

PUBLIC STORAGE

CHARTER OF AUDIT COMMITTEE OF THE BOARD OF TRUSTEES

Adopted by the Board of Trustees on March 3, 2005

1. The Audit Committee of the Board of Trustees (the "Board") shall consist of at least three members, as determined by the Board, each of whom shall (1) be "independent" as that term is defined in Section 10A(m) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), the rules and regulations of the Securities and Exchange Commission (the "Commission") and the requirements of the New York Stock Exchange ("NYSE") and (2) meet the other requirements of the Exchange Act and the Commission and the other requirements of the NYSE. At least one member shall be an "audit committee financial expert" as defined in the rules and regulations of the Commission and any similar exchange requirements of the NYSE. Audit Committee members shall not simultaneously serve on the audit committees of more than two other public companies, unless the Board has determined that such simultaneous service would not impair the ability of that member to effectively serve on the Company's Audit Committee.

2. The purpose of the Audit Committee is to assist the Board in fulfilling its responsibilities for oversight of the effectiveness of the accounting and financial reporting processes of the Company and audits of its financial statements, including:

- the integrity of the Company's financial statements,
- the Company's compliance with legal and regulatory requirements,
- the independent registered public accountants' qualifications, independence and performance and
- 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.

The Audit Committee shall also prepare the report that the Commission's rules require be included in the Company's annual proxy statement.

The Audit Committee however is not responsible for planning or conducting audits or determining whether the Company's financial statements are complete and accurate or in accordance with generally accepted accounting principles. These are responsibilities of the Company's independent registered public accountants or management, respectively.

3. To carry out its purpose, the Audit Committee shall have the following duties and responsibilities:

Relationship with Independent Registered Public Accountants

- to retain an independent “registered public accounting firm” (as that term is defined in Section 2(a) of the Sarbanes-Oxley Act of 2002) to serve as the Company’s independent registered public accountants, provide for the compensation of the independent registered public accountants, oversee the work of any accounting firm employed by the Company (including resolution of any disagreements between management and the independent registered public accountants regarding financial reporting) for the purpose of preparing or issuing an audit report or related work, evaluate the performance of the independent registered public accountants and, if so determined by the Audit Committee, replace the independent registered public accountants, it being acknowledged that the independent registered public accountants are ultimately accountable to the Board and the Audit Committee, as representatives of the shareholders;
- to obtain and review, at least annually, a report by the independent registered public accountants describing: the firm’s internal quality-control procedures; any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues; and all relationships between the independent registered public accountants and the Company;
- to evaluate, at least annually, the independent registered public accountants’ qualifications, performance and independence, including a review and evaluation of the lead partner of the independent registered public accountants, and consider whether, in order to assure continuing independence, there should be regular rotation of the independent registered public accountants;
- to set hiring policies for employees or former employees of the independent registered public accountants;
- to approve, in advance of their performance, all audit services (which may entail providing comfort letters in connection with securities underwritings) and non-audit services (including tax services) to be provided to the Company by its independent registered public accountants, provided that the Audit Committee shall not approve any of the following non-audit services proscribed by Section 10A(g) of the Exchange Act in the absence of an applicable exemption: (a) bookkeeping or other services related to the accounting records or financial statements of the Company; (b) financial information systems design and implementation; (c) appraisal or valuation services, fairness opinions, or contribution-in-kind reports; (d) actuarial services; (e) internal audit outsourcing services; (f) management functions or human resources; (g) broker or dealer, investment adviser, or investment

banking services; (h) legal services and expert services unrelated to the audit; and (i) any other service that the Public Company Accounting Oversight Board determines, by regulation, is impermissible;

Financial Statements and Disclosure Matters

- to ensure the receipt of, and evaluate the written disclosures and the letter that the independent registered public accountants submits to the Audit Committee regarding the independent registered public accountants' independence in accordance with Independence Standards Board Standard No. 1, discuss such reports with the independent registered public accountants, oversee the independence of the independent registered public accountants and, if so determined by the Audit Committee in response to such reports, take appropriate action to address issues raised by such evaluation;
- to meet with management and the independent registered public accountants to review and discuss the annual financial statements and the report of the independent registered public accountants thereon (including (i) discussion of any matters required to be communicated to the Committee by the independent registered public accountants under the standards of the Public Company Accounting Oversight Board (PCAOB) and (ii) review of the specific disclosures under management's discussion and analysis of financial condition and results of operations), and to review any significant problems or difficulties encountered in the course of the audit work, including: restrictions on the scope of activities; access to requested information; the adequacy of internal financial controls; the adequacy of the disclosure of off-balance sheet transactions, arrangements, obligations and relationships in reports filed with the Commission; the appropriateness of the presentation of any pro forma financial information included in any report filed with the Commission or in any public disclosure or release, and disclosures made in management's discussion and analysis of financial condition and results of operations;
- to meet with management and the independent registered public accountants to review and discuss the Company's quarterly financial statements to be included in the Form 10-Q (including (i) discussion of any matters required to be communicated to the Committee by the independent registered public accountants under the standards of the PCAOB and (ii) review of the specific disclosures under management's discussion and analysis of financial condition and results of operations) prior to filing and preferably prior to the public announcement of quarterly financial results;
- to discuss generally earnings press releases (paying particular attention to any use of "pro forma," or "adjusted" non-GAAP, information), as well as financial information and any earnings guidance provided to analysts and rating agencies;

- to instruct the independent registered public accountants to report to the Audit Committee on all critical accounting policies of the Company, all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, ramifications of the use of such alternative disclosures and treatments and the treatment preferred by the independent registered public accountants, and other material written communications between the independent registered public accountants and management, such as any management letter or schedule of unadjusted differences;
- following such review and discussions, if so determined by the Audit Committee, to recommend to the Board that the annual financial statements be included in the Company's Annual Report on Form 10-K;
- to review and discuss major issues regarding accounting principles and financial statement presentations, including any significant changes in the Company's selection or application of accounting principles, and major issues as to the adequacy of the Company's internal controls and any special audit steps adopted in light of material control deficiencies, analyses prepared by management and/or the independent registered public accountants setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative GAAP methods on the financial statements, and the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements;
- to instruct the independent registered public accountants and the internal auditors to advise the Committee if there are any subjects that require special attention;
- to review any disclosures made to the Audit Committee by the Company's CEO and CFO as required in their certifications included in Form 10-Q and Form 10-K about any significant deficiencies in the design or operation of internal controls or material weaknesses therein and any fraud that involves management or other employees who have a significant role in its internal controls;
- to review the management letter delivered by the independent registered public accountants in connection with the audit;

General Oversight

- to review and discuss guidelines and policies with respect to risk assessment and management, including the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures;

- to meet periodically with management, the internal auditor and the independent registered public accountants in separate executive sessions;
- to obtain and review periodic reports on the internal auditor's significant recommendations to management and management's responses;
- to review and discuss with the independent registered public accountants the responsibilities, budget and staffing of the Company's internal audit function;
- to conduct or authorize such inquiries into matters within the Audit Committee's scope of its duties as the Audit Committee deems appropriate;
- to establish procedures for the receipt, retention and treatment of any complaints received by the Company regarding its accounting, internal accounting controls or auditing matters and for the confidential and anonymous submission by employees of concerns regarding questionable accounting or auditing matters;
- to review and approve all related party transactions unless approved by the Board (with the interested Trustees abstaining) or by another independent committee of the Board;
- to perform such other functions as assigned by law, the Company's bylaws or the Board; and
- to make reports of its activities to the Board on a regular basis, including reporting its conclusions with respect to the independence of the independent registered public accountants, and reviewing with the Board any issues that arise with respect to the quality or integrity of the financial statements, the Company's compliance with legal or regulatory requirements, the performance of the independent registered public accountants or the performance of the internal audit function, and make such recommendations with respect to such matters as the Audit Committee may deem necessary or appropriate.

4. The members of the Audit Committee shall be appointed by the Board on recommendation of the Nominating/Corporate Governance Committee. Audit Committee members may be replaced by the Board. A chair shall be appointed by the Board or by the Audit Committee.

5. The Audit Committee shall meet at least quarterly and as often as deemed necessary to fulfill its responsibilities. The Audit Committee shall act by majority vote of its members. Minutes of meetings of the Audit Committee shall be kept and copies provided to the Board.

6. The Audit Committee shall meet regularly with the financial officers of the Company, the independent registered public accountants, the internal auditor and such other officers of the Company as it deems appropriate.
7. The Audit Committee shall have the resources and authority appropriate to carry out its duties, including the authority to engage independent counsel and other advisors and to cause the officers of the Company to provide such funding as it determines is appropriate for payment of compensation to the independent registered public accountants, independent counsel and any other advisors employed by the Audit Committee. Any payment or commitment, other than in respect of the Company's independent registered public accountants, that involves \$50,000 or more shall require prior approval of the Board.
8. The Audit Committee may delegate to a designated member or members the authority to approve, as required by Section 10A(i) of the Exchange Act, any audit and non-audit services to be provided to the Company by its independent registered public accountants, so long as any such approvals are disclosed to the Audit Committee at its next scheduled meeting.
9. The Audit Committee shall, at least annually, evaluate its performance, review and reassess this Charter, and recommend any changes in this Charter to the Board.