APARTMENT INVESTMENT & MANAGEMENT CO
Form DEFR14A
March 20, 2007

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

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No. 1)

Filed by the Registrant x

Filed by a Party other than the Registrant o

Check the appropriate box:

o Preliminary Proxy Statement
o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
x Definitive Proxy Statement
o Definitive Additional Materials
o Soliciting Material Pursuant to §240.14a-12

Apartment Investment and Management Company

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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4582 SOUTH ULSTER STREET PARKWAY, SUITE 1100
DENVER, COLORADO 80237

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
To Be Held On April 30, 2007

You are cordially invited to attend the 2007 Annual Meeting of Stockholders (the Meeting) of APARTMENT INVESTMENT AND MANAGEMENT COMPANY (Aimco or the Company) to be held on Monday, April 30, 2007, at 8:00 a.m. at the Four Seasons Hotel Boston, 200 Boylston Street, Boston, MA 02116, for the following purposes:

1. To elect eight directors, for a term of one year each, until the next Annual Meeting of Stockholders and until their successors are elected and qualify;

2. To ratify the selection of Ernst & Young LLP, to serve as independent registered public accounting firm for the Company for the fiscal year ending December 31, 2007;

3. To approve the Apartment Investment and Management Company 2007 Stock Award and Incentive Plan for purposes of Sections 162(m) and 422 of the Internal Revenue Code of 1986, as amended, and the New York Stock Exchange shareholder approval rules;

4. To approve the Apartment Investment and Management Company 2007 Employee Stock Purchase Plan for purposes of the New York Stock Exchange shareholder approval rules; and

5. To transact such other business as may properly come before the Meeting or any adjournment(s) thereof.

Only stockholders of record at the close of business on March 2, 2007, will be entitled to notice of, and to vote at, the Meeting or any adjournment(s) thereof.

WHETHER OR NOT YOU EXPECT TO BE AT THE MEETING, PLEASE SIGN AND DATE THE ENCLOSED PROXY, WHICH IS BEING SOLICITED BY THE BOARD OF DIRECTORS, AND RETURN IT PROMPTLY IN THE ENCLOSED ENVELOPE. The proxy is revocable at any time prior to the exercise thereof by written notice to the Company, and stockholders who attend the Meeting may withdraw their proxies and vote their shares personally if they so desire.

You may choose to vote your shares by using a toll-free telephone number or the Internet, as described on the proxy card. You may also mark, sign, date and mail your proxy in the envelope provided, and if you choose to vote your shares by telephone or the Internet, there is no need for you to mail your proxy card. Votes submitted via the Internet or by telephone must be received by 1:00 a.m. Central Time on April 30, 2007. The method by which you decide to vote will not limit your right to vote at the Meeting. If you later decide to attend the Meeting in person, you may vote your shares even if you previously have submitted a proxy by telephone, the Internet or by mail.

The telephone and Internet voting procedures are designed to authenticate stockholders identities, to allow stockholders to give their voting instructions and to confirm that stockholders instructions have been recorded properly. Stockholders voting via the Internet should understand that there may be costs associated with electronic access, such as usage charges from Internet access providers and telephone companies, that must be borne by the stockholder.

BY ORDER OF THE BOARD OF DIRECTORS

Miles Cortez
Secretary

March 16, 2007

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APARTMENT INVESTMENT AND MANAGEMENT COMPANY
4582 SOUTH ULSTER STREET PARKWAY, SUITE 1100
DENVER, COLORADO 80237

PROXY STATEMENT
FOR ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON APRIL 30, 2007

This Proxy Statement is furnished to stockholders of Apartment Investment and Management Company (Aimco or the Company), a real estate investment trust (REIT), in connection with the solicitation of proxies in the form enclosed herewith for use at the Annual Meeting of Stockholders of the Company (the Meeting) to be held Monday, April 30, 2007, at 8:00 a.m. at the Four Seasons Hotel Boston, 200 Boylston Street, Boston, MA 02116, and at any and all adjournments or postponements thereof, for the purposes set forth in the Notice of Meeting. This Proxy Statement and the enclosed form of proxy are first being mailed to stockholders on or about April 5, 2007.

This solicitation is made by mail on behalf of the Board of Directors (the Board) of the Company. Costs of the solicitation will be borne by the Company. Further solicitation of proxies may be made by telephone, fax or personal interview by the directors, officers and employees of the Company and its affiliates, who will not receive additional compensation for the solicitation. The Company has retained the services of The Altman Group, Inc., for an estimated fee of $6,000, plus out-of-pocket expenses, to assist in the solicitation of proxies from brokerage houses, banks, and other custodians or nominees holding stock in their names for others. The Company will reimburse banks, brokerage firms and other custodians, nominees and fiduciaries for reasonable expenses incurred by them in sending proxy material to stockholders.

Holders of record of the Class A Common Stock of the Company (Common Stock) as of the close of business on the record date, March 2, 2007 (the Record Date), are entitled to receive notice of, and to vote at, the Meeting. Each share of Common Stock entitles the holder to one vote. At the close of business on the Record Date, there were 96,927,345 shares of Common Stock issued and outstanding.

Shares represented by proxies in the form enclosed, if the proxies are properly executed and returned and not revoked, will be voted as specified. Where no specification is made on a properly executed and returned proxy, the shares will be voted: **FOR** the election of all nominees for director; **FOR** the ratification of the selection of Ernst & Young LLP as Aimco s independent registered public accounting firm for the fiscal year ending December 31, 2007; **FOR** the approval of the 2007 Stock Award and Incentive Plan; and **FOR** the approval of the 2007 Employee Stock Purchase Plan. To be voted, proxies must be filed with the Secretary of the Company prior to voting. Proxies may be revoked at any time before voting by filing a notice of revocation with the Secretary of the Company, by filing a later dated proxy with the Secretary of the Company or by voting in person at the Meeting. Shares represented by proxies that reflect abstentions or broker non-votes (*i.e.*, shares held by a broker or nominee that are represented at the Meeting, but with respect to which such broker or nominee is not empowered to vote on a particular proposal) will be counted as shares that are present and entitled to vote for purposes of determining the presence of a quorum.

You are entitled to attend the annual meeting only if you were an Aimco stockholder or joint holder as of the record date or you hold a valid proxy for the annual meeting. If you are not a stockholder of record but hold shares through a broker or nominee (*i.e.*, in street name), you should provide proof of beneficial ownership as of the record date, such as your most recent account statement prior to March 2, 2007, a copy of the voting instruction card provided by your broker, trustee or nominee, or other similar evidence of ownership.

The Company s 2006 Annual Report to Stockholders is being mailed with this Proxy Statement. The principal executive offices of the Company are located at 4582 South Ulster Street Parkway, Suite 1100, Denver, Colorado 80237.

PROPOSAL 1:
ELECTION OF DIRECTORS

Pursuant to Aimco s Articles of Restatement (the Charter) and Amended and Restated Bylaws (the Bylaws), directors are elected at each Annual Meeting of Stockholders and hold office for one year, and until their successors are duly elected and qualify. Aimco s Bylaws currently authorize a Board consisting of not fewer than three nor more than nine persons.

The nominees for election to the eight positions on the Board selected by the Nominating and Corporate Governance Committee of the Board and proposed by the Board to be voted upon at the Meeting are:

James N. Bailey
Terry Considine
Richard S. Ellwood
Thomas L. Keltner
J. Landis Martin
Robert A. Miller
Thomas L. Rhodes
Michael A. Stein

Messrs. Bailey, Considine, Ellwood, Martin, Rhodes and Stein were elected to the Board at the last Annual Meeting of Stockholders. Messrs. Bailey, Ellwood, Keltner, Martin, Miller, Rhodes and Stein are not employed by, or affiliated with, Aimco, other than by virtue of serving as directors (in the case of Messrs. Bailey, Ellwood, Martin, Rhodes and Stein) or nominees for director (in the case of Messrs. Keltner and Miller) of Aimco. Unless authority to vote for the election of directors has been specifically withheld, the persons named in the accompanying proxy intend to vote for the election of Messrs. Bailey, Considine, Ellwood, Keltner, Martin, Miller, Rhodes and Stein to hold office as directors for a term of one year until their successors are elected and qualify at the next Annual Meeting of Stockholders. All nominees have advised the Board that they are able and willing to serve as directors.

If any nominee becomes unavailable for any reason (which is not anticipated), the shares represented by the proxies may be voted for such other person or persons as may be determined by the holders of the proxies (unless a proxy contains instructions to the contrary). In no event will the proxy be voted for more than eight nominees.

The vote of a plurality of all the votes cast at the Meeting at which a quorum is present is necessary of the election of a director. For purposes of the election of directors, abstentions or broker non-votes as to the election of directors will not be counted as votes cast and will have no effect on the result of the vote. Unless instructed to the contrary in the proxy, the shares represented by the proxies will be voted FOR the election of the eight nominees named above as directors.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR EACH OF THE EIGHT NOMINEES.

PROPOSAL 2:
RATIFICATION OF SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The firm of Ernst & Young LLP, the Company s independent registered public accounting firm for the year ended December 31, 2006, was selected by the Audit Committee to act in the same capacity for the fiscal year ending December 31, 2007, subject to ratification by Aimco s stockholders. The aggregate fees billed for services rendered by Ernst & Young LLP during the years ended December 31, 2006 and 2005, are described below under the caption Principal Accountant Fees and Services.

Representatives of Ernst & Young LLP will be present at the Meeting and will be given the opportunity to make a statement if they so desire and to respond to appropriate questions.

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The affirmative vote of a majority of the votes cast regarding the proposal is required to ratify the selection of Ernst & Young LLP. Accordingly, abstentions or broker non-votes will not affect the outcome of the vote on the proposal. Unless instructed to the contrary in the proxy, the shares represented by the proxies will be voted FOR the proposal to ratify the selection of Ernst & Young LLP to serve as independent registered public accounting firm for the Company for the fiscal year ending December 31, 2007.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE RATIFICATION OF THE SELECTION OF ERNST & YOUNG LLP.

PROPOSAL 3:
APPROVAL OF THE APARTMENT INVESTMENT AND MANAGEMENT COMPANY 2007 STOCK AWARD AND INCENTIVE PLAN

In March 2007, the Board adopted, subject to approval of the stockholders, the 2007 Stock Award and Incentive Plan (the 2007 Plan), which provides for the reservation of 3,000,000 shares of Common Stock available for issuance thereunder. The 2007 Plan is intended to be a successor to the 1997 Stock Award and Incentive Plan (the 1997 Plan), which is due to expire on April 24, 2007. If the stockholders approve the 2007 Plan, no additional grants will be made under the 1997 Plan. As of the record date, the number of shares of Common Stock available for future grants under the 1997 Plan is 2,831,822 million shares. At the Annual Meeting the stockholders are being requested to approve the 2007 Plan.

Background On Stock Compensation At Aimco

Aimco believes that total compensation (base salary plus bonus) for officers, should be in the form of cash and equity (such as stock options or restricted stock).

When Aimco does grant equity, it does so on the basis of fair market value. For example, stock options have a strike price equal to the market value of the Common Stock on the date of grant, and Aimco calculates the number of options to be granted by dividing the dollars allocated to options by the Black-Scholes value of such options, as calculated by a third party and based on certain assumptions provided by Aimco. Aimco determines the number of shares of restricted stock to be granted by dividing the dollars allocated to restricted stock by the market value of the Common Stock on the date of grant.

Without equity-based compensation, Aimco would be at a disadvantage compared to other companies in providing a market-competitive total compensation package necessary to attract, retain and motivate the talented employees who are critical to the future success of the Company. Because equity-based compensation vests over time, it also encourages longer term decision making because employee stock awards must be held for extended periods of time, and it promotes stability for the Company by encouraging employees to stay at Aimco throughout the vesting period. This helps reduce the costs associated with employee turnover. Equity-based compensation helps align the interests of Aimco s officers with the interests of Aimco s stockholders by linking the value of equity-based compensation with the performance of the Company s Common Stock.

Recognizing that equity-based compensation is a valuable and limited resource, and understanding the risk of dilution to Aimco s stockholders, Aimco actively manages its use of equity-based compensation. In connection with the proposed 2007 Plan, over the next three years (through December 31, 2009), Aimco intends to maintain an average burn rate (options and shares granted divided by Common Stock and equivalents outstanding) not greater than the industry mean plus one standard deviation, which is 2.23% for 2007. The industry mean will be determined by reference to Aimco s Global Industry Classification Standard (GICS) group. The GICS was developed by Morgan Stanley Capital International and Standard & Poor s. If Aimco s burn rate exceeds this average, Aimco may consider alternatives, such as stock repurchases to reduce overall dilution, thereby creating a result for stockholders consistent with the effect of such burn rate commitment.

Section 162(m) of the Internal Revenue Code of 1986, as amended (the Code), generally provides that publicly held companies may not deduct compensation paid to certain top executive officers to the extent

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such compensation exceeds $1 million per officer in any year. However, pursuant to regulations issued by the Treasury Department, certain limited exceptions to Section 162(m) apply with respect to performance-based compensation. Options granted under the 2007 Plan are intended to constitute qualified performance-based compensation eligible for such exceptions.

The following paragraphs summarize the more significant features of the 2007 Plan. The summary is subject, in all respects, to the terms of the 2007 Plan, the full text of which is set forth in Exhibit A attached hereto.

Summary of the 2007 Plan

Purpose and Eligibility

The purpose of the 2007 Plan is to reinforce the long-term commitment to the Company s success of those directors, officers, employees, consultants and advisors of the Company and its subsidiaries who are or will be responsible for such success; to facilitate the ownership of the Company s stock by such individuals, thereby reinforcing the alignment of their interests with those of the Company s stockholders; and to assist the Company in attracting and retaining officers and other employees with experience and ability. The 2007 Plan provides for the granting of stock options, stock appreciation rights, and awards of restricted stock, deferred stock and performance shares (collectively referred to in this proxy statement as incentive awards).

All of our employees, officers, directors and consultants are eligible to receive incentive awards under the 2007 Plan if selected by the Compensation and Human Resources Committee (the Committee) of the Board.

Administration, Amendment and Termination

The Committee is responsible for administering the 2007 Plan. The Committee includes all independent directors, and all Committee members are both independent directors, as defined by Rule 16b-3 under the Securities Exchange Act of 1934, as amended, and non-employee directors, for purposes of Section 162(m) of the Code. The Committee has the authority to interpret the 2007 Plan, determine the terms and conditions of incentive awards and make all other determinations necessary and/or advisable for the administration of the 2007 Plan. The Committee may, with the consent of a participant, amend the terms of any existing incentive award previously granted to the participant, in a manner consistent with the 2007 Plan. The Committee may also authorize loans to participants in connection with the grant of incentive awards, on terms and conditions determined solely by the Committee. However, in order to comply with the Sarbanes-Oxley Act of 2002, Aimco will not provide loans to executive officers.

The Board may amend, alter, suspend, discontinue, or terminate the 2007 Plan; provided that no such amendment, alteration, suspension, discontinuation or termination may be made without stockholder approval if such approval is necessary to comply with any tax, securities or regulatory law or requirement with which the Board intends the 2007 Plan to comply; provided, further, that the Board may not reduce the exercise price of outstanding options by amending the terms of such options without first obtaining approval from the Company s stockholders.

Unless earlier terminated by the Board, the 2007 Plan will expire on the tenth anniversary of the effective date.

Death; Termination of Employment; Restrictions on Transfer

The Committee will provide in the incentive award agreements whether and to what extent incentive awards will be exercisable upon termination of employment or service for any reason, including death or disability, of any participant in the 2007 Plan.

Incentive awards will not be transferable by a participant except by will or the laws of descent and distribution, pursuant to a qualified domestic relations order, as defined under the Code, or Title I of the Employee Retirement Income Security Act of 1974, as amended, or the rules thereunder, and will be exercisable during the lifetime of a participant only by such participant or his guardian or legal representative, provided that the Committee may provide otherwise for the transferability of stock options under such terms and conditions as the Committee determines and sets forth in the award agreement. Incentive awards will not be transferable for value.

Stock Options

Stock options granted under the 2007 Plan may be incentive stock options intended to qualify under the provisions of Code Section 422 (ISOs) or nonqualified stock options (NSOs) which do not so qualify. Subject to the 2007 Plan, the Committee determines the number of shares to be covered by each option and the conditions and limitations applicable to the exercise of the option. The Committee determines the exercise price of Common Stock that is subject to an option on the date the option is granted. The exercise price may not be less than the fair market value of the Company s Common Stock on the date of grant. The term of options will be determined by the Committee, but may not exceed ten years from the date of grant, provided that the term of an ISO granted to a ten percent holder may not exceed five years from the date of grant.

Stock Appreciation Rights

Stock appreciation rights (SARs) may be granted under the 2007 Plan either alone or in conjunction with all or part of any incentive award under the 2007 Plan. Subject to the 2007 Plan, the Committee determines the number of shares to be covered by each SAR award, the grant price thereof and the conditions and limitations applicable to the exercise thereof. A SAR granted under the 2007 Plan entitles its holder to receive, at the time of exercise, an amount per share equal to the excess of the fair market value (at the date of exercise) of a share of Common Stock over a specified price fixed by the Committee (which price may not be less than the fair market value of the Company s Common Stock on the date of grant).

Restricted Stock, Deferred Stock, and Performance Shares

Subject to the 2007 Plan, the Committee determines the number of shares to be covered by awards of restricted stock, deferred stock or performance shares, the grant price thereof and the conditions and limitations applicable to the exercise thereof. Restricted stock granted under the 2007 Plan is nontransferable and subject to a substantial risk of forfeiture until specific conditions are met as set forth in the 2007 Plan and in any statement evidencing the grant. A grant of deferred stock creates a right to receive Common Stock at the end of a specified deferral period. Performance shares are shares of Common Stock subject to restrictions based upon the attainment of performance objectives.

Securities Subject to Plan

If approved by stockholders, the aggregate number of shares of Common Stock reserved for issuance under the 2007 Plan will be 3,000,000. The maximum number of shares available for the issuance of ISOs will be 3,000,000. The maximum number of shares available for the issuance of Restricted Stock, Deferred Stock and Performance Shares will be 1,500,000. Shares subject to the unexercised portion of any incentive award that expires, terminates or is canceled and shares issued pursuant to an incentive award that we reacquire will again become available for the grant of further incentive awards under the 2007 Plan. However, shares that are surrendered or withheld as payment of either the exercise price of an incentive award and/or withholding taxes in respect of such an award will not be returned to the 2007 Plan and the reserve will be reduced by the full number of shares exercised pursuant to the grant of SARs, regardless of the number of shares upon which payment is made. The 2007 Plan provides that the maximum number of shares with respect to which incentive awards may be granted to any individual in any given calendar year is 100% of the shares.

In the event of any merger, reorganization, consolidation, recapitalization, stock dividend or other change in corporate structure affecting the Company s Common Stock, a substitution or adjustment will be made in (i) the kind and aggregate number of shares reserved for issuance under the 2007 Plan, (ii) the kind, number and option price of shares subject to outstanding stock options granted under the 2007 Plan, and (iii) the kind, number and purchase price of shares issuable pursuant to awards of restricted stock, deferred stock and performance shares, to maintain the same estimated fair value of the award before and after the equity restructuring. The form of such adjustment and estimate of fair value shall be determined by the Committee,

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in its sole discretion. Such other substitutions or adjustments will be made respecting awards hereunder as may be determined by the Committee, in its sole discretion. An adjusted option price will also be used to determine the amount payable by the Company in connection with SARs awarded under the 2007 Plan. In addition, the Committee may provide, in its discretion, for the cancellation of any outstanding incentive awards and payment in cash or other property in exchange therefor.

On March 2, 2007, the closing price of the Company s Common Stock on the New York Stock Exchange was $57.11 per share.

Federal Income Tax Consequences

The following discussion is for general information only and is based on the Federal income tax laws now in effect, which are subject to change, possibly retroactively. This summary does not discuss all aspects of Federal income taxation that may be important to individual participants. Moreover, this summary does not address specific state, local or foreign tax consequences. This summary assumes that Common Stock acquired under the 2007 Plan will be held as a capital asset (generally, property held for investment) under the Code.

Nonqualified Stock Options

A participant will generally not be subject to Federal income taxation upon the grant of an NSO. Rather, at the time of exercise of an NSO, the participant will recognize ordinary income for Federal income tax purposes in an amount equal to the excess of the fair market value of the shares purchased over the option price. The Company will generally be entitled to a tax deduction at such time and in the same amount that the participant recognizes ordinary income.

Incentive Stock Options

A participant is generally not subject to Federal income taxation upon the grant of an ISO or upon its timely exercise. Exercise of an ISO will be timely if made during its term and if the participant remains an employee of the Company or of any parent or subsidiary of the Company at all times during the period beginning on the date of grant of the ISO and ending on the date three months before the date of exercise (or one year before the date of exercise in the case of a disabled employee). Exercise of an ISO will also be timely if made by the legal representative of a participant who dies (i) while in the employ of the Company or of any parent or subsidiary of the Company or (ii) within three months after termination of employment (or one year in the case of a disabled employee). The tax consequences of an untimely exercise of an ISO will be determined in accordance with the rules applicable to NSOs. (See Certain Federal Income Tax Consequences Nonqualified Stock Options.)

If shares of Common Stock acquired pursuant to a timely exercised ISO are later disposed of, the participant will, except as noted below with respect to a disqualifying disposition, recognize a capital gain or loss equal to the difference between the amount realized upon such sale and the option price. Under these circumstances, the Company will not be entitled to any deduction for Federal income tax purposes in connection with either the exercise of the ISO or the sale of the Common Stock by the participant.

If, however, a participant disposes of shares of Common Stock acquired pursuant to the exercise of an ISO prior to the expiration of two years from the date of grant of the ISO or within one year from the date the Common Stock is transferred to him upon exercise (a disqualifying disposition), generally (i) the participant will realize ordinary income at the time of the disposition in an amount equal to the excess, if any, of the fair market value of the Common Stock at the time of exercise (or, if less, the amount realized on such disqualifying disposition) over the option exercise price, and (ii) any additional gain recognized by the participant will be subject to tax as capital gain. In such case, the Company may claim a deduction for Federal income tax purposes at the time of such disqualifying disposition for the amount taxable to the participant as ordinary income.

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The amount by which the fair market value of the Common Stock on the exercise date of an ISO exceeds the option price will be an item of adjustment for purposes of the alternative minimum tax imposed by Section 55 of the Code.

New Plan Benefits

It is not possible to determine at this time the future incentive awards that will be granted under the 2007 Plan if it is approved by stockholders, and no incentive awards made under the 2007 Plan prior to the date of the Annual Meeting have been made subject to such approval.

The affirmative vote of a majority of the votes cast regarding the proposal is required for approval of the 2007 Plan, provided that the total votes cast on the proposal represents over 50% in interest of all securities entitled to vote on the proposal. For purposes of the vote on the 2007 Plan, abstentions will have the same effect as votes against the proposal and broker non-votes will have the same effect as votes against the proposal, unless holders of more than 50% in interest of all securities entitled to vote on the proposal cast votes, in which event broker non-votes will not have any effect on the result of the vote. Unless instructed to the contrary in the proxy, the shares represented by proxies will be voted FOR the proposal to approve the 2007 Plan.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE APPROVAL OF THE 2007 STOCK AWARD AND INCENTIVE PLAN.

PROPOSAL 4:
APPROVAL OF THE
APARTMENT INVESTMENT AND MANAGEMENT COMPANY
2007 EMPLOYEE STOCK PURCHASE PLAN

In March 2007, the Board adopted, subject to approval of the stockholders, the 2007 Employee Stock Purchase Plan (the 2007 ESPP), which provides for the reservation of 50,000 shares of Common Stock available for issuance thereunder. At the Annual Meeting the stockholders are being requested to approve the 2007 ESPP.

The following paragraphs summarize the more significant features of the 2007 ESPP. The summary is subject, in all respects, to the terms of the 2007 ESPP, the full text of which is set forth in Exhibit B attached hereto.

Summary of the 2007 ESPP

Purpose and Eligibility

The purpose of the 2007 ESPP is to provide eligible employees the opportunity to purchase common stock of the Company through accumulated payroll deductions. It is the intention of the Company that the Plan will not qualify as an employee stock purchase plan within the meaning of Section 423 of the Code (defined below).

All of the Company s employees who are at least 18 years of age and have been employed by the Company for at least 30 days prior to enrollment are eligible to participate in the 2007 ESPP, other than (i) any member of the Board or any officer of the Company who is subject to Section 16 of the Securities Exchange Act of 1934, as amended and (ii) individuals who are covered by any collective bargaining agreement.

Administration

The Committee is responsible for administering the 2007 ESPP. The Committee will have the authority to interpret the 2007 ESPP and the terms of the purchase rights granted under the 2007 ESPP, to adopt such

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rules for the administration, interpretation, and application of the 2007 ESPP as are consistent with the 2007 ESPP, and to interpret, amend or revoke any such rules.

Duration, Amendment and Termination

The Board may alter, amend, suspend or terminate the 2007 ESPP at any time.

Unless earlier terminated by the Board, the 2007 ESPP will expire on the tenth anniversary of the effective date.

Offering Periods

The 2007 ESPP is implemented by a series of consecutive three-month offering periods that generally begin on or after January 1 (beginning in the year 2008), April 1 (beginning in the year 2008), July 1 (beginning in the year 2007) and October 1 (beginning in the year 2007) of each year, or at such other time or times as may be determined by the Committee.

Participation in the 2007 ESPP

The 2007 ESPP permits an eligible employee to contribute up to 15% of the employee s compensation through automatic payroll deductions. The maximum number of shares an employee may purchase during each fiscal year is 2,000 shares.

Purchase Price; Payment of Purchase Price

The price of the Common Stock offered under the 2007 ESPP is an amount equal to 95% of the fair market value of the Common Stock at the end of each offering period. The purchase price of the shares is accumulated by payroll deductions over the offering period.

Withdrawal; Termination of Employment

Employees may end their participation in the 2007 ESPP at any time during an offering period. In that event, any amounts withheld through payroll deductions and not otherwise used to purchase shares will be returned to them. Participation ends automatically upon termination of employment with the Company.

Change in Control

In the event of a sale of substantially all of the assets of the Company or a merger, consolidation or other capital reorganization of the Company, outstanding purchase rights under the 2007 Plan will be assumed or an equivalent purchase right will be substituted by the successor corporation. In the event that the successor corporation refuses to assume or substitute for outstanding purchase rights, the offering period then in progress shall be shortened and a new purchase date will be set, as of which date any offering period then in progress will terminate.

Securities Subject to Plan

An aggregate of 50,000 shares of Common Stock has been reserved for issuance under the 2007 ESPP.

In the event of increase, reduction, change or exchange of shares for a different number of shares or the distribution of an extraordinary dividend, the Committee will conclusively determine the appropriate equitable adjustments, if any, to be made under the 2007 ESPP, including, without limitation, adjustments to the number of shares which have been authorized for issuance under the 2007 ESPP, as well as the purchase price of each purchase right under the 2007 Plan which has not yet been exercised.

On March 2, 2007, the closing price of the Company s common stock on the New York Stock Exchange was $57.11 per share.

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Federal Income Tax Consequences

The following discussion is for general information only and is based on the Federal income tax laws now in effect, which are subject to change, possibly retroactively. This summary does not discuss all aspects of Federal income taxation that may be important to individual participants. Moreover, this summary does not address specific state, local or foreign tax consequences. This summary assumes that Common Stock acquired under the 2007 ESPP will be held as a capital asset (generally, property held for investment) under the Code.

A participant will generally not be subject to Federal income taxation upon the grant of a stock purchase right under the 2007 ESPP. Rather, at the time of purchase, the participant will recognize ordinary income for Federal income tax purposes in an amount equal to the excess of the fair market value of the shares purchased over the purchase price. The Company will generally be entitled to a tax deduction at such time and in the same amount that the participant recognizes ordinary income.

New Plan Benefits

It is not possible to determine at this time the future purchase rights that will be granted under the 2007 ESPP if it is approved by stockholders, and no purchase rights made under the 2007 ESPP prior to the date of the Annual Meeting have been made subject to such approval.

The affirmative vote of a majority of the votes cast regarding the proposal is required for approval of the 2007 ESPP, provided that the total votes cast on the proposal represents over 50% in interest of all securities entitled to vote on the proposal. For purposes of the vote on the 2007 ESPP, abstentions will have the same effect as votes against the proposal and broker non-votes will have the same effect as votes against the proposal, unless holders of more than 50% in interest of all securities entitled to vote on the proposal cast votes, in which event broker non-votes will not have any effect on the result of the vote. Unless instructed to the contrary in the proxy, the shares represented by proxies will be voted FOR the proposal to approve the 2007 ESPP.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE APPROVAL OF THE 2007 EMPLOYEE STOCK PURCHASE PLAN.

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BOARD OF DIRECTORS AND OFFICERS

The executive officers of the Company and the nominees for election as directors of the Company, their ages, dates they were first elected an executive officer or director, and their positions with the Company or on the Board are set forth below.

Name	Age	First Elected	Position
Terry Considine	59	July 1994	Chairman of the Board, Chief Executive Officer and President
Jeffrey W. Adler	44	February 2004	Executive Vice President Conventional Property Operations
Harry G. Alcock	44	October 1999	Executive Vice President
Timothy J. Beaudin	48	October 2005	Executive Vice President and Chief Development Officer
Miles Cortez	63	August 2001	Executive Vice President, General Counsel and Secretary
Patti K. Fielding	43	February 2003	Executive Vice President Securities and Debt; Treasurer
Scott W. Fordham	39	January 2007	Senior Vice President and Chief Accounting Officer
Lance J. Graber	45	October 1999	Executive Vice President
Thomas M. Herzog	44	January 2004	Executive Vice President and Chief Financial Officer
James G. Purvis	54	February 2003	Executive Vice President Human Resources
David Robertson	41	February 2002	Executive Vice President; President and Chief Executive Officer Aimco Capital
Robert Y. Walker, IV	41	August 2005	Executive Vice President and Conventional Property Operations Chief Financial Officer
James N. Bailey	60	June 2000	Director, Chairman of the Nominating and Corporate Governance Committee
Richard S. Ellwood	75	July 1994	Director
Thomas L. Keltner	60		Director Nominee
J. Landis Martin	61	July 1994	Director, Chairman of the Compensation and Human Resources Committee, Lead Independent Director
Robert A. Miller	61		Director Nominee
Thomas L. Rhodes	67	July 1994	Director
Michael A. Stein	57	October 2004	Director, Chairman of the Audit Committee

The following is a biographical summary for at least the past five years of the current directors and executive officers of the Company.

Terry Considine. Mr. Considine has been Chairman of the Board and Chief Executive Officer since July 1994. Mr. Considine also serves as Chairman and Chief Executive Officer of American Land Lease, Inc., another publicly held real estate investment trust. Mr. Considine devotes substantially all of his time to his responsibilities at Aimco.

Jeffrey W. Adler. Mr. Adler was appointed Executive Vice President Conventional Property Operations in February 2004. Previously he served as Senior Vice President of Risk Management of Aimco from January 2002 until November 2002, when he added the responsibility of Senior Vice President, Marketing.

Harry G. Alcock. Mr. Alcock was appointed Executive Vice President in October 1999. Mr. Alcock has had responsibility for acquisition and financing activities of the Company since July 1994, serving as a Vice President from July 1996 to October 1997 and as a Senior Vice President from October 1997 to October 1999.

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Timothy J. Beaudin. Mr. Beaudin was appointed Executive Vice President and Chief Development Officer in October 2005. Prior to joining Aimco and beginning in 1995, Mr. Beaudin was with Catellus Development Corporation, a San Francisco, California-based real estate investment trust. During his last five years at Catellus, Mr. Beaudin served as executive vice president, with management responsibility for development, construction and asset management.

Miles Cortez. Mr. Cortez was appointed Executive Vice President, General Counsel and Secretary in August 2001. Prior to joining the Company, Mr. Cortez was the senior partner of Cortez Macaulay Bernhardt & Schuetze LLC, a Denver law firm, from December 1997 through September 2001. He served as president of the Colorado Bar Association from 1996 to 1997 and the Denver Bar Association from 1982 to 1983.

Patti K. Fielding. Ms. Fielding was appointed Executive Vice President Securities and Debt in February 2003 and Treasurer in January 2005. She is responsible for debt financing and the treasury department. From January 2000 to February 2003, Ms. Fielding served as Senior Vice President Securities and Debt. Ms. Fielding joined the Company as a Vice President in February 1997.

Scott W. Fordham. Mr. Fordham was appointed Senior Vice President and Chief Accounting Officer in January 2007. From January 2006 through December 2006, Mr. Fordham served as vice president and chief accounting officer of Brandywine Realty Trust, a real estate investment trust. Prior to the merger of Prentiss Properties Trust with Brandywine Realty Trust, Mr. Fordham served as senior vice president and chief accounting officer of Prentiss Properties Trust and was in charge of the corporate accounting and financial reporting groups. Prior to joining Prentiss Properties Trust in 1992, Mr. Fordham worked in public accounting with PricewaterhouseCoopers LLP. Mr. Fordham is a certified public accountant.

Lance J. Graber. Mr. Graber was appointed Executive Vice President in October 1999. He focuses on transactions related to Aimco s portfolio of properties in the eastern portion of the United States.

Thomas M. Herzog. Mr. Herzog was appointed Executive Vice President in July 2005 and Chief Financial Officer in November 2005. In January 2004, Mr. Herzog joined Aimco as Senior Vice President and Chief Accounting Officer. Prior to joining Aimco, Mr. Herzog was at GE Real Estate, serving as Chief Accounting Officer & Global Controller from June 2002 to January 2004 and as Chief Technical Advisor from March 2000 to June 2002. Prior to joining GE Real Estate, Mr. Herzog was at Deloitte & Touche LLP from 1990 until 2000.

James G. Purvis. Mr. Purvis was appointed Executive Vice President Human Resources in February 2003. Prior to joining Aimco, from October 2000 to February 2003, Mr. Purvis served as the Vice President of Human Resources at SomaLogic, Inc. a privately held biotechnology company in Boulder, Colorado.

David Robertson. Mr. Robertson has been Executive Vice President since February 2002 and President and Chief Executive Officer of Aimco Capital since October 2002. Since February 1996, Mr. Robertson has been Chairman of Robeks Corporation, a privately held chain of specialty food stores.

Robert Y. Walker, IV. Mr. Walker was appointed Senior Vice President in August 2005 and became Chief Accounting Officer in November 2005. He was promoted to Executive Vice President in July 2006 and in January 2007 became the chief financial officer of Conventional Property Operations. From June 2002 until he joined Aimco, Mr. Walker served as senior vice president and chief financial officer at Miller Global Properties, LLC, a Denver-based private equity, real estate fund manager. From May 1997 to June 2002, Mr. Walker was employed by GE Real Estate, serving as Global Controller from May 2000 to June 2002.

James N. Bailey. Mr. Bailey was first elected as a Director of the Company in June 2000 and is currently Chairman of the Nominating and Corporate Governance Committee and a member of the Audit and Compensation and Human Resources Committees. Mr. Bailey co-founded Cambridge Associates, LLC, an investment consulting firm, in 1973 and currently serves as its Senior Managing Director and Treasurer. He is also a director of The Plymouth Rock Company, SRB Corporation, Inc., Direct Response Corporation and Homeowners Direct Company, all four of which are insurance companies and insurance company affiliates. In addition, he is a director of Getty Images, Inc., a publicly held company. He also serves as an Overseer for the

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New England Aquarium. Mr. Bailey is a member of the Massachusetts Bar and the American Bar Associations.

Richard S. Ellwood. Mr. Ellwood was first elected as a Director of the Company in July 1994. Mr. Ellwood is currently a member of the Audit, Compensation and Human Resources, and Nominating and Corporate Governance Committees. Mr. Ellwood was the founder and President of R.S. Ellwood & Co., Incorporated, which he operated as a real estate investment banking firm until December 31, 2004. Prior to forming his firm, Mr. Ellwood had 31 years experience on Wall Street as an investment banker, serving as: Managing Director and senior banker at Merrill Lynch Capital Markets from 1984 to 1987; Managing Director at Warburg Paribas Becker from 1978 to 1984; general partner and then Senior Vice President and a director at White, Weld & Co. from 1968 to 1978; and in various capacities at J.P. Morgan & Co. from 1955 to 1968. Mr. Ellwood currently serves as a director of Felcor Lodging Trust, Incorporated, a publicly held company. He also serves as a trustee of the Diocesan Investment Trust of the Episcopal Diocese of New Jersey and is chairman of the diocesan audit committee.

Thomas L. Keltner. Mr. Keltner is nominated to the Board of Directors. If elected to the Board of Directors, Mr. Keltner will serve on the Audit, Compensation and Human Resources, and Nominating and Corporate Governance Committees. In March 2007, Mr. Keltner became the Executive Vice President and Chief Executive Officer Americas and Global Brands for Hilton Hotels Corporation. Mr. Keltner joined Hilton Hotels Corporation in 1999 and has served in various roles. Mr. Keltner has more than 20 years of experience in the areas of hotel development, acquisition, disposition, franchising and management. Prior to joining Hilton Hotels Corporation, from 1993 to 1999 Mr. Keltner served in several positions with Promus Hotel Corporation, including President, Brand Performance and Development. Before joining Promus Hotel Corporation, he served in various capacities with Holiday Inn Worldwide, Holiday Inns International and Holiday Inns, Inc. In addition, Mr. Keltner was President of Saudi Marriott Company, a division of Marriott Corporation, and was a management consultant with Cresap, McCormick and Paget, Inc.

J. Landis Martin. Mr. Martin was first elected as a Director of the Company in July 1994 and is currently Chairman of the Compensation and Human Resources Committee. Mr. Martin is a also member of the Audit and Nominating and Corporate Governance Committees and serves as the Lead Independent Director of Aimco s Board. Mr. Martin is the Founder and Managing Director of Platte River Ventures LLC, a private equity firm. In November 2005, Mr. Martin retired as Chairman and CEO of Titanium Metals Corporation, a publicly held integrated producer of titanium metals, where he served since January 1994. Mr. Martin served as President and CEO of NL Industries, Inc., a publicly held manufacturer of titanium dioxide chemicals, from 1987 to 2003. Mr. Martin is also a director of Halliburton Company, a publicly held provider of products and services to the energy industry and Crown Castle International Corporation, a publicly held wireless communications company.

Robert A. Miller. Mr. Miller is nominated to the Board of Directors. If elected to the Board of Directors, Mr. Miller will serve on the Audit, Compensation and Human Resources, and Nominating and Corporate Governance Committees. Mr. Miller has served as the President of Marriott Leisure since 1997. Prior to Marriott Leisure, from 1984 to 1988, Mr. Miller served as Executive Vice President & General Manager of Marriott Vacation Club International and then as its President from 1988 to 1997. In 1984, Mr. Miller and a partner sold their company, American Resorts, Inc., to Marriott. Mr. Miller co-founded American Resorts, Inc. in 1978, and it was the first business model to encompass all aspects of timeshare resort development, sales, management and operations. Prior to founding American Resorts, Inc., from 1972 to 1978 Mr. Miller was Chief Financial Officer of Fleetwing Corporation, a regional retail and wholesale petroleum company. Prior to joining Fleetwing, Mr. Miller served for five years as a staff accountant for Arthur Young & Company. Mr. Miller is past Chairman of the American Resort Development Association (ARDA) and currently serves as Chairman of the ARDA International Foundation.

Thomas L. Rhodes. Mr. Rhodes was first elected as a Director of the Company in July 1994 and is currently a member of the Audit, Compensation and Human Resources, and Nominating and Corporate Governance Committees. Mr. Rhodes is Chairman of National Review magazine where he served as President since November 1992 and as a Director since 1988. From 1976 to 1992, he held various positions at

Goldman, Sachs & Co., was elected a General Partner in 1986 and served as a General Partner from 1987 until November 1992. Mr. Rhodes is Chairman of the Board of Directors of The Lynde and Harry Bradley Foundation and Vice Chairman of American Land Lease, Inc., a publicly held real estate investment trust.

Michael A. Stein. Mr. Stein was first elected as a Director of the Company in October 2004 and is currently the Chairman of the Audit Committee. Mr. Stein is also a member of the Compensation and Human Resources and Nominating and Corporate Governance Committees. Until its acquisition by Eli Lilly in January 2007, Mr. Stein served as Senior Vice President and Chief Financial Officer of ICOS Corporation, a biotechnology company based in Bothell, Washington. He joined ICOS in January 2001. From October 1998 to September 2000, Mr. Stein was Executive Vice President and Chief Financial Officer of Nordstrom, Inc. From 1989 to September 1998, Mr. Stein served in various capacities with Marriott International, Inc., including Executive Vice President and Chief Financial Officer from 1993 to 1998. Prior to joining Marriott, Mr. Stein spent 18 years at Arthur Andersen LLP, where he was a partner and served as the head of the Commercial Group within the Washington, D.C. office. Mr. Stein serves on the Board of Directors of Getty Images, Inc., a publicly held company, and the Board of Trustees of the Fred Hutchinson Cancer Research Center.

CORPORATE GOVERNANCE MATTERS

Independence of Directors

The Board has determined that to be considered independent, an outside director may not have a direct or indirect material relationship with Aimco or its subsidiaries (either directly or as a partner, shareholder or officer of an organization that has a relationship with the Company). A material relationship is one that impairs or inhibits or has the potential to impair or inhibit a director s exercise of critical and disinterested judgment on behalf of Aimco and its stockholders. In determining whether a material relationship exists, the Board considers all relevant facts and circumstances, for example, whether the director or a family member is a current or former employee of the Company, family member relationships, compensation, business relationships and payments, and charitable contributions between Aimco and an entity with which a director is affiliated (as an executive officer, partner or substantial stockholder). In 2006, in addition to the factors mentioned, the Board evaluated potential investment relationships between a Considine family partnership and entities in which each of Messrs. Martin and Bailey have control and/or financial interests. The Board consults with the Company s counsel to ensure that such determinations are consistent with all relevant securities and other laws and regulations regarding the definition of independent director, including but not limited to those categorical standards set forth in Section 303A.02 of the listing standards of the New York Stock Exchange as in effect from time to time.

Consistent with these considerations, the Board affirmatively has determined that of the incumbent directors Messrs. Bailey, Ellwood, Martin, Rhodes and Stein are independent directors (collectively the Independent Directors) and that director nominees Messrs. Keltner and Miller are also independent (the Independent Director Nominees).

Meetings and Committees

The Board held five meetings during the year ended December 31, 2006. During 2006, no director attended fewer than 75% of the total number of meetings of the Board and any committees of the Board upon which he served. The Board has established standing audit, compensation and human resources, and nominating and corporate governance committees.

The Corporate Governance Guidelines, as described below, provide that the Company generally expects that the Chairman of the Board will attend all annual and special meetings of the stockholders. Other members of the Board are not required to attend such meetings. The Chairman of the Board attended the Company s 2006 annual meeting of stockholders, and the Company anticipates that a majority of the members of the Board will attend the 2007 annual meeting of stockholders.

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Audit Committee.

The Audit Committee currently consists of the five Independent Directors, and the Audit Committee Chairman is Mr. Stein. If elected to the Board of Directors, the Independent Director Nominees will also serve on the Audit Committee. The Audit Committee makes determinations concerning the engagement of the independent registered public accounting firm, reviews with the independent registered public accounting firm the plans and results of the audit engagement (including the audit of the Company s financial statements and the Company s assessment of internal control over financial reporting), reviews the independence of the independent registered public accounting firm and considers the range of audit and non-audit fees. The Audit Committee also provides oversight for the Company s financial reporting process, internal control over financial reporting and the Company s internal audit function.

Aimco s Board has determined that the Company has at least one audit committee financial expert serving on the Audit Committee, and has designated Mr. Stein as an audit committee financial expert. Each member of the Audit Committee is independent, as that term is defined by Section 303A of the listing standards of the New York Stock Exchange relating to audit committees.

The Audit Committee held seven meetings during the year ended December 31, 2006. The Audit Committee has a written charter that was adopted effective November 6, 2003, which charter is posted on Aimco s website (www.aimco.com) and is also available in print to stockholders, upon written request to Aimco s Corporate Secretary. As set forth in the Audit Committee s charter, no director may serve as a member of the Audit Committee if such director serves on the audit committee of more than two other public companies, unless the Board determines that such simultaneous service would not impair the ability of such director to effectively serve on the Audit Committee. No member of the Audit Committee serves on the audit committee of more than two other public companies.