

STAG Industrial, Inc.
Form DEF 14A
March 21, 2018
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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.)**

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

STAG Industrial, Inc.

(Name of Registrant as Specified In Its Charter)

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

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-

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NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD ON APRIL 30, 2018

To our stockholders:

You are cordially invited to attend the 2018 annual meeting of the stockholders of STAG Industrial, Inc., a Maryland corporation, at the offices of DLA Piper LLP (US) at 33 Arch Street, 26th Floor, in Boston, Massachusetts, on April 30, 2018, at 1:30 p.m., local time. At the meeting, stockholders will consider and vote on the following matters:

1. the election of eight directors to hold office until our 2019 annual meeting of stockholders and until their successors are duly elected and qualified;
2. the ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the year ending December 31, 2018;
3. the approval of an amendment to our charter to provide stockholders with the ability to alter, amend or repeal our bylaws and adopt new bylaws;
4. the approval of the amended and restated STAG Industrial, Inc. 2011 Equity Incentive Plan;
5. the approval, by non-binding vote, of our executive compensation; and

6. the recommendation, by non-binding vote, on the frequency of executive compensation votes.

In addition, stockholders will consider and vote on such other business as may properly come before the annual meeting, including any adjournments or postponements of the meeting.

If you own shares of our common stock as of the close of business on March 12, 2018, you can vote those shares by proxy or at the meeting. Pursuant to rules promulgated by the Securities and Exchange Commission, we are providing access to our proxy materials over the internet. On or about March 21, 2018, we expect to mail our stockholders either (i) a copy of this proxy statement, the accompanying proxy card, our annual report and the notice of internet availability of proxy materials (the Notice) or (ii) the Notice only, each in connection with the solicitation of proxies by the board of directors for use at the annual meeting and any adjournments or postponements thereof. If you received only the Notice by mail, you will not receive a printed copy of the proxy materials other than as described herein. The Notice contains instructions for your use of this process, including how to access our proxy statement and annual report over the internet, how to authorize your proxy to vote online and how to request a paper copy of the proxy statement and annual report.

If you are unable to attend the meeting in person, it is very important that your shares be represented and voted at the annual meeting. You may authorize your proxy to vote your shares over the internet as described in the Notice. Alternatively, if you received a paper copy of the proxy card by mail, please complete, date, sign and promptly return the proxy card in the self-addressed stamped envelope provided. You also may vote by telephone as described in your proxy card. If you vote your shares over the internet, by mail or by telephone before the annual meeting, you may nevertheless revoke your proxy and cast your vote personally at the meeting.

By order of the board of directors:

JEFFREY M. SULLIVAN
Executive Vice President, General Counsel and Secretary

Boston, Massachusetts

March 21, 2018

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STAG INDUSTRIAL, INC.

One Federal Street, 23rd Floor

Boston, Massachusetts 02110

2018 ANNUAL MEETING OF STOCKHOLDERS

PROXY STATEMENT

QUESTIONS AND ANSWERS

Q: Why did I receive a notice of internet availability of proxy materials?

A: The board of directors is soliciting proxies to be voted at our annual meeting. The annual meeting will be held at the offices of DLA Piper LLP (US) at 33 Arch Street, 26th Floor, in Boston, Massachusetts, on Monday, April 30, 2018, at 1:30 p.m., local time. Pursuant to rules promulgated by the Securities and Exchange Commission (SEC), we are providing access to our proxy materials over the internet. On or about March 21, 2018, we are mailing to our stockholders of record on March 12, 2018, either (i) a copy of this proxy statement, the accompanying proxy card, our annual report and the notice of internet availability of proxy materials (the Notice), or (ii) the Notice only. The Notice and this proxy statement summarize the information you need to know in order to vote by proxy or in person at the annual meeting. You do not need to attend the annual meeting in person in order to vote.

Q: When was the Notice mailed?

A: The Notice was mailed to stockholders beginning on or about March 21, 2018.

Q: Who is entitled to vote?

A: All common stockholders of record as of the close of business on March 12, 2018, the record date, are entitled to vote at the annual meeting.

Q: *What is the quorum for the meeting?*

A: A quorum at the annual meeting will consist of a majority of the votes entitled to be cast by the holders of all shares of common stock outstanding. No business may be conducted at the meeting if a quorum is not present. As of the record date, 97,229,588 shares of common stock were issued and outstanding. If less than a majority of outstanding shares entitled to vote are represented at the annual meeting, the chairman of the meeting may adjourn the annual meeting to another date, time or place, not later than 120 days after the original record date of March 12, 2018. Notice need not be given of the new date, time or place if announced at the meeting before an adjournment is taken.

Q: *How many votes do I have?*

A: You are entitled to one vote for each whole share of common stock you held as of the record date. Our stockholders do not have the right to cumulate their votes for directors.

Q: *What is the difference between holding shares as a stockholder of record and as a beneficial owner?*

A: If your shares are registered in your name with our transfer agent, Continental Stock Transfer & Trust Company, LLC, you are the stockholder of record of those shares.

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If your shares are held in a stock brokerage account or by a bank or other holder of record, you are considered the beneficial owner of those shares. The Notice and proxy statement and any accompanying documents have been forwarded to you by your broker, bank or other holder of record. As the beneficial owner, you have the right to direct your broker, bank or other holder of record how to vote your shares by using the voting instruction card or by following their instructions for voting by telephone or on the internet.

Q: *How do I vote?*

A: Whether or not you plan to attend the annual meeting, we urge you to authorize your proxy to vote your shares over the internet as described in the Notice. Alternatively, if you received a paper copy of the proxy card by mail, please complete, date, sign and promptly return the proxy card in the self-addressed stamped envelope provided. You also may authorize your proxy to vote your shares by telephone as described in your proxy card. Authorizing your proxy over the internet, by mailing a proxy card or by telephone, will not limit your right to attend the annual meeting and vote your shares in person. Your proxy (the individual named in your proxy card) will vote your shares per your instructions.

Q: *How do I vote my shares that are held by my broker?*

A: If you have shares held by a broker, you may instruct your broker to vote your shares by following the instructions that the broker provides to you. Most brokers allow you to authorize your proxy by mail, telephone and on the internet. If you have shares held by a broker, you must obtain a written proxy executed in your favor, from the broker holding your shares in order to vote your shares in person at the annual meeting.

Q: *What am I voting on?*

A: You will be voting on:

- Proposal 1: the election of eight directors to hold office until our 2019 annual meeting of stockholders and until their successors are duly elected and qualified;
- Proposal 2: the ratification of the appointment of PricewaterhouseCoopers LLP to act as our independent registered public accounting firm for year ending December 31, 2018;

- Proposal 3: the approval of an amendment to our charter to provide stockholders with the ability to alter, amend or repeal our bylaws and adopt new bylaws;
- Proposal 4: the approval of the amended and restated STAG Industrial, Inc. 2011 Equity Incentive Plan (the Amended 2011 Plan);
- Proposal 5: the approval, by non-binding vote, of our executive compensation; and
- Proposal 6: the recommendation, by non-binding vote, on the frequency of executive compensation votes.

In addition, you will be voting on such other business as may properly come before the annual meeting, including any adjournments or postponements thereof.

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Q: *What vote is required to approve the proposals assuming that a quorum is present at the annual meeting?*

- A:
- Proposal 1: The election of the director nominees must be approved by a majority of the votes cast.
 - Proposal 2: The ratification of the appointment of the independent registered public accounting firm requires a majority of the votes cast.
 - Proposal 3: The approval of the amendment to our charter to provide stockholders with the ability to alter, amend or repeal our bylaws and adopt new bylaws requires an affirmative vote of a majority of the votes entitled to be cast on the matter (that is, a majority of our outstanding shares of common stock).
 - Proposal 4: The approval of the Amended 2011 Plan requires an affirmative vote of a majority of the votes cast.
 - Proposal 5: The advisory vote approving executive compensation requires an affirmative vote of a majority of the votes cast.
 - Proposal 6: The advisory vote on the frequency of the vote on executive compensation receiving the greatest number of votes (every one, two or three years) will be considered the frequency recommended by the stockholders.

Q: *How are abstentions and broker non-votes treated?*

A: If you are a beneficial owner whose shares are held of record by a broker, you must instruct the broker how to vote your shares. A broker non-vote occurs when a bank, broker or other holder of record holding shares for a beneficial owner does not vote on a particular proposal because that holder does not have discretionary voting power for that particular item (such as the election of directors and the approval of our executive compensation) and has not received instructions from the beneficial owner.

If you are a beneficial owner whose shares are held of record by a broker, your broker has discretionary voting authority under New York Stock Exchange (NYSE) rules to vote your shares on the ratification of PricewaterhouseCoopers LLP as our independent registered public accounting firm even if the broker does not receive voting instructions from you. However, your broker does not have discretionary authority to vote on the election of directors, the approval of the amendment to our charter, the approval of the Amended 2011 Plan, the advisory vote approving our executive compensation or the advisory vote on the frequency of the vote on our executive compensation, in which case a broker non-vote will occur and your shares will not be voted on these matters.

Pursuant to Maryland law, abstentions and broker non-votes are counted as present for purposes of determining the presence of a quorum.

For purposes of the election of directors and the votes on Proposal 5 and Proposal 6, abstentions and broker non-votes will not be counted as votes cast and will have no effect on the result of the vote.

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For purposes of the vote on Proposal 2, abstentions will not be counted as votes cast and will have no effect on the result of the vote.

For purposes of the vote on Proposal 3, abstentions and broker-non-votes will have the same effect as votes cast against the proposal.

For purposes of the vote on Proposal 4, abstentions will have the same effect as votes against the proposal and broker non-votes will not be counted as votes cast and will have no effect on the result of the vote.

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Important: Beneficial owners of shares held in broker accounts are advised that if they do not provide timely instructions to their broker, pursuant to NYSE Rule 452, their shares will not be voted in connection with the election of directors, the proposal on the charter amendment, the proposal on the Amended 2011 Plan or the proposals related to our executive compensation. Accordingly, it is particularly important that beneficial owners instruct their brokers how they wish to vote their shares.

Q: Will there be any other items of business on the agenda?

A: The board of directors does not know of any other matters that may be brought before the annual meeting nor does it foresee or have reason to believe that proxy holders will have to vote for substitute or alternate nominees for election to the board of directors. If any other matter should come before the annual meeting or any nominee is not available for election, the persons named in the enclosed proxy will have discretionary authority to vote all proxies with respect to such matters in accordance with their discretion.

Q: What happens if I submit my proxy without providing voting instructions on all proposals?

A: Proxies properly submitted via the internet, mail or telephone will be voted at the annual meeting in accordance with your directions. If the properly-submitted proxy does not provide voting instructions on a proposal, the proxy will be voted as follows:

- if you are a stockholder of record, to elect (FOR) each of the director nominees listed in Proposal 1 Election of Directors; if you are a beneficial owner whose shares are held of record by a broker, a broker non-vote will occur;
- if you are a stockholder of record or if you are a beneficial owner whose shares are held of record by a broker, in favor of (FOR) Proposal 2 Ratification of Appointment of Independent Registered Public Accounting Firm;
- if you are a stockholder of record, in favor of (FOR) Proposal 3 Amendment to Charter to Provide Stockholders with the Ability to Amend Our Bylaws; if you are a beneficial owner whose shares are held of record by a broker, a broker non-vote will occur;
- if you are a stockholder of record, in favor of (FOR) Proposal 4 Amended and Restated STAG Industrial, Inc. 2011 Equity Incentive Plan; if you are a beneficial owner whose shares are held of record by a broker, a broker non-vote will occur;

- if you are a stockholder of record, in favor of (FOR) Proposal 5 Advisory (Non-Binding) Vote Approving Executive Compensation; if you are a beneficial owner whose shares are held of record by a broker, a broker non-vote will occur; and
- if you are a stockholder of record, in favor of (FOR) an advisory vote on executive compensation every year (box 1 YEAR on the proxy card) under Proposal 6 Advisory (Non-Binding) Vote on Frequency of Executive Compensation Votes if you are a beneficial owner whose shares are held of record by a broker, a broker non-vote will occur.

Q: *Will anyone contact me regarding this vote?*

A: No arrangements or contracts have been made with any solicitors as of the date of this proxy statement, although we reserve the right to engage solicitors at any time if we deem them necessary. Such solicitations may be made by mail, telephone, facsimile, e-mail or personal interviews.

Q: *Who has paid for this proxy solicitation?*

A: We have paid the entire expense of preparing, printing and mailing the Notice and, to the extent requested by our stockholders, the proxy materials and any additional materials furnished to stockholders. Proxies

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may be solicited by our directors, officers or employees personally or by telephone without additional compensation for such activities. We also will request persons, firms and corporations holding shares in their names or in the names of their nominees, which are beneficially owned by others, to send appropriate solicitation materials to such beneficial owners. We will reimburse such holders for their reasonable expenses.

Q: *May stockholders ask questions at the annual meeting?*

A: Yes. There will be time allotted at the end of the meeting when our representatives will answer questions from the floor.

Q: *How many copies should I receive if I share an address with another stockholder?*

The SEC has adopted rules that permit companies and intermediaries, such as a broker, bank or other agent, to implement a delivery procedure called householding. Under this procedure, multiple stockholders who reside at the same address may receive a single copy of our proxy materials, unless the affected stockholder has provided us with contrary instructions. This procedure provides extra convenience for stockholders and cost savings for companies.

Our company and some brokers, banks or other agents may be householding our proxy materials. A single Notice and, if applicable, a single set of our proxy materials, including this proxy statement, the accompanying proxy card, our annual report and the Notice, will be delivered to multiple stockholders sharing an address unless contrary instructions have been received from the affected stockholders. Once you have received notice from your broker, bank or other agent that it will be householding communications to your address, householding will continue until you are notified otherwise or until you revoke your consent. If you did not respond that you did not want to participate in householding, you were deemed to have consented to the process. Stockholders may revoke their consent at any time by contacting Broadridge ICS, either by calling toll-free (800) 542-1061 or by writing to Broadridge ICS, Householding Department, 51 Mercedes Way, Edgewood, New York, 11717.

Upon written or oral request, we will promptly deliver a separate copy of the Notice and, if applicable, a single set of our proxy materials, to any stockholder at a shared address to which a single copy of any of those documents was delivered. To receive a separate copy of the Notice and, if applicable, our proxy materials, you may send a written request to STAG Industrial, Inc., One Federal Street, 23rd Floor, Boston, Massachusetts, 02110, Attention: Jeffrey M. Sullivan, Corporate Secretary. In addition, if you are receiving multiple copies of the Notice and, if applicable, our proxy materials, you can request householding by contacting our Corporate Secretary in the same manner.

Q: *What does it mean if I receive more than one Notice?*

A: It means that you have multiple accounts at the transfer agent or with brokers. Please submit all of your proxies over the internet, following the instructions provided in the Notice, by mail or by telephone to ensure that all of your shares are voted.

Q: *Can I change my vote after I have voted?*

A: Yes. Proxies properly submitted over the internet, by mail or by telephone do not preclude a stockholder from voting in person at the meeting. A stockholder may revoke a proxy at any time prior to its exercise by filing with our corporate secretary a duly executed revocation of proxy, by properly submitting, either by internet, mail or telephone, a proxy bearing a later date or by appearing at the meeting and voting in person. Attendance at the meeting will not by itself constitute revocation of a proxy. If you have shares held by a broker, you must obtain a written proxy executed in your favor, from the broker holding your shares in order to vote your shares in person at the annual meeting.

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Q: *Can I find additional information on the company's website?*

A: Yes. Our website is *www.stagindustrial.com*. You can view additional information on the website, such as our corporate governance guidelines, our code of business conduct and ethics, our stock ownership guidelines, charters of our board committees and reports that we file with the SEC. However, the information located on, or accessible from, our website is not, and should not be deemed to be, part of this proxy statement or incorporated into any other filing that we submit to the SEC.

A copy of our corporate governance guidelines, our code of business conduct and ethics, our stock ownership guidelines and each of the charters of our board committees also may be obtained free of charge by writing to STAG Industrial, Inc., One Federal Street, 23rd Floor, Boston, Massachusetts, 02110, Attention: Jeffrey M. Sullivan, Corporate Secretary.

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The board of directors currently consists of eight members with directors serving one-year terms and until their successors are duly elected and qualified. The term for each director expires at each annual meeting of stockholders. At the 2018 annual meeting, eight directors will be elected to serve until the 2019 annual meeting and until their successors are duly elected and qualified. The board of directors has nominated the following current directors (the Nominees) to serve as directors: Benjamin S. Butcher, Virgis W. Colbert, Michelle Dilley, Jeffrey D. Furber, Larry T. Guillemette, Francis X. Jacoby III, Christopher P. Marr and Hans S. Weger. The board of directors anticipates that each Nominee will serve, if elected, as a director. However, if anyone nominated by the board of directors is unable to accept election, the proxies will be voted for the election of such other person or persons as the board of directors may recommend.

Vote Required

The affirmative vote of a majority of the votes cast at a meeting at which a quorum is present is required for the election of the Nominees. For purposes of the election of directors, abstentions and broker non-votes will not be counted as votes cast and will have no effect on the result of the vote.

Recommendation

The board of directors recommends a vote FOR each Nominee.

Snapshot of Board Composition

The table below presents a snapshot of the expected composition of the board of directors.

Total number of directors		8
Percentage of independent directors		88%
Average age of independent directors		58
Average tenure of independent directors (years)		5.4
Lead independent director		Yes
Percentage of directors with CEO experience		50%
Percentage of directors with CFO experience		50%
Percentage of audit committee members designated as audit committee financial experts		100%

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The following tables and biographical descriptions set forth certain information with respect to each Nominee, including the specific experience, qualifications, attributes and skills that led to the conclusion by the board that such person should continue to serve as a director.

Director Nominees	Age	Principal Occupation	Director Since
Benjamin S. Butcher	64	Chief Executive Officer, President and Chairman	2010
Virgis W. Colbert	78	Former Executive Vice President of Miller Brewing Company	2014
Michelle Dilley	46	Chief Supply Chain Transformation Officer of DSC Logistics	2018
Jeffrey D. Furber	59	Chief Executive Officer of AEW Capital Management	2011
Larry T. Guillemette	62	Former Chairman, Chief Executive Officer and President of Amtrol	2011
Francis X. Jacoby III	56	Chief Financial Officer of Leggat McCall Properties, LLC	2011
Christopher P. Marr	53	Chief Executive Officer and Trustee of CubeSmart	2012
Hans S. Weger	54	Former Chief Financial Officer of Focus Brands Inc.	2011

Director Qualifications

	Butcher	Colbert	Dilley	Furber	Guillemette	Jacoby	Marr	Weger
Real estate / development / finance	ü			ü		ü	ü	ü
Industrial operations	ü	ü	ü		ü			
Logistics / supply chain management	ü	ü	ü					
CEO / senior public company executive	ü	ü		ü	ü		ü	ü
Strategic planning	ü	ü	ü	ü	ü	ü	ü	ü
Finance / accounting					ü	ü	ü	ü
Risk management	ü	ü		ü	ü		ü	ü

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Director Nominees

Benjamin S. Butcher

*Chief Executive Officer,
President and Chairman of the
Board*

Mr. Butcher has served as our chief executive officer, president and chairman of the board of directors since 2010. Prior to the formation of our company, Mr. Butcher oversaw the growth of our predecessor business, serving as a member of the board of managers of STAG Capital Partners, LLC, STAG Capital Partners III, LLC, and their affiliates from 2003 to 2011. From 1999 to 2003, Mr. Butcher was engaged as a private equity investor in real estate and technology. From 1997 to 1998, Mr. Butcher served as a director at Credit Suisse First Boston, where he sourced and executed transactions for the principal transactions group (real estate debt and equity). Prior to that, he served as a director at Nomura Asset Capital from 1993 to 1997, where he focused on marketing and business development for its commercial mortgage-backed securities group. Mr. Butcher serves as a member of the board of trustees and a member of the nominating and corporate governance committee and compensation committee of Washington Real Estate Investment Trust (NYSE:WRE), an owner of office, multi-family and retail properties in the greater Washington, D.C. metropolitan area. Mr. Butcher holds a Bachelor of Arts degree from Bowdoin College and a Master of Business Administration degree from the Tuck School of Business at Dartmouth. In light of his extensive company-specific operational, finance and market experience, his leadership abilities, and his expertise in the acquisition, ownership and management of single-tenant industrial properties, the board of directors believes that it is in the best interests of our company and our stockholders for Mr. Butcher to continue to serve as a director on the board of directors, subject to stockholder approval at the annual meeting.

Committees:

- *Investment
(Chair)*

Virgis W. Colbert

Independent Director

Mr. Colbert served in a variety of key leadership positions with Miller Brewing Company from 1979 until his retirement in 2005, including executive vice president of worldwide operations from 1997 to 2005 and senior vice president of operations from 1993 to 1997. As executive vice president, Mr. Colbert was responsible for plant operations, international operations, brewing, research and quality assurance, engineering, procurement, order production/planning and logistics. Since his retirement, he continues to serve as a senior advisor to MillerCoors LLC. In addition, Mr. Colbert currently serves on the board, including the audit committee thereof, of New Senior Investment Group Inc. (NYSE: SNR), a senior housing real estate investment trust, and on the boards of The Nasdaq Stock Market LLC and several affiliates. Mr. Colbert also serves on the board of the Hutchins Center for African & African American Research at Harvard University (since 2013). He previously served on the boards of Lorillard, Inc. from 2008 to 2015 (including as lead director from 2013 to 2015), The Hillshire Brands Company (formerly known as Sara Lee Corporation) from 2006 to 2013, Bank of America Corp. (NYSE:BAC) from 2008 to 2013, Merrill Lynch & Co., Inc. from 2006 to 2008, Stanley Black & Decker from 2003 to 2012 and The Manitowoc Company, Inc. from 2002 to 2012. He is the former chairman and current chairman emeritus of the board for the Thurgood Marshall College Fund, and the former chairman of the board for Fisk University. Mr. Colbert received Honorary Doctor of Humane Letters degrees from Fisk University in 2005 and from Kentucky State University in 2001. He holds a Bachelor of Science degree from Central Michigan University. In light of his extensive public company board and corporate governance experience and his significant operational experience including addressing logistics, plant operations and other issues common to our tenants, the board of directors believes that it is in the best interests of our company and our stockholders for Mr. Colbert to continue to serve as a director on the board of directors, subject to stockholder approval at the annual meeting.

Committees:

- *Compensation*
- *Nominating and
Corporate Governance*

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Michelle Dilley

Independent Director

Committees:

- *Nominating and Corporate Governance*

Ms. Dilley has served as the chief supply chain transformation officer at DSC Logistics, Inc., a logistics and supply chain management organization, since 2017. In this role, she leads the implementation of strategic initiatives to deliver transformation and continuous improvement performance and has responsibility for engineering, safety and security, quality, and, in collaboration with human resources, training. Previously, she served as senior vice president, operations at LaSalle Bristol, LP, a building products distributor, from 2014 to 2017, where she was accountable for supply chain operations throughout the United States and Canada. From 2009 to 2014, she served as vice president, supply chain at Ascension Health, a non-profit health system, where she led the supply chain business transformation and operational redesign. Ms. Dilley started her career at Whirlpool Corporation, where she served in a variety of roles, including general manager, global indirect goods & services sourcing from 2005 to 2009. Ms. Dilley holds a Bachelor of Arts degree from the University of Michigan. In light of her significant supply chain, finance and operational experience, including experience in the development and implementation of strategic initiatives, the board of directors believes that it is in the best interests of our company and our stockholders for Ms. Dilley to continue to serve as a director on the board of directors, subject to stockholder approval at the annual meeting.

Jeffrey D. Furber

Independent Director

Committees:

- *Compensation (Chair)*

Mr. Furber serves as the chief executive officer of AEW Capital Management (AEW), a real estate investment management company, and the chairman of AEW Europe, where he has oversight responsibility for all of AEW s operating business units in the United States, Europe and Asia. Mr. Furber also chairs AEW s management committee, which is responsible for the firm s strategic direction and for managing the firm s resources, and is a member of the firm s investment committees and investment policy group. Prior to joining AEW in 1997, Mr. Furber served as managing director of Winthrop Financial Associates, a wholly-owned subsidiary of Apollo Advisors, and served as president of Winthrop Management. In these capacities, he was responsible for acquisitions, asset management and capital markets activity, including the sourcing of equity and mezzanine debt investments. In addition, Mr. Furber currently serves on the board of The Howard Hughes Corporation (NYSE: HHC). Mr. Furber holds a Bachelor of Arts degree from Dartmouth College and a Master of Business Administration degree from Harvard Business School. In light of his significant leadership, corporate governance, capital markets and real estate industry experience, the board of directors believes that it is in the best interests of our company and our stockholders for Mr. Furber to continue to serve as a director on the board of directors, subject to stockholder approval at the annual meeting.

- *Investment*

Larry T. Guillemette

Lead Independent Director

Committees:

- *Audit*

Mr. Guillemette served as chairman of the board of directors, chief executive officer and president of Amtrol Inc., a multi-national pressure vessel manufacturer (Amtrol), from 2006 to 2017. Mr. Guillemette also served as executive vice president and chief financial officer of Amtrol from 2000 to 2006 and as executive vice president of marketing and business development from 1998 to 2000. Prior to joining Amtrol, Mr. Guillemette served as chief executive officer and president of Balcrank Products, Inc., a manufacturer of lubrication equipment for the automotive service market and other industrial product lines from 1991 to 1998. From 1990 to 1991, he served as senior vice president and senior financial officer of The O Connor Group, a real estate investment, management and development firm. Prior to that, from 1986 to 1990, Mr. Guillemette served as a vice president for Hampton Partners/G.M. Cypres & Co., Inc., an investment banking partnership. From 1979 to 1986, Mr. Guillemette served in various management positions with units of the Henley Group and its predecessors, including Allied-Signal, The Signal Companies and Wheelabrator-Frye. Mr. Guillemette holds a Bachelor of Arts degree from Dartmouth College and a Master of Business Administration degree from the Tuck School of Business at Dartmouth. In light of his extensive leadership experience through his senior officer and director positions and his accounting and real estate experience, the board of directors believes that it is in the best interests of our company and our stockholders for Mr. Guillemette to continue to serve as a director on the board of directors, subject to stockholder approval at the annual meeting.

- *Compensation*

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Francis X. Jacoby III

Independent Director

Committees:

- *Audit*
- *Investment*

- *Nominating and Corporate Governance*

Since 2016, and from 1995 to 2001, Mr. Jacoby has served as executive vice president and chief financial officer of Leggat McCall Properties, LLC, a real estate development company. From 2013 to 2016, Mr. Jacoby served as an independent consultant providing real estate finance, development and disposition related services. From 2008 to 2013, he served as president of Kensington Investment Company, Inc., the wealth management office for a family that owns travel-related businesses and passenger ships and makes investments in real estate, private equity and venture capital. In addition, in 2012, Mr. Jacoby served as the chief financial officer of Grand Circle Corporation, an affiliate of Kensington Investment Company, Inc. From 2001 to 2008, Mr. Jacoby served as the senior vice president and chief financial officer for GID Investment Advisers LLC, a family wealth management office whose primary focus is developing, acquiring and managing apartment communities, suburban office properties and flex industrial business parks throughout the United States for its own account and for joint ventures with institutional investors. From 1983 to 1995, Mr. Jacoby held a variety of senior management positions in the acquisitions, asset management and finance departments of Winthrop Financial Associates, a real estate investment company which owned and managed multiple property types. Mr. Jacoby holds a Bachelor of Arts degree from Dartmouth College and a Master of Business Administration degree from Boston University. In light of his extensive investment and capital markets experience and his significant financial and real estate investment experience, including structuring, negotiating and closing complex transactions, the board of directors believes that it is in the best interests of our company and our stockholders for Mr. Jacoby to continue to serve as a director on the board of directors, subject to stockholder approval at the annual meeting.

Christopher P. Marr

Independent Director

Committees:

- *Audit*
- *Nominating and Corporate Governance (Chair)*

Mr. Marr has served as chief executive officer and member of the board of trustees of CubeSmart (NYSE: CUBE), a real estate company that acquires, owns, operates and develops self-storage facilities in the United States, since 2014 and as president of CubeSmart since 2008. Previously, he served as chief operating officer of CubeSmart from 2012 to 2014 and as chief financial officer from June 2006 to November 2008 and as treasurer from 2006 to 2012. From 2002 to 2006, Mr. Marr served as senior vice president and chief financial officer of Brandywine Realty Trust (NYSE: BDN), an office real estate investment trust. Prior to joining Brandywine Realty Trust, Mr. Marr served as chief financial officer of Storage USA, Inc., a publicly-traded self-storage real estate investment trust, from 1998 to 2002. Mr. Marr holds a Bachelor of Arts degree from Loyola University. In light of his public company leadership, financial reporting and operations experience as the executive officer of two publicly-traded real estate investment trusts, the board of directors believes that it is in the best interests of our company and our stockholders for Mr. Marr to continue to serve as a director on the board of directors, subject to stockholder approval at the annual meeting.

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Hans S. Weger

Independent Director

Committees:

- *Audit (Chair)*
- *Compensation*
- *Investment*

Mr. Weger served as chief financial officer of Focus Brands Inc., the franchisor and operator of restaurants and cafes in the United States, Puerto Rico and 63 foreign countries, from 2014 to 2016. From 2012 to 2014, Mr. Weger served as chief financial officer of Outrigger Enterprises Group, a privately-held leisure lodging and hospitality company. From 1998 to 2011, Mr. Weger served as chief financial officer, executive vice president and treasurer of LaSalle Hotel Properties (NYSE: LHO), a real estate investment trust focused on the acquisition, ownership, redevelopment and leasing of primarily upscale and luxury full-service hotels. In addition, Mr. Weger served as secretary of LaSalle Hotel Properties from 1999 to 2011. Mr. Weger was responsible for all of the company's financial, accounting, human resources and information technology activities. Prior to joining LaSalle Hotel Properties, Mr. Weger served as vice president and treasurer for La Quinta Inns, Inc. where he was responsible for all financing activities. From 1992 until 1997, Mr. Weger served in various management roles with Harrah's Entertainment, Inc. where he was responsible for strategic planning, mergers and acquisitions and project financing. Mr. Weger holds a Bachelor of Science degree from the University of Southern Mississippi and a Master of Business Administration degree from the University of Chicago. In light of his real estate and real estate financing knowledge and his financial reporting and operations experience as the chief financial officer of a publicly-traded real estate investment trust and a privately held company, the board of directors believes that it is in the best interests of our company and our stockholders for Mr. Weger to continue to serve as a director on the board of directors, subject to stockholder approval at the annual meeting.

Biographical Information Regarding Executive Officers Who Are Not Directors

The biographical descriptions below set forth certain information with respect to each of our executive officers other than Mr. Butcher, whose information appears above.

William R. Crooker

Executive Vice President, Chief Financial Officer and Treasurer

Mr. Crooker has served as our chief financial officer, executive vice president and treasurer since 2016. Previously, Mr. Crooker served as our chief accounting officer from 2011 to 2016 and senior vice president of capital markets from 2015 to 2016. Prior to the formation of our company, Mr. Crooker served as chief accounting officer for STAG Capital Partners, LLC from 2010 to 2011, where he was responsible for the company's accounting, tax, and financial reporting. From 2002 to 2010, Mr. Crooker worked for KPMG LLP in its real estate practice, focusing primarily on publicly-traded real estate investment trusts. He held various positions with KPMG LLP, including most recently as senior manager. Mr. Crooker is a certified public accountant and received his Bachelor of Science degree from Bentley University.

Age: 38

Stephen C. Mecke

Executive Vice President and Chief Operating Officer

Mr. Mecke has served as our chief operating officer and executive vice president since 2011. Prior to the formation of our company, Mr. Mecke served as chief investment officer for STAG Capital Partners, LLC and STAG Capital Partners III, LLC from 2004 to 2011, where he was responsible for all asset acquisition and asset management activities. Prior to joining our predecessor business, Mr. Mecke ran the acquisitions groups for MIPA, a private real estate fund that represented a large east coast endowment fund, from 2001 to 2004. Mr. Mecke also worked at Meditrust Corporation, a publicly-traded real estate investment trust, as vice president of acquisitions and various other positions from 1992 to 2000. Mr. Mecke holds a Bachelor of Arts degree from Hobart College and a Master of Business Administration degree from Northeastern University.

Age: 55

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Jeffrey M. Sullivan

*Executive Vice President,
General Counsel and Secretary*

Mr. Sullivan has served as our executive vice president, general counsel and secretary since 2015. From 2012 to 2014, Mr. Sullivan was a partner in the corporate group of Hunton & Williams LLP, and from 2005 to 2012, Mr. Sullivan was a partner in the finance group of DLA Piper LLP (US). Before joining DLA Piper LLP (US), Mr. Sullivan was an associate and then partner in the corporate transactions and securities group of Alston & Bird LLP from 1998 to 2005. While in private practice, Mr. Sullivan focused on securities law, mergers and acquisitions, corporate governance matters and general corporate law, primarily involving real estate investment trusts and other real estate companies, private equity funds and underwriters. Mr. Sullivan holds a Bachelor of Arts degree from University of North Carolina at Chapel Hill and a Juris Doctor degree from Vanderbilt University Law School.

Age: 49

David G. King

*Executive Vice President and
Director of Real Estate
Operations*

Mr. King has served as our executive vice president and director of real estate operations since 2011. Prior to the formation of our company, Mr. King served as a managing director for STAG Capital Partners, LLC and STAG Capital Partners III, LLC from 2005 to 2011, where he was responsible for portfolio management for the company. From 1997 to 2005, Mr. King worked for AMB Property Corporation, a publicly-traded real estate investment trust, as regional management officer, where he had primary responsibility for leasing, management, development, acquisition sourcing and dispositions of the firm's industrial and office portfolios in the Mid-Atlantic region and in various other positions. Mr. King holds a Bachelor of Arts degree from the University of Vermont and a Master of Public Administration degree from Indiana University.

Age: 50

Peter S. Fearey

*Executive Vice President and
Chief Technology Officer*

Mr. Fearey has served as our executive vice president and chief technology officer since 2016. From 2015 to 2016, Mr. Fearey served as our vice president and then senior vice president of information technology. From 2014 to 2015, Mr. Fearey was an independent contractor for the company, advising on and building custom business applications. From 2010 until 2014, Mr. Fearey served as director of technology and then director of innovation for Fay School, a private school in Massachusetts. From 2003 until 2010, Mr. Fearey worked for Intuit Inc., the maker of Quicken, TurboTax and QuickBooks, as an engineering manager and then as a business leader directing a team of sales, marketing and support professionals focused on Intuit's QuickBase product. From 1991 until 2003, Mr. Fearey worked in a variety of positions at different technology companies, including as a quality assurance manager at Apple Computer, Inc. Mr. Fearey holds a Bachelor of Science degree from Dartmouth College.

Age: 49

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BOARD OF DIRECTORS AND ITS COMMITTEES

Board of Directors

Our business is managed through the oversight and direction of the board of directors. A majority of the board of directors is independent, as determined by the board of directors, consistent with the rules of the NYSE. The one member of the board of directors who is not independent is our chief executive officer.

Board Meetings and Executive Sessions

Our directors stay informed about our business by attending meetings of the board of directors and its committees and through supplemental reports and communications. In 2017, the board of directors held five meetings and each director attended at least 75% of the aggregate of the board meetings and his or her respective committee meetings. The board of directors does not have a policy with respect to directors' attendance at annual meetings of stockholders. Nevertheless, all of our directors attended the 2017 annual meeting of stockholders.

As required by the NYSE rules, the independent directors of our board regularly meet in executive session, without the presence of management or non-independent directors. Generally, these executive sessions follow after each quarterly meeting. In 2017, the independent directors of the board and the audit, the compensation and the nominating and corporate governance committees met in executive session without management present at least four times at each quarterly meeting. Our lead independent director presides over such independent, non-management sessions of the board. Executive sessions of the audit, the compensation and the nominating and corporate governance committees are presided over by the respective chairperson of each committee.

Director Independence

Under the enhanced corporate governance standards of the NYSE, at least a majority of our directors, and all of the members of the audit committee, compensation committee and nominating and corporate governance committee, must meet the test of independence. The NYSE standards provide that, to qualify as an independent director, in addition to satisfying certain bright-line criteria, the board of directors must affirmatively determine that a director has no material relationship with us (either directly or as a partner, stockholder or officer of an organization that has a relationship with the company). The board of directors considered a relationship between an affiliate of the company and one of the directors and determined that the relationship does not affect the director's independence. The board of directors has affirmatively determined that each of Ms. Dille and Messrs. Colbert, Furber, Guillemette, Jacoby, Marr and Weger satisfies the bright-line independence criteria of the NYSE and that none has a relationship with us that would interfere with such person's ability to exercise independent judgment as a member of the board of directors. Therefore, we believe that all of these directors, who constitute a majority of the board of directors, are independent under the NYSE rules.

We have implemented procedures for interested parties, including stockholders, to communicate directly with our independent directors. We believe that providing a method for interested parties to communicate directly with our independent directors, rather than with the full board of

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directors, would provide a more confidential, candid and efficient method of relaying any interested party's concerns or comments. See Corporate Governance Principles and Board Matters Other Corporate Governance Matters Communication with the Board of Directors, Independent Directors and the Audit Committee.

Board Committees

The board of directors has established an investment committee, an audit committee, a compensation committee and a nominating and corporate governance committee and has adopted a written charter for each of these committees. Each of the audit committee, compensation committee and nominating and corporate governance committee is composed exclusively of independent directors, as required by and defined in the rules and listing qualifications of the NYSE and, with respect to the members of the audit committee, Rule 10A-3 promulgated pursuant to the Securities Exchange Act of 1934, as amended (the Exchange Act). Moreover, the compensation committee is composed exclusively of individuals intended to be, to the extent required by Rule 16b-3 of the

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Exchange Act, non-employee directors and will qualify as outside directors for purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended (the Code). The board of directors may from time to time establish other committees to facilitate the management of our company. Matters put to a vote at any one of our four committees must be approved by a majority of the directors on the committee who are present at a meeting at which there is a quorum or by unanimous written consent of the directors on that committee.

Director	Investment Committee	Audit Committee	Compensation Committee	Nominating and Corporate Governance Committee
Benjamin S. Butcher	Chair			
Virgis W. Colbert			ü	ü
Michelle Dilley				ü
Jeffrey D. Furber	ü		Chair	
Larry T. Guillemette		ü	ü	
Francis X. Jacoby III	ü	ü		ü
Christopher P. Marr		ü		Chair
Hans S. Weger	ü	Chair	ü	
Meetings Held in 2017	1	4	6	4

Investment Committee

The board of directors has established an investment committee, which is composed of four of our directors, at least three of whom must be independent directors. The investment committee's primary function is to review, evaluate and ultimately vote to approve all acquisitions or dispositions individually more than \$50 million and up to \$100 million and all development and redevelopment projects with an individual cost of more than \$10 million and up to \$100 million. Proposed acquisitions, dispositions and development or redevelopment projects individually in excess of \$100 million require approval by the board of directors. The board of directors, in its discretion, may change the investment committee's authority to approve acquisitions or dispositions from time to time, including the dollar thresholds.

The investment committee has adopted a written charter which outlines certain specified responsibilities of the investment committee. A copy of the investment committee charter is available under Corporate Governance in the Investor Relations section of our website at www.stagindustrial.com.

Audit Committee

The board of directors has established an audit committee, which is composed exclusively of independent directors. Each member of the audit committee qualifies as an audit committee financial expert, as that term is defined by the SEC, and is financially literate and able to read and understand fundamental financial statements. The audit committee assists the board in overseeing, among other things:

- our system of internal controls;

- our accounting and financial reporting processes;
- the integrity and audits of our consolidated financial statements;
- our compliance with legal and regulatory requirements;
- the qualifications and independence of our independent auditors; and
- the performance of our independent auditors and any internal auditors.

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The audit committee also is responsible for engaging independent public accountants, reviewing with the independent certified public accountants the plans and results of the audit engagement, approving professional services provided by the independent public accountants, reviewing the independence of the independent public accountants, considering the range of audit and non-audit fees and reviewing the adequacy of our internal accounting controls. The audit committee has the power to investigate any matter brought to its attention within the scope of its duties and to retain counsel for this purpose where appropriate.

The audit committee has adopted a written charter which outlines certain specified responsibilities of the audit committee and complies with the rules of the SEC and the NYSE. A copy of the audit committee charter is available under [Corporate Governance](#) in the [Investor Relations](#) section of our website at www.stagindustrial.com.

Compensation Committee

The board of directors has established a compensation committee, which is composed exclusively of independent directors. The principal functions of the compensation committee are to:

- evaluate the performance and compensation of our chief executive officer;

- review and approve the compensation and benefits of our executive officers and members of the board of directors;

- administer our 2011 Equity Incentive Plan, as amended (the [2011 Equity Incentive Plan](#)), as well as any other compensation, stock option, stock purchase, incentive or other benefit plans; and

- produce an annual report on executive compensation for inclusion in our proxy statement after reviewing our compensation discussion and analysis.

Our compensation committee is primarily responsible for establishing and implementing our compensation program and policies. To fulfill its responsibilities, the compensation committee may engage, oversee and provide appropriate funding for advisors and consultants to advise the committee on executive compensation matters.

The compensation committee has adopted a written charter which outlines certain specified responsibilities of the compensation committee and complies with the rules of the SEC and the NYSE. A copy of the compensation committee charter is available under [Corporate Governance](#) in the [Investor Relations](#) section of our website at www.stagindustrial.com.

Nominating and Corporate Governance Committee

The board of directors has established a nominating and corporate governance committee, which is composed exclusively of independent directors. The principal functions of the nominating and corporate governance committee include:

- seeking, considering and recommending to the full board of directors qualified candidates for election as directors;
- recommending a slate of nominees for election as directors at the annual meeting of stockholders;
- periodically preparing and submitting to the board for adoption the committee's selection criteria for director nominees;
- reviewing and making recommendations on matters involving general operation of the board and our corporate governance;
- annually recommending to the board nominees for each committee of the board; and

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- annually facilitating the assessment of the board of directors performance as a whole and of the individual directors and reports thereon to the board.

The nominating and corporate governance committee has adopted a written charter which outlines certain specified responsibilities of the nominating and corporate governance committee and complies with the rules of the SEC and the NYSE. A copy of the nominating and corporate governance committee charter is available under Corporate Governance in the Investor Relations section of our website at www.stagindustrial.com.

Compensation Committee Interlocks and Insider Participation

None of the members of the compensation committee is or has been employed by us. None of our executive officers currently serves, or in the past three years has served, as a member of the board of directors or compensation committee of another entity that has one or more executive officers serving on the board of directors or compensation committee. No member of the compensation committee has any other business relationship or affiliation with us other than his or her service as a director.

Board Compensation for 2017

In 2017, we paid an annual cash fee of \$50,000 to each of our non-management directors for services as a director, as well as an annual grant of equity with a value of approximately \$65,000 at the time of grant. We pay an additional annual cash fee of \$15,000 to the lead independent director, an additional annual cash fee of \$15,000 to the chair of the audit committee, an additional annual cash fee of \$10,000 to the chair of the compensation committee and an additional annual cash fee of \$7,500 to the chair of the nominating and corporate governance committee and any other committee of the board of directors. All members of the board of directors are reimbursed for their costs and expenses in attending our board meetings. Our directors have the option to receive fees in shares of common stock rather than in cash. The value of such shares of common stock is based on the 10-day average of the closing price of our common stock determined three days prior to the quarterly fee payment date. All of our independent directors elected to receive shares of our common stock in lieu of cash for payment of the fees payable to them in 2017. If a director is also one of our officers, we will not pay any compensation for services rendered as a director.

As mentioned above, we grant annual equity awards to our non-management directors, and in January 2017, each received an annual grant of 2,806 LTIP units. In addition, any non-management director who joins the board of directors in the future receives an initial grant of LTIP units upon the commencement of his or her service. The LTIP units granted annually vest on January 1 of the following year, subject to the recipient's continued service as a director. LTIP units can be converted to common units of our operating partnership, STAG Industrial Operating Partnership, L.P. (our operating partnership), on a one-for-one basis once a material equity transaction has occurred that results in the accretion of the member's capital account to the economic equivalent of the common unit.

The board of directors (or a duly formed committee thereof) may revise our non-management directors' compensation in its discretion.

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The following table summarizes the compensation that we paid to our non-management directors in 2017:

2017 Director Compensation Table

Name	Fees Earned(2)	Stock Awards(3)(4)	Total
Virgis W. Colbert	\$ 50,000	\$ 64,987	\$ 114,987
Michelle Dilley(1)	\$	\$	\$
Jeffrey D. Furber	\$ 60,000	\$ 64,987	\$ 124,987
Larry T. Guillemette	\$ 65,000	\$ 64,987	\$ 129,987
Francis X. Jacoby III	\$ 50,000	\$ 64,987	\$ 114,987
Christopher P. Marr	\$ 57,500	\$ 64,987	\$ 122,487
Hans S. Weger	\$ 65,000	\$ 64,987	\$ 129,987

(1) Ms. Dilley was appointed to the board of directors on March 12, 2018. As of March 12, 2018, Ms. Dilley held 3,930 unvested LTIP units.

(2) All of our independent directors elected to receive shares of our common stock in lieu of cash for payment of the fees payable to them for their service in 2017. The aggregate numbers of shares of common stock earned by the independent directors for their service in 2017 were as follows: Mr. Colbert, 1,865; Mr. Furber, 2,238; Mr. Guillemette, 2,424; Mr. Jacoby, 1,865; Mr. Marr, 2,144; and Mr. Weger, 2,424. These shares were issued based on the calculation previously disclosed in this proxy statement and are not indicative of the fair market value on the date the members received the shares.

(3) As of December 31, 2017, the aggregate number of unvested LTIP units held by each independent director was as follows: Mr. Colbert, 3,586; Mr. Furber, 3,482; Mr. Guillemette, 3,482; Mr. Jacoby, 3,482; Mr. Marr, 3,482; and Mr. Weger, 3,482. As of December 31, 2017, the aggregate number of LTIP units held by each independent director was as follows: Mr. Colbert, 13,098; Mr. Furber, 28,239; Mr. Guillemette, 28,239; Mr. Jacoby, 28,239; Mr. Marr, 20,829; and Mr. Weger, 28,239.

(4) Represents 2,806 LTIP units granted to each of Messrs. Colbert, Furber, Guillemette, Jacoby, Marr and Weger pursuant to the 2011 Equity Incentive Plan on January 6, 2017. The dollar value is computed in accordance with the Financial Accounting Standards Board's Accounting Standards Codification 718, *Compensation - Stock Compensation* (ASC Topic 718). See Note 7 to our consolidated financial statements included in our annual report on Form 10-K for the year ended December 31, 2017, for a discussion of our accounting of LTIP units and the assumptions used. The grant date fair value of each award was \$23.16 per LTIP unit.

Board Compensation for 2018

In 2017, the compensation committee engaged FPL Associates, L.P. (FPL) to evaluate the structure and competitiveness of our non-management director compensation and recommend changes, as appropriate. Based on this review, effective for 2018 and later, the compensation committee recommended and the board approved an increase in the annual grant of equity to non-management directors to a grant with a value of approximately \$90,000 at the time of grant. The other components of the non-management director compensation program remained unchanged. The annual equity grant had remained at \$65,000 for the prior four years (2014 to 2017).

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CORPORATE GOVERNANCE PRINCIPLES AND BOARD MATTERS

Snapshot of Corporate Governance Practices

The table below presents a snapshot of other corporate governance policies.

Annual election of directors	Yes
Majority voting standard for the election of directors	Yes
Regular executive sessions of independent directors	Yes
Annual board and committee self-evaluations, assisted by outside counsel	Yes
Code of business conduct and ethics for employees and directors	Yes
Stock ownership guidelines for executive officers	Yes
Stock ownership guidelines for directors	Yes
Anti-hedging and anti-pledging policies	Yes
No stockholder rights plan without stockholder approval or ratification	Yes

Corporate Governance Profile

We have structured our corporate governance in a manner we believe closely aligns our interests with those of our stockholders. Notable features of our corporate governance structure include the following:

- the board of directors is not staggered; instead, each of our directors is subject to re-election annually;
- we have a majority voting standard for the election of directors;
- all of the members of the board of directors, except for our chief executive officer, are independent of the company and management;
- all of the members of our audit committee qualify as an audit committee financial expert as defined by the SEC;

- we opted out of the control share acquisition statute and the business combination provisions in the Maryland General Corporation Law (MGCL) and we may not opt back in to these provisions without stockholder approval;
- we do not have a stockholder rights plan (i.e., poison pill) and do not intend to adopt a stockholder rights plan unless our stockholders approve in advance the adoption of a plan or, if the board of directors adopts a plan for our company, we submit the stockholder rights plan to our stockholders for a ratification vote within 12 months of adoption, without which the plan will terminate;
- the nominating and corporate governance committee evaluates annually the effectiveness of the board as a whole, each committee and each individual director, and the committee engages outside counsel to conduct individual interviews of the directors to assist the committee in its evaluations, which are designed, among other matters, to identify areas in which the board would be better served by adding new members with different skills, backgrounds or experience;
- we have stock ownership guidelines for our non-management members of our board of directors and our executive officers;

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- we have a lead independent director whose authority and responsibilities are described below under Board Leadership; and
- our insider trading policy prohibits our directors and all of our officers and other employees from engaging in any hedging transactions with respect to our securities, and from pledging our securities as collateral for a loan or otherwise using our securities to secure debt.

Board Leadership

The board of directors recognizes that one of its key responsibilities is to evaluate and determine its optimal leadership structure to provide independent oversight of management. The board understands that there is no single, generally accepted approach to providing board leadership and the right board leadership structure may vary as circumstances warrant. Consistent with this understanding, our independent directors consider the board's leadership structure on an annual basis.

The board of directors annually will elect a chairman of the board, who may or may not be the chief executive officer of our company. Since our formation in 2010, Mr. Butcher has served as our chairman of the board and chief executive officer. Mr. Butcher is involved in both our day-to-day operations and the strategic decision making at the board level. Based on its most recent review of our leadership structure and the needs of the company, the board continues to believe that having Mr. Butcher serving in these positions is optimal for us because it provides our company with strong, effective and consistent leadership.

If the chairman of the board and chief executive officer are the same person, our board of directors will annually elect a non-management and independent director to serve in a lead capacity to coordinate the activities of the other non-management and independent directors, and to perform any other duties and responsibilities that the board of directors may determine. Although annually elected, it is generally expected that he or she will serve for more than one year. Mr. Guillemette has served as our lead independent director since 2015. The responsibilities of the lead independent director include (i) serving as liaison between the chairman and the independent directors, (ii) reviewing the type of information sent to the board, (iii) reviewing, in consultation with the chairman and others, agendas and board meeting schedules to determine whether sufficient time is allocated to agenda items, and (iv) wielding the authority to call meetings of the independent directors.

In considering its leadership structure, the board has taken a number of factors into account. The board, which consists of a majority of independent directors, exercises a strong, independent oversight function. This oversight function is enhanced by the audit, compensation and nominating and corporate governance committees being comprised entirely of independent directors. A number of board and committee processes and procedures, including regular executive sessions of independent directors and a regular review of our executive officers performance, provide substantial independent oversight of our management's performance. Finally, under our bylaws and corporate governance guidelines, the board has the ability to change its structure, should that be deemed appropriate and in the best interest of our company and our stockholders. The board believes that these factors provide the appropriate balance between the authority of those who oversee our company and those who manage it on a day-to-day basis.

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The chairman of the board presides at all meetings of the stockholders and of the board as a whole. The chairman performs such other duties, and exercises such powers, as from time to time shall be prescribed in our bylaws or by the board of directors.

Our lead independent director presides at all meetings of our board of directors where the chairman is not present, including executive sessions of the independent directors.

Self-Evaluation and Nomination of Directors

The nominating and corporate governance committee evaluates annually the effectiveness of the board as a whole, of each of our committees and of each individual director. We also engage outside counsel to conduct one-on-one interviews of each director to assist the committee in its evaluations, which are designed, among other

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matters, to identify any areas in which the board would be better served by adding new members with different skills, backgrounds or areas of experience. We believe using outside counsel fosters candor, facilitates participation in the evaluation process and enables individual assessments of each director.

Before each annual meeting of stockholders, the nominating and corporate governance committee considers the nomination of all directors whose terms expire at the next annual meeting of stockholders and also considers new candidates whenever there is a vacancy on the board or whenever a vacancy is anticipated due to a change in the size or composition of the board, a retirement of a director or for any other reasons. In addition to considering incumbent directors, the nominating and corporate governance committee may identify director candidates based on recommendations from the directors and executive officers. In 2017, the committee engaged a search firm to help identify an eighth director and bring gender diversity to the board. The committee may in the future again engage the services of third-party search firms to assist in identifying or evaluating director candidates.

The board of directors considers director candidates based on a number of factors including:

- whether the board member will be independent, as such term is defined by the NYSE listing standards;
- whether the candidate possesses the highest personal and professional ethics, integrity and values;
- whether the candidate has demonstrated leadership ability, with broad experience, diverse perspectives, and the ability to exercise sound business judgment;
- whether the candidate has experience in areas important to the operations of our company;
- whether the candidate has an inquisitive and objective perspective, practical wisdom and mature judgment; and
- whether the candidate provides a diversity of viewpoints, background, experience and demographics as compared the current members of the board.

Candidates also are evaluated based on their understanding of our business and willingness to devote adequate time to carrying out their duties. The nominating and corporate governance committee monitors the mix of skills, experience and background to assure that the board has the necessary composition to effectively perform its oversight function. As noted above, diversity characteristics of a candidate are one of several

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factors considered by the committee when evaluating director candidates and were an important focus in the board's recent search for an eighth director. In general, a candidate will neither be included nor excluded from consideration solely based on his or her diversity traits. The nominating and corporate governance committee conducts regular reviews of current directors in light of the considerations described above and their past contributions to the board of directors. The board reviews the effectiveness of its director candidate nominating policies annually.

The nominating and corporate governance committee will consider appropriate nominees for directors whose names are submitted in writing by a stockholder of our company. Director candidates submitted by our stockholders will be evaluated by the nominating and corporate governance committee on the same basis as any other director candidates. We did not receive any nominations of directors by stockholders for the 2018 annual meeting.

Nominations must be addressed to STAG Industrial, Inc., One Federal Street, 23rd Floor, Boston, Massachusetts, 02110, Attention: Jeffrey M. Sullivan, Corporate Secretary, indicating the nominee's qualifications and other relevant biographical information and providing confirmation of the nominee's consent to serve as director, if elected. To be considered for the next annual election of directors, any such written request must comply with the requirements set forth in our bylaws and below under "Other Matters - Stockholder Proposals."

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Director Resignation Policy

In February 2018, the board of directors amended and restated our bylaws to implement a majority voting standard in uncontested election of directors, retaining the plurality standard for elections in which the number of director nominees exceeds the number of directors to be elected. Subject to the provisions of our charter related to preferred stock directors, pursuant to our bylaws, director nominees in uncontested elections of directors will be elected by the vote of a majority of the votes cast with respect to the director, which means that the number of votes cast for a director must exceed the number of votes cast against the director.

In connection with the adoption of the amended and restated bylaws, the board of directors also updated our corporate governance guidelines to require incumbent director nominees who fail to receive a majority of the votes cast to submit promptly a written offer to resign from the board of directors. The nominating and corporate governance committee will make a recommendation to the board of directors on whether to accept or reject the resignation. Taking into account the recommendation of the nominating and corporate governance committee, the board of directors will determine whether to accept or reject any such resignation within 90 days after the certification of the voting results, and we will report such decision in a current report on Form 8-K furnished to the SEC. A copy of our corporate governance guidelines is available under Corporate Governance in the Investor Relations section of our website at www.stagindustrial.com.

Role of the Board in Risk Oversight

One of the key functions of the board of directors is informed oversight of our risk management process. The board of directors administers this oversight function directly, with support from the audit committee, the compensation committee and the nominating and corporate governance committee, each of which addresses risks specific to their respective areas of oversight. In particular, the audit committee has the responsibility to consider and discuss our major financial risk exposures and the steps our management has taken to monitor and control these exposures, including guidelines and policies to govern the process by which risk assessment and management is undertaken. The audit committee also monitors compliance with legal and regulatory requirements, in addition to oversight of the performance of our internal audit function. The compensation committee assesses and monitors whether any of our compensation policies and programs has the potential to encourage excessive risk-taking. The nominating and corporate governance committee monitors the effectiveness of our corporate governance guidelines, including whether they are successful in preventing illegal or improper liability-creating conduct.

Stock Ownership Guidelines

We have adopted stock ownership guidelines that apply to all our executive officers. The stock ownership guidelines require that the chief executive officer and president own qualified securities equal to six times his or her annual base salary and the chief financial officer, chief operating officer and other executive officers own qualified securities equal to three times his or her annual base salary. Qualified securities include the company's common stock, preferred stock, common units and LTIP units, whether owned directly or indirectly. Newly appointed executive officers will have up to five years to comply with the stock ownership guidelines. All of our executive officers are in compliance with the stock ownership guidelines.

In addition, we have adopted stock ownership guidelines that apply to all non-management members of the board of directors. The stock ownership guidelines require that the non-management members own qualified securities equal to five times their annual cash retainer.

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Qualified securities include the company's common stock, preferred stock, common units and LTIP units, whether owned directly or indirectly. Newly appointed non-management members of the board of directors have up to five years to comply with the stock ownership guidelines. All of our non-management members of the board of directors are in compliance with our stock ownership guidelines.

Prohibition Against Hedging and Pledging

Our insider trading policy prohibits our officers, directors and employees and their respective family members from, among other prohibited activities, directly or indirectly engaging in short-term or speculative

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transactions in our securities or in other transactions in our securities that may lead to inadvertent violations of insider trading laws. The insider trading policy prohibits our officers, directors and employees and their respective family members from, among other prohibited activities, (i) directly or indirectly engaging in strategies using puts, calls, equity swaps or other derivative securities on an exchange or in any other market in order to hedge or offset any decreases in the market value of any directly or indirectly owned securities of the company; (ii) engaging in short sale transactions or forward sale transactions or any short-term or speculative transactions in our securities or in other transactions in our securities that may lead to inadvertent violations of insider trading laws; and (iii) pledging our securities as collateral for a loan or otherwise using our securities to secure a debt, including through the use of traditional margin accounts with a broker.

Other Corporate Governance Matters

Code of Business Conduct and Ethics and Corporate Governance Guidelines

We have adopted a code of business conduct and ethics and corporate governance guidelines that apply to all our executive officers, employees and each member of the board of directors. Within the time period required by the SEC, we will disclose on our website any amendment to the code of business conduct and ethics and any waiver applicable to any director, executive officer or senior financial officer of any provision of the code of business conduct and ethics that would otherwise be required to be disclosed under the rules of the SEC or NYSE.

Copies of the code of business conduct and ethics and corporate governance guidelines are available under Corporate Governance in the Investor Relations section of our website at www.stagindustrial.com. Copies of such documents are also available in print to any stockholder who requests them. Requests should be sent STAG Industrial, Inc., One Federal Street, 23rd Floor, Boston, Massachusetts, 02110, Attention: Jeffrey M. Sullivan, Corporate Secretary.

Related Party Transactions

The board of directors has adopted a policy for the review and approval of related person transactions requiring disclosure under Rule 404(a) of Regulation S-K. The policy provides that the nominating and corporate governance committee is responsible for reviewing and approving or disapproving all related party transactions, including any transaction, arrangement or relationship in which (i) the amount involved may be expected to exceed \$120,000 in any fiscal year, (ii) we will be a participant and (iii) a related person has a direct or indirect material interest. A related person is defined as an executive officer, director or nominee for election as director, or a greater than 5% beneficial owner of our common stock, or an immediate family member of the foregoing. See Certain Relationships and Related Party Transactions.

Conflicts of Interests

Our code of business conduct and ethics expressly prohibits the continuation of any conflict of interest by an employee, officer or director except under guidelines approved by the board of directors. Our policies provide that any transaction involving us in which any of our directors or officers has a material interest must be approved by a vote of a majority of our disinterested directors. Our code of business conduct and ethics requires any employee, officer or director to report any actual conflict of interest to our compliance officer, who will then seek guidance from

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the board of directors. In addition, our corporate governance guidelines require that each member of the board of directors consult the chairman of the board in advance of accepting an invitation to serve on another company's board should there be a possible conflict and notify the nominating and corporate governance committee in writing of the outcome. Because the facts and circumstances regarding potential conflicts are difficult to predict, the board of directors has not adopted a written policy for evaluating conflicts of interests. If a conflict of interest arises, the board will review, among other things, the facts and circumstances of the conflict, our applicable corporate governance policies, the effects of any potential waivers of those policies, applicable state law, and the NYSE continued listing rules and regulations, and will consider the advice of counsel before making any decisions regarding the conflict.

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Communication with the Board of Directors, Independent Directors and the Audit Committee

The board of directors may be contacted by any party via mail or e-mail at the addresses listed below:

Board of Directors

STAG Industrial, Inc.

One Federal Street, 23rd Floor

Boston, Massachusetts 02110

boardofdirectors@stagindustrial.com

We believe that providing a method for interested parties to communicate directly with our independent directors, rather than to the full board, would provide a more confidential, candid and efficient method of relaying any interested party's concerns or comments. The presiding director of independent executive sessions of directors is the lead independent director, and the lead independent director may be contacted by any party via mail or e-mail at the addresses listed below:

Lead Independent Director

STAG Industrial, Inc.

One Federal Street, 23rd Floor

Boston, Massachusetts 02110

leadindependentdirector@stagindustrial.com

The audit committee has adopted a process for anyone to send communications to the audit committee with concerns or complaints concerning our company's regulatory compliance, accounting, audit or internal controls issues. The audit committee may be contacted by any party via mail or e-mail at the addresses listed below:

Chairman

Audit Committee

STAG Industrial, Inc.

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One Federal Street, 23rd Floor

Boston, Massachusetts 02110

auditcommittee@stagindustrial.com

Alternatively, anyone may call our toll-free whistleblower hotline toll-free at (877) 472-2110. A copy of our whistleblower policy is available under [Corporate Governance](#) in the [Investor Relations](#) section of our website at www.stagindustrial.com.

Relevant communications are distributed to the board, or to any individual director or directors, as appropriate, depending on the facts and circumstances outlined in the communication. In that regard, the board of directors has requested that certain items that are unrelated to the duties and responsibilities of the board should be excluded or redirected, as appropriate, such as: business solicitations or advertisements; junk mail and mass mailings; resumes and other forms of job inquiries; spam; and surveys. In addition, material that is unduly hostile, threatening, potentially illegal or similarly unsuitable will be excluded; however, any communication that is excluded will be made available to any outside director upon request.

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EXECUTIVE OFFICER COMPENSATION DISCUSSION AND ANALYSIS

Introduction

The executive officers named in the Summary Compensation Table for 2017 are Benjamin S. Butcher, our chief executive officer, president and chairman of the board of directors; William R. Crooker, our executive vice president, chief financial officer and treasurer; Stephen C. Mecke, our executive vice president and chief operating officer; Jeffrey M. Sullivan, our executive vice president, general counsel and secretary; and David G. King, our executive vice president and director of real estate operations (collectively, the named executive officers). The compensation committee is responsible for establishing our executive officer compensation program. The program sets the structure and levels of executive officer compensation and establishes the performance-based metrics and individual goals against which the officers' performances are evaluated by the compensation committee. In establishing its executive compensation program, the compensation committee considered, among other things, analyses prepared by and the advice of FPL, an independent compensation consultant engaged by the compensation committee.

The principles underlying the key elements of our executive compensation program and factors relevant to an analysis of the compensation program are discussed below. The key elements are designed to be flexible and complementary and to serve, collectively, the objectives of our executive compensation program.

Below are certain features of our current executive compensation program, which reflect our commitment to a pay-for-performance compensation structure:

- A substantial majority of executive officer pay is tied to our performance and not guaranteed. The compensation committee sets clear goals for company performance and differentiates certain elements of compensation based on individual achievement.
- Two of the primary components of our executive compensation program are annual cash incentive bonuses and long-term equity awards, which consist of up to one half of grant date value in LTIP units subject to multi-year vesting and one half or more of grant date value in performance units.
- *Annual cash incentive bonuses* The annual cash incentive bonuses vary according to performance and are not guaranteed.
- *LTIP units* In the absence of stock price appreciation, LTIP units will not have value beyond distributions actually paid. Unlike common stock, LTIP units lack an immediate liquidation value upon grant.

- *Performance units* The ultimate value of the performance units depends on our TSR (as defined below) over a three-year period compared to both relative return (TSR vs. three benchmarks) and, as a condition for higher levels of value, an absolute return. The performance units are intended as an additional long-term incentive designed to align the executive officers' interests more closely with those of the stockholders.
- Our heavy reliance on corporate performance as a performance metric reflects the committee's belief that the company should require a uniform commitment to corporate success from all of its senior officers, irrespective of their office. A relatively small portion of pay is not dependent on company performance. Annual base salaries for our executive officers are intended to be 25% or less of total compensation.
- The ability to measure the company's performance against sensible standards is essential, and the committee considers the comparison of the company's total stockholder return, defined as common stock price appreciation plus dividends, assuming reinvestment of dividends into additional shares of common stock (TSR), to the TSR of our peers to be the best indicator of performance.

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- We measure performance against multiple indices to avoid the risk of poor correlation of performance and reward that is inherent in reliance on a single peer index.

Below are additional features of our current executive compensation practices – both the practices we believe drive performance and the practices we have not implemented because we do not believe they would serve the stockholders’ long-term interests:

What We Do

We tie pay to performance by linking a meaningful portion of total compensation to the achievement of short- and long-term financial goals (primarily through relative TSR).

We mitigate undue risk, including utilizing retention provisions, multiple performance targets, and robust board and management processes to identify risk.

The 2011 Equity Incentive Plan generally requires a minimum vesting period for stock options and stock appreciation rights.

We have reasonable post-employment and change of control provisions. Our employment agreements with the named executive officers generally provide for cash payments after a change of control only if an employee is also terminated within one year of the change of control (a double-trigger).

We provide only modest perquisites that have a sound benefit to our business.

The compensation committee benefits from its utilization of an independent compensation consulting firm. The reports prepared by the compensation

What We Don’t Do

We do not guarantee annual base salary increases. We do not guarantee bonuses of a minimum specific dollar amount. We do not provide uncapped bonuses.

We do not believe the executive compensation program creates risks that are reasonably likely to pose a material adverse impact to our company.

The 2011 Equity Incentive Plan prohibits recycling of stock options and stock appreciation rights.

We do not reprice underwater stock options.

Our employment agreements with the executive officers do not include tax gross-up provisions with respect to payments contingent upon a change of control.

The named executive officers do not receive dividends on unearned performance awards.

We do not have pension plans.

consulting firm are used by the compensation committee to set executive compensation at levels that are competitive with our peers.

The independent compensation consulting firm did not provide any other services to us.

We adopted stock ownership guidelines for executive officers and directors.

Our insider trading policy prohibits hedging and pledging of our common stock by executive officers and directors.

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Executive Compensation Program Goals and Objectives

The compensation committee's overarching goal is to attract and maintain an excellent executive management team that enhances stockholder value over the long term. The executive compensation program is, therefore, designed to provide substantial incentives to focus executive management's efforts accordingly. The compensation program also is designed to encourage and reward executives who contribute to TSR by successfully executing the company's business strategy, providing thoughtful and creative stewardship and exhibiting outstanding performance. Specific objectives of the compensation program are to:

- align the interests of executive officers with the interests of stockholders;
- encourage and maintain a performance-driven company culture;
- provide the compensation committee with the flexibility and discretion to reflect appropriately both individual circumstances and variable business conditions; and
- attract and retain talented and experienced officers.

Consistent with these objectives, executive compensation is heavily weighted toward (i) TSR-based metrics for bonuses and (ii) long term equity incentives. We believe that the executive compensation program supports these objectives by providing the named executive officers with a multi-faceted compensation package, comprising a base salary, the opportunity to earn an annual cash bonus and awards under the 2011 Equity Incentive Plan.

The graph below illustrates our long-term pay-for-performance alignment by comparing our chief executive officer's total direct compensation to our TSR (indexed to a base date of December 31, 2012) for the past five years.

The compensation reported in this graph differs from compensation reported in the summary compensation table. The graph above aligns the value of equity incentive awards with the performance year for which they were earned, rather than the year in which they were granted. For example, compensation earned in any given year includes the

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fair value, as of the vesting date, of LTIP units that vested during the year, rather than the fair value, as of the grant date, of LTIP units granted in the year. As another example, compensation in 2014 includes the fair value of the LTIP units issued in satisfaction of the outperformance plan interests granted in 2011.

How We Determine Executive Compensation

The compensation committee determines compensation for the named executive officers and currently has four independent directors, Messrs. Colbert, Furber, Guillemette and Weger. The compensation committee exercises independent discretion with respect to executive compensation matters and administers our equity incentive programs, including reviewing and approving equity grants to the named executive officers pursuant to the 2011 Equity Incentive Plan. The compensation committee operates under a written charter adopted by the board of directors, a copy of which is available on our website at www.stagindustrial.com. The information located on, or accessible from, our website is not, and should not be deemed to be, part of this proxy statement or incorporated into any other filing that we submit to the SEC.

The initial compensation arrangements with the named executive officers were determined in negotiations with each individual executive officer and were formalized in the executive officers' employment agreements, as described below in Potential Payments Upon Termination or Change in Control Employment Agreements. In making compensation decisions for 2017, the compensation committee evaluated the performance of our chief executive officer and, together with our chief executive officer, assessed the individual performance of the other named executive officers. The compensation committee also reviewed market-based compensation data provided by FPL and from data publicly available from other sources such as the National Association of Real Estate Investment Trusts.

Compensation Committee Consideration of the 2017 Vote on Executive Compensation

In determining our executive compensation program for the remainder of 2017 and 2018, the compensation committee generally considered the results of the 2017 advisory vote of our stockholders on executive compensation presented in our 2017 proxy statement. The compensation committee noted that approximately 94% of the votes cast approved the compensation of the named executive officers in our 2017 proxy statement. The compensation committee considered these voting results as supportive of the committee's general executive compensation practices.

Engagement of Compensation Consultant

The compensation committee is authorized to retain the services of one or more executive compensation consultants, in its discretion, to assist with the establishment and review of our compensation programs and related policies. The compensation committee has sole authority to hire, terminate and set the terms of any future engagement of FPL or any other compensation consultant.

For compensation advice in 2017, the compensation committee engaged FPL, an independent compensation consulting firm, to provide market-based compensation data to assist the committee in the implementation of our comprehensive executive compensation program. In connection with these efforts, FPL prepared for the compensation committee reports that included compensation analyses for each executive

position, an analysis of a recommended peer group for the company and a description of the methodology used to provide the compensation analyses. FPL researched competitive market practices, reviewed the proxy statements of its recommended peer group and checked its own proprietary information data bases. The compensation committee reviewed the peer group compensation analyses and methodology provided to the company and it approved the 2017 executive compensation program.

Peer Groups

Our focus on single tenant industrial properties that represent relative value is uncommon, making the identification of directly comparable companies difficult. For 2017, FPL recommended 15 publicly-traded real estate investment trusts with diverse investment focuses and with implied equity market capitalizations roughly

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comparable (approximately 50% to 200%) to our equity market capitalization (the size-based peer group). The companies in the size-based peer group are listed below:

CoreSite Realty Corporation	Pennsylvania Real Estate Investment Trust
DCT Industrial Trust, Inc.	Physicians Realty Trust
EastGroup Properties, Inc.	PS Business Parks, Inc.
Education Realty Trust, Inc.	QTS Realty Trust, Inc.
First Industrial Realty Trust, Inc.	Ramco-Gershenson Properties Trust
Gramercy Property Trust	STORE Capital Corporation
Hersha Hospitality Trust	Xenia Hotels & Resorts, Inc.
Lexington Realty Trust	

For 2017 annual cash bonuses, the compensation committee also used a group of 11 companies that primarily own industrial and/or single-tenant real estate (the industry peer group). The companies in the industry peer group are listed below:

DCT Industrial Trust, Inc.	Liberty Property Trust
Duke Realty Corporation	Monmouth Real Estate Investment Corporation
EastGroup Properties, Inc.	PS Business Parks, Inc.
First Industrial Realty Trust, Inc.	STORE Capital Corporation
Gramercy Property Trust	Terreno Realty Corporation
Lexington Realty Trust	

Company Accomplishments

Below are certain of our achievements for 2017:

- achieved TSR of 20.7% for the year ended December 31, 2017, which significantly exceeded the 5.1% return of the MSCI US REIT index;
- acquired 53 buildings with approximately 11.1 million square feet for approximately \$613 million, representing approximately 23.1% growth of our total assets on a real estate cost basis from year-end 2016;
- achieved an occupancy rate of approximately 95.3% at year-end 2017;
- achieved a retention rate of approximately 59.1% for leases expiring in 2017;

- achieved, as of December 31, 2017, a ratio of net debt to total real estate cost basis of approximately 37.4% and a ratio of total long-term indebtedness to total enterprise value of approximately 28.9%;
- raised gross equity capital of approximately \$427.5 million through our at-the-market common stock offering programs;
- maintained an investment grade rating from a nationally recognized statistical rating agency;
- paid a monthly dividend at an annualized rate of \$1.405002 per share, which represents a dividend yield of approximately 5.1% based on the year-end closing stock price of \$27.33; and
- for 2017 compared to 2016, increased our funds from operations attributable to common stockholders and unit holders by approximately 48.4% and our net operating income by approximately 21.0%.

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For purposes of the above, we define:

- net debt as our total long-term indebtedness outstanding less cash and cash equivalents on hand;
- long-term indebtedness as the principal outstanding on our unsecured credit facility, unsecured term loans, unsecured notes and mortgage notes;
- real estate cost basis as the book value of rental property and deferred leasing intangibles, exclusive of the related accumulated depreciation and amortization; and
- enterprise value as the market value of our common stock and operating partnership units (including LTIP units) outstanding (based on the period-end closing price on the NYSE) plus the liquidation value of our preferred stock and amounts outstanding on our long-term indebtedness.

Funds from operations and net operating income meet the definition of non-GAAP financial measures as set forth in Item 10(e) of Regulation S-K promulgated by the SEC. Please refer to [Appendix A](#) attached hereto for an explanation of why our management considers these measures, the historical amounts of these two measures and a reconciliation of the measures to the nearest measure under generally accepted accounting principles.

Key Elements of Executive Compensation

The following table summarizes the key elements of our executive compensation program for the named executive officers and each element's program objectives, including annual cash compensation and equity awards. A more detailed discussion of each element of our executive compensation program follows this table.

Element	Description	Objectives
Annual Cash Compensation		
Annual Base Salary	Fixed cash compensation. Reviewed and adjusted periodically. Salaries should generally constitute no more than 25% of total annual compensation. Salaries plus cash incentive bonuses are targeted at the 50th percentile of the cash compensation for similar officer positions in the compensation peer group,	<ul style="list-style-type: none"> • Attract and retain executives • Provide steady source of income sufficient to permit executives to focus effectively on their professional responsibilities

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Annual Cash Incentive Compensation Program	<p>before adjustment of the bonus for company under- or over-performance based on TSR.</p> <p>At risk variable cash compensation based on the company's TSR.</p>	<ul style="list-style-type: none"> • Help ensure that total cash compensation is competitive but not in excess of market • Encourage executives to achieve annual company and individual performance goals • Align executives' interests with the stockholders' interests
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Equity Incentive Compensation Program

LTIP Units	<p>Awards vest in equal installments over multi-year periods, subject to continued service. Value of the award is at risk as (i), in the absence of sufficient stock price appreciation, the award may never have any liquidation value, and (ii) the value fluctuates with the company's common stock price. LTIP unit awards should generally constitute approximately one half or less of total annual equity incentive compensation.</p>	<ul style="list-style-type: none"> • Promote long-term equity ownership by executives • Encourage the retention of our executives • Align executives' interests with the stockholders' interests
Performance Units	<p>At risk variable equity compensation based on company performance over three-year performance period. Awards are paid in common stock. Performance units should generally constitute approximately one half or more of total annual equity incentive compensation.</p>	<ul style="list-style-type: none"> • Encourage executives to achieve long-term company performance goals • Align executives' interests with the stockholders' interests • Attract and retain executives

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Annual Base Salary

Annual base salary provides a minimum level of compensation commensurate with an experienced and motivated individual of the appropriate caliber and background to perform an executive officer's job. It should be benchmarked to current market rates to ensure that we are able to attract new executive officers, if necessary. Base salary levels are intended to provide a steady source of income sufficient to permit these officers to focus effectively on their professional responsibilities. Base salaries of the named executive officers are reviewed and may be adjusted periodically by the compensation committee. No formulaic base salary increases are provided to the named executive officers. The compensation committee has determined that executive officers' salaries should generally constitute no more than 25% of total annual compensation. The compensation committee did not increase base salaries from 2016 to 2017. For 2018, the committee increased the base salaries for Messrs. Butcher, Crooker and Mecke, respectively, to \$650,000; \$360,000; and \$375,000. After the increase, the 2018 base salaries for these three individuals range from approximately 10% below to approximately 5% above the 2017 median base salaries for officers in the same positions at our peers, according to information compiled by FPL. No changes were made to the base salaries of the other named executive officers.

Annual Cash Incentive Compensation Program

The annual cash incentive compensation program is intended to compensate the named executive officers for achieving annual financial goals. The compensation committee believes that incentive cash compensation is central to the attainment of the executive compensation program's objectives. Annual cash incentive bonuses encourage the named executive officers to achieve company performance goals, which fosters a performance-driven company culture that aligns the executives' interests with the stockholders' interests. As described below, the compensation committee's (and the chief executive officer's with respect to the other named executive officers) determination of the 2017 annual cash incentive compensation program was guided by the company's TSR.

The compensation committee set the target total cash compensation (annual base salary and annual cash incentive bonus) for each executive officer at the 50th percentile for the cash compensation for the same or equivalent position for the companies in our size-based peer group. The compensation committee then determined the annual cash incentive bonuses would be based entirely on company performance (as described in more detail below). The compensation committee believes its focus on company performance metrics helps to closely identify the named executive officers' interests with our stockholders' interests. The 50th percentile target and the specified performance metrics were not a guarantee of a minimum bonus or a threshold for granting bonuses. The compensation committee, at its discretion and after taking into consideration changing business conditions, the performance of individual executive officers and other factors, can award higher or lower amounts.

Company Performance Total Stockholder Return

In developing the annual cash incentive compensation program, the compensation committee focused on TSR, which the compensation committee believes is the best measurement to align management's interests with our stockholders as it is more reflective of our company's and, by extension, the executive officers' performance.

The compensation committee determined that our TSR performance should be measured in relation to the size-based peer group, the MSCI US REIT index and the industry peer group, which comparisons would provide discrete, rational and measurable benchmarks for comparison of our performance. Our initial TSR percentile is calculated by comparing our TSR for the year to the TSR for each of the size-based peer group, the MSCI US REIT index and the industry peer group for the year and then averaging those percentile rankings.

For example, if our TSR ranks in the 50th percentile of the size-based peer group, the 60th percentile of the MSCI US REIT index and the 70th percentile of the industry peer group, then our initial TSR percentile for purposes of the cash bonus awards would be the 60th percentile. That initial TSR percentile is then adjusted according to a muting methodology. For performance above or below the 50th percentile, the initial TSR percentile is adjusted at half the variation from the 50th percentile to determine the final compensation percentile. For example, if company performance results in an initial TSR percentile set at the 60th percentile, the final compensation percentile for the purpose of calculating the cash bonus award would be set at the 55th percentile (the +10% performance would result in a +5% award) of the size-based peer group.

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For 2017, we generated a TSR of 20.7% resulting in a percentile rank in the size-based peer group of 76%, the MSCI US REIT index of 86% (using as comparison only those companies that were in the MSCI US REIT index at both the beginning and end of 2017), and the industry peer group of 76%, resulting in an initial TSR percentile rank of 79%. The ranks were calculated based on a normal, or *z*, distribution. After applying the muting methodology described above, the final compensation percentile for 2017 was 65%. Therefore, the compensation committee determined that each named executive officer should receive annual cash incentive bonus award at the 65th percentile of the size-based peers.

For fiscal 2018 bonuses, the compensation committee anticipates continuing the muting methodology but to a lesser degree. The committee anticipates that the initial TSR percentile will be muted by averaging to the nearest 25th percentile (that is, the 25th percentile, the 50th percentile or the 75th percentile, as applicable) instead of only to the 50th percentile. For example, performance at the 95th percentile will be muted down by half the variation from the 75th percentile to determine the final compensation percentile. As another example, performance at the 5th percentile will be muted up by half the variation from the 25th percentile.

Calculation of the Bonus Awards

Based on our actual performance in 2017 with respect to the specified performance metrics, the compensation committee approved annual cash bonuses for the named executive officers for 2017 in the following amounts:

Executive	2017 Year- End Base Salary	2017 Total Cash Compensation of Size-Based Peer Group				Muted Percentile	Target Total Cash Compensation at Total Muted Percentile	2017 Cash Bonus Award
		25th Percentile	50th Percentile	75th Percentile				
Benjamin S. Butcher	\$ 525,000	\$ 1,210,000	\$ 1,690,000	\$ 1,924,000	65	\$ 1,826,032	\$ 1,301,032	
William R. Crooker	\$ 300,000	\$ 744,000	\$ 863,000	\$ 952,000	65	\$ 914,739	\$ 614,739	
Stephen C. Mecke	\$ 309,000	\$ 700,000	\$ 710,000	\$ 823,000	65	\$ 775,691	\$ 466,691	
Jeffrey M. Sullivan	\$ 300,000	\$ 679,000	\$ 748,000	\$ 765,000	65	\$ 757,883	\$ 457,883	
David G. King	\$ 300,000	\$ 529,000	\$ 645,000	\$ 742,500	65	\$ 701,680	\$ 401,680	

Equity Incentive Compensation Program

The goals of our long-term, equity-based awards are to incentivize and reward increases in long-term stockholder value and to align the interests of the named executive officers with the interests of our stockholders. Because vesting is based on continued employment, our equity-based incentives also encourage the retention of the named executive officers through the award vesting period. The compensation committee considers this alignment of vital importance and, as a result, long-term, equity-based awards will generally constitute roughly 50% of total annual compensation, subject to adjustment in the discretion of the compensation committee. For 2017, the compensation committee

determined that annual equity awards should consist of approximately one half of grant date value in LTIP units (subject to multi-year vesting) and one half in performance units (with a multi-year measuring period). The committee expects that equity awards for years after 2017 will be allocated more heavily toward performance units, and equity incentive grants made in January 2018 for fiscal year 2018 were allocated approximately 60% to 65% to performance units.

LTIP Units

The compensation committee has made and may make certain awards to the named executive officers in the form of LTIP units. LTIP units are a separate series of units of limited partnership interests in our operating partnership. LTIP units, granted either as free-standing awards or in tandem with other awards under the 2011 Equity Incentive Plan, will be valued by reference to the value of shares of our common stock, and will be subject to such conditions and restrictions as the compensation committee may determine, including continued employment or service, computation of financial metrics and/or achievement of pre-established performance goals and objectives. If applicable conditions and/or restrictions are not attained, participants will forfeit their LTIP units. Unless

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otherwise provided, LTIP unit awards, whether vested or unvested, will entitle the participant to receive current distributions from our operating partnership equivalent to the dividends that would be payable with respect to the number of shares of our common stock underlying the LTIP unit award.

While the compensation committee has the ability to grant various equity formulations to the executive officers under the 2011 Equity Incentive Plan, to date the compensation committee has deemed LTIP unit awards to be an effective means to ensure alignment of the executives' interests with those of the stockholders. LTIP units are structured as profits interests for U.S. federal income tax purposes, and we do not expect the grant, vesting or conversion of LTIP units to produce a tax deduction for us based on current U.S. federal income tax law. The key feature of LTIP units is that, at the time of award, LTIP units, as profits interests, initially will not have full parity on a per unit basis, with our operating partnership's common units with respect to liquidating distributions. Upon the occurrence of specified events, LTIP units can over time achieve full parity with common units and therefore accrete to an economic value for the participant equivalent to common units. If such parity is achieved, LTIP units may be converted, subject to the satisfaction of applicable vesting conditions, on a one-for-one basis into common units, which in turn are redeemable by the holder for shares of common stock on a one-for-one basis or for the cash value of such shares, at the company's election. However, there are circumstances under which LTIP units will not achieve parity with common units, and until such parity is reached, the value that a participant could realize for a given number of LTIP units will be less than the value of an equal number of shares of common stock and may be zero. The compensation committee believes that this characteristic of the LTIP units, that they achieve real value only if our share value appreciates, links the executives' compensation to our performance. Under the 2011 Equity Incentive Plan, each LTIP unit awarded will be equivalent to an award of one share of common stock reserved under the 2011 Equity Incentive Plan, thereby reducing the number of shares of common stock available for other equity awards on a one-for-one basis.

The compensation committee believes that using LTIP units for equity-based awards (i) links the executives' compensation to the performance of the company, (ii) serves our objectives by increasing the after-tax value of a given equity grant and, therefore, enhances our equity-based compensation package for executives as a whole, (iii) advances the separate goal of promoting long-term equity ownership by executives, (iv) has no worse effect on dilution as compared to using restricted stock, (v) does not increase our recorded expense on account of equity-based compensation awards, (vi) further aligns the interests of executives with the interests of stockholders and (vii) because LTIP units are offered by many of our peers, it enables us to remain competitive with our peers in recruiting and retaining talented executives.

In January 2017, the compensation committee approved equity awards for fiscal year 2017 in dollar values, with the number of shares/units granted calculated by dividing the dollar value of the approved awards by the closing market price on the NYSE of a share of our common stock on the effective date of grant, after adjustment of the closing price by a discount or premium determined by a third-party valuation of the LTIP units. In determining the size of the long-term equity incentives awarded to the named executive officers for 2017 service, the compensation committee considered, among other things, the role and responsibilities of the individual, competitive factors and individual performance history. These awards were intended to enable our executive officers to establish a meaningful equity stake in our company that would vest over a period of years based on continued service. We believe that these awards enable us to deliver competitive compensation value to the executive officers at levels sufficient to attract and retain top talent within our executive officer ranks.

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The following table sets forth the number and value of the LTIP unit awards to the named executive officers granted in January 2017 for 2017 compensation. The LTIP unit awards were issued on January 6, 2017, based on the full grant date fair value determined in accordance with ASC Topic 718. See Note 7 to our consolidated financial statements included in our annual report on Form 10-K for the year ended December 31, 2017, for a discussion of our accounting of LTIP units.

Executive	Date of Grant	Number of LTIP Units Issued	Value of LTIP Unit Award
Benjamin S. Butcher	January 6, 2017	39,669	\$ 918,734
William R. Crooker	January 6, 2017	12,953	\$ 299,991
Stephen C. Mecke	January 6, 2017	13,341	\$ 308,978
Jeffrey M. Sullivan	January 6, 2017	12,953	\$ 299,991
David G. King	January 6, 2017	12,953	\$ 299,991

The 2017 LTIP unit awards vest over four years in equal installments on a quarterly basis beginning on March 31, 2017, subject to continued service as an employee and, as applicable, director.

In January 2018, the compensation committee approved the grant of an aggregate of 92,449 LTIP units to the named executive officers for 2018 compensation. The grants were made on January 5, 2018. These LTIP unit awards vest over four years in equal installments on a quarterly basis beginning on March 31, 2018, subject to continued service as an employee and, as applicable, director. The 2018 grants of LTIP units will be reflected in the Summary Compensation Table and 2018 Grants of Plan Based Awards table in our proxy statement for the 2019 annual meeting of stockholders.

Performance Units

The compensation committee grants performance units to the named executive officers as an additional long-term incentive award designed to align the executive officers' interests more closely with those of the stockholders. The ultimate value of the performance units depends on our TSR over a three-year period commencing January 1, 2017. The award measures both relative return (TSR vs. three benchmarks) and, as a condition for higher levels of value, an absolute return.

At the end of the three-year measuring period, the performance units convert into shares of common stock at a rate depending on our TSR over the measuring period as compared to three different benchmarks and on the absolute amount of our TSR. A recipient of performance units may receive as few as zero shares or as many as 250% of the number of target units, plus deemed dividends on earned shares. That is, at the end of the measuring period, a recipient of 10,000 performance units may receive no value (no shares of common stock and no dividends) or receive as much as 25,000 shares of common stock plus dividends on earned shares (as if the dividends were paid and reinvested into additional shares of common stock during the measuring period).

The target amount of the performance units is nominally allocated:

- 25% to our TSR compared to the TSR of an industry peer group;
- 25% to our TSR compared to the TSR of a size-based peer group; and
- 50% to our TSR compared to the TSR of the companies in the MSCI US REIT index.

The potential of the portion of the award allocated to the industry and compensation peer group comparison ranges from 0% to 200% of the allocated target amount. The potential of the portion of the award allocated to the MSCI US REIT index group comparison ranges from 0% to 300% of the allocated target amount, except that the portion of the award attributable to performance against the MSCI US REIT index group may not exceed 100% of the allocated target unless we achieve a minimum absolute TSR of 25% over the measuring period.

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The table below indicates the potential levels of awards within the industry peer group, the compensation peer group and the MSCI US REIT index group benchmarks. Awards for performance between the indicated percentile rankings (e.g., between the 30th percentile and the 50th percentile) are determined by interpolating between the earned amounts (e.g., between 50% earned and 100% earned).

Percentile Ranking within Applicable Benchmark (Based on TSR)

Benchmark	Below 30th Percentile	30th Percentile	50th Percentile	75th Percentile	95th Percentile
Industry Peer Group (Allocated 25% of the Target Amount)	0% earned	50% earned	100% earned	200% earned	[No increase for performance beyond 75%.]
Compensation Peer Group (Allocated 25% of the Target Amount)	0% earned	50% earned	100% earned	200% earned	[No increase for performance beyond 75%.]
MSCI US REIT Index Group (Allocated 50% of the Target Amount)	0% earned	50% earned	100% earned [Awards above 100% for this benchmark require us to achieve a minimum absolute TSR of 25%.]	200% earned	300% earned

No dividends are paid to the recipient during the measuring period. At the end of the measuring period, if our TSR is such that the recipient earns shares of common stock (Award Shares), the recipient will receive additional common stock relating to dividends deemed to have been paid on the Award Shares. The additional shares are equal to the number of shares that the recipient would have acquired if the recipient held the Award Shares at the beginning of the measuring period and re-invested all dividends paid on the Award Shares over the measuring period into common stock on the dividend payment dates. In the discretion of the compensation committee, we may pay the cash value of the deemed dividends instead of issuing additional shares.

The number of Award Shares is determined at the end of the measuring period. One half of the Award Shares will be immediately and fully vested and transferable. The other half of the Award Shares will be restricted (subject to forfeiture) and vest one year after the end of the measuring period. Any dividend shares will be immediately and fully vested and transferable.

For purposes of the performance units awarded in 2017, the industry peer group consisted of: (i) DCT Industrial Trust Inc., (ii) Duke Realty Corporation, (iii) EastGroup Properties, Inc., (iv) First Industrial Realty Trust, Inc., (v) Gramercy Property Trust, (vi) Lexington Realty Trust, (vii) Liberty Property Trust, (viii) Monmouth Real Estate Investment Corp., (ix) PS Business Parks, Inc., (x) STORE Capital Corporation and (xi) Terreno Realty Corporation.

Excluding companies that were merged into or acquired by other companies in 2017, the compensation peer group consisted of (i) CoreSite Realty Corporation, (ii) DCT Industrial Trust Inc., (iii) EastGroup Properties, Inc., (iv) Education Realty Trust, Inc., (v) First Industrial Realty Trust, Inc., (vi) Hersha Hospitality Trust, (vii) Lexington Realty Trust, (viii) Pennsylvania Real Estate Investment Trust, (ix) Physicians Realty Trust, (x) PS Business Parks, Inc., (xi) QTS Realty Trust, Inc., (xii) Ramco-Gershenson Properties Trust, and (xiii) Ryman Hospitality Properties, Inc.

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The following table sets forth the number and value of the performance unit awards to the named executive officers granted in January 2017 for 2017 compensation. The performance unit awards were issued on January 6, 2017, based on the full grant date fair value determined in accordance with ASC Topic 718. See Note 8 to our consolidated financial statements included in our annual report on Form 10-K for the year ended December 31, 2017, for a discussion of our accounting of performance units.

Executive	Date of Grant	Target Number of Performance Units Issued	Value of Performance Unit Award (at target amounts)
Benjamin S. Butcher	January 6, 2017	29,442	\$ 854,955
William R. Crooker	January 6, 2017	9,963	\$ 289,312
Stephen C. Mecke	January 6, 2017	9,887	\$ 287,105
Jeffrey M. Sullivan	January 6, 2017	9,624	\$ 279,468
David G. King	January 6, 2017	9,665	\$ 280,658

In January 2018, the compensation committee approved the grant of an aggregate target of 141,599 performance units to the named executive officers for 2018 compensation. The 2018 grants of performance units will be reflected in the Summary Compensation Table and 2018 Grants of Plan Based Awards table in our proxy statement for the 2019 annual meeting of stockholders. The peer groups for the performance units awarded in 2018, while having substantial overlap with the peer groups for the 2017 awards, were different.

Employee Benefits

Our full-time employees, including the named executive officers, are eligible to participate in health and welfare benefit plans, which provide medical, dental, prescription, life insurance, disability insurance and related benefits.

Additional Compensation Components

In the future, as we further formulate and implement our compensation program, we may provide different and/or additional compensation components, benefits and/or perquisites to the named executive officers, to ensure that we provide a balanced and comprehensive compensation structure. We believe that it is important to maintain flexibility to adapt our compensation structure at this time to properly attract, motivate and retain the top executive talent for which we compete.

Employment Agreements

We have entered into an employment agreement with each of the named executive officers. See Potential Payments Upon Termination or Change in Control Employment Agreements below for more information.

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Conclusion

The diagram below depicts the cash and equity compensation of our chief executive officer for 2017. The diagram demonstrates that a substantial majority of our chief executive officer's compensation (85%) was strongly aligned with the interests of the stockholders because either it was determined by or depends on TSR or its value fluctuates as the company's common stock price increases or decreases. Less than 20% of our chief executive officer's compensation is fixed base salary that is not dependent on our stock price performance. All other compensation is variable.

(1) Compensation consists of 2017 base salary, 2017 annual incentive bonus and the grant date fair value of LTIP units and performance units granted in January 2017. At Risk means the applicable compensation is either determined by or depends on TSR or its value fluctuates with our common stock price (as in the case of LTIP units subject to forfeiture).

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The following table sets forth the information required by Item 402 of Regulation S-K promulgated by the SEC. The table sets forth the base salary and other compensation that was paid to or earned by the named executive officers in 2017. With respect to equity incentive awards, the dollar amounts indicated in the table under **Stock Awards** are the aggregate grant date fair value of awards computed in accordance with ASC Topic 718.

Name and Principal Position	Year	Salary	Bonus	Stock Awards(2)	Non-Equity Incentive Plan Compensation	All Other Compensation(3)	Total
Benjamin S. Butcher Chief Executive Officer, President and Chairman	2017	\$ 525,000	\$	\$ 1,773,689	\$ 1,301,032	\$ 24,367	\$ 3,624,088
	2016	\$ 525,000	\$	\$ 1,647,014	\$ 1,119,877	\$ 16,863	\$ 3,308,754
	2015	\$ 521,635	\$ 860,464	\$ 4,724,946	\$	\$ 20,733	\$ 6,127,778
William R. Crooker(1) Chief Financial Officer, Executive Vice President and Treasurer	2017	\$ 300,000	\$	\$ 589,303	\$ 614,739	\$ 35,870	\$ 1,539,912
	2016	\$ 296,876	\$	\$ 552,587	\$ 524,425	\$ 34,729	\$ 1,408,617
Stephen C. Mecke Chief Operating Officer and Executive Vice President	2017	\$ 309,000	\$	\$ 596,083	\$ 466,691	\$ 35,870	\$ 1,407,644
	2016	\$ 309,000	\$	\$ 553,324	\$ 539,325	\$ 34,659	\$ 1,436,308
	2015	\$ 309,000	\$ 377,034	\$ 891,330	\$	\$ 35,058	\$ 1,612,422
Jeffrey M. Sullivan Executive Vice President, General Counsel and Secretary	2017	\$ 300,000	\$	\$ 579,459	\$ 457,883	\$ 33,804	\$ 1,371,146
	2016	\$ 298,588	\$	\$ 538,230	\$ 354,953	\$ 32,435	\$ 1,224,206
	2015	\$ 290,000	\$ 296,555	\$ 671,146	\$	\$ 70,681	\$ 1,328,382
David G. King Executive Vice President and Director of Real Estate Operations	2017	\$ 300,000	\$	\$ 580,649	\$ 401,680	\$ 35,870	\$ 1,318,199
	2016	\$ 296,165	\$	\$ 539,973	\$ 305,848	\$ 34,659	\$ 1,176,645
	2015	\$ 272,950	\$ 313,605	\$ 807,604	\$	\$ 35,045	\$ 1,429,204

(1) Mr. Crooker was appointed as our chief financial officer, executive vice president and treasurer on January 26, 2016.

(2) For 2017, represents the total grant date fair value of LTIP units granted on January 6, 2017, and performance units granted on January 6, 2017, under the 2011 Equity Incentive Plan, determined in accordance with ASC Topic 718. See Notes 7 and 8 to our consolidated financial statements included in our annual report on

Form 10-K for the year ended December 31, 2017, for a discussion of our accounting of LTIP units and performance units and the assumptions used.

The grant date fair values for the following named executive officers relating to 2017 LTIP unit awards granted on January 6, 2017, are as follows: Benjamin S. Butcher \$918,734; William R. Crooker \$299,991; Stephen C. Mecke \$308,978; Jeffrey M. Sullivan \$299,991; and David G. King \$299,991. The LTIP unit awards granted in 2017 vest over four years from the date of grant in equal installments on a quarterly basis, subject to continued service as an employee or director.

The grant date fair values for the named executive officers relating to 2017 performance unit awards granted on January 6, 2017, are as follows: Benjamin S. Butcher \$854,955; William R. Crooker \$289,312; Stephen C. Mecke \$287,105; Jeffrey M. Sullivan \$279,468; and David G. King \$280,658. The maximum value of the 2017 performance unit awards assuming that the highest level of performance is achieved are as follows: Benjamin S. Butcher \$2,137,388; William R. Crooker \$723,294; Stephen C. Mecke \$717,777; Jeffrey M. Sullivan \$698,669; and David G. King \$701,660.

(3) All other compensation for 2017 does not include any distributions on unvested LTIP units. It represents amounts paid for health insurance premiums, 401(k) matching contributions and automobile/parking allowances, as follows:

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Name	Insurance Premiums	401(K) Matching Contributions	Automobile/ Parking Allowances	Total
Benjamin S. Butcher	\$ 15,154	\$ 8,100	\$ 1,113	\$ 24,367
William R. Crooker	\$ 21,890	\$ 8,100	\$ 5,880	\$ 35,870
Stephen C. Mecke	\$ 21,890	\$ 8,100	\$ 5,880	\$ 35,870
Jeffrey M. Sullivan	\$ 21,890	\$ 8,100	\$ 3,814	\$ 33,804
David G. King	\$ 21,890	\$ 8,100	\$ 5,880	\$ 35,870

2017 Grants of Plan-Based Awards

The following table sets forth information with respect to plan-based awards granted in 2017 to the named executive officers.

Name	Date of Grant	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards(1)			Estimated Future Payouts Under Equity Incentive Plan Awards(2)			All Other Stock Awards: Number of Shares of Stock or Units(3)	Grant Date Fair Value(4)
		Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)		
Benjamin S. Butcher									
Annual cash incentive bonus		\$ 685,000	\$ 1,165,000	\$ 1,399,000					
LTIP units	January 6, 2017							39,669	\$ 918,734
Performance units	January 6, 2017				0	29,442	73,605		\$ 854,955
William R. Crooker									
Annual cash incentive bonus		\$ 444,000	\$ 563,000	\$ 652,000					
LTIP units	January 6, 2017							12,953	\$ 299,991
Performance units	January 6, 2017				0	9,963	24,908		\$ 289,312
Stephen C. Mecke									
Annual cash incentive bonus		\$ 391,000	\$ 401,000	\$ 514,000					
LTIP units	January 6, 2017							13,341	\$ 308,978
Performance units	January 6, 2017				0	9,887	24,718		\$ 287,105
Jeffrey M. Sullivan									
Annual cash incentive bonus		\$ 379,000	\$ 448,000	\$ 465,000					
LTIP units	January 6, 2017							12,953	\$ 299,991
Performance units	January 6, 2017				0	9,624	24,060		\$ 279,468
David G. King									
Annual cash incentive bonus		\$ 229,000	\$ 345,000	\$ 442,500					
LTIP units	January 6, 2017							12,953	\$ 299,991
Performance units	January 6, 2017				0	9,665	24,163		\$ 280,658

(1) For the year ended December 31, 2017, the compensation committee approved annual cash incentive bonuses for Messrs. Butcher, Crooker, Mecke, Sullivan and King of \$1,301,032, \$614,739, \$466,691, \$457,883 and \$401,680, respectively. For more information regarding the performance criteria for these annual cash incentive bonus awards, see Executive Officer Compensation Discussion and Analysis Key Elements of Executive Compensation Annual Cash Incentive Compensation Program.

(2) Equity incentive plan awards were made in the form of performance units. At the end of the three-year measuring period, the performance units convert into shares of common stock at a rate depending on our TSR over the measuring period as compared to three different benchmarks and on the absolute amount of our TSR. A recipient of performance units may receive as few as zero shares or as many as 250% of the number of target units, plus deemed dividends on earned shares. For more information regarding the performance criteria for these performance unit awards, see Executive Officer Compensation Discussion and Analysis Key Elements of Executive Compensation Equity Incentive Compensation Program Performance Units.

(3) Stock awards were made in the form of LTIP units. The LTIP units will vest over four years in equal installments on a quarterly basis beginning on March 31, 2017, subject to continued service as an employee or, as applicable, director. For more information regarding the LTIP unit awards, see Executive Officer Compensation Discussion and Analysis Key Elements of Executive Compensation Equity Incentive Compensation Program LTIP Units.

(4) The amounts included in this column represent the full grant date fair value of the LTIP units and performance units, determined in accordance with ASC Topic 718. See Notes 7 and 8 to our consolidated financial statements included in

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our annual report on Form 10-K for the year ended December 31, 2017, for a discussion of our accounting of LTIP units and performance units and the assumptions used.

Outstanding Equity Awards at Fiscal Year-End 2017

The following table sets forth information with respect to outstanding equity awards held by the named executive officers as of December 31, 2017. No option awards were outstanding for the named executive officers as of December 31, 2017. The aggregate dollar values indicated in the table below for equity incentive plan awards are the market or payout values and not the grant date fair values determined in accordance with ASC Topic 718 or the compensation expense recognized in our consolidated financial statements included in our annual report on Form 10-K for the year ended December 31, 2017. In addition, the number of unearned performance units in the equity incentive plan awards are the target amounts that may be earned pursuant to the awards. For more information regarding the threshold, target and maximum amounts with respect to equity incentive plan awards granted in 2017, see 2017 Grants of Plan-Based Awards.

Name	Number of Shares of Stock or Units That Have Not Vested(1)	Market Value of Shares or Units That Have Not Vested(2)	Stock Awards	
			Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested(3)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested(3)(4)
Benjamin S. Butcher	173,599	\$ 4,744,461	135,452	\$ 3,701,903
William R. Crooker	27,906	\$ 762,671	33,507	\$ 915,746
Stephen C. Mecke	24,873	\$ 679,779	46,116	\$ 1,260,350
Jeffrey M. Sullivan	19,694	\$ 538,237	43,852	\$ 1,198,475
David G. King	23,700	\$ 647,721	42,740	\$ 1,168,084

(1) The following table summarizes the awards (time-based LTIP units and restricted stock) for which a portion of the awards remain unvested as of December 31, 2017. The table also provides information about the applicable vesting periods.

Grant Date	Grant Date Fair Value	Number of Units					Vesting Periods
		Butcher	Crooker	Mecke	Sullivan	King	
January 3, 2013	\$ 18.11		13,252				Over five years in equal installments on an annual basis
January 2, 2014	\$ 19.29	88,452		30,326		26,788	Over five years in equal installments on a quarterly basis
January 2, 2014	\$ 20.13		12,254				Over five years in equal installments on an annual basis
October 27, 2014	\$ 22.56				4,006		

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				Over five years in equal installments on a quarterly basis
May 4, 2015	\$	20.38	100,000	Over six years: one-half vests in one installment on the third anniversary of the grant date and the remaining amount vests in equal installments over the next three years