AvalonBay
COMMUNITIES, INC.

APPRECIATING VALUE

2010 ANNUAL REPORT

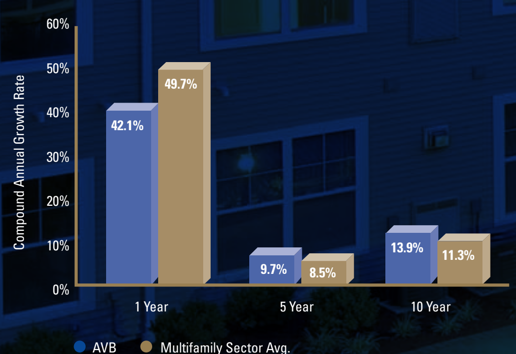
AvalonBay Communities, Inc. is an equity REIT primarily engaged in developing, redeveloping, acquiring, and managing quality apartment communities in high barrier-to-entry markets within the United States. *Our strategy is to be leaders in customer insight, market research and capital allocation, delivering a range of multifamily offerings tailored to serve the needs of the most attractive customer segments in the best-performing US submarkets.* Our markets are located in the Northeast, Mid-Atlantic, Midwest, Pacific Northwest, and Northern and Southern California. At year-end, our Total Market Capitalization was approximately $13.7 billion.

AvalonBay Communities Inc. 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

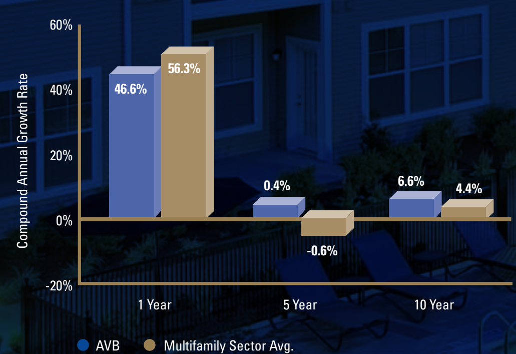
See page 13 for notes and defined terms, and page 15 for 5 year stock performance graph

TOTAL SHAREHOLDER RETURN[1]

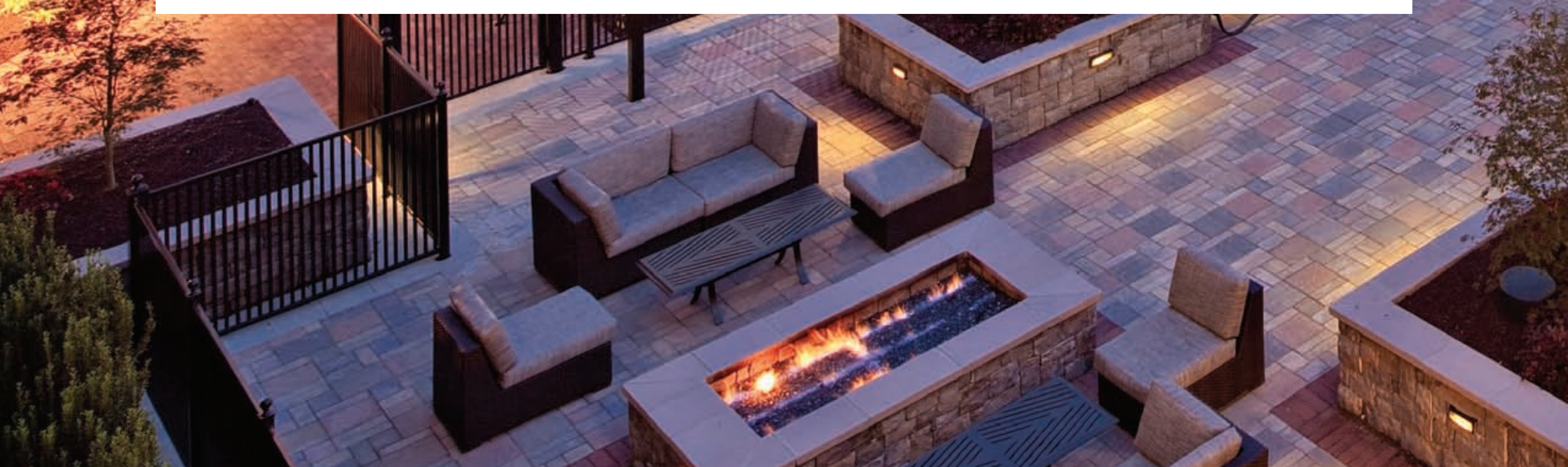


Source: SNL Financial, Green Street Advisors

NAV PER SHARE GROWTH[2]



COVER: AVALON TOWERS BELLEVUE, WA. THIS PAGE: AVALON NORWALK, CT



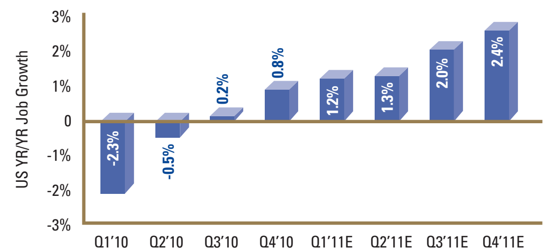
APPRECIATING VALUE

2010 ANNUAL REPORT

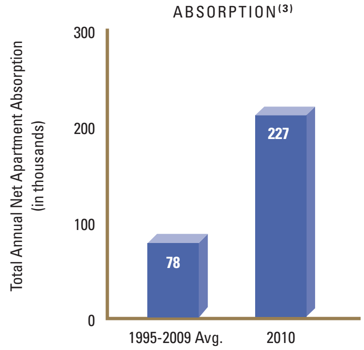
AVALON FORT GREENE, NY

TO OUR SHAREHOLDERS

It was a good year to invest with AvalonBay. Last year we said 2010 would be a transition year with both the economy and apartment markets in recovery. Indeed, it was. Modest job growth emerged while apartment rental demand surged to the strongest level in five years. Fundamentals other than employment were driving the apartment market recovery and this shift was recognized by investors. For the year, the S&P 500 Index was up 13% while the Morgan Stanley REIT Index rose 24%. For AvalonBay, Total Shareholder Return was 42%.



Source: Moody's Analytics



Source: Witten Advisors

As we move into 2011, apartment fundamentals look even stronger. Accelerating job growth, limited new supply, a declining homeownership rate, favorable demographics and expectations for an improving economy all support improved operating performance. Accordingly, we expect absorption, occupancy and rental rates for our portfolio to rise. Moreover, attitudes among consumers, lenders, and lawmakers are shifting from homeownership towards renting. Given the key structural advantages of our markets, our ability to invest capital through multiple growth platforms, and a balance sheet that supports growth, AvalonBay is well-positioned to extend our industry-leading position for value creation in new apartment investment.

Last year's annual report, titled *"Where You Want To Be"*, describes an organization that is alert and responsive to challenging market conditions while prepared for the next phase of growth and opportunities. In this year's report, we will review our accomplishments in 2010 and share with you our view of fundamentals that favor rental housing over the next several years. We will also provide a deeper look into our business. By understanding the value-creation opportunities available to us, we believe investors will better appreciate the potential for outsized returns going forward. *"Appreciating Value"* is the theme of our report this year.

Looking Back at 2010

At the beginning of last year, the economic outlook was uncertain. The economy had lost 270,000 jobs in the last quarter of 2009. Rental rates and occupancies were falling. Our 2010 financial outlook called for the impact of these soft economic conditions on our portfolio to moderate and trend into a period of stronger demand/supply fundamentals for 2011 and beyond.

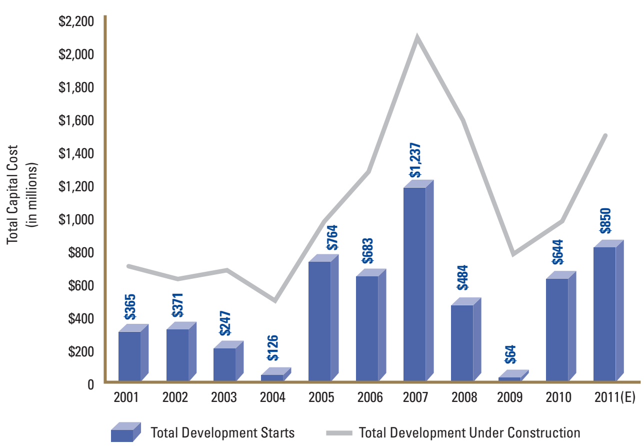
In fact, the job market stabilized early in 2010, consumer confidence improved, and renters that had doubled up began to establish their own households. This drove renter demand higher at a time when fewer of our residents were choosing to move. As a result, we began to recoup rental revenue lost during the recession sooner than expected.

Fundamentals accelerated quickly. We updated investors in April and again in June, increasing our forecast for revenue growth. At mid-year, we announced a 5% increase in our full-year 2010 outlook for Funds From Operations per Share (FFO) and another 2% increase in the fall. We ended the year with Net Operating Income (NOI) from our Same Store portfolio down 3% for the year compared to a projected decline of 6% in our original outlook. Earnings per Share (EPS) increased 7%, primarily from an increase in gains from community dispositions and impairment charges reported in 2009 not present in 2010. FFO increased 3% for the full year.

We also increased our investment activity last year:

- We started 11 communities for a total budgeted cost of $640 million. This was 60% more than we anticipated at the beginning of the year and demonstrates the multiple dimensions of our Company. Organizational capacity, a willingness to be agile and balance street strength allow us to respond quickly to accelerating fundamentals.

AVALONBAY DEVELOPMENT ACTIVITY



Source: AVB (as of December 31, 2010)

- We completed and delivered four new communities totaling over 1,500 apartment homes for a Total Capital Cost of $570 million. At year-end 2010, we had 14 developments under construction – double the number underway at the prior year-end.

- We sold three assets for an aggregate price of $190 million. These sales, at a weighted average Initial Year Market Capitalization Rate of 5.8%, provided a total Economic Gain to us of $22 million and a 9% unleveraged IRR on our investment over a 12 year weighted average holding period - harvesting value that was reinvested into attractive new development.

- Through our second private discretionary real estate investment fund, we acquired six communities with just under 2,800 apartment homes for approximately $400 million.

- We completed five redevelopments during the year for a Total Capital Cost of approximately $80 million (excluding costs incurred prior to redevelopment) and started seven redevelopments with incremental estimated Total Capital Costs of $80 million.

This opportunistic and timely commitment to new investment required new capital from a variety of sources. We issued $340 million of common stock under our Continuous Equity Program (CEP) at an average price of $98 – 20% above the share price at the beginning of the year. We sourced $250 million in ten-year unsecured notes at a coupon of 3.95% and lowered our cost of debt by repaying $64 million with a weighted average rate of 6.3%. The pricing on the ten-year note offering was reported to be the lowest coupon in modern REIT history on unsecured debt by any REIT in any sector, and reflects an appreciation by the credit markets of the strong financial condition of AvalonBay and our overall credit quality. This is especially meaningful given the severity of the recent credit crisis and our ability to preserve our strong credit profile during the downturn.

SOLID CREDIT METRICS[4]

	AVB	Multifamily Sector Avg.
Leverage	29.6%	42.1%
Fixed Charge Coverage	2.8	2.3
Debt/EBITDA	7.2x	8.6x

Source: SNL Financial (as of December 31, 2010)

AVALON ANAHEIM STADIUM, CA

APPRECIATING FOCUS

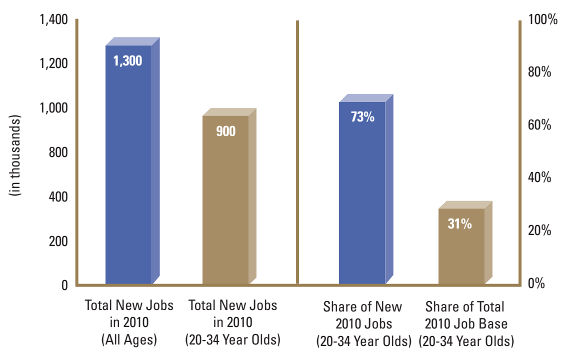
We see opportunities to improve growth and investment returns in our markets through greater focus on location, asset quality and customer segment.

The Economy and Apartment Fundamentals

With only limited job growth, the recovery in our sector is evidence that the drivers we believe support strong demand for rental housing for the next several years are now aligning:

- **Demographics** Younger age groups have a higher propensity to rent and today there are more U.S. residents age 20 to 29 than 30 to 39 years old. Further, the pace of hiring among young adults in the 20 to 34 years old age range is reportedly at its strongest pace since the mid-1980's. Together, these trends help explain some of the "unbundling" of households which occurred during 2010 that boosted renter demand.

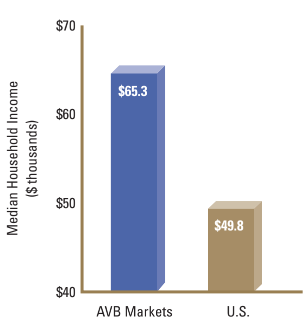
OUTSIZED JOB GAINS AMONG PRIME RENTERS



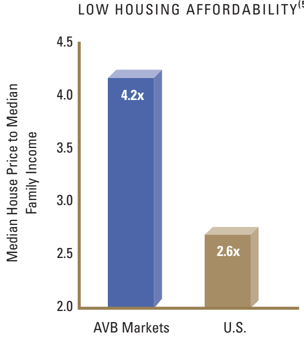
Source: Bureau of Labor Statistics

- **Homeownership** The nation's homeownership rate is approximately 67%, down from the 69% peak reached in early 2005. Not surprisingly, the percentage of our residents leaving to purchase a home is near historical lows. This reflects continued weakness in the for-sale segment as potential buyers face tighter mortgage qualifications and lingering concerns regarding the risks and burdens of investing in a home. Some forecasts suggest that by 2015, the U.S. homeownership rate could fall to 64%, potentially creating two million new renter households.

HIGH HOUSEHOLD INCOME



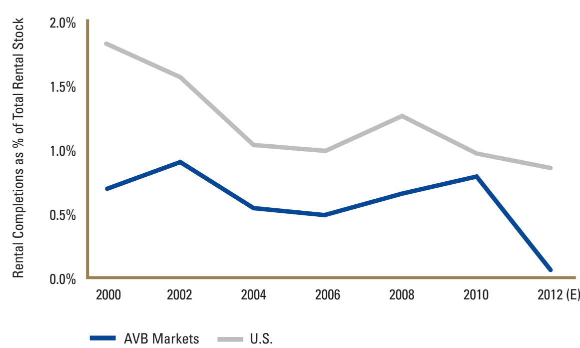
LOW HOUSING AFFORDABILITY[5]



Source: Moody's Analytics, AVB

- **New Supply** Perhaps most importantly, a sharp reduction in new rental supply is now underway. Over the last ten years, nationwide construction starts for multifamily rental units averaged 200,000 per year. In 2010, only 75,000 multifamily rental units were started, a 60% drop. While new starts will likely increase this year, only 130,000 apartment homes are anticipated for completion in 2012. These are the lowest levels of new rental development in the last 40 years.

CONSTRAINTS ON NEW SUPPLY IN AVB MARKETS



Source: REIS, AVB

- **Government Policy** Recent proposals to scale back the government's footprint in the mortgage market send strong signals of a general shift towards a more balanced housing policy. The impact of this shift will likely be tougher lending hurdles and higher costs for homeowners, which will benefit rental housing demand in the years to come.

The Road Ahead: Appreciating Value

Our markets have a number of key structural advantages: higher household income, lower home affordability and constraints on new supply. This helps explain why many of our markets were among the top-performing in effective rent growth over the last ten years. These advantages should continue to result in strong performance

AVALON WEST LONG BRANCH, NJ

APPRECIATING GROWTH

Whether through development, redevelopment or acquisitions, we will invest capital through multiple platforms as a means to grow Net Asset Value and optimize portfolio performance.

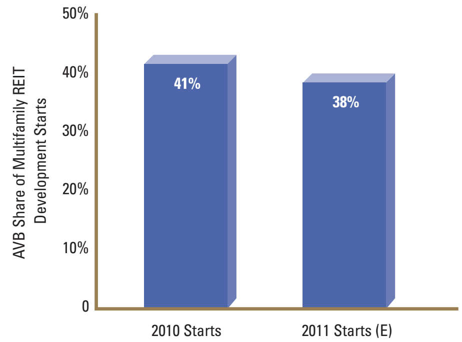
going forward. As a result, we are likely to see other players enter or expand in our markets. An investor should ask: "How will you create value in a potentially more competitive environment?"

Opportunity exists within our markets to improve growth and investment returns through greater focus on submarket selection, asset quality and customer segmentation. Portfolio performance can be enhanced by shifting AVB's portfolio over time to the top-performing submarkets within each of our markets. With enhanced market research and local knowledge, a reasonable goal is to shift the portfolio so that approximately 70% is located in the top half of each MSA's submarkets vs. approximately 50% today. Within individual submarkets, performance can vary by asset class. With a greater focus on segmenting our markets by customer, price point and, ultimately, product type, we can identify the most attractive pockets of growth at a more granular level to optimize portfolio performance. With only a 1% share of the total rental inventory in our markets and only a 9% share of new development, we believe there is room to expand our capabilities and capture return from these value-added activities.

To optimize portfolio positioning and grow NAV, AvalonBay can invest capital through multiple growth platforms: development (to grow the portfolio), redevelopment (to position the portfolio), and transaction activity (acquisitions and dispositions to shape the portfolio). Let's look at each platform.

- **Development** From $6 billion in new development invested since 1994, we have sold $1.1 billion and realized a 16.8% unleveraged IRR and an economic gain of $96,000 per apartment home. With the ability to compete for any apartment opportunity within our diverse geographic footprint, AvalonBay's development capabilities are unmatched in our sector. At year-end 2010, we had $900 million of new development underway at a projected weighted average yield of 7%. Our future pipeline consists of 26 sites for an estimated Total Capital Cost cost of $2.2 billion.

LEADING SHARE OF NEW DEVELOPMENT



Source: Industry reports

- **Redevelopment** Depending on the strategy, redevelopment can range from remerchandising (essentially upgrading finishes and furnishings) to a major reconstruction of an older asset. The value created from a redevelopment includes the higher rents we achieve from improving the asset and the incremental NOI growth over time as a result of higher rents and lower expenses. Over the past decade, we have invested close to $300 million in redevelopment capital for 31 communities. Assuming favorable market conditions, we believe about $100 million per year of redevelopment opportunities exists in our portfolio for the next few years.

- **Transaction Activity** Acquisitions are also a platform for growth. Combined with dispositions, they provide a vehicle to achieve portfolio reshaping goals. Since 1998, we realized a 14.2% unleveraged IRR on $1.5 billion of acquired assets that were subsequently sold. We currently invest in and manage two acquisition funds through our Investment Management platform. By executing acquisition activity principally through the funds, we are able to tap into an additional source of capital through the private equity market while we separately allocate capital into development activity. These activities provide both the potential for outsized returns to inves-tors and an additional source of revenue from fees and promotes, all while being good stewards of the capital provided by both our public and private investors.

AVALON AT DECOVERLY, MD

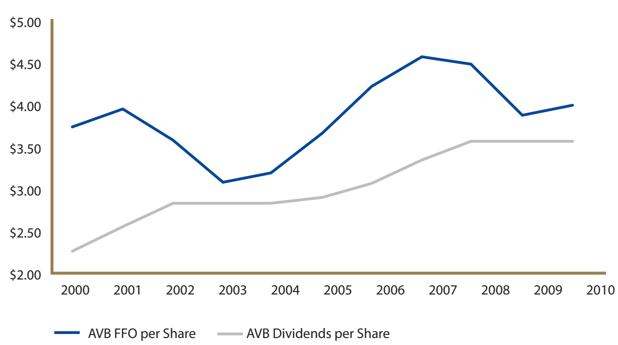
APPRECIATING CAPITAL MANAGEMENT

We have the strongest balance sheet in our sector. A largely unencumbered asset base and access to unsecured markets preserves financial flexibility and enhances liquidity.

As a value-centric organization, we align our performance measures with value creation over a period of time that may not necessarily be within a calendar year. As a result, we manage our capital structure by matching financing and investing activities. This disciplined approach helps guide the type and timing of capital markets activity by managing our credit metrics, liquidity and debt maturities. This helps mitigate the impact of recent capital markets volatility by increasing our financial flexibility. Through these efforts, we have expanded our financing options, avoiding unfavorable market conditions, reducing our cost of capital and creating shareholder value.

We have found that value-centric activities, characterized by low leverage, conservative accounting policies and a willingness to recycle capital back into our investment platform are highly correlated to Total Shareholder Return. Not surprisingly, dividend growth and Total Shareholder Return are highly correlated. Our dividend has never been reduced and has always been covered by recurring cash flow. We can think of no better evidence of an organization's long-term value creation capability than outsized cash flow growth as measured by dividend growth and retained cash.

AVB FFO EXCEEDS DIVIDENDS PAID



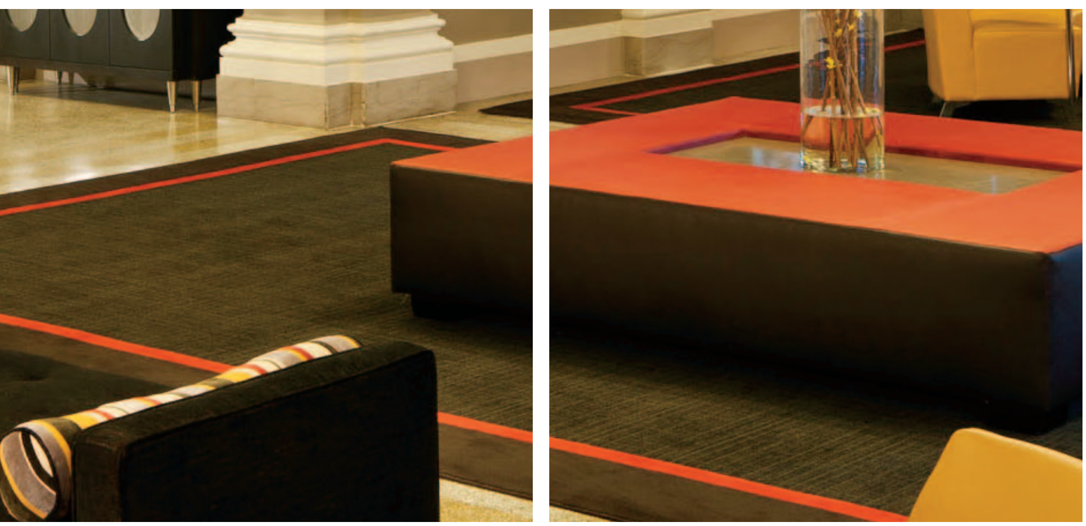
Source: SNL Financial

Conclusion

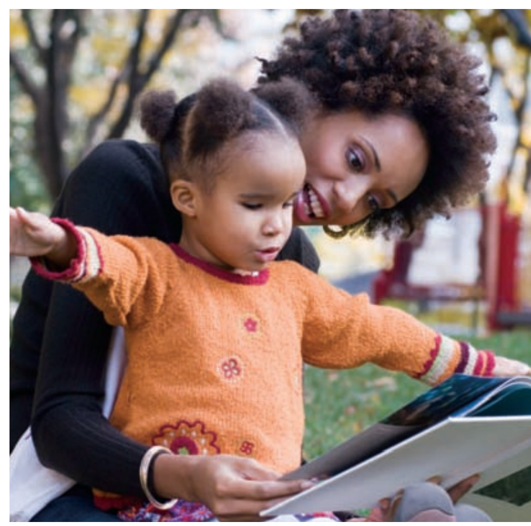
Through the years, creating value has been our focus and *Appreciating Value* has been the outcome. We recognize that value and earnings growth align over time to generate outsized returns and cash flow. Looking forward, our strategy of *allocating capital to deliver a range of multifamily offerings tailored to serve the needs of the most attractive customer segments in the best performing US submarkets* positions us well to improve growth and investment returns. We believe the fundamentals in our markets, our multiple growth platforms and our disciplined approach to capital management are all aligned to deliver outsized dividend growth, Total Shareholder Return and NAV growth.

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

Bryce Blair
Chairman and CEO



AVALON CENTERPOINT, MD



APPRECIATING VALUE

We have internal and external opportunities to create value, with attractive fundamentals in our markets and an ability to execute based on a strong balance sheet and an experienced management team.

AVALON FASHION VALLEY, 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. Net Renter Absorption is a measure of renter demand and is defined as the year-over-year change in occupied apartments. Data based on US rental inventoty as calculated by Witten Advisors as of 4Q 2010.

4. See "Definitions and Reconciliations of Non-GAAAP Financial Measures and Other Terms."

5. Home Affordability defined as the ratio of the current US median home sales price to US median household income (data as of 3Q 2010). A higher price-to-income ratio implies that homes are less affordable. Data from Moody's Analytics.

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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 (diluted) and operating partnership units per Green Street Advisors.

Interest Coverage

Interest Coverage is calculated by the Company as 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 attributable to the Company before interest income and expense, income taxes, depreciation, and amortization. A reconciliation of EBITDA and a calculation of Interest Coverage for the full year 2010 are as follows (dollars in thousands):

Net income attributable to common stockholders	$175,331
Interest expense, net	175,209
Interest expense (discontinued operations)	0
Depreciation expense	232,571
Depreciation expense (discontinued operations)	371
EBITDA	$583,482
EBITDA from continuing operations	$507,100
EBITDA from discontinued operations	76,382
EBITDA	$583,482
EBITDA from continuing operations	$507,100
Interest charges	175,209
Interest coverage	2.9

Initial Year Market Capitalization Rate (Cap Rate)

Initial Year Market Cap Rate is defined by the Company as Projected NOI of a single community for the first 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.

Leverage and Total Market Capitalization

Leverage is 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, 2010 is as follows (dollars in thousands):

Common stock	$9,667,941
Preferred stock	—
Operating partnership units	1,712
Total debt	$4,068,417
Total Market Capitalization	$13,378,070
Debt as % of Total Market Capitalization	30.4%

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

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

Total Capital Cost

Total Capital Cost includes all capitalized costs projected to be actually incurred to develop the respective Development Community, 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 recently completed in the prior or current period, Total Capital Cost reflects the actual cost incurred, plus any construction 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 (Loss)

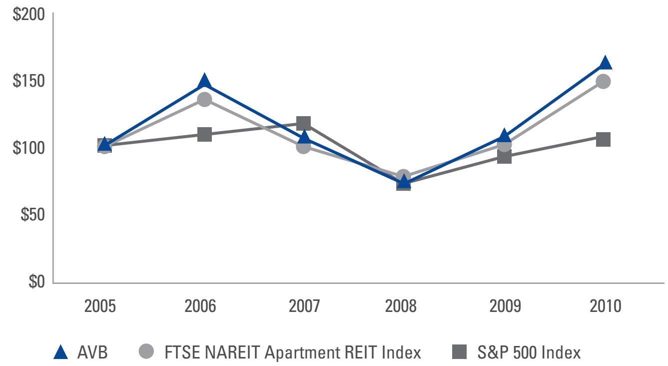
Economic Gain (Loss) is calculated by the Company as the gain (loss) on sale in accordance with GAAP, less accumulated depreciation through the date of sale and any other non-cash adjustments that may be required under GAAP accounting. Management generally considers Economic Gain (Loss) to be an appropriate supplemental measure to gain (loss) on sale in accordance with GAAP because it helps investors to understand the relationship between the cash proceeds from a sale and the cash invested in the sold community. The Economic Gain (Loss) for each of the communities presented is estimated based on their respective final settlement statements. A reconciliation of Economic Gain (Loss) to gain on sale in accordance with GAAP for the full year ended December 31, 2010 and from 1998-2010 is shown below.

Number of Communities Sold	Gross Sales Price	GAAP Gain	Accumulated Depreciation and Other	Economic Gain
2010 (3 Communities, 1 Office Building)	$198,600	$74,074	$51,977	$21,767
1998-2010 (19 Communities, 4,941 Apt. Homes)	$1,083,921	$583,344	$111,179	$472,166

Unleveraged IRR

Unleveraged IRR on sold communities refers to the internal rate of return 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 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



Source: NAREIT Benchmarked at 12/05=$100

	Dec 2005	Dec 2006	Dec 2007	Dec 2008	Dec 2009	Dec 2010
AvalonBay	$100	$150	$112	$77	$111	$ 158
FTSE NAREIT Apartment REIT Index	100	140	104	78	102	150
S&P 500 Index	100	116	122	77	97	112

Ten Year FFO Reconciliation

	For the Year Ended									
(Dollars in thousands)	12-31--10	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
Net income	$175,331	$155,647	$411,487	$358,160	$266,546	$310,468	$207,779	$262,503	$173,125	$248,997
Dividends attributable to preferred stock	—	—	(10,454)	(8,700)	(8,700)	(8,700)	(8,700)	(10,744)	(17,896)	(40,035)
Depreciation—real estate assets, including discontinued operations and joint venture adjustments	237,041	221,415	203,082	184,731	165,982	163,252	159,221	129,207	143,026	128,086
Distributions to noncontrolling interests, including discontinued operations	55	66	216	280	391	1,363	3,048	1,263	1,601	1,559
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	(74,074)	(63,887)	(284,901)	(106,487)	(97,411)	(195,287)	(121,287)	(159,756)	(48,893)	(62,852)
Funds from Operations attributable to common stockholders	$338,353	$313,241	$315,947	$368,057	$320,199	$271,096	$235,514	$222,473	$250,963	$275,755
Weighted average common shares outstanding—diluted	84,632,869	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
EPS—diluted	$2.07	$1.93	$5.17	$4.38	$3.42	$4.05	$2.75	$3.60	$2.22	$3.02
FFO per common share—diluted	$4.00	$3.89	$4.07	$4.61	$4.24	$3.63	$3.21	$3.17	$3.55	$3.95

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)
Private Investor

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 Governance 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
Investments and Asset Management

William M. McLaughlin
Executive Vice President
Development–Northeast

Stephen W. Wilson
Executive Vice President
Development–West Coast, Mid-Atlantic

David W. Bellman
Senior Vice President
Construction-East Coast

Kurt Conway
Senior Vice President
Brand Strategy

Deborah A. Coombs
Senior Vice President
Property Operations–West Coast

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

Frederick S. Harris
Senior Vice President
Development–NY

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

J. Richard Morris
Senior Vice President
Construction

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

Bernard J. Ward
Senior Vice President
Property Operations–East Coast, Midwest

Danyell D. Alders
Vice President
Property Operations–Southern CA

Trinity M. Blue
Vice President
Property Operations–Metro NY, NJ

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

Alfred Brockunier III
Vice President
Construction–NY

Duane W. Carlson
Vice President
Construction–Northern CA, Pacific NW

Sean M. Clark
Vice President
Asset Management/Redevelopment–West Coast

Scott W. Dale
Vice President
Development–MA

Heather Duffy
Vice President
Property Operations–CT, NY, Midwest

Steve Fabian
Vice President
Customer Care Center

Mark Forlenza
Vice President
Development–CT

Brian E. Fritz
Vice President
Development–Pacific NW

Patrick Gniadek
Vice President
Investments–East Coast

Karen A. Hollinger
Vice President
Information Services

Suzanne Jakstavich
Vice President
Human Resources

Scott R. Kinter
Vice President
Construction–Northeast

Ronald S. Ladell
Vice President
Development–NJ

Lyn C. Lansdale
Vice President
Strategic Business Services

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

Mike F. Nootens
Vice President
Engineering

Michael J. Roberts
Vice President
Development–MA

Robert S. Salkovitz
Vice President
Construction–Southern CA

Keri A. Shea
Vice President
Finance and Treasurer

Meg Spriggs
Vice President
Development-Northern CA

Mona R. Stahling
Vice President
Operations

Craig Thomas
Vice President
Market Research

B. Kevin Thompson
Vice President
Marketing

Timothy M. Walters
Vice President
Investments-West Coast

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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 is being distributed with this Annual Report and also 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 10-K for a discussion regarding risks associated with these statements.

DESIGN: HEINEY & CRAIG, INC., SAN FRANCISCO

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