

**AvalonBay Communities, Inc.**

**POLICY REGARDING SHAREHOLDER RIGHTS AGREEMENTS**

**WHEREAS:** AvalonBay Communities, Inc. (“AvalonBay”) in the past had, but does not now have, a shareholder rights agreement (also known as a “poison pill”); and

**WHEREAS:** The Board of Directors of AvalonBay (the “Board”) believes that it is appropriate and in the best interests of AvalonBay and its shareholders that the Board have the ability to protect the interests of AvalonBay’s shareholders by being able to adopt a shareholder rights agreement in certain circumstances on short notice if the Board deems such adoption to be consistent with the exercise of its fiduciary responsibilities; and

**WHEREAS:** The Board believes that, if a shareholder rights agreement is adopted and implemented without prior shareholder approval, it is appropriate that such shareholder rights agreement not be retained indefinitely unless subsequent shareholder approval is obtained.

**NOW, THEREFORE, BE IT RESOLVED:** That the Board hereby deems it to be in the best interest of AvalonBay and its shareholders to adopt, and the Board does hereby adopt, this Policy Regarding Shareholder Rights Agreements (this “Policy”).

**RESOLVED FURTHER:** That for the purposes of this Policy, the term “shareholder rights agreement” refers generally to any agreement providing for the distribution of preferred stock, rights, warrants, options or debt instruments to the shareholders of AvalonBay designed to deter non-negotiated takeovers by conferring rights on certain shareholders (other than an “acquirer”) upon the occurrence of a “triggering event,” such as an unsolicited tender offer or unsolicited third party acquisition of a specified percentage of stock.

**RESOLVED FURTHER:** That under this Policy no shareholder rights agreement shall be adopted unless such action is approved by a majority of the directors who satisfy the independence requirements established by Section 303A of the New York Stock Exchange Listed Company Manual, or any successor section, for listing on that exchange and such directors find that such action is consistent with the exercise of their fiduciary responsibilities to the Company and its shareholders.

**RESOLVED FURTHER:** That, in the event that a shareholder rights agreement is adopted by this Board and did not receive shareholder approval prior to its implementation, such shareholder rights agreement shall expire on the one-year anniversary of its implementation unless it is ratified by the shareholders prior to that date.

**RESOLVED FURTHER:** That the Nominating and Governance Committee shall review this Policy at least annually and report to the Board on any recommendations it may have concerning this Policy.