

Spirit Realty Capital, Inc.
Form DEF 14A
April 17, 2015

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

Filed by the Registrant

Filed by a party other than the Registrant

Check the appropriate box:

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

SPIRIT REALTY CAPITAL, INC.

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

- No fee required
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11

(1) Title of each class of securities to which transaction applies:

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(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Spirit Realty Capital, Inc.
Notice of
2015 Annual Meeting of Stockholders
And
Proxy Statement

16767 N. Perimeter Drive, Suite 210

Scottsdale, Arizona 85260

April 17, 2015

Dear Stockholder:

You are cordially invited to attend Spirit Realty Capital, Inc.'s (Spirit) 2015 Annual Meeting of Stockholders (the Annual Meeting), which will be held at 10:00 a.m. local (Central) time on Thursday, May 28, 2015 at The Crescent Club, located at 200 Crescent Court, 17th Floor, Dallas, Texas 75201.

The attached notice of Annual Meeting and Proxy Statement describe the matters expected to be acted upon at the meeting. We urge you to review these materials carefully.

This year we are taking advantage of the Securities and Exchange Commission rules that allow us to furnish proxy materials to our stockholders over the Internet. On or about April 17, 2015, we mailed to most of our stockholders a Notice of Internet Availability of Proxy Materials containing instructions on how to access our Notice of Annual Meeting, Proxy Statement, and 2014 Annual Report to Stockholders as well as how to vote. Some stockholders may, if they have so previously requested, receive paper copies of these materials by mail or by email. If you only received a Notice of Internet Availability of Proxy Materials by mail, the Notice also contains instructions on how you can receive a paper copy of the proxy materials and 2014 Annual Report.

Your vote is very important to us. I urge you to vote your shares by proxy as soon as possible to ensure your vote is recorded at the Annual Meeting. You may vote by telephone, over the Internet or, if you have requested paper copies of our proxy materials by mail, by signing, dating and returning the proxy card in the envelope provided.

On behalf of the Board of Directors and employees of Spirit, we appreciate your continued support.

Sincerely,

Thomas H. Nolan, Jr.

Chairman of the Board of Directors

Chief Executive Officer

NOTICE OF 2015 ANNUAL MEETING OF STOCKHOLDERS

16767 North Perimeter Drive, Suite 210 Scottsdale, Arizona 85260

WHEN:

Thursday, May 28, 2015

10:00 a.m. local (Central)

WHERE:

The Crescent Club

200 Crescent Court, 17th Floor

Dallas, Texas 75201.

ITEMS OF BUSINESS:

1. The election of nine directors nominated by our Board of Directors and named in the accompanying Proxy Statement to hold office until the next annual meeting of stockholders and until their respective successors have been duly elected and qualified;
2. The ratification of the selection of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2015;
3. A non-binding, advisory resolution to approve our named executive officer compensation as described in the accompanying Proxy Statement; and
4. Such other business as may properly come before the meeting or any adjournments or postponements thereof.

The Proxy Statement following this Notice describes these matters in detail. We have not received notice of any other proposals to be presented at the Annual Meeting.

HOW TO VOTE:

You may vote at the Annual Meeting and any postponements or adjournments thereof if you were a holder of record of Spirit Realty Capital, Inc. common stock at the close of business on March 30, 2015, the record date for the meeting. For ten days prior to the Annual Meeting, a list of stockholders entitled to vote will be available for inspection at our headquarters located at 16767 N. Perimeter Drive, Suite 210, Scottsdale, Arizona 85260. Please vote your shares promptly by telephone, over the internet or, if you have requested paper copies of our proxy materials, by mail by signing, dating and returning the proxy card in the envelope provided. Voting your shares prior to the Annual Meeting will not prevent you from changing your vote in person if you choose to attend the meeting. Further, any proxy may be revoked at any time prior to the Annual Meeting. If your shares are held by a broker, bank or other

nominee, please follow their instructions to have your shares voted.

By Order of our Board of Directors,

Ryan A. Berry

Senior Vice President, General Counsel and

Corporate Secretary

Scottsdale, Arizona

April 17, 2015

16767 North Perimeter Drive, Suite 210 Scottsdale, Arizona 85260

PROXY STATEMENT

April 17, 2015

2015 ANNUAL MEETING OF STOCKHOLDERS

This Proxy Statement is being furnished in connection with the solicitation by the Board of Directors (the Board) of Spirit Realty Capital, Inc., a Maryland corporation (Spirit, we, us or the Company), of proxies to be exercised at the 2015 Annual Meeting of Stockholders (the Annual Meeting) to be held at 10:00 a.m. local (Central) time on Thursday, May 28, 2015 at The Crescent Club, located at 200 Crescent Court, 17th Floor, Dallas, Texas 75201, and at any postponement(s) or adjournment(s) thereof. For the purposes discussed in this Proxy Statement and in the accompanying Notice of 2015 Annual Meeting of Stockholders (the Proposals), proxies are solicited to give all stockholders of record at the close of business on March 30, 2015, an opportunity to vote on matters properly presented at the Annual Meeting.

NO PERSON IS AUTHORIZED ON BEHALF OF THE COMPANY TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS WITH RESPECT TO THE PROPOSALS OTHER THAN THE INFORMATION AND REPRESENTATIONS CONTAINED IN THIS PROXY STATEMENT, AND, IF GIVEN OR MADE, SUCH INFORMATION AND/OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED. THE DELIVERY OF THIS PROXY STATEMENT SHALL UNDER NO CIRCUMSTANCES CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE COMPANY SINCE THE DATE HEREOF.

NOTICE OF ELECTRONIC AVAILABILITY OF PROXY STATEMENT AND ANNUAL REPORT

We are making this Proxy Statement and the materials accompanying it available to our stockholders electronically via the Internet, as permitted by the Securities and Exchange Commission's (SEC) rules. We will mail to stockholders a Notice of Internet Availability containing instructions on how to access our proxy materials and how to vote by proxy online. Starting on or about April 17, 2015, we will also mail this Proxy Statement and the materials accompanying it to stockholders who have requested paper copies. If you would like to receive a printed copy of our proxy materials by mail, you should follow the instructions for requesting those materials included in the Notice that we mail to you.

IMPORTANT NOTICE REGARDING INTERNET AVAILABILITY OF PROXY MATERIALS

FOR THE ANNUAL MEETING TO BE HELD ON MAY 28, 2015:

This Proxy Statement, our 2014 Form 10-K and our 2014 Annual Report are available at

www.voteproxy.com.

HOUSEHOLDING

To eliminate duplicate mailings, conserve natural resources and reduce our printing costs and postage fees, we engage in householding and will deliver a single set of proxy materials (other than proxy cards, which will remain separate) to Spirit stockholders who share the same address and who have the same last name or consent in writing. If your

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household receives only one copy of our proxy materials, you may request an additional copy by contacting Broadridge Financial Solutions, Inc. at (800) 542-1061 or in writing at Householding Department, 51 Mercedes Way, Edgewood, NY 11717. We will deliver the requested additional copy promptly following our receipt of your request.

The Company's principal executive office is located at 16767 North Perimeter Drive, Suite 210, Scottsdale, Arizona 85260, our telephone number is (480) 606-0820 and our website is www.spiritrealty.com.*

* Website addresses referred to in this Proxy Statement are not intended to function as hyperlinks, and the information contained on our website is not a part of this Proxy Statement.

THE ANNUAL MEETING AND VOTING

QUORUM

The holders of a majority of our common shares outstanding as of the close of business on March 30, 2015 must be present in person or represented by proxy to constitute a quorum to transact business at the Annual Meeting. Stockholders who abstain from voting and broker non-votes are counted for purposes of establishing a quorum. A broker non-vote occurs when a beneficial owner does not provide voting instructions to the beneficial owner's broker or custodian with respect to a proposal on which the broker or custodian does not have discretionary authority to vote.

WHO CAN VOTE

Holders of our common stock at the close of business on March 30, 2015 are entitled to receive notice of and to vote their shares at the Annual Meeting. As of that date, there were 418,401,109 common shares outstanding and entitled to vote. Each outstanding share of common stock is entitled to one vote on each matter properly brought before the Annual Meeting.

A list of all Spirit stockholders entitled to vote at the Annual Meeting will be available for inspection by any stockholder for any purpose reasonably related to the Annual Meeting during ordinary business hours for the ten days preceding the Annual Meeting at our principal executive offices located at 16767 N. Perimeter Dr., Suite 210, Scottsdale, AZ 85260.

HOW TO VOTE

You may vote your shares in one of several ways, depending on how you own your shares.

Stockholders of Record

If you own shares registered in your name (a stockholder of record), you may:

Vote your shares by proxy by calling (800) 776-9437 in the United States or (718) 921-8500 from foreign countries, 24-hours a day, seven days a week until 11:59 p.m. Eastern time on May 27, 2015. Please have your proxy card in hand when you call. The telephone voting system has easy-to-follow instructions and provides confirmation that the system has properly recorded your vote.

OR

Vote your shares by proxy via the website www.voteproxy.com, 24-hours a day, seven days a week until 11:59 p.m. Eastern time on May 27, 2015. Please have your proxy card in hand when you access the website. The website has easy-to-follow instructions and provides confirmation that the system has properly recorded your vote.

OR

If you have requested or receive paper copies of our proxy materials by mail, vote your shares by proxy by signing, dating and returning the proxy card in the postage-paid envelope provided. If you vote by telephone or over the Internet, you do not need to return your proxy card by mail.

OR

Vote your shares by attending the Annual Meeting in person and depositing your proxy card at the registration desk (if you have requested paper copies of our proxy materials by mail) or completing a ballot that will be distributed at the Annual Meeting.

Beneficial Owners

If you own shares registered in the name of a broker or other custodian (a beneficial owner), follow the instructions provided by your broker or custodian to instruct it how to vote your shares. If you want to vote your shares in person at the Annual Meeting, contact your broker or custodian to obtain a legal proxy or broker's proxy card that you should bring to the Annual Meeting to demonstrate your authority to vote. If you do not instruct your broker or custodian how to vote, it will have discretionary authority, under current New York Stock Exchange (NYSE) rules, to vote your shares in its discretion on the ratification of the selection of Ernst & Young LLP as our independent registered public accounting firm for fiscal year 2015 (Proposal 2). However, your broker or custodian will not have discretionary authority to vote on the election of directors (Proposal 1) or the advisory vote to approve our executive compensation (Proposal 3) without instructions from you. As a result, if you do not provide instructions to your broker or custodian, your shares will not be voted on Proposal 1 or Proposal 3.

Votes by Proxy

All shares that have been properly voted by proxy and not revoked will be voted at the Annual Meeting in accordance with the instructions contained in the proxy. Shares represented by proxy cards that are signed and returned but do not contain any voting instructions will be voted consistent with the Board's recommendations:

- ü **FOR** the election of all director-nominees named in this Proxy Statement (Proposal 1);
 - ü **FOR** the ratification of the selection of Ernst & Young LLP as our independent registered public accounting firm for fiscal year 2015 (Proposal 2);
 - ü **FOR** the approval, on an advisory basis, of our executive compensation (Proposal 3); and
- In the discretion of the proxy holders, on such other business as may properly come before the Annual Meeting.

HOW TO REVOKE YOUR VOTE

If you are a stockholder of record, you can revoke your prior vote by proxy if you:

- Execute and return a later-dated proxy card before your proxy is voted at the Annual Meeting;
- Vote by telephone or over the internet no later than 11:59 p.m. Eastern time on May 27, 2015;
- Deliver a written notice of revocation to our Corporate Secretary at our principal executive offices located at 16767 N. Perimeter Dr., Suite 210, Scottsdale, Arizona 85260, before your proxy is voted at the Annual Meeting; or
- Attend the Annual Meeting and vote in person (attendance by itself will not revoke your prior vote by proxy).

If you are a beneficial owner, follow the instructions provided by your broker or custodian to revoke your vote by proxy, if applicable.

ATTENDING THE ANNUAL MEETING

You are entitled to attend the Annual Meeting only if you were a Spirit stockholder as of the close of business on March 30, 2015 or you hold a valid proxy for the meeting. In order to be admitted to the Annual Meeting, you must present photo identification (such as a driver's license) and proof of ownership of shares of our common stock on March 30, 2015, the record date. Proof of ownership can be accomplished through the following:

- A brokerage statement or letter from your broker or custodian with respect to your ownership of shares of our common stock on March 30, 2015;
- The Notice of Internet Availability of Proxy Materials;
- A printout of the proxy distribution email (if you receive your materials electronically);
- A proxy card;
- A voting instruction form; or
- A legal proxy provided by your broker or custodian.

For the safety and security of our stockholders, we will be unable to admit you to the Annual Meeting if you do not present photo identification and proof of ownership of shares of our common stock or if you otherwise refuse to comply with our security procedures.

TABLE OF CONTENTS

<u>OVERVIEW OF 2014 PERFORMANCE</u>	5
<u>2014 Performance</u>	5
<u>PROPOSALS REQUIRING YOUR VOTE</u>	7
<u>2014 COMPENSATION PRACTICES AT A GLANCE</u>	9
<u>CORPORATE GOVERNANCE AND OUR BOARD OF DIRECTORS</u>	10
<u>Director Independence</u>	10
<u>Board of Directors Leadership Structure</u>	11
<u>Board Governance Documents</u>	11
<u>Board Committee Composition and 2014 Meetings Attendance</u>	11
<u>How to Communicate with Directors</u>	12
<u>AUDIT COMMITTEE</u>	12
<u>Audit Committee Report</u>	13
<u>COMPENSATION COMMITTEE</u>	14
<u>Compensation Committee Interlocks and Insider Participation</u>	14
<u>Compensation Risk Assessment</u>	14
<u>NOMINATING AND CORPORATE GOVERNANCE COMMITTEE</u>	15
<u>Process For Considering Director Nominees</u>	15
<u>ADDITIONAL CORPORATE GOVERNANCE MATTERS</u>	17
<u>Transactions with Related Persons</u>	17
<u>Risk Management</u>	17
<u>Public Policy Matters</u>	17
<u>Public Policy Advocacy</u>	17
<u>Individual Political Activity</u>	17
<u>OUR EXECUTIVE OFFICERS</u>	18
<u>EXECUTIVE COMPENSATION</u>	19
<u>Compensation Committee Report</u>	19
<u>Compensation Discussion and Analysis</u>	19
<u>NON-EMPLOYEE DIRECTOR COMPENSATION</u>	39
<u>Cash Compensation</u>	39
<u>Equity-Based Compensation</u>	39
<u>SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE</u>	40
<u>RELATED PARTY TRANSACTIONS</u>	40
<u>Indemnification of Directors and Officers</u>	40
<u>Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters</u>	41
<u>EQUITY COMPENSATION PLAN INFORMATION</u>	42
<u>PROPOSALS REQUIRING YOUR VOTE</u>	43
<u>Proposal 1: Election of Directors</u>	43
<u>Proposal 2: Ratification of the Selection of Ernst & Young LLP as Our Independent Registered Public Accounting Firm for Fiscal Year 2015</u>	49
<u>Proposal 3: Advisory Vote on the Compensation of Named Executive Officers</u>	51
<u>REQUIREMENTS FOR SUBMISSION OF STOCKHOLDER PROPOSALS</u>	51
<u>OTHER MATTERS</u>	52
<u>ANNEX A: NON-GAAP FINANCIAL MEASURES RECONCILIATION</u>	A-1

OVERVIEW OF 2014 PERFORMANCE

2014 PERFORMANCE

The following overview has been prepared to assist you in reviewing our 2014 performance and the matters to be considered at the Annual Meeting. For additional information, please review our Annual Report on Form 10-K for the year ended December 31, 2014 and other information contained in this Proxy Statement.

Total Shareholder Return (TSR): Spirit's common stock performed well again in 2014, generating a TSR of 28.3%, which includes stock appreciation and the reinvestment of dividends. During the year, our shareholders received dividends of \$255.8 million, or \$0.665 per common share. In December, we increased our dividend by 2.3% to a new annualized rate of \$0.680 per common share.

The following graph shows our cumulative stock performance for the period beginning with the initial listing of our common stock on the NYSE on September 20, 2012 and ending on December 31, 2014, with stock prices retroactively adjusted for the 1.9048 exchange ratio established in connection with our merger with and into Cole Credit Property Trust II, Inc. (the Cole II Merger) that was completed on July 17, 2013. The graph assumes a \$100 investment in each of the indices on September 20, 2012 and the reinvestment of all dividends. The graph also shows the cumulative total returns of the S&P Index and industry peer groups. Our stock price performance shown in the following graph is not indicative of future stock price performance.

Improved Balance Sheet Strength and Flexibility: Throughout 2014, we executed on a series of transactions to improve the strength and flexibility of our balance sheet. We extinguished approximately \$600 million of high coupon secured debt, reducing the weighted average stated interest rate of our outstanding indebtedness to 5.03% at the end of 2014, from 5.82% at the end of 2013. In addition, we reduced our secured indebtedness to 83% of our total debt at the end of 2014 from over 99% at the end of 2013.

Source: data compiled from Spirit Realty Capital, Inc. Annual Report on Form 10-K.

Measured and Meaningful Growth: Our total revenues increased 43.7% to \$602.9 million in 2014, compared to \$419.5 million in 2013. While this revenue growth was significantly attributable to assets acquired in the Cole II Merger, we also acquired 361 new properties in 2014 for \$968.6 million at an initial cash yield of approximately 7.5%. At December 31, 2014, our portfolio of 2,509 properties was diversified across 49 states representing 454 tenants and 27 industries, with approximately 45% of our annual rental revenues derived from master leases, and 89% of our single-tenant leases providing for periodic rent increases.

PROPOSALS REQUIRING YOUR VOTE

PROPOSAL 1

ELECTION OF DIRECTORS

The following table provides a summary about our nine director-nominees, each of whom currently serves on our Board. Directors are elected annually by a majority of votes cast in uncontested elections. The Board recommends that you vote **FOR** each of the named director-nominees.

Name	Age	Served Since	Independence	Current Committees
Thomas H. Nolan, Jr.	57	2011	Employed by Spirit Realty Capital, Inc.	
Kevin M. Charlton	49	2009	Independent	Compensation; Nominating & Corporate Governance Audit;
Todd A. Dunn	51	2012	Independent	Nominating & Corporate Governance Audit;
David J. Gilbert	57	2012	Independent	Compensation (Chairperson) Compensation;
Richard I. Gilchrist	69	2012	Independent	Lead Independent Director Audit (Chairperson)
Diane M. Morefield	56	2012	Independent	Compensation;
Sheli Z. Rosenberg	73	2013	Independent	Nominating & Corporate Governance Audit
Thomas D. Senkbeil	65	2013	Independent	Nominating & Corporate Governance (Chairperson)
Nicholas P. Shepherd	56	2012	Independent	

For additional information regarding our nominees, please see Our Board of Directors later in this document.

PROPOSAL 2

RATIFICATION OF THE SELECTION OF ERNST & YOUNG LLP AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR FISCAL YEAR 2015

Ernst & Young LLP audited our financial statements for the year ended December 31, 2014 and has been our independent registered public accounting firm since our 2012 initial public offering (IPO). An affirmative vote of a majority of the votes cast at the Annual Meeting on the matter is required to ratify the selection of Ernst & Young LLP as our independent registered public accounting firm. The Board recommends that you vote **FOR** the ratification of the selection of Ernst & Young LLP as our independent registered public accounting firm for fiscal year 2015.

The Audit Committee of the Board has selected Ernst & Young LLP as the Company's independent registered public accounting firm for the year ending December 31, 2015 and has further directed that management submit the selection of Ernst & Young LLP for ratification by the stockholders at the Annual Meeting. A representative of Ernst & Young LLP is expected to be present at the Annual Meeting and will have an opportunity to make a statement if he or she so desires and will be available to respond to appropriate questions.

Stockholder ratification of the selection of Ernst & Young LLP as the Company's independent registered public accounting firm is not required by the Bylaws or otherwise. However, the Board is submitting the selection of Ernst & Young LLP to the stockholders for ratification as a matter of corporate practice. If the stockholders fail to ratify the selection, the Audit Committee may reconsider whether or not to retain Ernst & Young LLP in the future. Even if the selection is ratified, the Audit Committee, in its discretion, may direct the appointment of a different independent registered public accounting firm at any time during the year if the Audit Committee determines that such a change would be in the best interests of the Company.

PROPOSAL 3

ADVISORY VOTE ON THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the Dodd-Frank Act) enables our stockholders to vote to approve, on an advisory, non-binding basis, the compensation of our Named Executive Officers (which consist of our Chief Executive Officer, Chief Financial Officer and our three additional highest paid executives) as disclosed in this Proxy Statement in accordance with SEC rules.

Our Board of Directors recommends that you vote **FOR** the adoption of this resolution approving, on a non-binding, advisory basis the compensation of our Named Executive Officers, disclosed in this Proxy Statement pursuant to the compensation disclosure rules of the SEC.

Our executive compensation programs are designed to achieve certain key objectives of the Company, including: enabling us to attract, motivate and retain executive talent who are critical to our success; linking the compensation of our executives to the achievement of operational and strategic goals of the Company; providing balanced incentives to our executives that do not promote excessive risk-taking; and encouraging our executives to become and remain long-term stockholders of the Company. These programs reward corporate and individual performance that achieve pre-established goals and provide long-term incentive compensation that focuses our executives' efforts on building stockholder value by aligning their interests with those of our stockholders.

The following is a summary of some of the key elements of our executive compensation program and practices. We urge our stockholders to review the Compensation Discussion and Analysis section below and tabular and other disclosures in this Proxy Statement for more information.

Our next vote on a say-on-pay proposal after the vote on this Proposal 3 is expected to be held at our annual meeting of stockholders in 2016.

2014 COMPENSATION PRACTICES AT A GLANCE

- ü **DO** provide executive officers with the opportunity to earn market-competitive compensation through a mix of cash and equity compensation with a strong emphasis on performance-based incentive awards
 - ü **DO** align pay and performance by linking a substantial portion of compensation to the achievement of pre-established performance metrics that drive stockholder value
 - ü **DO** evaluate TSR when determining performance under incentive awards to enhance stockholder alignment
 - ü **DO** cap payouts for awards under our annual and long-term incentive plans
 - ü **DO** require executive officers to own and retain shares of our common stock that have significant value to further align interests with our stockholders
 - ü **DO** enhance executive officer retention with time-based vesting schedules for equity incentive awards
- DO NOT** base incentive awards on a single performance metric, thereby discouraging unnecessary or excessive risk-taking
 - DO NOT** provide uncapped award opportunities
 - DO NOT** have employment agreements with executive officers that provide single-trigger change of control benefits
 - DO NOT** permit executive officers or directors to engage in derivative or other hedging transactions in our securities
 - DO NOT** provide executive officers with excessive perquisites or other personal benefits
 - DO NOT** permit executive officers or directors to hold our securities in margin accounts or pledge our securities to secure loans without pre-approval by the Audit and Compensation Committee (no executive officer or director pledged or held our securities in margin accounts at any time during 2014)
- ü **DO** enable the Board to claw back incentive compensation in the event of a financial restatement pursuant to a recoupment policy
 - ü **DO** maintain a Compensation Committee comprised solely of independent directors
 - ü **DO** engage an independent compensation consultant to advise the Compensation Committee on executive compensation matters

We emphasize pay for performance-based incentive compensation over fixed cash compensation to:

- achieve greater alignment with the interests of our stockholders;
- focus decision-makers on the creation of long-term value; and
- encourage prudent evaluation of risks.

We have a well-designed compensation program intended to incentivize above-average achievements on both short-term execution and long-term performance metrics that drive stockholder value. Our executive compensation consists primarily of:

- base salary
- annual cash incentive bonuses

equity based long-term incentive awards
severance and change in control payments and benefits
retirement benefits and health/welfare benefits

Our annual cash bonus program is designed to reward short-term performance based on achievement of pre-established Company performance goals as well as an executive's individual performance. As explained in more detail under "Executive Compensation - Compensation Discussion and Analysis" in this Proxy Statement, our results in 2015 align well with the financial and operating performance targets set by our Compensation Committee.

AFFO Per Share Growth: Our year-over-year AFFO, excluding non-cash items, increased to \$0.82 per diluted share, exceeding our target of \$0.81 per diluted share.

Debt to EBITDA: Our debt to EBITDA ratio was 7.6x at December 31, 2014, which fell within our stated target range of 7.7x - 7.3x.

Occupancy: Our portfolio occupancy at the end of 2014 was 98.4%, which was within our stated target range of 98% to 99%.

Acquisitions: Our acquisition volume in 2014 totaled \$968.6 million, which almost doubled our target of \$500 million.

Our long-term incentive plan employs a combination of restricted stock grants and performance shares which vest over time to motivate and reward long-term, multi-year performance and facilitate retention of our executives. Our executives' performance

share awards vest at the end of a multi-year period based on the TSR we deliver relative to our peers, strongly aligning our executives' interests with those of our stockholders.

We maintain strong governance standards and seek to employ best practices for our compensation programs. Our Compensation Committee meets frequently to address compensation matters in a timely manner and regularly reviews our executive compensation program to ensure that it provides competitive pay opportunities to help attract and retain highly-qualified and dedicated executive talent that is critical to our business. As part of its commitment to strong corporate governance and best practices, our Compensation Committee engaged and received advice on the compensation program from an independent, third-party compensation consultant, which provided no other services to us in 2014 other than those provided directly to or on behalf of the Compensation Committee. In addition, our Compensation Committee has adopted an insider trading policy and a compensation recoupment policy, as well as stock ownership guidelines for our senior executives and our Board members.

CORPORATE GOVERNANCE AND OUR BOARD OF DIRECTORS

Spirit is committed to good corporate governance practices, which we believe serves the long-term interests of our stockholders by promoting effective risk oversight, management accountability and helps us compete more effectively. We are governed by a nine-member Board, which provides guidance and oversight with respect to our financial and operating performance, strategic plans, key corporate policies and decisions, and enterprise risk management. Among other matters, our Board considers and approves significant acquisitions, dispositions, capital raises and other significant transactions and also advises and counsels senior management on key financial and business objectives. Members of the Board monitor our progress with respect to these matters on a regular basis, including through presentations made at Board and committee meetings by various members of our senior management team.

DIRECTOR INDEPENDENCE

NYSE listing standards require NYSE-listed companies to have a majority of independent board members and an audit committee, compensation committee and nominating and corporate governance committee each composed solely of independent directors. Under the NYSE listing standards, no director of a company qualifies as independent unless the board of directors of such company affirmatively determines that the director has no material relationship with such company (either directly, or indirectly as a partner, stockholder or officer of an organization that has a relationship with such company).

In addition, the NYSE listing standards provide that a director is not independent if:

(i) the director is, or has been within the last three years, an employee of the listed company, or an immediate family member is, or has been within the last three years, an executive officer of the listed company;

(ii) the director has received, or has an immediate family member who has received, during any twelve-month period within the last three years, more than \$120,000 in direct compensation from the listed company, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service);

(iii) (A) the director is a current partner or employee of a firm that is the company's internal or external auditor; (B) the director has an immediate family member who is a current partner of such a firm; (C) the director has an immediate family member who is a current employee of such a firm and personally works on the listed company's audit; or (D) the director or an immediate family member was within the last three years a partner or employee of such a firm and personally worked on the listed company's audit within that time;

(iv) the director or an immediate family member is, or has been within the last three years, employed as an executive officer of another company where any of the listed company's present executive officers at the same time serves or served on that company's compensation committee; or

(v) the director is a current employee, or an immediate family member is a current executive officer, of a company that has made payments to, or received payments from, the listed company for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of \$1 million or 2% of such other company's consolidated gross revenues.

Not less than annually, the Board evaluates the independence of each director on a case-by-case basis by considering any matters that could affect his or her ability to exercise independent judgment in carrying out the responsibilities of a director, including all transactions and relationships between such director, members of his or her family and organizations with which such director or family members have an affiliation, on the one hand, and us, our subsidiaries and our management, on the other hand. Any such matters are evaluated from the standpoint of the director and the persons or organizations with which the director has an affiliation. Each director abstains from participating in the determination of his or her independence.

Based on its most recent review, the Board has affirmatively determined that, based on the standards set forth in the NYSE rules and our corporate governance documents, each of the following directors has no direct or indirect material relationship with us and qualifies as independent under the NYSE's listing standards: Kevin M. Charlton, Todd A. Dunn, David J. Gilbert, Richard I. Gilchrist, Diane M. Morefield, Sheli Z. Rosenberg, Thomas D. Senkbeil and Nicholas P. Shepherd. Mr. Nolan is not considered independent under the NYSE listing standards due to his employment as our Chief Executive Officer.

BOARD OF DIRECTORS LEADERSHIP STRUCTURE

Our Board recognizes that one of its key responsibilities is to evaluate and determine its optimal leadership structure so as to provide effective oversight of management. The Board understands that no single approach to Board leadership is universally accepted and that the appropriate leadership structure may differ depending on a company's size, industry, operations, history and culture. Consistent with this understanding, our Board, led by the Nominating and Corporate Governance Committee, conducts an annual evaluation to determine the optimal leadership structure for us and for our stockholders.

At the current time, the Board believes that our existing leadership structure under which our Chief Executive Officer also serves as Chairman of the Board and a Lead Independent Director assumes specific responsibilities on behalf of the independent directors is effective, provides the appropriate balance of authority between those who oversee the Company and those who manage it on a day-to-day basis and achieves the optimal governance model for us and for our stockholders.

Pursuant to our Bylaws, the Board has discretion to determine whether to separate or combine the roles of Chief Executive Officer and Chairman of the Board. Mr. Nolan has served in both roles since 2012, and our Board continues to believe that his combined role is most advantageous to us and our stockholders.

Mr. Nolan's knowledge of the issues, opportunities and risks facing us, our business and our industry renders him best positioned among our directors to fulfill the Chairman's responsibility to develop agendas that focus the Board's time and attention on the most critical matters. Moreover, the combined roles enable decisive leadership, clear accountability and consistent communication of our message and strategy to all of our stakeholders.

In connection with Mr. Nolan's service as our Chief Executive Officer and Chairman of the Board, the independent members of our Board have selected Richard I. Gilchrist to serve as Lead Independent Director, whose specific responsibilities include, among other things, presiding at all meetings of our Board at which the Chairman is not present, including executive sessions and all other meetings of the independent directors. The Lead Independent Director also serves as liaison between the Chairman of the Board and the independent directors, approves information sent to the Board and approves Board meeting agendas and meeting schedules to assure that there is sufficient time for discussion of all agenda items. The Lead Independent Director conducts annual performance reviews of our Chairman and Chief Executive Officer and has such other duties as may be assigned from time to time by the independent directors or the Board. Although the Lead Independent Director is elected on an annual basis, the Board generally expects that he or she will serve for more than one year.

BOARD GOVERNANCE DOCUMENTS

The Board maintains charters for all committees. In addition, the Board has adopted a written set of Corporate Governance Guidelines, as well as a Code of Business Conduct and Ethics that applies to the Company's employees, officers and directors, including our principal executive officer and principal financial officer. To view our committee charters, Corporate Governance Guidelines, Code of Business Conduct and Ethics, and Whistleblower policy, please visit the Corporate Governance section on the investor relations section of our website at www.spiritrealty.com. Please note that the website and its contents are not a part of this Proxy Statement. Each of these governing documents

is also available, free of charge, in print to any stockholder who sends a written request to such effect to Ryan A. Berry, Corporate Secretary, Spirit Realty Capital, Inc., 16767 North Perimeter Drive, Suite 210, Scottsdale, Arizona 85260.

BOARD COMMITTEE COMPOSITION AND 2014 MEETINGS ATTENDANCE

Our Board has three standing committees that perform certain delegated functions for the Board: the Audit Committee, the Compensation Committee; and the Nominating and Corporate Governance Committee. Each committee operates pursuant to a written charter that is available in the Corporate Governance section of our website at www.spiritrealty.com/investor-relations/corporategovernance.

Our Board held a total of nine meetings during 2014. Evidencing a strong commitment to the Company, six of our nine directors attended 100% of the Board meetings and the three remaining directors missed only one meeting each. The Board committees

met 13 times in the aggregate during 2014, with each committee member attending 100% of the meetings of the committees on which he or she served. The table below provides current membership and 2014 meeting information for each of our Board committees:

Director	Audit Committee	Compensation Committee	Nominating and Corporate Governance Committee
Kevin M. Charlton		Member	Member
Todd A. Dunn	Member		Member
David J. Gilbert	Member	Chairperson	
Richard I. Gilchrist *		Member	
Diane M. Morefield	Chairperson		
Sheli Z. Rosenberg		Member	Member
Thomas D. Senkbeil	Member		
Nicholas P. Shepherd			Chairperson
Total Meetings in 2014	5	4	4

* Lead Independent Director.

Our independent directors regularly meet in executive sessions, outside the presence of management generally at each regularly scheduled quarterly Board meeting and at other times as necessary or desirable. The Lead Independent Director chairs all regularly scheduled executive sessions of the Board and all other meetings of the independent directors. Members of our Audit, Compensation and Nominating and Corporate Governance Committees also meet in executive session, outside the presence of management, at each regularly scheduled committee meeting and at other times as necessary or desirable.

We strongly encourage, but do not require, directors to attend our annual meetings of stockholders. Only one of the nine directors who were nominated for reelection at our 2014 Annual Meeting of Stockholders attended that meeting, however, we did not schedule a Board meeting coincident with that stockholder meeting. We have scheduled the 2015 Annual Meeting of Stockholders at a time and date to permit attendance by directors, and intend to make every effort to do so for future stockholder meetings, taking into account the