

AVALONBAY COMMUNITIES, INC.
AMENDED AND RESTATED
COMPENSATION COMMITTEE CHARTER

As Amended and Restated by the Board of Directors at a Meeting held on November 19, 2014

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I. General Statement of Duties, Responsibilities and Purpose

The principal duties, responsibilities and purposes of the Compensation Committee of the Board of Directors (the "Committee") of AvalonBay Communities, Inc. (the "Company"), acting on behalf of the Board of Directors (the "Board"), are:

- to discharge the Board's responsibilities relating to the compensation of the Company's officers by
 - reviewing, designing and determining compensation structures, programs and amounts with a view to retaining and incentivizing officers and recognizing performance with appropriate compensation;
 - recommending to the full Board for approval, or (to the extent consistent with this charter) approving, such compensation structures, programs and amounts;
 - establishing corporate and management performance goals and objectives; and
 - evaluating performance.
- to produce an annual report on executive compensation for inclusion in the Company's proxy statement, in accordance with applicable rules and regulations.
- to review and make recommendations to the full Board with respect to incentive-based compensation plans and equity-based plans.
- to the extent deemed appropriate by the Committee, review matters relating to the Company's benefit plans.
- to review from time to time, as the Committee deems appropriate, management's policies and procedures with respect to risk assessment, risk management and legal compliance in human resource matters that are deemed by the Committee to be material to the Company.

For clarity, it is noted that in discharging the Board's responsibilities relating to the compensation of the Company's officers, the Committee shall review and approve corporate goals and objectives relevant to the compensation of the Chief Executive Officer ("CEO"), evaluate the CEO's performance in light of those goals and objectives, and set the CEO's compensation level based on this evaluation.

The Compensation Committee shall have the additional responsibilities and authorities as set forth below.

II. Composition and Committee Mechanics

- A. Number and Independence Requirements.** The number of individuals serving on the Compensation Committee shall be fixed by the Board from time to time, but shall in no event be less than two (2) members. Each member shall satisfy the independence requirements established by Section 303A of the New York Stock Exchange Listed Company Manual for listing on that exchange.

Additionally, no director may serve unless that director is a “Non-employee Director” for purposes of Rule 16b-3 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and (2) satisfies the requirements of an “outside director” for purposes of Section 162(m) of the Internal Revenue Code.

B. Appointment and Removal; Chair. The members of the Compensation Committee shall be appointed annually by the Board and may be replaced or removed at any time by the Board with or without cause. Resignation or removal of a Director from the Board, for whatever reason, shall automatically and without any further action constitute resignation or removal, as applicable, from the Committee. Any vacancy occurring on the Committee, for whatever reason, may be filled only by the Board. The Board shall designate one member of the Committee to serve as Chairman of the Committee. The Chairman shall set the agendas for Committee meetings and, unless not in attendance due to unexpected circumstances, shall chair all regular sessions of the Committee.

C. Delegation to Subcommittees. The Compensation Committee may establish and delegate authority to one or more subcommittees consisting of one or more of its members as the Committee deems appropriate in order to carry out its responsibilities.

III. Meetings

The Compensation Committee generally is to meet at least two (2) times per year in person or by telephone conference call or other communications equipment by means of which all persons participating in the meeting can hear each other, with any additional meetings as deemed necessary or appropriate by the Committee. A majority of the members of the Committee shall constitute a quorum for purposes of holding a meeting and the Committee may act by a vote of a majority of the members present at such meeting. In lieu of a meeting, the Committee may act by unanimous written consent. The Chairman of the full Board or any member of the Committee may call meetings of the Committee.

As part of its review and establishment of performance criteria and compensation, the Committee should meet separately at least on an annual basis with the CEO and any other corporate officers as it deems appropriate. However, the Committee should also meet from time to time without such officers present, and in all cases such officers shall not be present at meetings, or at those portions of meetings, at which their performance and compensation are being discussed and determined.

All non-management directors who are not members of the Committee may attend meetings of the Committee, but may not vote. In addition, the Committee may invite to its meetings any director, member of management of the Company, and such other persons as it deems appropriate in order to carry out its responsibilities. The Committee may also exclude from its meetings any persons it deems appropriate in order to carry out its responsibilities.

IV. Annual Responsibilities

The Compensation Committee’s annual responsibilities shall be to:

A. Address Matters Relating to the Compensation of the Company's CEO and other Officers. In a manner that is consistent with the “Compensation Review/Authorization Guidelines” that are attached to this charter as Exhibit A (the “Compensation Guidelines”), do the following:

- a. Review, and recommend to the full Board for approval, the Company's corporate goals and objectives for the upcoming calendar year generally applicable to the "corporate component" of the bonus compensation of officers.
- b. Review and approve (or recommend that the Board of Directors approve pursuant to a vote of the Board of Directors in which those directors who do not qualify to serve on

the Compensation Committee abstain from voting or are not included in such vote (an “Independent Director Vote”)) all corporate goals and objectives for the calendar year relevant to the Chief Executive Officer's annual performance objectives. (Note: An Independent Director Vote shall be considered affirmative upon (i) unanimous written consent of those directors qualified to participate in such a vote or (ii) if voting in person, at least a majority of those directors who qualify to participate in such a vote are present and the vote is approved by a majority of those directors casting a vote.)

- c. Evaluate the performance and compensation of the CEO in light of the goals and objectives established for the current or most recently ending calendar year. Review the performance and/or compensation of other officers, including through a review of the CEO's evaluations and recommendations with regard to the compensation of other officers. Report the Committee's evaluations and conclusions to the full Board, together with any other information and observations deemed relevant by the Committee.
 - i. In the case of the CEO and Executive Vice Presidents or officers with a more senior title or officers reporting directly to the CEO, the Committee shall recommend to the full Board that it approve the Committee's determination of compensation for the CEO and such other officers, including, without limitation (i) bonus award amounts (which may consist of a cash bonus and the granting of equity based compensation under the Company's long term equity incentive plans), and (ii) a base salary and compensation targets for the upcoming calendar year, and such compensation determinations shall only be approved upon an affirmative Independent Director Vote.
 - ii. In the case of all other officers, the Committee shall have authority to make final compensation determinations but may, at its discretion, instead recommend that such determinations only be effective (a) upon an affirmative Independent Director Vote or (b) at the time the affirmative Independent Director Vote contemplated in the immediately preceding subparagraph (i) is taken .

In determining the long-term incentive component of the CEO's compensation, the Compensation Committee may consider the Company's performance and relative stockholder return, the value of similar incentive awards to CEOs at comparable companies, the awards given to the Company's CEO in past years and such other criteria as the Committee deems appropriate.

B. Review and Make Recommendations Regarding Incentive-Based Compensation Plans and Equity-Based Plans. Review and make such recommendations to the Board as the Compensation Committee deems advisable with regard to all incentive-based compensation plans and equity-based plans for directors, officers and other key employees of the Company.

C. Produce a Compensation Committee Report. Review and discuss with management the Compensation Discussion and Analysis prepared for inclusion in the Company's annual proxy statement, and based on such review and discussion produce an annual Compensation Committee Report for inclusion in the Company's proxy statement in accordance with Item 407 of Regulation S-K of the Exchange Act.

D. Evaluate Performance of Committee and Review Charter. The Committee shall perform a review and evaluation, at least annually, of the performance of the Committee, including by reviewing the compliance of the Committee with this Charter. In addition, the Committee shall review and reassess, at least annually, the adequacy of this Charter and recommend to the Board of Directors any improvements to this Charter that the Committee considers necessary or valuable. The Committee shall conduct such evaluations and reviews in such manner as it deems appropriate.

V. Additional Authority That May Be Exercised From Time To Time.

The Compensation Committee is authorized, on behalf of the Board, to do any of the following, from time to time, as the Committee deems necessary or appropriate in its discretion:

A. Exercise Authorities Described in the Compensation Committee Review/Authorization Guidelines attached to this charter as Exhibit A (the "Guidelines"). Take any action that is consistent with the authority described in the Guidelines, it being noted that the Committee has such authority regardless of a conflict with another provision in this charter.

B. Review of Compensation Programs and Philosophy. In connection with executive compensation programs:

- Review and recommend to the full Board amendments or modifications to the Company's stock incentive plans.
- Review and approve (i) material changes to the overall design of compensation programs or (ii) the establishment of or material modification to material employee benefit plans such as the Company's 401(k) Plan, Employee Stock Purchase Plan, and Deferred Compensation Plan or other material employee benefit plans that are of general applicability to all employees (such existing plans (excluding the Company's stock incentive plan), and any future plans approved by the Committee, are hereinafter referred to as "Plans").
- Establish (and from time to time review the work of) a Retirement and Benefits Committee, consisting of officers and associates of the Company who are appointed by the Committee, with authority to administer one or more of the Plans, to act as named fiduciary with respect to one or more of the Plans, and to amend a Plan to the extent such amendment relates to administrative matters or to assure compliance with laws and regulations or to the extent such amendment does not materially increase the benefits provided under the Plan (except as required by law).
- Review on a periodic basis the operations of the Company's executive compensation programs to determine whether they are properly coordinated and achieving their intended purposes; and
- Establish and periodically review policies for the administration of executive compensation programs.

C. Review of Management Perquisites. Review and approve the Company's policies on senior management perquisites.

D. Appointment of Officers. Review proposals for appointment or promotion of officers. The Committee shall make recommendations to the full Board for the appointment or promotion of officers to senior positions to the extent provided in the Compensation Guidelines. The Committee shall have authority to approve the appointment or promotion of officers to any other officer position to the extent consistent with the Compensation Guidelines.

E. Employment and Other Agreements. To the extent consistent with the Compensation Guidelines, review, and if deemed appropriate approve, proposals to enter into or modify any employment agreements, severance agreements or any other employment or compensation related agreement with an officer of the Company. Approve termination packages and severance agreements for officers holding senior positions to the extent provided in the Compensation Guidelines.

F. Succession Planning. Review and consider succession plans for the Company's officers, other than the CEO and the Company's Chairman of the Board, and reassess periodically the adequacy of such plans.

G. Management Development. Review, consider, establish and evaluate plans and programs for management development, and reassess periodically the adequacy of such plans and programs.

H. Regulatory Matters. Appoint a committee consisting of members of management to serve as the plan administrator for purposes of the Company's ERISA plans (the "Retirement and Benefits Committee"). Review and consult with the chair of the Retirement and Benefits Committee or with members of management, as appropriate, on matters relating to the Company's employees, including staffing, employee relations, administration of ERISA plans and compliance with applicable laws and regulations relating to employment matters.

I. Matters Relating to the Retention and Termination of Compensation Consulting Firms.

- a. The Committee may, in its sole discretion, retain or obtain the advice of one or more compensation consultants, independent legal counsel or other advisors.
- b. The Committee shall be directly responsible for the appointment, compensation and oversight of the work of any compensation consultant, independent legal counsel, or other advisor retained by the Committee.
- c. The Company will provide for appropriate funding, as determined by the Committee, for payment of reasonable compensation to a compensation consultant, independent legal counsel or any other advisor retained by the Committee.
- d. The Committee may select or obtain advice from a compensation consultant, legal counsel, or other advisor to the Committee only after taking into consideration, all factors relevant to that person's independence from management, including the following:
 - i. The provision of other services to the Company by the person or firm that employs the compensation consultant, legal counsel, or other advisor;
 - ii. The amount of fees received from the Company by the person or firm that employs the compensation consultant, legal counsel or other advisor, as a percentage of the total revenue of the person or firm that employs the compensation consultant, legal counsel, or other advisor;
 - iii. The policies and procedures of the person or firm that employs the compensation consultant, legal counsel, or other advisor that are designed to prevent conflicts of interest;
 - iv. Any business or other personal relationship of the compensation consultant, legal counsel or other advisor with a member of the Committee;
 - v. Any stock of the Company owned by the compensation consultant, legal counsel or other advisor; and
 - vi. Any business or personal relationship of the compensation consultant, legal counsel, other advisor or the person employing the advisor with an executive officer of the Company.
 - vii. Nothing in this Section V.I. shall require the Committee to conduct the independence assessment outlined in subsections (i) through (vi) above with respect to (A) in-house legal counsel or (B) any compensation consultant, legal counsel or other advisor whose role is limited to the following activities for which

no disclosure would be required under Item 407(e)(3)(iii) of Regulation S-K or a successor provision: consulting on any broad-based plan that does not discriminate in scope, terms, or operation, in favor of executive officers or directors of the listed company, and that is available generally to all salaried employees; or providing information that either is not customized for a particular company or that is customized based on parameters that are not developed by the compensation consultant, and about which the compensation consultant does not provide advice. Nothing in this Section V.I. shall require that any compensation consultant, legal counsel or other compensation advisor be independent, but only that the Committee consider the independence factors in subsections (i) through (vi) above before selecting or receiving advice from a compensation advisor. The Committee may select or receive advice from any compensation advisor they prefer, including ones that are not independent, after considering the independence factors in subsections (i) through (vi) above.

J. Delegations of Authority to Officers. To the extent not inconsistent with the Compensation Guidelines, establish such delegations of authority to the CEO or other officers as the Committee deems necessary or desirable for the administration of routine compensation and benefit matters.

VI. Risk Assessment, Risk Management and Legal Compliance

The Committee shall, in the course of exercising its authority and responsibilities as outlined above, review from time to time, as the Committee deems appropriate, management's policies and procedures with respect to risk assessment, risk management, and legal compliance in human resource matters that are deemed by the Committee to be material to the Company. Such matters may include, in the discretion of the Committee, matters such as compliance with employment and labor laws or risks to the Company associated with employee hiring, training and morale. The Committee may discuss with management and review, in its discretion as it deems appropriate, the following in the course of providing this oversight: (i) the organizational structure of the Company relevant to these matters, (ii) the policies, processes and guidelines established by management to address these matters, and (iii) the metrics used by management to monitor these matters. To the extent it deems appropriate, the Committee shall report to the Board (or the appropriate director(s), such as a committee chair) any issues relating to the Company's risk assessments, risk management and legal compliance in these areas.

VII. General

A. Reports to the Full Board. The Compensation Committee shall report regularly to the Board with respect to matters that are relevant to the Committee's discharge of its responsibilities and with respect to such recommendations as the Committee may deem appropriate. The report to the Board of Directors may take the form of an oral report by the Chairman or any other member of the Committee designated by the Committee to make such report.

B. Minutes. The Compensation Committee shall maintain minutes or other records of meetings and activities of the Committee.

C. Resources. In discharging its responsibilities, the Compensation Committee shall be entitled to rely upon advice and information that it receives in its discussions and communications with management and such experts, advisors and professionals with whom the Committee may consult. The Committee shall have the authority to request that any officer or employee of the Company, the Company's outside legal counsel, the Company's independent auditor or any other professional retained by the Company to render advice to the Company attend a meeting of the Committee or meet with any members of or advisors to the Committee. In accordance with Section V.I. above, the The Committee shall have the authority to engage legal, accounting or other advisors to provide it with advice, information and other assistance in connection with carrying out its responsibilities and shall have the sole authority to approve any such advisor's fees and other retention terms.

D. Other. The Compensation Committee may perform such other functions as may be requested by the Board from time to time.

REVIEW/AUTHORIZATION GUIDELINES FOR COMPENSATION COMMITTEE

Compensation Action/Decision	Authority Delegated to Chairman/CEO	Chairman/CEO has Authority; Mgt to Consult with Chair of Compensation Committee First	Compensation Committee has Authority to give Final Approval ⁵	Compensation Committee Recommends for Full Board Approval ¹
1. Material changes to overall design of compensation programs and adoption of new or modified employment contracts.			√ ¹	
2. Annual compensation guidelines for budgeting (e.g., overall merit increase percentages) for officers.	√			
3. Annual officer compensation (base pay, short & long-term incentives)			Other Officers (Committee may delegate authority to CEO after such review and discussion with CEO as Committee deems appropriate) √	EVP & equivalent & above √
4. Officer termination agreements and severance packages		Other Officers ² √	EVP/General Counsel & above _{1,2} √	
5. Sign-on and retention bonuses - cash, options and/or restricted stock (non-EVP)	Up to \$250K in value per individual ² √	Over \$250K in value per individual ² √		
6. <u>EVP/General Counsel & above:</u> a. Hire/appoint b. Initial compensation package and any interim compensation adjustments c. Promotion decisions			b. √	a. √ c. √ ^{2,3}
7. <u>Other officers</u> a. Hire/appoint/promote/make interim adjustments	√ ^{2,3}			
8. <u>Annual Bonus & LTI Awards</u> a. Establishment of annual target award levels & criteria for achievement of corporate components of bonus determinations b. Determination of actual company achievement against target levels for corporate components of bonus and LTI Note: CEO may determine				a. √ b. √

business unit and individual achievement levels for all officers, subject to Compensation Committee approval of annual compensation determinations for executive officers per Item 3 above.				
9. Loan Approvals for Non-Executive officers ⁴	Loans up to \$250K √		Loans over \$250K √	

¹ In the event that the full Board is asked to vote on compensation, an Independent Director Vote shall be taken, as defined above (i.e., a vote of only those directors who are qualified to serve on the Compensation Committee).

² Reminder: In order to comply with Section 16 exemption rules, Compensation Committee or full Board approval is required for stock/option awards or changes to existing awards for Section 16 officers.

³ Bylaws require a majority of the full Board to appoint CEO, President, COO, CFO, Secretary, and Treasurer.

⁴ Loans over \$250,000 for non-executive officers require notification of the Nominating/Corporate Governance Committee.

⁵ Comp Committee also has authority to approve any item that CEO has authority to approve.