

AVALONBAY COMMUNITIES INC
 Form 4
 August 02, 2006

FORM 4

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
 Washington, D.C. 20549**

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
 SCHULMAN EDWARD M

2. Issuer Name and Ticker or Trading Symbol
 AVALONBAY COMMUNITIES INC [AVB]

5. Relationship of Reporting Person(s) to Issuer
 (Check all applicable)

(Last) (First) (Middle)
 C/O AVALONBAY COMMUNITIES, INC., 2900 EISENHOWER AVE., SUITE 300
 (Street)

3. Date of Earliest Transaction (Month/Day/Year)
 07/31/2006

____ Director
 Officer (give title below)
 ____ 10% Owner
 ____ Other (specify below)
 SVP-General Counsel

ALEXANDRIA, VA 22314
 (City) (State) (Zip)

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
 ____ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | 5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Indirect Ownership (Instr. 4) |
|---|--------------------------------------|--|--------------------------------|---|---|--|--|
| | | | Code | V | Amount or Price | | |
| Common Stock, par value \$.01 per share | 07/31/2006 | | M | | 876 A \$ 50.6 | 9,576.566 ⁽¹⁾ | D |
| Common Stock, par value \$.01 per share | 07/31/2006 | | F | | 379 D \$ 116.92 | 9,197.566 ⁽¹⁾ | D |
| Common Stock, par | 07/31/2006 | | S | | 892 D \$ 116.5 | 8,305.566 ⁽¹⁾ | D |

value \$.01
per share

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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(9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) | 6. Date Exercisable and Expiration Date (Month/Day/Year) | 7. Title and Amount of Underlying Securities (Instr. 3 and 4) |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|
| Employee Stock Options (Right to Buy) | \$ 50.6 | 07/31/2006 | | M | 876 | 02/12/2005 ⁽²⁾ 02/12/2014 | Common Stock 876 |

Reporting Owners

Reporting Owner Name / Address

Relationships

Director 10% Owner Officer Other

SCHULMAN EDWARD M
C/O AVALONBAY COMMUNITIES, INC.
2900 EISENHOWER AVE., SUITE 300
ALEXANDRIA, VA 22314

SVP-General Counsel

Signatures

/s/ Edward M. Schulman 08/02/2006

**Signature of Reporting Person Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) The amount of securities owned following the reported transaction reflects direct ownership of all shares of common stock, including restricted shares.

(2) The options exercised were included in options granted on February 12, 2004 under the issuer's Stock Option and Incentive Plan, which become exercisable in three annual installments beginning on February 12, 2005.

(3) The number of derivative securities beneficially owned following the reported transaction includes options granted on various dates with varying exercise prices and vesting dates. Following the reported transaction, the reporting person owns 5,966 more options that expire on February 12, 2014 with an exercise price of \$50.60.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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