



GET REAL

Real assets. Real people. Real worth.

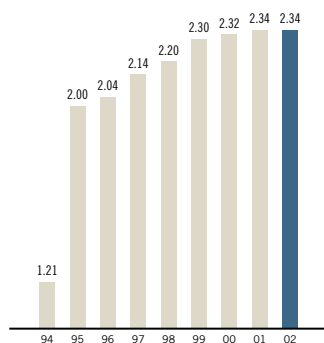
MID-AMERICA APARTMENT COMMUNITIES, INC.
Annual Report 2002

FINANCIAL HIGHLIGHTS

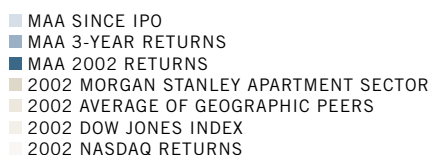
Dollars in thousands, except per share data	Years Ended December 31		
	2002	2001	2000
Total revenues	\$ 233,139	\$ 232,961	\$ 227,487
Net income	\$ 16,141	\$ 28,698	\$ 29,787
Preferred dividend distribution	16,029	16,113	16,114
Amount paid to retire preferred stock in excess of carrying values	2,041	—	—
Net income (loss) available for common shareholders	(1,929)	12,585	13,673
Real estate depreciation and amortization	53,906	51,457	51,330
Adjustment for joint ventures depreciation	1,430	1,268	1,210
Minority interest	493	2,573	2,626
Gain (loss) on dispositions, net	(397)	(11,933)	(11,587)
Gain (loss) on sale of non-depreciable assets	(45)	229	—
Extraordinary items – loss on early extinguishment of debt	1,339	1,033	204
Amount paid to retire preferred stock in excess of carrying values	2,041	—	—
Funds from operations	\$ 56,838	\$ 57,212	\$ 57,456
Weighted average common shares, diluted	17,561	17,532	17,597
Weighted average shares and units, diluted	20,613	20,464	20,551
Net income (loss) available per common shares, diluted*	\$ (0.11)	\$ 0.72	\$ 0.78
Funds from operations per shares and units, diluted	\$ 2.76	\$ 2.80	\$ 2.80
Dividends per share	\$ 2.34	\$ 2.34	\$ 2.32
Real estate owned, at cost	\$1,478,793	\$1,449,720	\$1,430,378
Construction in progress	\$ 3,223	\$ 10,915	\$ 28,523
Investment in real estate joint ventures	\$ 15,000	\$ 7,045	\$ 7,630
Total debt	\$ 803,703	\$ 779,664	\$ 781,089
Shareholders' equity and minority interest	\$ 371,576	\$ 442,260	\$ 485,376
Market capitalization (shares and units)	\$ 673,431	\$ 709,224	\$ 634,903
Number of properties including ownership interest	123	122	124
Number of apartment units including ownership interest	33,923	33,411	33,612

* For periods where the Company reported a net loss available for common shareholders, the effect of dilutive shares has been excluded from net loss available per common shares computations because including such shares would be anti-dilutive.

DIVIDEND PER COMMON SHARE (IN DOLLARS)



ANNUALIZED COMMON SHAREHOLDER RETURNS (PERCENT AS OF DECEMBER 31, 2002)

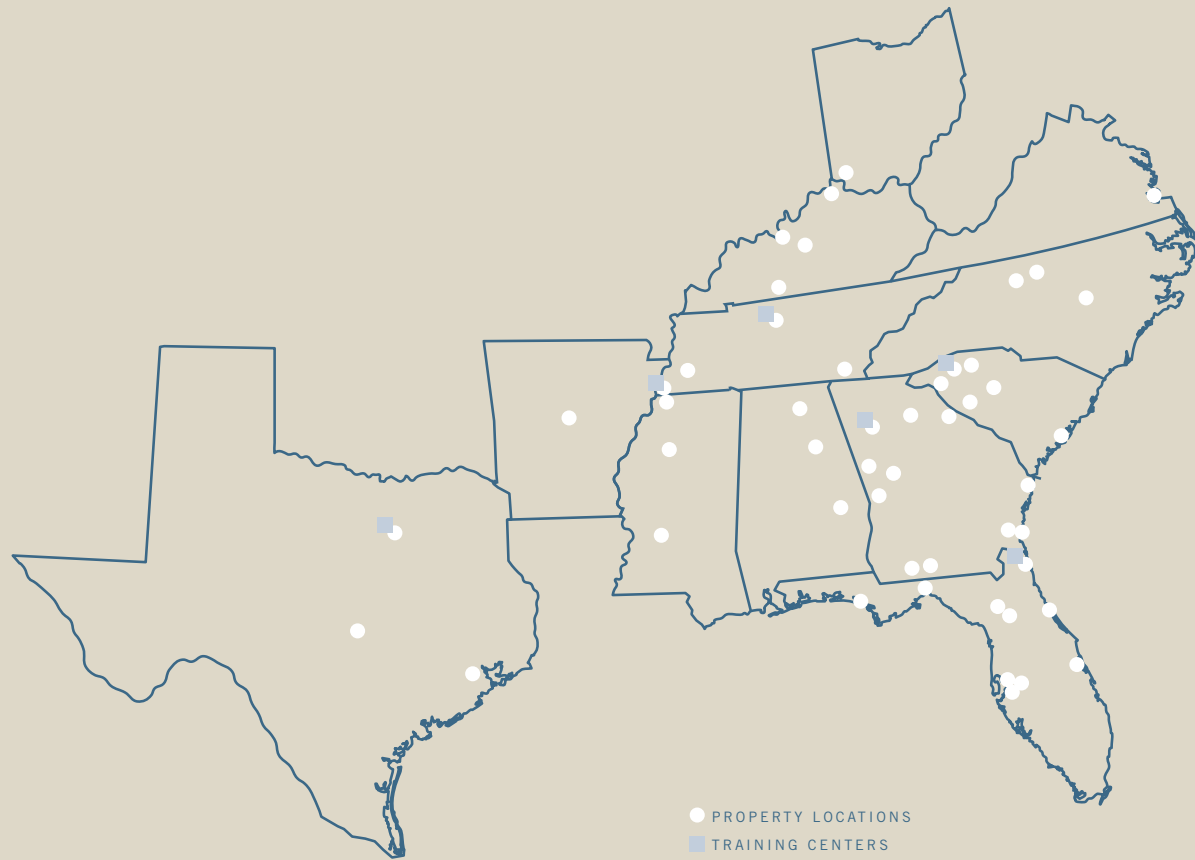


Investment performance and safety is more important than ever, and investors are looking for real assets, strong corporate governance and steady investment returns. Mid-America Apartment Communities offers real worth with brick-and-mortar assets, ethical corporate governance and long-term, solid return on investment. Sound strategic planning and hands-on operations ensure that our properties are located in well-diversified markets and are always in top

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condition. Management's active involvement with residents, employees and investors keeps us in touch with every aspect of the business and mindful of the individual people that we serve. Real assets. Real people. Real worth. It's the promise we make and the guiding principal behind the way we work to create great homes for our residents and solid performance for our shareholders.

MID-AMERICA LOCATIONS



34,507 apartments in 12 states

(as of March 17, 2003)

Mid-America's market focus on the southeast and south central U.S. provides access to the most stable job growth and apartment housing markets in the country. By proactively diversifying our portfolio throughout this steady growth region and positioning in large, middle and selective small markets, we maintain a solid foundation for growth in shareholder value...despite the ups and downs of the economic cycles and capital markets.

With our strong regional focus we are better positioned to remain alert to changing market trends and neighborhood shifts. As experienced operators, we take a proactive approach to creating value at each and every property.

APARTMENT COMMUNITIES

ALABAMA

Birmingham
Huntsville 2
Montgomery

ARKANSAS

Little Rock 3

FLORIDA

Daytona Beach
Gainesville
Jacksonville 10
Lakeland
Melbourne
Ocala
Orlando
Panama City Beach
Tallahassee
Tampa Metro 4

GEORGIA

Athens
Atlanta Metro 7
Augusta 3
Brunswick
Columbus 2
LaGrange
Macon/Warner Robins 4

Savannah
St. Simons Island
Thomasville
Valdosta

KENTUCKY

Bowling Green
Florence
Lexington 4
Louisville

MISSISSIPPI

Grenada
Jackson 6
Southaven 2

NORTH CAROLINA

Greensboro
Raleigh
Winston-Salem

OHIO

Cincinnati

SOUTH CAROLINA

Aiken 2
Anderson
Charleston
Columbia 2
Greenville 5
Spartanburg

TENNESSEE

Chattanooga 4
Jackson 5
Memphis 11
Nashville Metro 4

TEXAS

Austin 4
Dallas Metro 8
Houston Metro 4

VIRGINIA

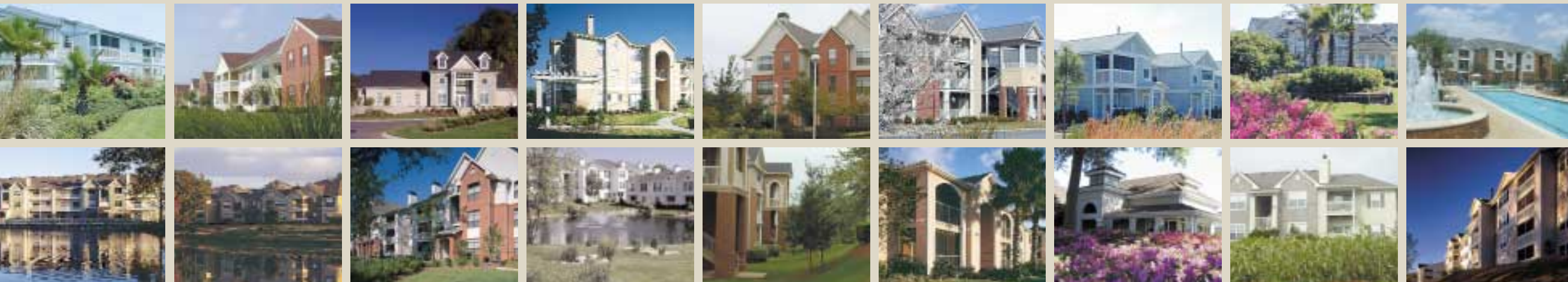
Hampton

REGIONAL OFFICES AND TRAINING CENTERS

Atlanta, GA
Dallas, TX
Greenville, SC
Jacksonville, FL
Memphis, TN
Nashville, TN

TOP ROW FROM LEFT:
SAVANNAHS AT JAMES LANDING, MELBOURNE, FL; FAIRWAYS AT HARTLAND, BOWLING GREEN, KY; GRANDE VIEW, NASHVILLE, TN; KENWOOD CLUB, KATY, TX; LINCOLN ON THE GREEN, MEMPHIS, TN; HUNTINGTON CHASE, WARNER ROBINS, GA; THE PADDOCK CLUB, PANAMA CITY BEACH, FL; HUNTER'S RIDGE, JACKSONVILLE, FL; AND GREEN OAKS, DALLAS, TX.

BOTTOM ROW FROM LEFT:
THE RESERVE AT DEXTER LAKE, MEMPHIS, TN; TERRACES AT TOWNE LAKE, WOODSTOCK, GA; LINCOLN ON THE GREEN, MEMPHIS, TN; THE VILLAGE, LEXINGTON, KY; PRESTON HILLS, ATLANTA, GA; THE PADDOCK CLUB, PANAMA CITY BEACH, FL; HUNTER'S RIDGE, JACKSONVILLE, FL; THE RESERVE AT DEXTER LAKE, MEMPHIS, TN; AND GRANDE VIEW, NASHVILLE, TN.





H. ERIC BOLTON JR.
CHAIRMAN AND CEO

During a year that brought uncertainty to the economy and capital markets along with questions concerning the real value of corporate stocks, your investment in Mid-America Apartment Communities held firm. For the year 2002 Mid-America outperformed the Dow Jones Index, NASDAQ, the S&P 500 and the Apartment Sector of the Morgan Stanley REIT Index. While the Mid-America shareholder investment return for 2002 of 1.9 percent is well below what we are satisfied with, it is very reassuring that, despite significant pressure from a weak economy, an excessive supply of new apartment homes in many markets and the strongest home buying market on record, Mid-America returns remain positive and shareholder values remain firm — unlike the performance of many other stocks. We think that it's the combination of real assets aggressively managed by real people that provides Mid-America residents and owners real worth in any economy.

Our hands-on approach to property management means that all members of management are in constant contact with our properties and our associates. This is not a business that is successfully run sitting behind a desk, and we understand the importance of “minding the store.” The foundation of our company culture is a focus on operating strength and productivity — an important differentiation over the long haul in a highly competitive industry such as ours. In 2002, various new utility expense management and billing initiatives, ancillary fee income programs, employee training and a number of recently installed systems upgrades help ensure that Mid-America's operation will continue to generate new value from existing properties and further position the company to grow funds from operations (FFO).

A large part of creating value in our communities is ensuring that curb appeal is high and that each of our properties is appealing to existing and prospective residents. The superiority of Mid-America's 34,500 apartment homes was evidenced again during 2002 by the numerous industry and civic awards received from a variety of organizations. We know that in addition to creating great places to live for our residents, we must also maintain and steadily grow the value of our properties for our shareholders.

That's one reason we've chosen to concentrate our efforts in the southeast and south central United States — a region that has historically shown stronger and more stable population and economic growth than other regions of the country.

IT'S THE COMBINATION OF REAL ASSETS
AGGRESSIVELY MANAGED BY REAL PEOPLE
THAT PROVIDES MID-AMERICA RESIDENTS
AND OWNERS REAL WORTH IN ANY ECONOMY.

Our focus on stable growth has led us to avoid the volatility associated with the narrow, very top-end and lower-end rental market segments and instead concentrate on apartment properties that meet the needs of the largest segment of the rental market. It is also the reason we diversify our capital over broad market segments — from major metropolitan markets to smaller tertiary cities — each offering differing growth and stability characteristics. This

focus on operations in well diversified markets in the most stable growth region of the country with properties that serve the largest segment of the rental market allows us to better protect and grow shareholder value through all phases of market and economic cycles on a lower risk basis.

The apartment industry and Mid-America were clearly “stress tested” during 2002. Rental concessions and vacancy losses ran at levels beyond anything we've seen since becoming a public company in 1994. While Mid-America is not completely recession *proof*, our unique strategy and approach to this business has clearly created a more recession-*resistant*

operation. We are encouraged that, relatively speaking, Mid-America continues to perform in a stable and predictable fashion, and we are excited about the up-side opportunity in revenues from our existing portfolio of properties as market conditions improve. We also kicked off a new joint venture acquisitions initiative in 2002 that we feel will be a significant contributing factor in future FFO growth.

Mid-America made solid progress during 2002 in strengthening and improving our balance sheet, in part because we entered this sluggish part of the economic cycle without the heavy burden of funding non-earning new construction projects. Our ability to achieve full productivity from the balance sheet and investment capital during this weak part of the economic cycle is one of the reasons that your investment returns in 2002 outperformed most other apartment REITs. While the low interest rate environment pressured property operations and drove home buying to record levels, we took full advantage of these conditions to refinance and restructure a significant part of our debt and capital structure. We have reduced the average interest rate on our debt from 6.3 percent at year-end 2001 to 5.4 percent in early March 2003, including the refinancing completed in early 2003. Our coverage ratios also improved during 2002, and our balance sheet is well positioned to meet a recovering economy and an eventual rise in interest rates.

Another important element of our company culture is reaching out beyond our properties, and Mid-America's Open Arms Foundation provides us with a great opportunity to connect to surrounding communities and residents by providing free, fully furnished apartments to families in medical crisis who are far from home. We have established 27 Open Arms units throughout our portfolio, where utilities are paid, pantries are stocked and families can find a haven from the stress of medical treatment. It's been an amazing experience that has had a profound effect on all who work at Mid-America — deepening our respect for others and broadening the service we provide to our communities.

You can rest assured that at Mid-America we take our responsibility for corporate governance seriously. Your Board of Directors is one of the most qualified and experienced boards of any public company and is comprised of a majority of non-management and independent directors who have a significant stake in the value and dividends associated with Mid-America's stock. We are all aligned as owners, and have all been largely responsible for a solid investment return of 11.9 percent compounded annually since going public in 1994. And the majority of that return to you has been in real terms — cash dividends.

While we know that 2003 will present another challenging operating year for our industry as the economy works to reestablish a footing and build momentum, Mid-America is well positioned to meet the challenge. Our focus is on continuing to strengthen dividend coverage, protect shareholder value and position for steady FFO growth from our existing properties as market conditions improve. We remain very disciplined in our approach to investing your capital and will only make new acquisitions that meet very thorough underwriting and strict investment guidelines. The apartment housing market is poised to rebound as the economy recovers, and the long-term outlook remains very positive. The forecasted continued movement of the “Y Generation” into the job market will further strengthen the demand for apartment housing — especially in the southeast and south central U.S.

This year's annual report is about getting real, which implies not only “real estate” investment, but also our focus to deliver real value for our shareholders by combining real assets with the hard work and capabilities of all our associates at Mid-America. We appreciate your support and trust in our team.

H. Eric Bolton Jr.
CHAIRMAN AND CEO

WE ARE ALL ALIGNED AS OWNERS,
AND HAVE ALL BEEN LARGELY RESPONSIBLE
FOR A SOLID INVESTMENT RETURN



REAL DIVIDEND ADVANTAGES IN VOLATILE ECONOMIES

As a real estate investment trust (REIT), Mid-America offers shareholders a hedge against volatility, a history of stable investment returns and a way to invest in real estate without the expense and headaches of being a landlord. REITs are required by law to distribute at least 90 percent of taxable income to shareholders. Over the past three turbulent economic years, Mid-America has outperformed U.S. benchmarks, including the Dow Jones Index, NASDAQ and the apartment sector of the Morgan Stanley REIT Index, which measures us against our peers. Our continual focus is on strengthening dividend payouts by keeping our award-winning properties profitable in all economic environments. That's why we concentrate our operations in the stable growth region of the southeast and south central U.S. with hands-on management of apartment communities targeted to the largest market segment of renters. It's a conservative strategy focused on steady performance and careful growth that results in a real dividend advantage for our shareholders in all economic environments.

"REITs have outperformed all the major indices, whether it's the S&P 500, NASDAQ or Dow Jones. REITs have done better and with less volatility. One of the reasons is the dividend. They're significant and not to be underestimated."

Stephen A. Wechsler, president and CEO of NAREIT (speaking with John Salustri of GlobeSt.com)

HAVING OUTPERFORMED THE DOW JONES INDEX, NASDAQ AND OUR APARTMENT REIT PEER GROUP,
MID-AMERICA IS GIVING INVESTORS SOMETHING TO SMILE ABOUT.



REAL ASSETS CONSISTENTLY RECOGNIZED AS SUPERIOR

A REIT is only as good as the properties it owns. Mid-America's 34,500 apartment homes in the southeast and south central United States continue to earn overwhelming recognition for management, landscaping and curb appeal. At 12 years, our average portfolio age is among the newest of all apartment REITs. Our \$300 million new development phase is at an end and poised to produce higher revenues. Our portfolio is stabilized, in excellent condition and in position to generate higher profits and value as the economy recovers. Our management style is hands-on. We hire and fully-train all on-site personnel, and management is actively and directly engaged in all operations. The community environment at all of our properties includes activities for residents and opportunities for involvement with surrounding neighbors. We create great places to live, and that's one reason Mid-America's properties consistently outperform market occupancy levels and rent growth, adding value to our real assets.

THE LOCATIONS, QUALITY AND STYLE OF OUR AWARD-WINNING APARTMENT COMMUNITIES ENABLE US TO ATTRACT A GREATER NUMBER OF RESIDENTS AND CONSISTENTLY OUTPERFORM MARKET OCCUPANCY LEVELS AND RENT GROWTH.

"The reason a REIT makes sense for most real estate investors is the same reason a mutual fund does. You probably don't want to manage individual properties any more than you want to spend your days and nights looking after the 100 or so individual companies in your mutual fund."

Lynette Khalfani, *DowJones Magazine*



REAL PEOPLE DEDICATED TO THOSE WE SERVE

Mid-America's corporate culture is driven by dedication to the people we serve — our residents, employees and shareholders. We provide homes where people live and raise their families, and we get involved with our residents. Our Open Arms Foundation, an employee-driven plan to donate apartments to families facing medical crisis or long-term medical treatments, helped more than 127 families in 2002. Management maintains an open dialogue with employees, visiting them often on site. We are also mindful of the people behind the investments and the trust we have been given by thousands of Mid-America shareholders. "Our first, and probably our most important, guiding principal is to treat people with respect," says H. Eric Bolton Jr., chairman and CEO of Mid-America. Couple that respect with sound financial sense, and you'll know why Mid-America is a great place to live, to work and to invest for real people.

"His goal is to meet the expectations of Mid-America's three constituents — residents, employees and shareholders — and he does that by leading his team with compassion and faith, which makes Mid-America's communities a place where people want to live and work."

Miriam Lupkin, Editor, *Multifamily Executive Magazine* (speaking about H. Eric Bolton Jr., chairman and CEO of Mid-America)

RICK TARR, SERVICE TECHNICIAN AT THE RESERVE AT DEXTER LAKE, AND ANGEL RANDOLPH, PROPERTY MANAGER AT GLENEAGLES APARTMENTS, REPRESENT MID-AMERICA EMPLOYEES WHOSE COMBINED EFFORTS AND COMMITMENT HELP PRODUCE OUR BOTTOM-LINE PERFORMANCE.



REAL STABILITY THROUGHOUT MARKET AND ECONOMIC CYCLES

Location, location, location — it's the first rule of real estate. And Mid-America has been focused on profitable locations from the beginning. We choose to concentrate our efforts in the southeast and south central United States in large, middle and small tier markets, in part, because of the lower volatility provided by such a strategy. Greater population influx and greater job growth and stability in all economies hold truer in this region than any other part of the country. Keeping properties in the markets we best know and understand also corresponds well with our hands-on approach to property management. Our focus on operations and productivity improvement serves us well in all phases of the economic cycle. It is a key differentiating factor for Mid-America in this highly competitive industry and one of the reasons for our stable performance levels.

"The most impressive growth in recent decades has been in the South, which included 36 percent of the U.S. population in 2000, up from 31 percent in 1950. Population growth in the Southern and Western metro areas far outstripped that in the major metropolitan areas in the Northeast and Midwest, which experienced slow growth or even population losses."

Mary M. Kent and Mark Mather, "What Drives U.S. Population Growth?" (Source: U.S. Census Bureau, Census 2000 Redistricting Data (P.L. 94-171) Summary File and 1990 Census (April 2, 2001, release; www.census.gov, accessed Nov. 18, 2002).

ACQUISITION TEAM DON ALDRIDGE AND MELANIE WHITSON ASSIST MID-AMERICA IN ACQUIRING PROPERTIES THAT MEET OUR THOROUGH UNDERWRITING REQUIREMENTS.

MANAGEMENT'S DISCUSSION

FROM LEFT: ERIC BOLTON, CHAIRMAN AND CEO; SIMON WADSWORTH, EXECUTIVE VICE PRESIDENT AND CHIEF FINANCIAL OFFICER; AL CAMPBELL, VICE PRESIDENT, FINANCIAL PLANNING; TOM GRIMES, SENIOR VICE PRESIDENT, OPERATIONS DIRECTOR; NANCY ROBERTS, SENIOR VICE PRESIDENT, DIRECTOR OF ORGANIZATIONAL DEVELOPMENT; AND KEVIN PERKINS, VICE PRESIDENT, DIRECTOR OF CAPITAL IMPROVEMENTS AND MAINTENANCE OPERATIONS.



Q. How has Mid-America responded to the recent new regulations surrounding Sarbanes-Oxley and requirements associated with corporate governance?

A. Because we have always maintained a board of directors comprised of a majority of non-management and independent directors, it was not necessary to recommend to our shareholders changes to the composition of their Board. We asked each of our board committees to review their charters and have accordingly expanded and more specifically defined each committee's roles and responsibilities. The Audit Committee of the Board of Directors has modified their process slightly as it pertains to quarterly earnings releases and is generally more involved in the review and release of quarterly earnings. Chief Financial Officer Simon Wadsworth and I have of course responded to new rules regarding management's formal sign-off of the quarterly financials and stand behind the numbers that have been reported.

Eric Bolton / Chairman and Chief Executive Officer

Q. How has Mid-America responded to the weaker market conditions and more sluggish revenue environment?

A. We have always maintained a very heavy focus on property management operations and it is during these highly competitive phases of the real estate cycle where that strength and emphasis on property management really makes a difference. Thus our operations and approach remained relatively unchanged, with some increases in advertising and marketing activities. As important as assessing what we are doing during these highly competitive times, it is equally important to assess what we are not doing. We are not compromising our commitment to maintaining our properties in top condition and we are not compromising our leasing standards by allowing non-qualified residents to move into our properties. In fact, over the course of 2002, we have instituted new web-based lease application review processes designed to strengthen lease qualification procedures.

Tom Grimes / Senior Vice President and Operations Director

Q. Mid-America did not increase its dividend level in 2002 as it had in prior years. Several of your peers announced reductions in their dividend pay-out levels. Is Mid-America's current dividend level safe?

A. Within the range of our earnings forecast for 2003, we believe that our current level of dividend pay-out is secure and we remain focused on continuing to improve coverage. Our position that the current dividend pay-out level is safe is supported by the following: (1) Unlike most of the other apartment REITs that have been forced to cut their dividend pay-outs, Mid-America does not currently have a new development pipeline that must be paid for. Our portfolio of properties has



continued to perform in a relatively stable and predictable fashion during this down part of the cycle. (2) The current gap between "funds available for distribution" and the distribution level is very manageable on our balance sheet. (3) As market conditions begin to improve, we believe that our stabilized portfolio of properties, by returning to "normal" levels of occupancy and leasing concessions, will clearly increase "funds available for distribution" to a point in excess of current distributions. Furthermore, as we continue to make new property acquisitions our revenues and cash flow available for distribution is growing.

Simon Wadsworth / Executive Vice President and Chief Financial Officer

Q. Mid-America announced several new acquisitions over the last six months. Can you explain how you decide to invest and what requirements you have for investing shareholders' capital?

A. We have always maintained a very disciplined approach to investing capital. Overall, our approach is governed by, first, a detailed underwriting and very thorough inspection and review of the real estate and surrounding market conditions — all reflected in conservative assumptions pertaining to forecasted operating performance. Second, our forecasted return on capital must clear a minimum internal rate of return threshold within a five-year investment performance window. And finally, our assumptions regarding eventual exit or sale of the investment are conservatively made with exit "cap rates" equal to the purchase cap rate with no more than a 50 basis point swing, thereby requiring the return to be supported by operating performance rather than easily manipulated sales price assumptions.

Al Campbell / Vice President of Financial Planning

Q. How has Mid-America responded to the record low interest rate environment?

A. Since year-end 2001, we have refinanced \$271 million of our total debt. As a result, as of early March, the average cost of debt for Mid-America is at 5.4 percent, a full 90 basis points below our cost of debt at year-end 2001. In addition to achieving a significant reduction in our cost of debt, we have also reworked maturities and have "laddered" the interest rate risk within our debt portfolio such that we have between \$50 million and \$81 million scheduled to mature in each year through 2009, a very steady and manageable refinancing forecast which will help us manage debt cost in a rising interest rate environment. In addition to refinancing debt, we also completed a \$25 million refinancing of our preferred stock, and lowered the cost of this capital by 40 basis points on an annual basis.

Simon Wadsworth / Executive Vice President and Chief Financial Officer



FROM LEFT: LEE LITTLE, SENIOR VICE PRESIDENT, OPERATIONS DIRECTOR; JAMES MACLIN, VICE PRESIDENT, DIRECTOR OF ASSET MANAGEMENT; AND GINNY DOANE, SENIOR VICE PRESIDENT, OPERATIONS DIRECTOR.

Q. What do you see as the immediate and long-term prospects for multifamily housing and Mid-America?

A. We expect market conditions to remain sluggish until the economy begins to create a more robust job growth environment. In addition, the strength and timing of the apartment market recovery will be tied to the level of new construction supply that is delivered to the markets over the next year or so. A rise in interest rates will likely be necessary to choke off the supply train that has continued to deliver new units into an overall market where demand is down. We expect that it will likely be sometime in 2004 before we see market conditions improve appreciably. Of course, various markets will react differently during this cycle and subsequent recovery. We expect that our smaller market group will continue to perform in a fairly stable fashion over the next year. Several of our middle market areas should continue to post good year-over-year improvement, including Memphis and Jacksonville. It will be next year before we see a resumption of significant improvement in large markets such as Dallas and Atlanta.

Long-term, the outlook for apartment housing looks very good. Through the steady movement of the "Y-Generation" demographic group into their early career years, the demand side of the equation looks very promising for apartment housing. This is especially true for the southeast and south central region of the U.S.

Eric Bolton / Chairman and Chief Executive Officer

FINANCIAL SUMMARY

CONSOLIDATED BALANCE SHEETS

Dollars in thousands	December 31	
	2002	2001
ASSETS		
Real estate assets:		
Land	\$ 124,130	\$ 124,993
Buildings and improvements	1,290,478	1,265,327
Furniture, fixtures and equipment	34,531	32,290
Construction in progress	3,223	10,915
	1,452,362	1,433,525
Less accumulated depreciation	(283,593)	(229,913)
	1,168,769	1,203,612
Land held for future development	1,366	1,366
Commercial properties, net	7,088	4,910
Investment in and advances to real estate joint ventures	15,000	7,045
Real estate assets, net	1,192,223	1,216,933
Cash and cash equivalents	10,594	12,192
Restricted cash	7,463	11,240
Deferred financing costs, net	10,296	10,415
Other assets	18,891	12,708
Total assets	\$1,239,467	\$1,263,488
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities:		
Notes payable	\$ 803,703	\$ 779,664
Accounts payable	464	1,219
Accrued expenses and other liabilities	55,372	31,691
Security deposits	4,406	4,514
Deferred gain on disposition of properties	3,946	4,140
Total liabilities and deferred gain	867,891	821,228
Minority interest	33,405	43,902
Shareholders' equity:		
Preferred stock, \$.01 par value, 20,000,000 shares authorized, \$170,333,250 or \$25 per share liquidation preference:		
2,000,000 shares at 9.5% Series A Cumulative	20	20
1,938,830 shares at 8.875% Series B Cumulative	19	19
2,000,000 shares at 9.375% Series C Cumulative	20	20
1,000,000 shares at 9.5% Series E Cumulative at December 31, 2001, 0 shares at 9.5% Series E Cumulative at December 31, 2002	—	10
474,500 shares at 9.25% Series F Cumulative	5	—
400,000 shares at 8.625% Series G Cumulative	4	—
Common stock, \$.01 par value (authorized 50,000,000 shares; issued 17,840,183 and 17,452,678 shares at December 31, 2002 and December 31, 2001, respectively)	178	175
Additional paid-in capital	558,479	552,705
Other	(4,299)	(774)
Accumulated distributions in excess of net income	(188,155)	(145,061)
Accumulated other comprehensive loss	(28,100)	(8,756)
Total shareholders' equity	338,171	398,358
Total liabilities and shareholders' equity	\$1,239,467	\$1,263,488

CONSOLIDATED STATEMENTS OF OPERATIONS

Dollars in thousands, except per share data	Year Ended December 31		
	2002	2001	2000
Revenues:			
Rental revenues	\$224,120	\$223,410	\$219,039
Other property revenues	8,039	7,782	6,340
Total property revenues	232,159	231,192	225,379
Interest and other non-property income	737	1,310	1,526
Management and fee income, net	775	755	739
Equity in loss of real estate joint ventures	(532)	(296)	(157)
Total revenues	233,139	232,961	227,487
Expenses:			
Property operating expenses:			
Personnel	26,267	24,704	24,268
Building repairs and maintenance	9,387	9,443	9,701
Real estate taxes and insurance	28,950	26,594	25,021
Utilities	11,351	11,893	10,481
Landscaping	6,210	6,278	6,027
Other operating	10,677	10,594	10,795
Depreciation and amortization	55,263	52,051	51,844
	148,105	141,557	138,137
Property management expenses	8,633	9,561	8,808
General and administrative expenses	6,665	6,522	6,018
Interest expense	49,448	52,598	50,736
Amortization of deferred financing costs	2,712	2,352	2,758
Total expenses	215,563	212,590	206,457
Income before gain on disposition of assets and insurance settlement proceeds, minority interest in operating partnership income and extraordinary items	17,576	20,371	21,030
Net gain on disposition of assets and insurance settlement proceeds	397	11,933	11,587
Income before minority interest in operating partnership income and extraordinary items	17,973	32,304	32,617
Minority interest in operating partnership income	493	2,573	2,626
Income before extraordinary items	17,480	29,731	29,991
Extraordinary items – loss on debt extinguishment, net of minority interest	(1,339)	(1,033)	(204)
Net income	16,141	28,698	29,787
Preferred dividend distribution	16,029	16,113	16,114
Amount paid to retire preferred stock in excess of carrying values	2,041	—	—
Net income (loss) available for common shareholders	\$ (1,929)	\$ 12,585	\$ 13,673
Net income (loss) available per common share:			
Basic (in thousands):			
Average common shares outstanding	17,561	17,427	17,544
Basic earnings per share:			
Net income (loss) available per common share before extraordinary items	\$ (0.03)	\$ 0.78	\$ 0.79
Extraordinary items	(0.08)	(0.06)	(0.01)
Net income (loss) available per common share	\$ (0.11)	\$ 0.72	\$ 0.78
Diluted (in thousands):			
Average common shares outstanding	17,561	17,427	17,544
Effect of dilutive stock options	—	105	53
Average dilutive common shares outstanding	17,561	17,532	17,597
Diluted earnings per share:			
Net income (loss) available per common share before extraordinary items	\$ (0.03)	\$ 0.78	\$ 0.79
Extraordinary items	(0.08)	(0.06)	(0.01)
Net income (loss) available per common share	\$ (0.11)	\$ 0.72	\$ 0.78

SELECTED FINANCIAL DATA

Dollars in thousands, except per share data	Year Ended December 31				
	2002	2001	2000	1999	1998
OPERATING DATA					
Total revenues	\$ 233,139	\$ 232,961	\$ 227,487	\$ 226,322	\$ 215,543
Expenses:					
Property operating expenses	92,842	89,506	86,293	84,885	79,917
Depreciation and amortization	55,263	52,051	51,844	49,903	46,021
General and administrative and property management expenses	15,298	16,083	14,826	14,479	11,960
Interest	49,448	52,598	50,736	48,302	45,704
Amortization of deferred financing costs	2,712	2,352	2,758	2,854	2,348
Gain on dispositions, net	397	11,933	11,587	10,237	408
Income before minority interest in operating partnership income and extraordinary items	17,973	32,304	32,617	36,136	30,001
Minority interest in operating partnership income	(493)	(2,573)	(2,626)	(2,497)	(2,254)
Extraordinary items	(1,339)	(1,033)	(204)	(67)	(990)
Net income	16,141	28,698	29,787	33,572	26,757
Preferred dividends	16,029	16,113	16,114	16,114	11,430
Amount paid to retire preferred stock in excess of carrying values	2,041	—	—	—	—
Net income available for common shareholders	\$ (1,929)	\$ 12,585	\$ 13,673	\$ 17,458	\$ 15,327
PER SHARE DATA					
Basic and diluted:					
Before extraordinary items	\$ (0.03)	\$ 0.78	\$ 0.79	\$ 0.93	\$ 0.87
Extraordinary items	(0.08)	(0.06)	(0.01)	—	(0.05)
Net income available per common share	\$ (0.11)	\$ 0.72	\$ 0.78	\$ 0.93	\$ 0.82
Dividends declared	\$ 2.340	\$ 2.340	\$ 2.325	\$ 2.305	\$ 2.225
BALANCE SHEET DATA					
Real estate owned, at cost	\$1,478,793	\$1,449,720	\$1,430,378	\$1,396,743	\$1,434,733
Real estate owned, net	\$1,192,223	\$1,216,933	\$1,244,475	\$1,248,051	\$1,315,368
Total assets	\$1,239,467	\$1,263,488	\$1,303,771	\$1,298,823	\$1,366,427
Total debt	\$ 803,703	\$ 779,664	\$ 781,089	\$ 744,238	\$ 753,427
Minority interest	\$ 33,405	\$ 43,902	\$ 50,020	\$ 55,550	\$ 61,441
Shareholders' equity	\$ 338,171	\$ 398,358	\$ 435,356	\$ 464,394	\$ 517,299
Weighted average common shares (000's):					
Basic	17,561	17,427	17,544	18,784	18,725
Diluted	17,561	17,532	17,597	18,808	18,770
OTHER DATA (AT END OF PERIOD)					
Market capitalization (shares and units)	\$ 673,431	\$ 709,224	\$ 634,903	\$ 639,095	\$ 670,123
Ratio of total debt to total capitalization ¹	54.4%	52.4%	55.2%	53.8%	52.9%
Number of properties, including joint venture ownership interest	123	122	124	129	129
Number of apartment units, including joint venture ownership interest	33,923	33,411	33,612	33,901	33,831

¹ Total capitalization is total debt and market capitalization of preferred shares (value based on \$25 per share liquidation preference), common shares and partnership units (value based on common stock equivalency).

INDEPENDENT AUDITORS' REPORT

THE BOARD OF DIRECTORS AND SHAREHOLDERS
MID-AMERICA APARTMENT COMMUNITIES, INC.

We have audited, in accordance with auditing standards generally accepted in the United States of America, the consolidated balance sheets of Mid-America Apartment Communities, Inc. and subsidiaries (the "Company") as of December 31, 2002, and 2001, and the related consolidated statements of operations, shareholders' equity and cash flows for each of the years in the three-year period ended December 31, 2002 (not presented herein); and in our report dated February 10, 2003, we expressed an unqualified opinion on those consolidated financial statements.

In our opinion, the information set forth in the accompanying consolidated financial statements is fairly stated, in all material respects, in relation to the consolidated financial statements from which it has been derived.

KPMG LLP

Memphis, Tennessee
February 10, 2003

INVESTOR INFORMATION

DIRECTORS

H. Eric Bolton Jr.
Chairman and Chief Executive Officer
Mid-America Apartment Communities

George Cates
Founder, Former Chairman and CEO
Mid-America Apartment Communities

Robert F. Fogelman
President
Fogelman Investment Company

Simon R.C. Wadsworth
Executive Vice President
and Chief Financial Officer
Mid-America Apartment Communities

John F. Flournoy
Chairman and Chief Executive Officer
Flournoy Development Company

John S. Grinalds
President
The Citadel

Ralph Horn
Chairman and Chief Executive Officer
First Tennessee National Corporation

Michael S. Starnes
President
M.S. Carriers,
a subsidiary of Swift Transportation

Alan B. Graf Jr.
Executive Vice President and
Chief Financial Officer
FedEx Corporation

CORPORATE HEADQUARTERS

Mid-America Apartment Communities, Inc.
6584 Poplar Avenue, Suite 300
Memphis, TN 38138
901-682-6600
www.maac.net

ANNUAL SHAREHOLDERS MEETING

Mid-America Apartment Communities, Inc. will hold its 2003 annual meeting of shareholders on Monday, June 2nd, at 4:00 p.m. CST in the clubhouse at The Reserve at Dexter Lake, Memphis, TN.

ANNUAL REPORT AND FORM 10-K

A copy of Mid-America's Annual Report and Form 10-K for the year ended December 31, 2002, as filed with the Securities and Exchange Commission, will be sent without charge upon written request to the corporate headquarters address, attention Investor Relations, and is available on our web site at www.maac.net.

TRANSFER AGENT AND REGISTRAR

Wachovia Bank

Shareholders who have questions about their accounts or who wish to change ownership or address of stock; to report lost, stolen or destroyed certificates; or wish to sign up for our dividend reinvestment plan, should contact the stock transfer agent at 800-829-8432.

Limited partners wishing to convert units into shares should contact Mid-America directly at the corporate headquarters listed above.

INDEPENDENT AUDITORS

KPMG LLP, Memphis, TN

GENERAL COUNSEL

Bass, Berry & Sims, Memphis, TN

STOCK LISTING AND COMMON STOCK PRICE

Mid-America's stock is traded on the New York Stock Exchange. Its common stock is listed under the stock symbol MAA. Its Cumulative Preferred Stock is under the symbols MAA PR A, MAA PR B, MAA PR C, and MAA PR F.

Fiscal 2002	Sales Prices		Dividends	Fiscal 2001	Sales Prices		Dividends
	High	Low	Declared		High	Low	Declared
First Quarter	\$26.75	\$25.10	\$0.585	First Quarter	\$23.88	\$21.73	\$0.585
Second Quarter	\$27.42	\$25.51	\$0.585	Second Quarter	\$25.75	\$22.42	\$0.585
Third Quarter	\$26.90	\$22.25	\$0.585	Third Quarter	\$26.42	\$24.40	\$0.585
Fourth Quarter	\$25.44	\$22.00	\$0.585	Fourth Quarter	\$26.76	\$24.40	\$0.585

CORPORATE CHARITY

Open Arms Foundation



CIVIC AND INDUSTRY AWARDS

INDIVIDUAL WINNERS

H. ERIC BOLTON JR.
CHAIRMAN AND CEO
MID-AMERICA APARTMENT COMMUNITIES
Multifamily Executive Magazine's
2002 Executive of the Year

DEBBIE BAXLEY
PROPERTY MANAGER, GEORGETOWN GROVE
SAVANNAH, GEORGIA
Service Award,
Savannah Apartment Association

HECTOR CARRILLO
LANDSCAPE TECHNICIAN, GREENBROOK
MEMPHIS, TENNESSEE
Groundskeeper of the Year,
Memphis Apartment Association
Diamond Achievement Awards

ROBERT DAUGHERTY
ASSISTANT MANAGER, GREENBROOK
MEMPHIS, TENNESSEE
Assistant Manager of the Year,
Memphis Apartment Association
Diamond Achievement Awards

TAMARA DAVIS
PROPERTY MANAGER, GREENBROOK
MEMPHIS, TENNESSEE
Property Manager of the Year,
Memphis Apartment Association
Diamond Achievement Award

CASEY KELVINGTON
THE VILLAGE
LEXINGTON, KENTUCKY
Leasing Consultant of the Year,
Lexington Apartment Association
Crowne Excellence Awards

LORI PENN
GRAND RESERVE
LEXINGTON, KENTUCKY
Leasing Manager of the Year,
Lexington Apartment Association
Crowne Excellence Awards

KATHERINE PITTMAN
GRAND RESERVE
LEXINGTON, KENTUCKY
Housekeeper of the Year,
Lexington Apartment Association
Crowne Excellence Awards

MELISSA WEST
NORTH REGION, AREA MANAGER
MID-AMERICA APARTMENT COMMUNITIES
Property Supervisor of the Year,
Lexington Apartment Association
Crowne Excellence Awards

KENNETH WAYNE WILKES
LEAD SERVICE TECHNICIAN, GREENBROOK
MEMPHIS, TENNESSEE
Maintenance Technician of the
Year, Memphis Apartment
Association Diamond
Achievement Awards

LORETTA WILLIAMS
HOUSEKEEPER, GREENBROOK
MEMPHIS, TENNESSEE
Housekeeper of the Year,
Memphis Apartment Association
Diamond Achievement Awards

PROPERTY WINNERS

ABBINGTON PLACE
HUNTSVILLE, ALABAMA
City of Huntsville Beautiful
Commission Beautification Award

CALAIS FOREST
LITTLE ROCK, ARKANSAS
Little Rock City Beautiful
Commission 2002 Landscape
Award for Voluntary Upgrade

THE COLONY AT SOUTH PARK
AIKEN, SOUTH CAROLINA
Best of the Best Apartment
Community, Aiken Standard
Readers' Poll

CROSSWINDS
JACKSON, MISSISSIPPI
Mississippi Multifamily Council
Beautification Award

EAGLE RIDGE
BIRMINGHAM, ALABAMA
First Place Beautification Award,
Greater Birmingham Association
of Home Builders Multifamily
Council

FAIRWAYS AT HARTLAND
BOWLING GREEN, KENTUCKY
Warren County Operation Pride
Award

FAIRWAYS AT ROYAL OAK
CINCINNATI, OHIO
Second Laurel Award in the
Cincinnati Civic Garden Center's
Beautification Award

GEORGETOWN GROVE
SAVANNAH, GEORGIA
Gold Winner – Landscaping,
Best Display – 2002 Food Drive,
Top Canner – 2002 Food Drive,
Savannah Apartment Association

GRAND RESERVE
NASHVILLE, TN
National Apartment Association
PARAGON Award, Best Garden
Apartment Community

GRANDE RESERVE
LEXINGTON, KENTUCKY
Best in Show (Highest Award),
Triple Crowne Award (Top Honors),
Lexington Apartment Association

GRANDE VIEW
NASHVILLE, TENNESSEE
Second Place Beautification
Award, Greater Nashville
Apartment Association

GREENBROOK
MEMPHIS, TENNESSEE
Best Landscaping, Memphis
Apartment Association Diamond
Achievement Awards

HIGHLAND RIDGE

TAYLORS, SOUTH CAROLINA
First Place in Floral Design –
Golden Division, Second Place in
Landscape Design – Golden
Division, Upper State Apartment
Association

LAKEPOINTE
LEXINGTON, KENTUCKY
Triple Crowne Award (Top Honors),
Lexington Apartment Association

LAKESHORE LANDING
JACKSON, MISSISSIPPI
Mississippi Multifamily
Beautification Award

LINCOLN ON THE GREEN
MEMPHIS, TENNESSEE
Best Landscaping, Memphis
Apartment Association Diamond
Achievement Awards

THE MANSION
BIRMINGHAM, KENTUCKY
Triple Crowne Award (Top Honors),
Lexington Apartment Association;
Lexington Federated Garden Club
"Lexington in Bloom" Award

THE PADDOCK CLUB
HUNTSVILLE, ALABAMA
City of Huntsville Beautiful
Commission Beautification Award

THE PADDOCK CLUB
MURFREESBORO, TENNESSEE
Third Place Beautification Award,
Greater Nashville Apartment
Association

THE PARK
HERMITAGE, TENNESSEE
Second Place Beautification
Award, Greater Nashville
Apartment Association

PARK PLACE
SPARTANBURG, SOUTH CAROLINA
First Place in Floral Design
– Established Division and
Second Place in Landscape
Design – Established Division,
Upper State Apartment Assoc.;
Honorable Mention, Spartanburg
Men's Garden Club and Spartan-
burg Chamber of Commerce
Annual Beautification Awards

PEAR ORCHARD
JACKSON, MISSISSIPPI
Business of the Month, City of
Ridgeland Beautification
Committee and
Mississippi Multifamily Council
Beautification Award

REFLECTION POINTE

JACKSON, MISSISSIPPI
Mississippi Multifamily Council
Beautification Award

THE RESERVE AT DEXTER LAKE
MEMPHIS, TENNESSEE
Best Landscaping and
Best Clubhouse, Memphis
Apartment Association Diamond
Achievement Awards

RUNAWAY BAY
MT. PLEASANT, SOUTH CAROLINA
Alhambra Applauds Award
Mt. Pleasant Garden Club

SAVANNAHS AT JAMES LANDING
MELBOURNE, FLORIDA
Beautification & Environmental
Advisory Committee 2002
Beautification Award

TANGLEWOOD
ANDERSON, SOUTH CAROLINA
First Place in Landscape Design
– Golden Division,
Upper State Association

THE VILLAGE
LEXINGTON, KENTUCKY
Triple Crowne Award (Top Honors),
Lexington Apartment Association

WESTSIDE CREEK
LITTLE ROCK, ARKANSAS
Little Rock City Beautiful Award
for Continued Excellence

THE WOODS OF POST HOUSE
JACKSON, TENNESSEE
Mayor's Civic Pride Award:
Best Landscaping 2002



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