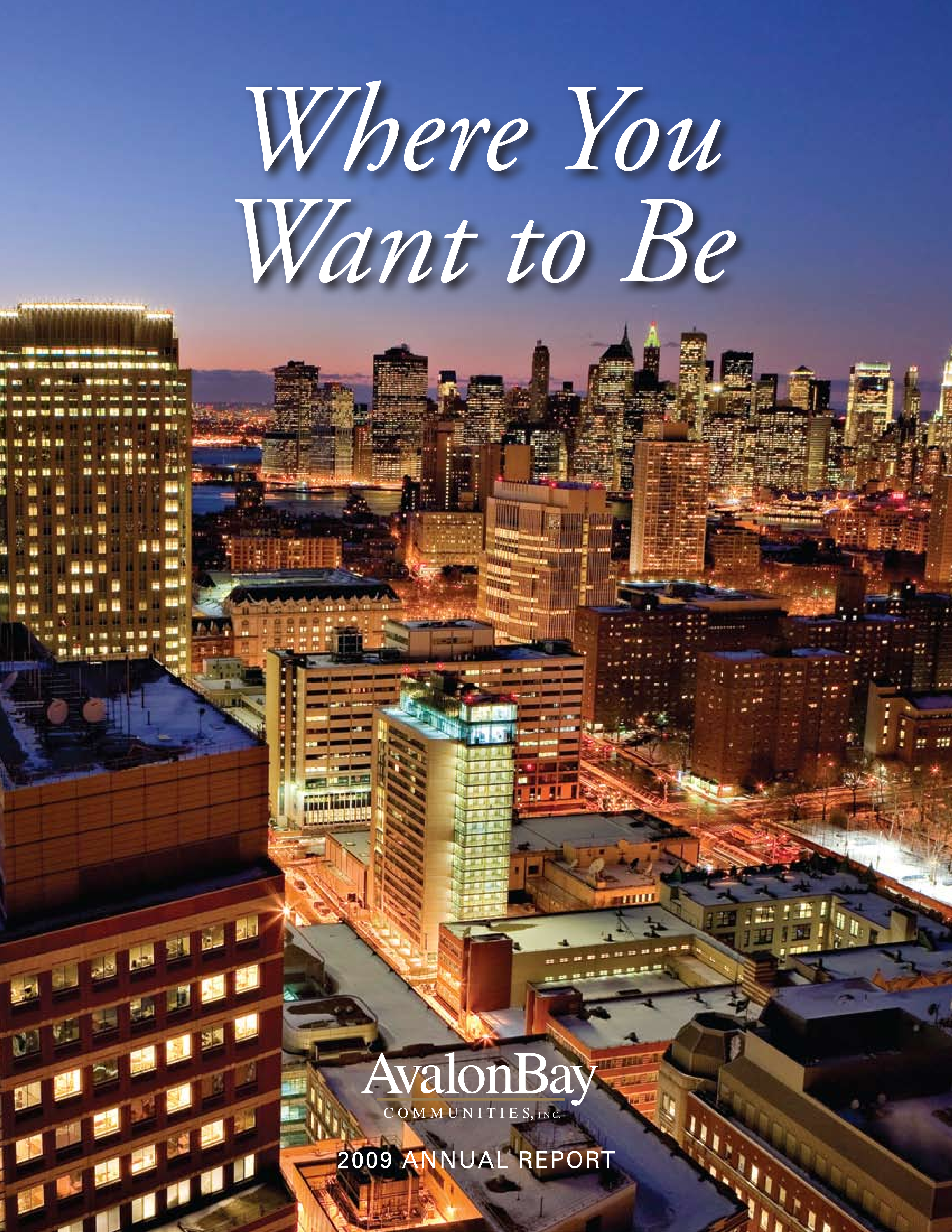
Where You Want to Be



AvalonBay
COMMUNITIES, INC.

2009 ANNUAL REPORT

AvalonBay Communities, Inc.

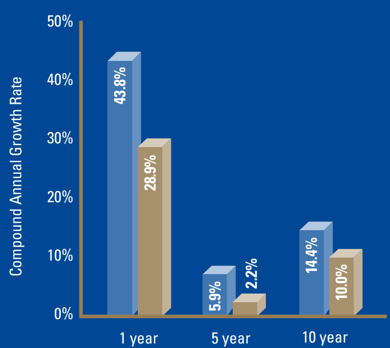
AvalonBay Communities, Inc. is an equity REIT primarily engaged in developing, redeveloping, acquiring, and managing quality apartment communities in high barrier-to-entry markets within the United States. Our markets are located in the Northeast, Mid-Atlantic, Midwest, Pacific Northwest, and Northern and Southern California. At year-end 2009, our total market capitalization was $10.7 billion. Over the last ten years, the compound annual growth rate of our total shareholder return was 14.4% and the compound annual growth rate of our dividend was 5.7% during the same time period. Our strategy is to be leaders in customer insight, market research and capital allocation, delivering a range of multifamily offerings tailored to serve the needs of the most attractive customer segments in the best-performing US submarkets.

AvalonBay Communities' common shares are traded on the New York Stock Exchange under the ticker symbol AVB and are included in the S&P 500 Index. More information about AvalonBay may be found on our website at www.avalonbay.com.

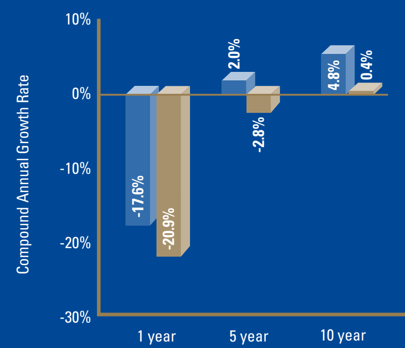
FINANCIAL HIGHLIGHTS

See page 13 for notes and defined terms, and page 15 for 5 year stock performance graph

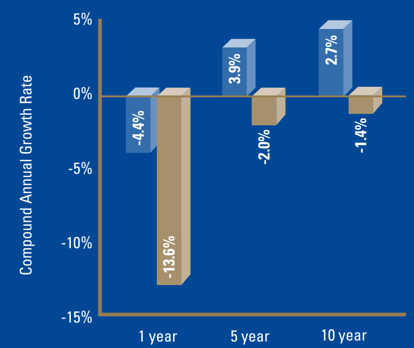
TOTAL SHAREHOLDER RETURN[1]



NAV PER SHARE GROWTH[2]



FFO PER SHARE GROWTH[3]



AVB ● Multifamily Sector Avg.

Source: SNL Financial, Green Street Advisors

COVER AND OPPOSITE: VIEWS OF NEW YORK CITY FROM AVALON FORT GREENE. LOCATED IN DOWNTOWN BROOKLYN, THIS 42-STORY DEVELOPMENT BEGAN LEASING IN FOURTH QUARTER 2009 AND CONTAINS 631 APARTMENT HOMES.

Where You Want to Be

FOR OUR CUSTOMERS, ASSOCIATES & OUR SHAREHOLDERS

TO OUR SHAREHOLDERS

We began 2009 immersed in one of the most challenging economic environments in 75 years, and ended the year with a sense that the worst had passed. Indeed, markets recovered robustly from troughs reached during early 2009, as the S&P 500 Index was up 26% for the year and the Morgan Stanley REIT Index rose 29%. For AvalonBay, Total Shareholder Return was 44% in 2009.

Despite these improved returns, the economic and operating environment we faced in 2009 left little room for error. Our response to the challenges presented by last year's turmoil was supported by a strong balance sheet, a proven long-term business strategy and more than 20 years of cycle-tested management experience. We expected apartment fundamentals to deteriorate throughout the year at an accelerating pace and they did. As the capital markets began to heal, we enhanced our financial flexibility by improving liquidity, extending debt maturities and adding equity to our capital structure. At the same time, we kept our eye on the future and the improving long-term fundamentals we expect will emerge. By year-end, we had increased investment activity – both development and acquisitions – to levels appropriate for an emerging economic recovery.

Last year's report, titled *Built to Endure*, described an organization with the experience and resources to preserve value during periods of economic stress and to pursue opportunities out of reach for others. This year, whether you are an investor, an associate within our company, or a resident in one of our communities, we believe AvalonBay is *Where You Want To Be:* an organization alert and responsive to challenging market conditions while being prepared for the next phase of growth and opportunities.

In this letter, we'll review results and how actions we took last year position us for continued success. We will then look at the demand/supply fundamentals influencing both our business and our industry now and going forward. This context will provide the backdrop for a discussion of trends we see emerging with the new decade ahead that will affect both our industry and our business.

Looking Back: 2009 In Review

Our early outlook anticipated a difficult operating environment with revenue declining at an accelerating pace for much of the year. While that early directional read on operating trends was accurate, job losses exceeded expectations and Net Operating Income (NOI) from our Same Store portfolio decreased 7% for the year, slightly more than our original outlook of 5%.

Earnings per Share (EPS) declined 63% to $1.93 from lower NOI, reduced gains on asset sales and impairment losses recognized as we re-scaled the business. Funds from Operations (FFO) decreased 4% to $3.89. Adjusting for non-routine charges, operating FFO decreased 11%.

Unprecedented economic uncertainty called for caution, and we responded in a number of ways:

- Anticipating weak operating fundamentals in 2009 and into 2010, we reduced investment activity and development risk during 2009 by deferring new development starts until the fourth quarter. By then, greater visibility on the economy, the capital markets and the prospect of improving fundamentals supported a measured level of new development. Accordingly, we broke ground on two communities in late 2009 at a total cost of $65 million.

- We completed and delivered nine new communities, totaling over 2,500 apartment homes for a Total Capital Cost of $800 million. At year-end 2009, we had seven developments under construction – half the volume underway at the prior year-end.

- We sold five assets, compared to 11 sold in the prior year, for an aggregate price of $180 million. These sales provided a total Economic Gain of $44

AVALON MORNINGSIDE PARK, NY

WHERE YOU WANT TO BE

We have a diverse, high-quality portfolio of apartment homes in the nation's premier, supply-constrained coastal markets.

To visit all our communities, go to www.avaloncommunities.com.

million, a 13% Unleveraged IRR on our investment at a weighted average Initial Year Market Cap Rate of 6.5% - evidence of long-term value creation.

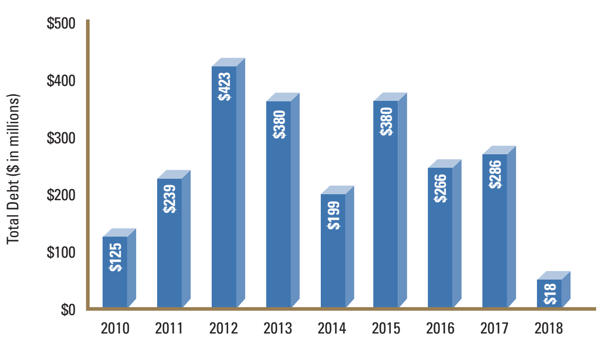
- Redevelopment activity resulted in four completions during the year for a Total Capital Cost of approximately $30 million (excluding costs incurred prior to redevelopment). We started four redevelopments with incremental estimated Total Capital Costs of $50 million.

This investment activity was supported by significant financing activity. We sourced over $1.7 billion of new capital in 2009, boosting liquidity, lowering interest rates and reducing refinancing risk by extending durations. We issued unsecured debt, tendered for and redeemed unsecured notes, and launched a Continuous Equity Program (CEP). These efforts left us with cash on hand and modest capital needs heading into 2010.

While refinancing activity for the year mitigated financial and maturity risk, it also provided substantial cost savings. The weighted average interest rate on all our debt at the beginning of 2009 was 5.3%. By year-end, that same measure had dropped to 5.1% on $4 billion of debt, representing an annual savings of $8 million per year. Floating rate debt declined to just 9% of our Total Market Capitalization.

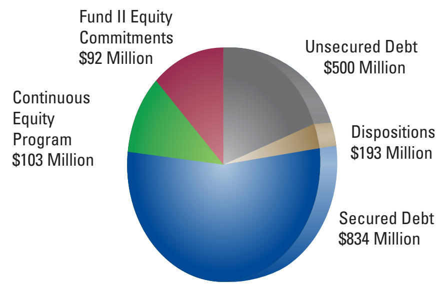
With these savings comes enhanced financial flexibility. The issuance of unsecured debt in 2009 was our first in more than three years, allowing us to avoid additional secured debt and preserve access to the unsecured markets.

MODEST NEAR-TERM MATURITIES



Source: Company Reports

FINANCIAL FLEXIBILITY



Source: Company Reports

During 2009 we issued $103 million of common stock under the CEP. This program is an efficient and cost effective source of equity capital and financial flexibility, allowing us to better match investment with financing activity while mitigating pricing risk.

Last year's capital markets activity was extraordinary and underscores not only the substantial improvement in the capital markets during the year but also the financial strength and flexibility we enjoy with one of the strongest balance sheets in the REIT industry.

The National Economy and Apartment Fundamentals

Our operating results in 2009 reflect the severity of last year's job losses, which were unusual in scale and breadth with no major metro area spared. During the first half of 2009, an average of 500,000 jobs were lost each month. Losses continued into the second half of 2009 at a lesser pace, with monthly job losses averaging 250,000. But the damage was already done and, by year-end, unemployment reached 10%, further weakening renter demand.

While job losses continue, emerging GDP growth, healing credit markets and rising consumer confidence suggest 2010 will be a transition year. Experience teaches us that job growth lags GDP growth by three or four quarters. So for 2010, we expect job losses early in the year will turn

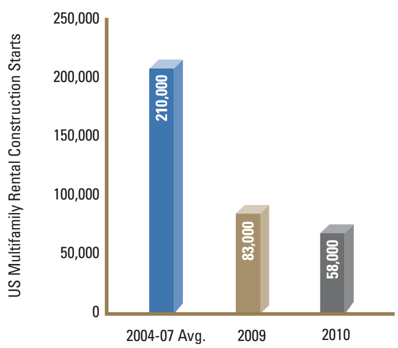
WHERE YOU WANT TO BE

From product design to the level of service in our communities, we focus relentlessly on meeting the needs of our customers—to make their AvalonBay experience *Time Well Spent.*

to job gains and apartment fundamentals will transition from weak to modestly positive during the year. Changes in rental revenue historically lag employment changes by one to two quarters, suggesting a sustained positive impact on rental revenue is unlikely until 2011.

The longer-term outlook supports our expectations for a positive and compelling story, driven by historically low levels of new construction and anticipated demand from both economic recovery and demographic trends. Between 2004 and 2007, construction starts for new multifamily rental product averaged 210,000 units per year. By 2009, that number had fallen to 83,000 units and for 2010 we expect only 58,000 starts – a 70% decline from 2004-2007 levels.

CONSTRAINED SUPPLY[4]

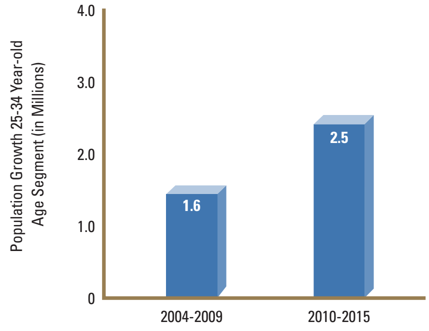


Source: Witten Advisors

Over the last four years, AvalonBay's markets were less impacted by the housing oversupply that crippled some other markets. Measured as a percentage of total housing supply, new housing increased by 3.7% in our markets from 2005 through 2009 compared to 6.6% nationally.

While these numbers suggest constrained supply, particularly for our high barrier coastal markets, it's only part of the story. Demographic trends suggest strong renter demand is on the horizon. The population of young adults age 25 to 34 is expected to increase by 2.5 million over the next five years, compared to1.6 million over the past five years, a 60% increase. Individuals under 35 years of age have the highest propensity to rent of any age group, which bodes well for apartment demand. While a struggling economy slows household formation, it also creates pent-up demand for apartments that will be released once job growth resumes.

STRONG DEMAND FROM FAVORABLE DEMOGRAPHICS



Source: Census Bureau, National Multi-Housing Council

Looking Ahead: The New Decade

Over the last two decades, we've successfully steered the company through several business cycles. While apartment fundamentals will continue to operate within cyclical ebbs and flows, the economic times we're facing are extraordinary and appear to be producing important shifts impacting our industry:

- *Shifts in Capital Formation.* It will likely be harder to raise capital and those companies with balance sheet strength will disproportionately benefit. Going forward, access to the public capital markets will be a significant competitive advantage, as increased regulation of the financial services industry may further constrain capital formation for private real estate owners. Most "merchant build" business models are simply not viable in today's environment, strengthening the competitive environment for well-capitalized public companies such as AvalonBay.

- *Shifts in Demand/Supply.* For demand, we noted the demographic shift towards growth in younger age cohorts with higher propensities to rent. For supply, a tougher credit environment will put further constraints on new development for many of our competitors.

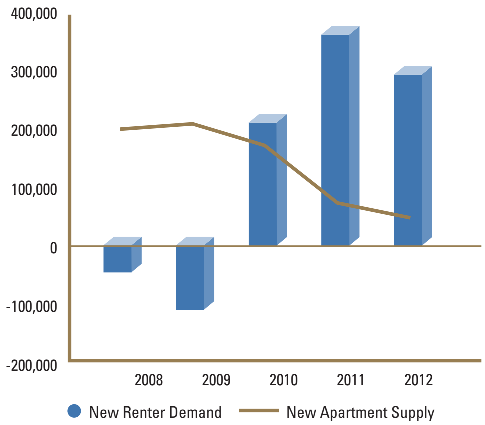
AVALON TINTON FALLS, NJ

WHERE YOU WANT TO BE

With one of the strongest balance sheets in the industry and a proven, time-tested strategy, we are well positioned for continued long-term growth.

caution, we believe we are where we want to be to pursue emerging opportunities:

COMPELLING FUNDAMENTALS IN FUTURE YEARS[5]



Source: Witten Advisors

- *Liquidity.* Our liquidity position is strong, leverage remains modest by industry standards, and our communities remain largely unencumbered, preserving access to the unsecured debt markets. Based on development and redevelopment activity currently underway, we can meet all of our investment and financing commitments well into 2012.

- *Dividend.* Our goal is to retain as much capital as possible while ensuring we cover the dividend from recurring cash flow through all phases of the real estate cycle. Over the past ten years, our regular quarterly dividend has increased 70% compared to a decline of 7% for the Multifamily Sector Average.

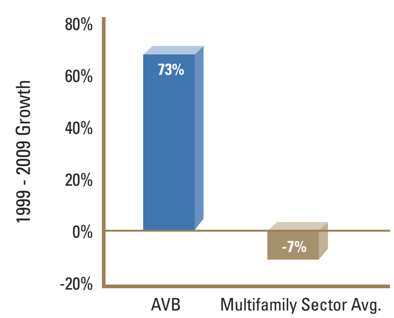
- *Shift Toward Deleveraging.* Increased stock price volatility for REITs is in part related to leverage levels. While deleveraging has been and will continue to be painful for some, well-capitalized public REITs are better-positioned to reap the benefits of a simple, more equity-oriented capital structure.

- *Shifts in Government Policies.* More government regulation of energy use along with a greater focus on environmental protection will likely have a significant impact on urban growth patterns. Changes in zoning to encourage greater density and proximity to mass transit will benefit multifamily housing – particularly those companies with a core competency in high-density development like AvalonBay.

- *Shifts in Rent vs. Buy Patterns.* The housing correction proved that the rise in U.S. homeownership was unsustainable. Since 2006, the U.S. homeownership rate has dropped from its peak of approximately 69% to about 67%, a gain of over 1.5 million potential renter households. Indeed, historic government support for homeownership could wane as policymakers conclude that the nation is better served by a more balanced housing policy.

Given these likely future trends, it's fair to ask: how well is AvalonBay positioned for the next decade? After a year of

OUTSIZED DIVIDEND GROWTH[6]



Source: Company Reports, SNL Financial

- *Value Creation.* A recovering economy, reduced construction costs, expectations for a shortage of new apartments and improving capital markets now support a modest level of new starts. At higher initial yields, delivering new apartment homes into what we expect will be a period of improving fundamentals should provide outsized risk adjusted returns.

- *Multiple Growth Platforms.* In markets where development is less attractive, we will allocate capital to redevelop assets to enhance returns. In addition, we have over $1 billion of capacity to pursue acquisitions of existing assets in our markets through our investment management platform.

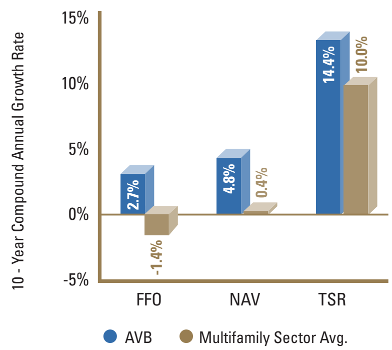
Conclusion

We entered the downturn in a strong position, with a proven business strategy and sound financial foundation. Today, the private "merchant build" model is under stress and may not survive a new era of constrained capital formation. But while the competitive landscape has changed, new competitors will emerge. As the economic recovery unfolds, the decisions we made last year position us well to continue our long track record of outperformance.

We believe one of the most important aspects of our mission is to be a leader in capital allocation. Our strategy of allocating capital to deliver a range of multifamily offerings tailored to serve the needs of the most attractive customer segments in the best performing US submarkets will serve our investors well. Going forward, as our supply-constrained markets experience improving renter demand as we expect, we would ask: where do you want to be? Whether through building, operating, upgrading or acquiring high quality product in a risk-measured way, or from thoughtful management of a strong balance sheet, we believe we are on track to continue providing total shareholder return and NAV growth near the top of the sector as we have done over the last decade.

In closing, we want to recognize Mike Meyer, who will be retiring from our Board of Directors this year. One of the founders of AvalonBay Communities, Mike is a recognized leader in the real estate industry and has contributed greatly to AvalonBay's success through his prior role as AvalonBay's Executive Chairman and his long-term service on our Board. We are grateful for his past contributions and wish him the best.

LONG-TERM OUTPERFORMANCE[1,2,3]



Source: Green Street Advisors, SNL Financial

And as always, thank you to our shareholders for their continued support, to our associates for their extraordinary efforts, and to our residents who have chosen to make an AvalonBay community their home.

BRYCE BLAIR, CHAIRMAN & CEO

AVALON ANAHEIM STADIUM, CA

NOTES

1. Total Shareholder Return: The change in value over the period stated with all dividends reinvested. Total Shareholder Return is sometimes presented as the compound annual growth rate. The Total Shareholder Return for each year within the timeframe presented may vary.

2. Estimated NAV per Share Growth: The compound annual growth rate of Estimated NAV per Share as estimated by Green Street Advisors, Inc. during the periods indicated. Estimated NAV per Share Growth for each year within the timeframe presented may vary.

3. FFO per Share Growth: The compound annual growth rate of FFO per Share as reported during the period stated. FFO per Share Growth for each year within the timeframe presented may vary. See page 15 for 10 year FFO reconciliation.

4. US Multifamily Rental Construction Starts defined as construction starts per US Census Bureau data (historic data through 2009) and forecasts from Witten Advisors (2010 forecast as of 4Q 2009).

5. New Renter Demand defined as net apartment absorption (US) based on the year/year change in occupancy (US). New Apartment Supply defined as total US rental apartment home completions. Data and forecast from Witten Advisors as of 4Q 2009.

6. Includes regular dividends declared for each quarter of the ten years presented.

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DEFINITIONS AND RECONCILIATIONS OF NON-GAAP FINANCIAL MEASURES AND OTHER TERMS

This Annual Report contains certain non-GAAP financial measures and other terms. The definition and calculation of these non-GAAP financial measures and other terms may differ from the definitions and methodologies used by other REITs and, accordingly, may not be comparable. The non-GAAP financial measures referred to below should not be considered an alternative to net income as an indication of our performance. In addition, these non-GAAP financial measures do not represent cash generated from operating activities in accordance with GAAP and therefore should not be considered as an alternative measure of liquidity or as indicative of cash available to fund cash needs. The definitions of non-GAAP financial measures and other terms not included below (Funds from Operations, Net Operating Income, Established/Same Store Communities) are contained in our Annual Report on Form 10-K.

Net Asset Value (NAV) Per Share

The estimated market value of a company's assets less the estimated market value of all current and long-term liabilities divided by the number of outstanding common shares and operating partnership units.

Interest Coverage

EBITDA from continuing operations, excluding land gains and gain on the sale of investments in real estate joint ventures, divided by the sum of interest expense, net, and preferred dividends. Interest Coverage is presented by the Company because it provides rating agencies and investors an additional means of comparing our ability to service debt obligations to that of other companies. EBITDA is defined by the Company as net income before interest income and expense, income taxes, depreciation and amortization. EBITDA has been adjusted in the reconciliation below to exclude $26,972,000 of costs associated with the tender offer completed in October 2009. A reconciliation of EBITDA and a calculation of Interest Coverage for the fourth quarter of 2009 are as follows (dollars in thousands):

Net income attributable to the Company	$32,394
Interest expense, net	42,107
Depreciation expense	55,392
Depreciation expense (discontinued operations)	1,200
Tender offer costs	26,972
EBITDA (adj. for Tender offer costs)	$158,065
EBITDA from continuing operations (adj. for Tender offer costs)	$117,078
EBITDA from discontinued operations	40,987
EBITDA	$158,065
EBITDA from continuing operations	$117,078
Land gains	(4,589)
EBITDA from continuing operations (adj. for Tender offer costs), excluding land gains	$112,489
Interest charges	$42,107
Interest coverage	2.7

Initial Year Market Capitalization Rate (Cap Rate)

Projected NOI of a single community for the first (or next succeeding) 12 months of operations (assuming no repositioning), less estimates for non-routine allowance of approximately $200 - $300 per apartment home, divided by the gross sales price for the community. Projected NOI, as referred to above, represents management's estimate of projected rental revenue minus projected operating expenses before interest, income taxes (if any), depreciation, amortization and extraordinary items. For this purpose, management's projection of operating expenses for the community includes a management fee of 3.0% - 3.5%. The Initial Year Market Cap Rate, which may be determined in a different manner by others, is a measure frequently used in the real estate industry when determining the appropriate purchase price for a property or estimating the value for a property. Buyers may assign different Initial Year Market Cap Rates to different communities when determining the appropriate value because they (i) may project different rates of change in operating expenses and capital expenditure estimates and (ii) may project different rates of change in future rental revenue due to different estimates for changes in rent and occupancy levels. The weighted average Initial Year Market Cap Rate is weighted based on the gross sales price of each community. Projected stabilized rental revenue represents management's estimate of projected gross potential (based on leased rents for occupied homes and market rents, for vacant homes) minus projected economic vacancy and adjusted for concessions. Projected stabilized operating expenses do not include interest, income taxes (if any), depreciation or amortization, or any allocation of corporate-level property management overhead or general and administrative costs.

Leverage

Total debt as a percentage of Total Market Capitalization. Total Market Capitalization represents the aggregate of the market value of the Company's common stock, the market value of the Company's operating partnership units outstanding (based on the market value of the Company's common stock), and the outstanding principal balance of the Company's debt. Management believes that Leverage can be one useful measure of a real estate operating company's long-term liquidity and balance sheet strength, because it shows an approximate relationship between a company's total debt and the current total market value of its assets based on the current price at which the Company's common stock trades. Changes in Leverage also can influence changes in per share results. A calculation of Leverage as of December 31, 2009 is as follows (dollars in thousands):

Total debt	$3,977,092
Common stock	$6,694,343
Operating partnership units	1,260
Total debt	3,977,092
Total Market Capitalization	$10,672,696
Debt as % of capitalization	37.3%

Because Leverage changes with fluctuations in the Company's stock price, which occur regularly, the Company's Leverage may change even when the Company's earnings, interest and debt levels remain stable. Investors should also note that the net realizable value of the Company's assets in liquidation is not easily determinable and may differ substantially from the Company's Total Market Capitalization.

Multifamily Sector Average

The Multifamily Sector Average is a weighted average based on Total Capitalization per SNL Financial. The weighted average for "Total Shareholder Return" and "Outsized Dividend Growth" consists of AEC, AIV, BRE, CPT, EQR, ESS, HME, MAA, PPS and UDR. The weighted average for "FFO per Share Growth"consists of AEC, AIV, BRE, CPT, EQR, ESS, HME, MAA and UDR. The weighted average for "NAV per Share Growth" includes all companies under Green Street Advisors, Inc.'s coverage for which data is available during each of the time periods presented and consists of AEC, BRE, CPT, EQR, PPS and UDR.

Total Capital Cost

Includes all capitalized costs projected to be or actually incurred to develop the respective development or redevelopment community, or development right, including land acquisition costs, construction costs, real estate taxes, capitalized interest and loan fees, permits, professional fees, allocated development overhead and other regulatory fees, all as determined in accordance with GAAP. For redevelopment communities, Total Capital Cost excludes costs incurred prior to the start of redevelopment when indicated. With respect to communities where development or redevelopment was completed in a prior or the current period, Total Capital Cost reflects the actual cost incurred, plus any contingency estimate made by management. Total Capital Cost for communities identified as having joint venture ownership, either during construction or upon construction completion, represents the total projected joint venture contribution amount. For joint ventures not in construction, Total Capital Cost is equal to gross real estate cost.

Economic Gain

The gain on sale in accordance with GAAP, less accumulated depreciation through the date of sale and any other non-cash adjustments that may be required under GAAP accounting. Management generally considers Economic Gain to be an appropriate supplemental measure to gain on sale in accordance with GAAP because it helps investors understand the relationship between the cash proceeds from a sale and the cash invested in the sold community. A reconciliation of Economic Gain to gain on sale in accordance with GAAP for the full year 2009 is presented below (dollars in thousands):

Number of Communities Sold	Gross Sales Price	GAAP Gain	Accumulated Depreciation and Other	Economic Gain
5 Communities	$179,675	$61,116	$16,626	$44,490

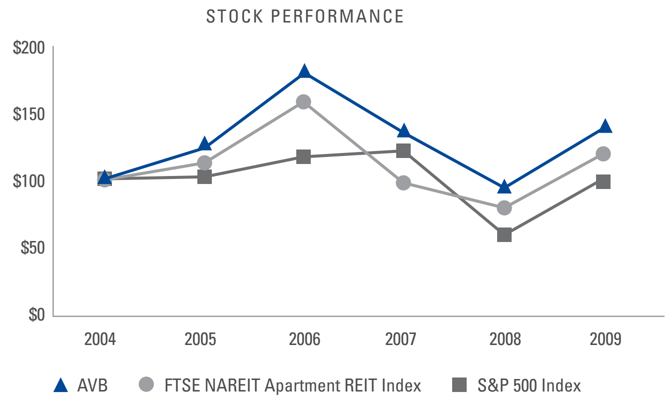
Unleveraged IRR

Refers to the internal rate of return on sold communities calculated by the Company considering the timing and amounts of (i) total revenue during the period owned by the Company and (ii) the gross sales price net of selling costs, offset by (iii) the undepreciated capital cost of the communities at the time of sale and (iv) total direct operating expenses during the period owned by the Company. Each of the items (i), (ii), (iii) and (iv) are calculated in accordance with GAAP.

The calculation of Unleveraged IRR does not include an adjustment for the Company's general and administrative expense, interest expense, or corporate-level property management and other indirect operating expenses. Therefore, Unleveraged IRR is not a substitute for net income as a measure of our performance. Management believes that the Unleveraged IRR achieved during the period a community is owned by the Company is useful because it is one indication of the gross value created by the Company's acquisition, development or redevelopment, management and sale of a community, before the impact of indirect expenses and Company overhead. The Unleveraged IRR achieved on the communities as cited in this annual report should not be viewed as an indication of the gross value created with respect to other communities owned by the Company, and the Company does not represent that it will achieve similar Unleveraged IRRs upon the disposition of other communities. The weighted average Unleveraged IRR for sold communities is weighted based on all cash flows over the holding period for each respective community, including net sales proceeds.

Stock Performance Graph

The stock performance graph provides a comparison, from December 2004 through December 2009, of the cumulative total shareholder return (assuming reinvestment of dividends) among the Company, the Standard & Poor's ("S&P") 500 Index, and a peer group index composed of 15 publicly-traded apartment REITs, including the Company (the "FTSE NAREIT Apartment REIT Index") based on an initial purchase price of $100. The FTSE NAREIT Apartment REIT Index includes only REITs that invest directly or indirectly primarily in the equity ownership of multifamily residential apartment communities. Upon written request to the Company's Secretary, the Company will provide any stockholder with a list of REITs included in the FTSE NAREIT Apartment REIT Index. The historical information set forth below is not necessarily indicative of future performance. Data for the FTSE NAREIT Apartment REIT Index and the S&P 500 Index were provided to the Company by NAREIT.



Source: NAREIT Benchmarked at 12/04=$100

	Dec 2004	Dec 2005	Dec 2006	Dec 2007	Dec 2008	Dec 2009
S&P 500 Index	$100	$105	$121	$128	$81	$102
FTSE NAREIT Apartment REIT Index	100	115	160	120	90	117
AvalonBay	100	123	184	137	95	137

Ten Year FFO Reconciliation

	For the Year Ended										
(Dollars in thousands)	12-31-09	12-31-08	12-31-07	12-31-06	12-31-05	12-31-04	12-31-03	12-31-02	12-31-01	12-31-00	12-31-99
Net income	$155,647	$411,487	$358,160	$266,546	$310,468	$207,779	$262,503	$173,125	$248,997	$210,604	$172,276
Dividends attributable to preferred stock	—	(10,454)	(8,700)	(8,700)	(8,700)	(8,700)	(10,744)	(17,896)	(40,035)	(39,779)	(39,779)
Depreciation—real estate assets, including discontinued operations and joint venture adjustments	221,415	203,082	184,731	165,982	163,252	159,221	129,207	143,026	128,086	120,208	108,679
Distributions to noncontrolling interests including discontinued operations	66	216	280	391	1,363	3,048	1,263	1,601	1,559	1,759	1,975
Cumulative effect of change in accounting principle	—	—	—	—	—	(4,547)	—	—	—	—	—
Gain on sale of unconsolidated entities	—	(3,483)	(59,927)	(6,609)	—	—	—	—	—	—	—
Gain on sale of operating communities	(63,887)	(284,901)	(106,487)	(97,411)	(195,287)	(121,287)	(159,756)	(48,893)	(62,852)	(40,779)	(47,093)
Funds from Operations attributable to common stockholders	$313,241	$315,947	$368,057	$320,199	$271,096	$235,514	$222,473	$250,963	$275,755	$252,013	$196,058
Weighted average common shares outstanding—diluted	80,599,657	77,578,852	79,856,927	75,586,898	74,759,318	73,354,956	70,203,467	70,674,211	69,781,719	68,140,998	66,110,664
EPS—diluted	$1.93	$5.17	$4.38	$3.42	$4.05	$2.75	$3.60	$2.22	$3.02	$2.53	$2.03
FFO per common share—diluted	$3.89	$4.07	$4.61	$4.24	$3.63	$3.21	$3.17	$3.55	$3.95	$3.70	$2.97

AVALONBAY CORPORATE INFORMATION

BOARD OF DIRECTORS

Bryce Blair
Chairman and CEO
AvalonBay Communities, Inc.

Bruce A. Choate [2,4,5]
President and CEO
Watson Land Company
A real estate investment trust

John J. Healy, Jr. [2,4,5]
Founder and President
Hyde Street Holdings
A real estate investment trust

Gilbert M. Meyer [4]
President and CEO
Greenbriar Homes Communities, Inc.
A residential developer and builder

Timothy J. Naughton [4]
President
AvalonBay Communities, Inc.

Lance R. Primis [1,3,5]
Managing Partner
Lance R. Primis and Partners, LLC
A management consulting firm

Peter S. Rummel [3,4]
Private Investor

H. Jay Sarles [2,3]
Private Investor

W. Edward Walter [2,4]
President and CEO
Host Hotels & Resorts, Inc.
A real estate investment trust

1 Lead Independent Director
2 Audit Committee
3 Compensation Committee
4 Investment and Finance Committee
5 Nominating and Corporate Committee

OFFICERS

Bryce Blair
Chairman and CEO

Timothy J. Naughton
President

Thomas J. Sargeant
Chief Financial Officer

Leo S. Horey
Executive Vice President
Property Operations

Sean J. Breslin
Executive Vice President
Redevelopment and Asset Management

Bill McLaughlin
Executive Vice President
Development & Construction–Northeast

Steve Wilson
Executive Vice President
Development & Construction–West Coast and Mid-Atlantic

David W. Bellman
Senior Vice President
Construction–East Coast

Deborah A. Coombs
Senior Vice President
Property Operations–Northern CA, Pacific NW

Jonathan B. Cox
Senior Vice President
Development–Mid-Atlantic, Mid-West

Lili F. Dunn
Senior Vice President
Investments–National

Frederick S. Harris
Senior Vice President
Development–NY

Joanne M. Lockridge
Senior Vice President
Finance, Assistant Treasurer and Assistant Secretary–National

J. Richard Morris
Senior Vice President
Construction–National

Kevin P. O'Shea
Senior Vice President
Investment Management

Christopher L. Payne
Senior Vice President
Development–Southern CA

Edward M. Schulman
Senior Vice President
General Counsel and Secretary–National

Bernard J. Ward
Senior Vice President
Property Operations–East Coast, Mid-West

Danyell D. Alders
Vice President
Property Operations–Southern CA

Trinity M. Blue
Vice President
Property Operations–Metro NY

Shannon E. Brennan
Vice President
Property Operations–Mid-Atlantic

Alfred Brockunier III
Vice President
Construction–NY

Duane W. Carlson
Vice President
Construction–Northern CA

Sean M. Clark
Vice President
Redevelopment and Asset Management

Scott W. Dale
Vice President
Development–MA

Tsippora Dingott
Vice President
Information Services–National

Mark Forlenza
Vice President
Development–CT

Brian E. Fritz
Vice President
Development–Pacific NW

Patrick Gniadek
Vice President
Investments

Karen A. Hollinger
Vice President
Operations–National

Suzanne Jakstavich
Vice President
Human Resources–National

Scott R. Kinter
Vice President
Construction–Northeast

Ronald S. Ladell
Vice President
Development–NJ

Lyn C. Lansdale
Vice President
Strategic Business Services–National

Sarah K. Mathewson
Vice President
Property Operations–MA, RI

Mike F. Nootens
Vice President
Engineering–National

Michael J. Roberts
Vice President
Development–MA

Robert S. Salkovitz
Vice President
Construction–Southern CA

Keri A. Shea
Vice President
Finance and Treasurer–National

Mona R. Stahling
Vice President
Operations–National

B. Kevin Thompson
Vice President
Marketing–National

Matthew B. Whalen
Vice President
Development–Long Island

Philip M. Wharton
Vice President
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INDEPENDENT AUDITORS

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FORM 10-K

A copy of the Company's annual report on Form 10-K as filed with the Securities and Exchange Commission may be obtained without charge by contacting Investor Relations.

STOCK LISTINGS

NYSE–AVB

FORWARD-LOOKING STATEMENTS

This Annual Report contains "forward-looking statements" within the meaning of the Securities Act of 1933 and the Securities Exchange Act of 1934. Please see our discussion titled "Forward-Looking Statements" on page 55 of our Annual Report on Form 10K for a discussion regarding risks associated with these statements.

DESIGN: HEINEY & CRAIG, INC., SAN FRANCISCO

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