting Our Transfer Agent</u>	64
<u>Consideration Of Candidates For Trustee</u>	64
<u>Shareholder Recommendations</u>	64
<u>Deadline To Propose Or Nominate Individuals To Serve As Trustees</u>	64
<u>Proxy Access Nominees</u>	64
<u>Deadlines For Receipt of Shareholder Proposals</u>	65
<u>Your Vote Is Important</u>	65
<u>Appendix A Non-GAAP Measures</u>	66
<u>Appendix B Proposed Amendment to Declaration of Trust</u>	70

Table of Contents**PROXY STATEMENT SUMMARY**

This summary highlights information contained elsewhere in this Proxy Statement and does not contain all the information that you should consider. You should read the entire proxy statement carefully before voting. We intend to mail proxy materials to our shareholders on or about March 16, 2017.

VOTING MATTERS

Voting Matter	Board Recommendation	Vote Required
1. Election of Trustees	FOR each of the nominees	Majority of votes cast
2. Advisory Vote to Approve Executive Compensation	FOR	Non-binding votes
3. Amend Declaration of Trust	FOR	Majority of common shares outstanding
4. Ratification of Appointment of Independent Registered Public Accounting Firm	FOR	Majority of votes cast

GOVERNANCE AND COMPENSATION POLICIES

Below presents a snapshot of our key governance and compensation policies.

Annual Election of All Trustees

Stock Ownership Requirements for Trustees

Majority Voting for Trustees

Stock Ownership Requirements for Executives

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Lead Independent Trustee

Clawback in Equity Plan

Regular Executive Sessions of Trustees

Anti-Short-Sale and Anti-Pledging Policies

Annual Board and Committee Self-Evaluations

No Stockholder Rights Plan (poison pill)

Code of Conduct for Employees and Trustees

No Employment Agreement with Officers

Code of Ethics for Senior Financial Executives

Majority of Executive Compensation is At-Risk

Public Storage 2018 Proxy Statement 3

Table of Contents

SNAPSHOT OF BOARD COMPOSITION

Below is a snapshot of the expected composition of our Board of Trustees immediately following the 2018 annual meeting assuming the election of the nine (9) nominees named in the proxy statement.

We also have a mandatory retirement age of 73 for trustees to facilitate Board refreshment.

Public Storage 2018 Proxy Statement 4

Table of Contents

COMMITMENT TO COMPANY DIVERSITY

We have achieved a high level of diversity at all levels, as can be seen in the December 31, 2017 statistics highlighted below.

Public Storage 2018 Proxy Statement 5

Table of Contents

ENVIRONMENTAL STEWARDSHIP AND SUSTAINABILITY

We have implemented many long-term energy efficiency and sustainability initiatives highlighted below.

- **\$20 Million + Investment** for conversion of 1,500 properties to LED lighting since 2013.
- **On Demand Controls** for just in time lighting to minimize energy consumption.
- **Limit Heating** in the winter to 50 degrees.
- **Limit Cooling** in the summer to 80 degrees.
- **5,500+ Higher Efficiency HVAC** replaced since 2012, 500+ planned for 2018.
- **Install Cool Roofs** to reduce energy consumption by up to 20%.
- **Plant Native Landscape** to use less water.

- **Install Retention/Detention Ponds** to reduce flooding and erosion of stream banks.
- **Recycled over 3,000 Tons**, saving 35,900 trees and diverting 10,400 cubic yards from landfills.*
- **Saved 210,600 Trees** and diverted 40,900 cubic yards from landfills, saved 87 million gallons of water, and 49 million kilowatts in the last four years by selling packaging materials made from 100% recycled paper.*

*As estimated by our third-party vendors using calculations based on industry averages and studies from the U.S. Department of Energy and the U.S. Environmental Protection Agency.

Table of Contents

2017 BUSINESS HIGHLIGHTS

Public Storage delivered solid results in 2017 under the leadership of our chief executive officer (CEO) Ron Havner and the company's senior management, supported by the oversight of our Board.

We continue to strengthen our fortress balance sheet and grow free cash flow per share on a long-term, sustainable basis.

*Refer to the Company's 2017 Annual Report on Form 10-K for information regarding U.S. same store revenues. Refer to Appendix A to this proxy statement for reconciliations and other information.

Public Storage 2018 Proxy Statement 7

Table of Contents

PAY FOR PERFORMANCE HIGHLIGHTS

We pay our executive officers for performance to create long-term shareholder value.

* Refer to Appendix A to this proxy statement for reconciliations and other information.

Public Storage 2018 Proxy Statement 8

Table of Contents

CEO s 2017 COMPENSATION IS ALIGNED

WITH HIS MULTI-YEAR PERFORMANCE

In assessing Mr. Havner s performance, the Compensation Committee and the Board considered his achievements holistically against business results and his performance in leading Public Storage over a sustained period, including strong performance in 2017.

As illustrated in the charts below, Mr. Havner s total compensation for 2017 was aligned with our company s performance by important measures aligned with our shareholders over the last five years.*

* Refer to Appendix A to this proxy statement for reconciliations and other information.

Public Storage 2018 Proxy Statement 9

Table of Contents

Proposal 1:

Election of Trustees

Our Board has nominated nine trustees, who, if elected by shareholders at our annual meeting, have agreed to serve until next year's annual meeting. All nominees are currently trustees.

RECOMMENDATION:

Vote FOR all nominees

Table of Contents

PROPOSAL 1

ELECTION OF TRUSTEES

EXECUTIVE SUMMARY

Our Board has nominated nine trustees for election at this year's annual meeting to hold office until the next annual meeting.

All of the nominees are currently trustees and were elected to the Board by our shareholders at our 2017 annual meeting. Each of the nine nominees has agreed to be named in this proxy statement and to serve if elected. We expect all of the nominees to attend our 2018 annual meeting.

If any of our nominees become unavailable to stand for election, the proxies named on the proxy card intend to vote your Common Stock for the election of any substitute nominee proposed by the Board of Trustees.

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 our shareholders. Risk management oversight is a key priority.

The Board carries out its responsibilities through highly capable trustees, including our Lead Independent Trustee, a strong committee structure and adherence to our corporate governance principles.

BOARD EVALUATIONS

AND NOMINATIONS

In our annual Board evaluation and nomination process, the Nominating/Corporate Governance Committee (Governance Committee) evaluates our trustees in light of current needs of the Board and the company. In addition, during the course of the year, the committee discusses Board succession and reviews potential candidates. The Governance Committee has not retained a third party to assist in identifying potential nominees, but it has the discretion to do so.

Our annual process involves assessments at the Board, Board Committee, and individual trustee levels under the direction of the Governance Committee Chair. This process assists the Board on who it should nominate to stand for

election based on current company and Board needs. In addition, the Governance Committee's Board candidate nomination process includes the continual evaluation of potential new candidates for Board membership, which it takes into consideration when recommending to the Board a slate of nominees for election at each annual meeting of shareholders.

To facilitate Board refreshment, our governance guidelines further provide that trustees will not be nominated or appointed to the Board if they are 73 years or older on the first day of their term of service. Term limits on trustees service have not been instituted.

BOARD QUALIFICATIONS

The Governance Committee has developed a matrix of skills to assess the qualifications of trustee candidates, including:

(a) diversity enhancing qualities age, remaining time until mandatory retirement age, gender and diverse background;

Table of Contents

(b) core trustee attributes independence, high integrity and ethical standards, public company service, risk management experience, understanding or experience with complex public companies or like organizations, and ability to work collegially and collaboratively with other trustees and management; and

(c) skills such as financial literacy, industry experience, operational management experience, capital markets/banking expertise, corporate governance, real estate, tax, senior executive experience, and other expertise that may be important for the company's strategies.

The Governance Committee considers all these relevant attributes of each Board candidate, including their professional skills, experience and knowledge, and gender, race, ethnicity, nationality and background, with the goal of putting forth a diverse slate of candidates with a combination of skills, experience, and personal qualities that will serve the Board and its committees, our company, and our shareholders well.

BOARD FOCUS ON DIVERSITY

Board succession and an appropriate balance of refreshment and experience, including diversity, is a focus of the Governance Committee and the Board. Our Board reflects diverse perspectives, including a complementary mix of skills, experience and backgrounds, which we believe is paramount to our ability to represent the interests of all shareholders.

Our trustees, two-thirds of whom are independent, have a broad range of experience

in varying fields, including finance, real estate, financial reporting, banking, international affairs, and governance. A majority of our trustees hold or have held directorships at other U.S. public companies. Four of our trustees, in addition to our CEO, have served as chief executive officers, and all have demonstrated superb leadership and intellectual and analytical skills gained from deep experience in management, finance and corporate governance. Two of our current trustees are women, including our most recently elected trustee, Leslie S. Heisz, a retired Managing Director of Lazard Frères & Co. Further, 45% of our current trustees are age 60 or younger. Additionally, our Chairman and CEO has also provided meaningful in-person opportunities for the Board to interact with key members of management beyond our executive officers on a quarterly basis.

Fifty percent of our current executive officers are diverse based on gender or ethnicity (which includes our Chief Financial Officer and Chief Legal Officer). Similarly, over 50% percent of our 5,600 employees are diverse based on ethnicity and over 70% of our employees are female.

Our Board recognizes the importance of diversity across the company including on the Board, and supports management's efforts to enhance all aspects of diversity throughout the company.

Table of Contents**NOMINEE QUALIFICATIONS**

The Board has nominated nine incumbent trustees, six of whom are independent. The Board believes that our trustee 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.

Nominees	Age	Principal Business Background	Trustee Since	Committee Membership
Ronald L. Havner, Jr.	60	Chairman and Chief Executive Officer of Public Storage	2002	
Tamara Hughes Gustavson	56	Real Estate Investor; Philanthropist	2008	
Uri P. Harkham (Independent Trustee)	69	Chief Executive Officer of Harkham Family Enterprises	1993	Compensation
Leslie S. Heisz (Independent Trustee)	57	Retired Managing Director of Lazard Frères & Co.	2017	Audit and Governance
B. Wayne Hughes, Jr.	58	Founder of American Commercial Equities, LLC	1998	
Avedick B. Poladian (Independent Trustee)	66	Retired Executive Vice President and Chief Operating Officer of Lowe Enterprises, Inc.	2010	Audit (Chair) and Governance
	68		2006	

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Gary E. Pruitt (Lead Independent Trustee)		Retired Chairman and Chief Executive Officer of Univar N.V.		Audit and Governance
Ronald P. Spogli (Independent Trustee)	69	Co-Founder of Freeman Spogli & Co.; Former Ambassador to the Italian Republic and the Republic of San Marino	2010	Governance (Chair) and Compensation
Daniel C. Staton (Independent Trustee)	65	Chairman and Managing Director of Staton Capital LLC	1999	Compensation (Chair) and Audit

Table of Contents

Ronald L. Havner, Jr., 60

Trustee since 2002

Chairman and CEO of Public Sto