




**AvalonBay Communities, Inc.**

**AVB NYSE**

**REIT - Residential / Commercial**

Market Capitalization USD: **\$10,725.53 mm**

**CONCERN LEVEL: LOW**

- 1 The CEO's total remuneration is within the typical market range for the relevant industry and market cap.
- 2 The ratio between the CEO's pay and the median pay of the other named executive officers is 3X or less.
- 3 The CEO's annual cash incentives rose or fell in line with annual performance.
- 4 The CEO received no more than one annual cash bonus this fiscal year.
- 5 The CEO's equity remuneration reflected the company's share price movement over the last five years.
- 6 The company only pays long-term incentives to the CEO for above median performance against a peer group.
- 7 The company's dilution from equity incentives is 10 percent or less.
- 8 Unvested equity lapses when the CEO's employment is terminated. 
- 9 The CEO's potential cash severance payment is capped at two times annual cash remuneration.
- 10 The accrued benefits of the CEO's post-retirement income are within the typical market range for the relevant market cap bracket.

**CEO: Timothy J. Naughton**

**Age: 50**

**CEO Since: 2012**

	2009	2010	2011
<b>Base Salary</b>	\$855,036	\$823,368	\$823,368
<b>Discretionary Bonus</b>	\$0	\$0	\$0
<b>Annual Cash Incentive</b>	\$965,389	\$1,268,501	\$1,316,102
<b>Benefits and Perquisites</b>	\$292,712	\$232,972	\$284,903
<b>TOTAL ANNUAL COMPENSATION</b>	<b>\$2,113,137</b>	<b>\$2,324,841</b>	<b>\$2,424,373</b>
<b>Increase in Post-Retirement Benefits</b>	\$0	\$0	\$0
<b>Stock Option Awards</b>	\$505,742	\$584,084	\$980,990
<b>Stock Awards</b>	\$1,386,898	\$1,408,984	\$1,889,419
<b>TOTAL COMPENSATION</b>	<b>\$4,005,777</b>	<b>\$4,317,909</b>	<b>\$5,294,782</b>
<b>Median of Other Named Executive Officers Total Compensation</b>	\$1,547,100	\$1,751,025	\$2,422,619
<b>Value Realized on Exercise of Stock Option</b>	\$0	\$9,245,013	\$20,775,540
<b>Value Realized on Vesting of Stock</b>	\$874,319	\$1,597,084	\$6,596,803
<b>TOTAL REALIZED EQUITY COMPENSATION</b>	<b>\$874,319</b>	<b>\$10,842,097</b>	<b>\$27,372,343</b>

**Proxy Date:** 29 Mar 2012

**Annual Meeting Date:** 23 May 2012

**Equity Reserves:** 6.15%

**Stock Option Run Rate:** 0.22%

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## Performance Comparison

■ S&P500 ■ Industry ■ AVB



## Peer Comparisons (TRBC) =REIT - Residential / Commercial

### Total Summary CEO Compensation

Ticker	Company Name	2009	2010	2011	Market Cap
AVB	AvalonBay Communities, Inc.	\$4,005,777	\$4,317,909	\$5,294,782	\$10,725,527,850
EQR	Equity Residential	\$3,652,749	\$4,268,647		\$15,378,839,666
VNO	Vornado Realty Trust	\$5,231,514	\$9,940,955	\$8,202,586	\$13,747,960,668
BXP	Boston Properties, Inc.	\$5,836,861	\$8,095,066	\$9,993,445	\$13,153,587,618
GGP	General Growth Properties, Inc.	\$4,715,444	\$53,275,790	\$8,731,398	\$11,353,261,749
PLD	ProLogis, Inc.	\$4,123,246	\$6,512,467	\$4,698,130	\$11,130,781,525
KIM	Kimco Realty Corporation	\$1,824,572	\$2,381,272	\$4,033,226	\$6,116,955,001

To insure consistency, peer comparisons are based on a combination of TRBC Industry and Sector classifications and company market caps.

Missing peer pay figures for 2011 are due to differences in company filing schedules.

### Pay Peer Group

Apartment Investment and Management Company, Boston Properties, Inc., Camden Property Trust, Digital Realty Trust, Inc., Duke Realty Corporation, Equity Residential, Federal Realty Investment Trust, Host Hotels & Resorts, Inc., Kimco Realty Corporation, Macerich Company, ProLogis, Inc., Public Storage, Inc., UDR, Inc., Ventas, Inc., and Vornado Realty Trust.

### Performance Peer Group

Bonus Peer Group: Apartment Investment and Management Company ("AIMCO"), BRE Properties, Inc., Camden Property Trust, Inc., Equity Residential, Essex Property Trust, Inc., Home Properties, Inc., Post Properties, Inc., and United Dominion Realty Trust, Inc.

## COMPENSATION COMMITTEE MEMBERS

Director	Membership	Age	Gender	Tenure	Independence
Peter S. Rummell	Chairman	66	Male	5	Outside
H. Jav Sarles	Member	66	Male	7	Outside
Lance R. Primis	Member	65	Male	14	Outside Related

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