
Policy Statement on Securities Trading

I. INTRODUCTION

This policy statement contains separate policies covering trading in securities of Life Storage, Inc. (“Life” or the “Company”). The Company’s Board of Directors (the “Directors”) has adopted this Policy together with the Company’s Policy Statement on Public Disclosures to promote compliance with federal, state and foreign securities laws that prohibit certain persons who are aware of material nonpublic information about a company from: (i) trading in securities of that company; or (ii) providing material nonpublic information to other persons who may trade on the basis of that information.

II. INSIDER TRADING POLICY

A. Introduction

The purpose of the Insider Trading Policy set forth in this Part II (this “Policy”) is to promote compliance with applicable securities laws by Life and all Directors, officers and employees thereof, in order to preserve the reputation and integrity of Life as well as that of all persons affiliated with it. This Policy supersedes any previous policy of the Company concerning insider trading. In the event of any conflict or inconsistency between this Policy and any other materials previously distributed by the Company, this Policy shall govern.

B. Applicability

This Policy is applicable to all officers of the Company and its subsidiaries, all members of the Company’s Directors, officers and all employees of the Company and its subsidiaries. The Company may also determine that other persons should be subject to this Policy, such as contractors or consultants who have access to material nonpublic information. This Policy also applies to family members, other members of a person’s household and entities controlled by a person covered by this Policy, as described below.

C. Policy

If a Director, officer or any employee of the Company or any agent or advisor of the Company has material nonpublic information relating to the Company, it is the Company’s policy that neither that person nor any Family Member (as defined below) may buy or sell securities of the Company (the “Company Securities”) or engage in any other action to take advantage of, or pass on to others, that information. This Policy also applies to material nonpublic information relating to any other company with publicly traded securities, including our customers or suppliers, obtained in the course of employment by or association with the Company.

To avoid even the appearance of impropriety, additional restrictions on trading Company Securities apply to Directors, officers and general managers. See Section F.

D. Definitions/Explanations

1. Who is an “Insider?”

Any person who possesses material nonpublic information is considered an insider as to that information. Insiders include Directors, officers, employees, independent contractors and those persons in a special relationship with the Company, e.g., its auditors, consultants or attorneys. The definition of insider is transaction specific; that is, an individual is an insider with respect to each material nonpublic item of which he or she is aware.

2. What is “Material” Information?

The materiality of a fact depends upon the circumstances. A fact is considered “material” if there is a substantial likelihood that a reasonable investor would consider it important in making a decision to buy, sell or hold a security or where the fact is likely to have a significant effect on the market price of the security. Material information can be positive or negative and can relate to virtually any aspect of a company’s business or to any type of security, debt or equity. Some examples of material information include:

- Earnings information, including whether operating or financial results will differ from those generally expected by the investment community;
- Pending or proposed mergers, acquisitions, divestitures, joint ventures and tender offers;
- Significant new products or services;
- Major marketing changes;
- Significant litigation;
- Changes in senior management;
- Changes in auditors or auditor notification that the issuer may no longer rely on an auditor’s audit report;
- Changes in dividend policy and proposed stock splits or stock dividends;
- Calls of securities for redemption;
- Changes in the rights of security holders;
- Impending securities offerings;
- Initiation of or significant changes in share repurchase program;
- Impending financial or liquidity problems and defaults on senior securities; and
- Awards or cancellations of significant sales contracts or technology licenses.

The above list is only illustrative; many other types of information may be considered “material,” depending on the circumstances. The materiality of particular information is subject to reassessment on a regular basis.

3. What is “Nonpublic” Information?

Information is “nonpublic” if it is not available to the general public. In order for information to be considered public, it must be widely disseminated in a manner making it generally available to investors through such media as Dow Jones, Reuters Economic Services, The Wall Street

Journal, Associated Press, or United Press International. The circulation of rumors, even if accurate and reported in the media, does not constitute effective public dissemination.

In addition, even after a public announcement of material information, a reasonable period of time must elapse in order for the market to react to the information. Generally, one should allow approximately two full trading days following publication as a reasonable waiting period before such information is deemed to be public. Therefore, if an announcement is made before the commencement of trading on a Monday, an employee may trade in Company Securities starting on Wednesday of that week, because two full trading days would have elapsed by then (all of Monday and Tuesday). If the announcement is made on Monday after trading begins, employees may not trade in Company Securities until Thursday. If the announcement is made on Friday after trading begins, employees may not trade in Company Securities until Wednesday of the following week.

4. Transactions by Family Members

This Policy applies to family members who reside in a Director, officer or employee's household (including a spouse, a child, a child away at college, stepchildren, grandchildren, parents, stepparents, grandparents, siblings and in-laws), anyone else who lives in such household, and any family members who do not live in such household but whose transactions in Company Securities are directed by a Director, officer or employee or are subject to their influence or control, such as parents or children who consult with a Director, officer or employee before they trade in Company Securities (collectively referred to as "Family Members"). Each Director, officer or employee should treat all such transactions for the purposes of this Policy and applicable securities laws as if the transactions were for their own account and is responsible for the transactions of these other persons. Each Director, officer or employee should make these other persons aware of the need to confer before trading in Company Securities. This Policy does not, however, apply to personal securities transactions of Family Members where the purchase or sale decision is made by a third party not controlled by, influenced by or related to a Director, officer, employee or Family Member.

E. Guidelines

1. Non-disclosure of Material Nonpublic Information

Material nonpublic information must not be disclosed to anyone, except the persons within the Company or third party agents of the Company (such as investment banking advisors or outside legal counsel) whose positions require them to know it, until such information has been publicly released by the Company.

2. Prohibited Trading in Company Securities

No person may place a purchase or sell order or recommend that another person place a purchase or sell order in Company Securities (including initial elections, changes in elections or reallocation of funds relating to 401(k) plan accounts) when he or she has knowledge of material information concerning the Company that has not been disclosed to the public. This rule does not apply to the purchase of stock under the Company's Dividend Reinvestment Plan ("DRIP"). However, stock that is acquired through the DRIP is subject to this policy and may not be sold by

an employee who is in possession of material nonpublic information. This rule does not apply to purchases or sales of Company Securities in compliance with Securities and Exchange Commission (“SEC”) Rule 10b5-1(c) that are made pursuant to a contract, instruction or plan established at a time when a person was not aware of material non-public information that was pre-cleared by the Company in accordance with Section F.2.

3. Twenty-Twenty Hindsight

If securities transactions ever become the subject of scrutiny, they are likely to be viewed after-the-fact with the benefit of hindsight. As a result, before engaging in any transaction an insider should carefully consider how his or her transaction may be construed in the bright light of hindsight. Also, please be aware that a personal financial emergency does not excuse an insider from compliance with this Policy. Again, in the event of any questions or uncertainties about the Policy, please consult the Company’s Chief Financial Officer or someone that he or she has delegated responsibility for advising of the Policy.

4. “Tipping” Information to Others

Insiders may be liable for communicating or tipping material nonpublic information to any third party (“tippee”), not limited to just Family Members. Furthermore, insider trading violations are not limited to trading or tipping by insiders. Persons other than insiders also can be liable for insider trading, including tippees who trade on material nonpublic information tipped to them and individuals who trade on material nonpublic information which has been misappropriated.

Tippees inherit an insider’s duties and are liable for trading on material nonpublic information illegally tipped to them by an insider. Similarly, just as insiders are liable for the insider trading of their tippees, so are tippees who pass the information along to others who trade. In other words, a tippee’s liability for insider trading is no different from that of an insider. Tippees can obtain material nonpublic information by receiving overt tips from others or through, among other things, conversations at social, business or other gatherings.

5. Avoid Speculation

The Company has determined that there is a heightened legal risk and the appearance of improper or inappropriate conduct if the persons subject to this Policy engage in certain types of transactions. Such activities may put the personal gain of the Director, officer or employee in conflict with the best interests of the Company and its security holders. Anyone may, of course, exercise options granted to them by the Company and, subject to the restrictions discussed in this Policy and other applicable Company policies, sell shares acquired through exercise of options. It therefore is the Company’s policy that any persons covered by this Policy may not engage in any of the following transactions, or should otherwise consider the Company’s preferences as described below:

a. Short-Term Trading

Short-term trading of Company Securities may be distracting to the person and may unduly focus the person on the Company’s short-term stock market performance instead of the Company’s long-term business objectives. For these reasons, any Director, officer or other employee of the Company who purchases Company Securities

in the open market may not sell any Company Securities of the same class during the six months following the purchase (or vice versa).

b. Short Sales

Short sales of Company Securities (i.e., the sale of a security that the seller does not own) may evidence an expectation on the part of the seller that the securities will decline in value, and therefore have the potential to signal to the market that the seller lacks confidence in the Company's prospects. In addition, short sales may reduce a seller's incentive to seek to improve the Company's performance. For these reasons, short sales of Company Securities are prohibited. In addition, Section 16(c) of the Exchange Act prohibits officers and directors from engaging in short sales. (Short sales arising from certain types of hedging transactions are governed by the paragraph below captioned "Hedging Transactions.")

c. Publicly-Traded Options

Given the relatively short term of publicly-traded options, transactions in options may create the appearance that a Director, officer or employee is trading based on material nonpublic information and focus a Director's, officer's or other employee's attention on short-term performance at the expense of the Company's long-term objectives. Accordingly, transactions in put options, call options or other derivative securities, on an exchange or in any other organized market, are prohibited by this Policy. (Option positions arising from certain types of hedging transactions are governed by the next paragraph below.)

d. Hedging Transactions

Hedging or monetization transactions can be accomplished through a number of possible mechanisms, including through the use of financial instruments such as prepaid variable forwards, equity swaps, collars and exchange funds. Such hedging transactions may permit a director, officer or employee to continue to own Company Securities obtained through employee benefit plans or otherwise, but without the full risks and rewards of ownership. When that occurs, the Director, officer or employee may no longer have the same objectives as the Company's other shareholders. Therefore, Directors, officers and employees are prohibited from engaging in any such transactions.

e. Margin Accounts and Pledged Securities

Securities held in a margin account as collateral for a margin loan may be sold by the broker without the customer's consent if the customer fails to meet a margin call. Similarly, securities pledged (or hypothecated) as collateral for a loan may be sold in foreclosure if the borrower defaults on the loan. Because a margin sale or foreclosure sale may occur at a time when the pledgor is aware of material nonpublic information or otherwise is not permitted to trade in Company Securities, Directors, officers and other employees are prohibited from holding Company Securities in a margin account or otherwise pledging Company Securities as collateral for a loan. (Pledges of Company Securities arising from certain types of hedging transactions are governed by the paragraph above captioned "Hedging Transactions.")

f. Standing and Limit Orders

Standing and limit orders (except standing and limit orders under approved Rule 10b5-1 Plans, as described below) create heightened risks for insider trading violations similar

to the use of margin accounts. There is no control over the timing of purchases or sales that result from standing instructions to a broker, and as a result the broker could execute a transaction when a director, officer or other employee is in possession of material nonpublic information. The Company therefore discourages placing standing or limit orders on Company Securities. If a person subject to this Policy determines that they must use a standing order or limit order, the order should be limited to short duration and should otherwise comply with the restrictions and procedures outlined below under the heading “Additional Restrictions and Requirements for Directors and Executive Officers.”

6. Trading in Other Securities

No Director, officer or employee may place purchase or sell orders or recommend that another person place a purchase or sell order in the securities of another corporation if the person learns of material nonpublic information about the other corporation in the course of his/her employment with the Company.

7. Transactions Not Involving a Purchase or Sale

Bona fide gifts are not transactions subject to this Policy, unless the person making the gift has reason to believe that the recipient intends to sell the Company Securities while the Director, officer or employee is aware of material nonpublic information, or the person making the gift is subject to the trading restrictions specified above and the sales by the recipient of the Company Securities occur during a blackout period. To avoid the appearance of improper behavior or inappropriate conduct, persons making bona fide gifts subject to this Policy should comply with the pre-clearance procedures specified below in Section F.3. Further, transactions in mutual funds that are invested in Company Securities are not transactions subject to this Policy.

F. Additional Restrictions and Requirements for Directors and Executive Officers

1. Trading Window

In addition to being subject to all of the other limitations in this Policy, Directors and executive officers (which, for the purposes of this Policy, has the same meaning as the term “officer” under Section 16 of the Securities Exchange Act of 1934, as amended) of the Company may only buy or sell Company Securities in the public market during the period beginning two trading days after the release of the Company quarterly earnings and ending on the twentieth day of the last month of the fiscal quarter (the “Trading Window”). Purchases and sales by a Director or executive officer pursuant to a Rule 10b5-1 Plan are excepted from the prohibition against trading outside the Trading Window.

2. Rule 10b5-1 Plans

Rule 10b5-1 under the Exchange Act provides a defense from insider trading liability under Rule 10b-5. In order to be eligible to rely on this defense, a person subject to this Policy must enter into a Rule 10b5-1 plan for transactions in Company Securities that meets certain conditions

specified in the Rule (a “Rule 10b5-1 Plan”). If the plan meets the requirements of Rule 10b5-1, Company Securities may be purchased or sold without regard to certain insider trading restrictions.

To comply with the Policy, a Rule 10b5-1 Plan must be approved by the Chief Financial Officer and meet the requirements of Rule 10b5-1 and the Company’s guidelines for Rule 10b5-1 Plans which may be obtained from the Chief Financial Officer. In general, a Rule 10b5-1 Plan must be entered into at a time when the person entering into the plan is not aware of material nonpublic information. Once the plan is adopted, the person must not exercise any influence over the amount of securities to be traded, the price at which they are to be traded or the date of the trade. The plan must either specify the amount, pricing and timing of transactions in advance or delegate discretion on these matters to an independent third party.

Any Rule 10b5-1 Plan must be submitted for approval during a Trading Window and no less than fifteen days prior to the entry into the Rule 10b5-1 Plan. No further pre-approval of transactions conducted pursuant to the Rule 10b5-1 Plan will be required.

3. Pre-Clearance

Directors and executive officers of the Company must obtain prior clearance from the Company’s Chief Financial Officer, or his or her designee, before he, she or a Family Member makes any purchases or sales of Company Securities, including any exercise of stock options. Each proposed transaction will be evaluated to determine if it raises insider trading concerns or other concerns under the federal or state securities laws and regulations. Any advice will relate solely to the restraints imposed by law and will not constitute advice regarding the investment aspects of any transaction. Clearance of a transaction is valid only for a 48-hour period. If the transaction order is not placed within that 48-hour period, clearance of the transaction must be re-requested. If clearance is denied, the fact of such denial must be kept confidential by the person requesting such clearance.

4. Event-Specific Trading Restriction Periods

From time to time, an event may occur that is material to the Company and is known by only a few Directors, officers or employees. So long as the event remains material and nonpublic, the persons designated by the Compliance Officer may not trade Company Securities. In addition, the Company’s financial results may be sufficiently material in a particular fiscal quarter that, in the judgment of the Chief Financial Officer, designated persons should refrain from trading in Company Securities even sooner than the typical closing of the Trading Window described above. In that situation, the Chief Financial Officer may notify these persons that they should not trade in the Company’s Securities, without disclosing the reason for the restriction. Exceptions will not be granted during an event-specific trading restriction period.

5. Exceptions

The quarterly trading restrictions and event-driven trading restrictions do not apply to those transactions to which this Policy does not apply, as described above under the heading “Transactions Not Involving a Purchase or Sale.” Further, the requirement for pre-clearance, the quarterly trading restrictions and event-driven trading restrictions do not apply to transactions conducted pursuant to approved Rule 10b5-1 plans, described under the heading “Rule 10b5-1 Plans.”

III. PERSONAL RESPONSIBILITY/SANCTIONS FOR VIOLATIONS

Each Director, officer and employee of the Company bears the ultimate responsibility for adhering to these policies. If any such person violates these policies, the Company may take appropriate disciplinary action against him or her, including dismissal for cause.

IV. POST-TERMINATION TRANSACTIONS

This Policy continues to apply to transactions in Company Securities even after termination of service to the Company. If an individual is in possession of material nonpublic information when his or her service terminates, that individual may not trade in Company Securities until that information has become public or is no longer material.

V. ASSISTANCE

Any questions about these policies or the application of them to a particular situation should be directed to the Company's Chief Financial Officer.

VI. CERTIFICATION

All persons subject to this Policy must certify their understanding of, and intent to comply with, this Policy.