

PS BUSINESS PARKS INC/CA  
Form 11-K  
June 24, 2011

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 11-K

Annual Report Pursuant to Section 15(d) of the Securities Exchange Act of 1934

For the fiscal year ended December 31, 2010

OR

Transition Report Pursuant to Section 15(d) of the Securities Exchange Act of 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_.

Commission File Number: 1-10709

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

PS 401(k) PROFIT SHARING PLAN  
701 Western Avenue  
Glendale, CA 91201-2349

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

PS BUISNESS PARKS, INC.  
701 Western Avenue  
Glendale, CA 91201-2349

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PS 401(k) PROFIT SHARING PLAN  
FINANCIAL STATEMENTS  
AND SUPPLEMENTAL SCHEDULE

TABLE OF CONTENTS

	Page
Report of Independent Registered Public Accounting Firm	1
Financial Statements:	
Statements of Net Assets Available for Benefits at December 31, 2010 and 2009	2
Statement of Changes in Net Assets Available for Benefits for the year ended December 31, 2010	3
Notes to Financial Statements	4 - 11
Supplemental Schedule:	
Schedule H, Line 4i – Schedule of Assets (Held at End of Year)	12

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Administrative Committee  
PS 401(k) Profit Sharing Plan

We have audited the accompanying statements of net assets available for benefits of PS 401(k) Profit Sharing Plan (the Plan) as of December 31, 2010 and 2009, and the related statement of changes in net assets available for benefits for the year ended December 31, 2010. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Plan's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan at December 31, 2010 and 2009, and the changes in its net assets available for benefits for the year ended December 31, 2010, in conformity with U.S. generally accepted accounting principles.

Our audits were performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental schedule of assets (held at end of year) as of December 31, 2010, is presented for purposes of additional analysis and is not a required part of the financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in our audit of the 2010 financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

/s/ Ernst & Young LLP

Los Angeles, California  
June 24, 2011

PS 401(k) PROFIT SHARING PLAN

STATEMENTS OF NET ASSETS AVAILABLE  
FOR BENEFITS

	December 31,	
	2010	2009
Assets		
Investments at fair value	\$ 86,377,463	\$ 85,659,269
Receivables:		
Participant contributions	82,215	131,598
Employer contributions	211,855	214,536
Notes receivable from participants	9,695	15,698
Due from broker	76,568	74,203
Total receivables	380,333	436,035
Total assets	86,757,796	86,095,304
Liabilities		
Due to broker	84,652	183,745
Total liabilities	84,652	183,745
Net assets reflecting investments at fair value	86,673,144	85,911,559
Adjustment from fair value to contract value for fully benefit-responsive investment contracts	(230,922 )	(19,818 )
Net assets available for benefits	\$ 86,442,222	\$ 85,891,741

See accompanying notes.

PS 401(k) PROFIT SHARING PLAN

STATEMENT OF CHANGES IN NET ASSETS  
AVAILABLE FOR BENEFITS

For the Year Ended December 31, 2010

Additions to (Deductions from) Net Assets Attributed  
to:

Investment income:

Net appreciation in fair value of investments	\$ 10,313,963
Interest and dividends	1,442,356
	11,756,319

Contributions:

Participant	4,473,744
Participant rollovers	383,623
Employer	2,343,288
	7,200,655

Benefits paid to participants	(18,347,337)
Administrative expenses	(59,156 )

Increase in net assets available for benefits	550,481
Net assets available for benefits - beginning of year	85,891,741
Net assets available for benefits - end of year	\$ 86,442,222

See accompanying notes.

PS 401(k) PROFIT SHARING PLAN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2010

1. Description of the Plan

General

The PS 401(k) Profit Sharing Plan (the "Plan") encompasses Public Storage, PS Business Parks, Inc. and certain of their majority owned subsidiaries (collectively, the "Company"). The following description of the Plan provides only general information. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

The Plan is a defined contribution plan for the benefit of all permanent employees of the Company who have completed at least 30 days of service and are at least 21 years of age. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). Although it has not expressed the intention to do so, the Company has the right to terminate the Plan subject to ERISA provisions. The Plan allows interim allocations of Company contributions and earnings or losses of trust fund assets among participants.

The Company appoints a committee to administer the Plan. At December 31, 2010, the Plan Administrative Committee is comprised of six officers of the Company with Wells Fargo Bank acting as Trustee (the "Trustee").

Other significant provisions of the Plan are as follows:

Contributions

Employee contributions to the Plan (voluntary contributions) are deferrals of the employee's compensation made through a direct reduction of compensation in each payroll period. During 2010, each eligible participant could elect a pretax contribution rate from 1% to 100% of their compensation, as defined in the Plan document, subject to the maximum annual elective deferral amount set by the Internal Revenue Code (the "Code"). Participants may also contribute amounts representing distributions from other qualified benefit or defined contribution plans.

The Company contributes one dollar (\$1.00) for each dollar deferred by a participant up to three percent (3%) of compensation, as defined and subject to certain limitations as described in the Plan document. The Company also contributes an additional fifty cents (\$0.50) for each dollar that each participant defers in excess of three percent (3%) of compensation up to five percent (5%) of compensation. The Company's aggregate contributions are limited to four percent (4%) of compensation, as defined and subject to certain limitations as described in the Plan document. Additional amounts may be contributed at the discretion of the Company. No such additional contributions were made in 2010.

Vesting

Since January 1, 2005, employee deferrals and the Company's safe harbor matching contribution are 100% vested and non-forfeitable. With respect to Company contributions before January 1, 2005, each participant's account became 10% vested (non-forfeitable) after two years of service (as defined), 20% after three years of service and an additional 20% for each additional year of service thereafter.

Investment Options

Since January 1, 2008, upon enrollment in the Plan, a participant may direct their contributions and holdings in any of the following investment options:

4

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PS 401(k) PROFIT SHARING PLAN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2010

1. Dodge & Cox International Stock Fund
2. American Funds EuroPacific Growth Fund/R5
3. American Funds Growth Fund of America/R5
4. Oakmark Equity & Income I Fund
5. PIMCO Total Return Institutional Fund
6. Selected American Shares D
7. T. Rowe Price Equity Income Fund
8. T. Rowe Price Real Estate Fund
9. Vanguard Explorer Admiral Fund
10. Vanguard Extended Market Index Admiral Fund
11. Vanguard Short Term Federal Admiral Fund
12. Vanguard Windsor II Admiral Fund
13. Fidelity Contrafund
14. Fidelity Diversified International Fund
15. Fidelity Low Priced Stock Fund
16. Fidelity Mid-Cap Stock Fund
17. Wells Fargo Stable Return Fund N4
18. Wells Fargo S&P 500 Index Fund N for High Balance Plans
19. Individually Directed Account

Prior to December 19, 2005, participants had the option to direct contributions to the Company's securities. Effective December 19, 2005, participants no longer had that option. Existing holdings of the Company's securities on December 19, 2005, were either held or transferred to other Plan investment alternatives at the option of each participant (see Note 6 for disclosure of the remaining holdings in the Company's securities).

The Wells Fargo Stable Return Fund N4 and the Wells Fargo S&P 500 Index Fund N for High Balance Plans are common/collective trust funds. The Wells Fargo Stable Return Fund N4 seeks to provide a moderate level of stable income without principal volatility while seeking to maintain adequate liquidity and returns superior to shorter maturity investments. The Wells Fargo Stable Return Fund N4 invests in a variety of investment contracts and instruments issued by selected high-quality insurance companies and financial institutions. Participant-directed redemptions have no restrictions; however, the Plan is required to provide a one-year redemption notice to liquidate its entire share in the fund. The Wells Fargo S&P 500 Index Fund N for High Balance Plans is an index fund that invests in the equity securities of companies that comprise the index. The Wells Fargo S&P 500 Index Fund N for High Balance Plans seeks to approximate as closely as practicable the total return, before deduction of fees and expenses, of the Standard & Poor's 500 Index. See "Investment Valuation and Income Recognition" in Note 2 below for further information regarding common collective trusts.

#### Distributions from the Trust Fund

Distributions of each participant's vested account balance upon severance or death are made in a single lump sum payment; however, upon severance if the participant's vested account balance exceeds \$5,000, payment may be deferred at the election of the participant until April 1st of the calendar year in which the participant reaches 70 ½ years of age.



Additionally, the Plan provides for hardship distributions (as defined).

Generally, distributions are made no later than 60 days after the close of the Plan year in which the participant becomes eligible for such distributions. Under certain circumstances, participants enrolled in the Plan on or before December 31, 1983 may elect alternative distribution methods.

PS 401(k) PROFIT SHARING PLAN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2010

#### Forfeited Accounts

Forfeitures of profit sharing contributions may be used (i) as a non-elective allocation to all eligible Plan participants, (ii) to reduce the Company's safe harbor matching contribution or (iii) reduce Plan expenses. During 2010, a total of \$37,000 in non-vested amounts was forfeited and are expected to be used to reduce Plan administrative expenses for eligible Plan participants in future years.

During 2010, forfeitures of profit sharing contributions totaling \$3,000 were used to restore amounts previously forfeited by former Company employees. Also during 2010, forfeitures of profit sharing contributions totaling \$39,000 were used to reduce Plan administrative expenses for eligible Plan participants. These amounts represent forfeitures during 2009 and prior Plan years.

## 2. Summary of Significant Accounting Principles

#### Basis of Accounting

The accompanying financial statements of the Plan have been prepared on the accrual basis of accounting and are in conformity with U.S. generally accepted accounting principles.

#### Reclassifications

Certain prior year amounts in the statements of net assets available for benefits have been reclassified to conform to the current year presentation.

#### Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires the Plan administrator to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

#### Income Tax Status

The Plan has received a determination letter from the Internal Revenue Service ("IRS") dated March 14, 2003, stating that the Plan is qualified under Section 401(a) of the IRS Code and, therefore, the related trust is exempt from taxation. Subsequent to this determination by the IRS, the Plan was amended and restated. Once qualified, the Plan is required to operate in conformity with the Code to maintain its qualification. The plan administrator believes the Plan is being operated in compliance with the applicable requirements of the Code and, therefore, believes that the Plan, as amended and restated is qualified and the related trust is tax exempt. The Company has indicated it will take the necessary steps, if any, to maintain the Plan's qualified status. The Plan was restated during 2009. In April 2010, the Company requested an updated determination letter from the IRS.

Accounting principles generally accepted in the United States require plan management to evaluate uncertain tax positions taken by the Plan. The financial statement effects of a tax position are recognized when the position is more likely than not, based on the technical merits, to be sustained upon examination by the IRS. The Plan administrator

has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2010, there are no uncertain positions taken or expected to be taken. The Plan has recognized no interest or penalties related to uncertain tax positions. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Plan administrator believes it is no longer subject to income tax examinations for years prior to 2007.

PS 401(k) PROFIT SHARING PLAN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2010

### Notes Receivable from Participants

Notes receivable from participants represent participant loans that are recorded at their unpaid principal balance plus any accrued but unpaid interest. Interest income on notes receivable from participants is recorded when it is earned. Related fees are recorded as administrative expenses and are expensed when they are incurred. No allowance for credit losses has been recorded as of December 31, 2010 or 2009. If a participant ceases to make loan repayments and the Plan Administrative Committee deems the participant loan to be a distribution, the participant loan balance is reduced and a benefit payment is recorded.

### Recently Issued Accounting Standards

In January 2010, the Financial Accounting Standards Board (the "FASB") issued Accounting Standards Update 2010-06, Improving Disclosures about Fair Value Measurements, (ASU 2010-06). ASU 2010-06 amended Accounting Standards Codification, Fair Value Measurements and Disclosures (ASC 820) to clarify certain existing fair value disclosures and require a number of additional disclosures. The guidance in ASU 2010-06 clarified that disclosures should be presented separately for each "class" of assets and liabilities measured at fair value and provided guidance on how to determine the appropriate classes of assets and liabilities to be presented. ASU 2010-06 also clarified the requirement for entities to disclose information about both the valuation techniques and inputs used in estimating Level 2 and Level 3 fair value measurements. In addition, ASU 2010-06 introduced new requirements to disclose the amounts (on a gross basis) and reasons for any significant transfers between Levels 1, 2 and 3 of the fair value hierarchy and present information regarding the purchases, sales, issuances and settlements of Level 3 assets and liabilities on a gross basis. With the exception of the requirement to present changes in Level 3 measurements on a gross basis, which is delayed until 2011, the guidance in ASU 2010-06 is effective for reporting periods beginning after December 15, 2009. Since ASU 2010-06 only affects fair value measurement disclosures, adoption of ASU 2010-06 did not affect the Plan's net assets available for benefits or its changes in net assets available for benefits.

In September 2010, the FASB issued Accounting Standards Update 2010-25, Reporting Loans to Participants by Defined Contribution Pension Plans, (ASU 2010-25). ASU 2010-25 requires participant loans to be measured at their unpaid principal balance plus any accrued by unpaid interest and classified as notes receivable from participants. Previously loans were measured at fair value and classified as investments. ASU 2010-25 is effective for fiscal years ending after December 15, 2010 and is required to be applied retrospectively. Adoption of ASU 2010-25 did not change the value of participant loans from the amount previously reported as of December 31, 2009. Participant loans have been reclassified to notes receivable from participants as of December 31, 2009.

In May 2011, the FASB issued Accounting Standards Update 2011-04, Amendments to Achieve Common Fair Value Measurements and Disclosure Requirements in U.S. GAAP and IFRSs, (ASU 2011-04). ASU 2011-04 amended ASC 820 to converge the fair value measurement guidance in US generally accepted accounting principles (GAAP) and International Financial Reporting Standards (IFRSs). Some of the amendments clarify the application of existing fair value measurement requirements, while other amendments change a particular principle in ASC 820. In addition, ASU 2011-04 requires additional fair value disclosures. The amendments are to be applied prospectively and are effective for annual periods beginning after December 15, 2011. Plan management is currently evaluating the effect that the provisions of ASU 2011-04 will have on the Plan's financial statements.

### Investment Valuation and Income Recognition

The Plan's investments in Company equity securities and mutual funds are recorded at fair value as determined by the quoted market price on the last business day of the plan year. Common collective trusts are recorded at fair value based on the net asset value of the investment.

7

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PS 401(k) PROFIT SHARING PLAN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2010

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the payment date.