

Cole Credit Property Trust II Inc  
Form DEF 14A  
April 13, 2012

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**SCHEDULE 14A**

**(RULE 14A-101)**

**INFORMATION REQUIRED IN PROXY STATEMENT**

**SCHEDULE 14A INFORMATION**

**Proxy Statement Pursuant to Section 14(a) of the**

**Securities Exchange Act of 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

**Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Under § 240.14a-12

**COLE CREDIT PROPERTY TRUST II, INC.**

(Name of Registrant as Specified in its Charter)

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

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

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

2) Aggregate number of securities to which transaction applies:

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

4) Proposed maximum aggregate value of transaction:

5) Total fee paid:

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- “ Fee paid previously with preliminary materials.
- “ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

**COLE CREDIT PROPERTY TRUST II, INC.**

**2325 East Camelback Road, Suite 1100**

**Phoenix, Arizona 85016**

April 13, 2012

Dear Stockholder:

You are cordially invited to attend our 2012 Annual Meeting of Stockholders to be held on Thursday, May 31, 2012, at 10:00 a.m. local time at our offices located at 2325 East Camelback Road, Suite 1100, Phoenix, Arizona 85016.

The matters expected to be acted upon at the meeting are described in the following Notice of the 2012 Annual Meeting of Stockholders and Proxy Statement.

Directors and officers will be available at the meeting to speak with you. There will be an opportunity during the meeting for your questions regarding the affairs of Cole Credit Property Trust II, Inc. and for a discussion of the business to be considered at the meeting.

It is important that you use this opportunity to take part in the affairs of your company by voting on the business to come before this meeting. **WHETHER OR NOT YOU EXPECT TO ATTEND THE MEETING, PLEASE COMPLETE, DATE, SIGN AND PROMPTLY RETURN THE ACCOMPANYING PROXY CARD IN THE ENCLOSED POSTAGE-PAID ENVELOPE, OR SUBMIT YOUR PROXY BY USING THE TELEPHONE OR THE INTERNET, SO THAT YOUR SHARES MAY BE REPRESENTED AT THE MEETING. FOR SPECIAL INSTRUCTIONS ON HOW TO VOTE YOUR SHARES, PLEASE REFER TO THE INSTRUCTIONS ON THE PROXY CARD.** Voting by proxy does not deprive you of your right to attend the meeting and to vote your shares in person.

We look forward to seeing you at the meeting.

Sincerely,

/s/ CHRISTOPHER H. COLE  
Christopher H. Cole

*Chairman, President and*

*Chief Executive Officer*

**COLE CREDIT PROPERTY TRUST II, INC.**

**NOTICE OF 2012 ANNUAL MEETING OF STOCKHOLDERS**

**TO BE HELD ON MAY 31, 2012**

To Cole Credit Property Trust II, Inc. Stockholders:

NOTICE IS HEREBY GIVEN that the 2012 Annual Meeting of Stockholders of Cole Credit Property Trust II, Inc., a Maryland corporation (the Company, we, or us ), will be held on Thursday, May 31, 2012, at 10:00 a.m. local time at our offices located at 2325 East Camelback Road, Suite 1100, Phoenix, Arizona 85016. The purposes of the meeting are to:

1. Elect three directors to hold office until the 2013 Annual Meeting of Stockholders and until their successors are duly elected and qualify; and

2. Transact such other business as may properly come before the meeting or any adjournment or postponement thereof. The proposals and other related matters are more fully described in the proxy statement accompanying this notice.

Only stockholders of record at the close of business on March 16, 2012 are entitled to receive this notice and to vote at the meeting.

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE STOCKHOLDER MEETING TO BE HELD ON MAY 31, 2012.**

**THE PROXY STATEMENT AND ANNUAL REPORT TO STOCKHOLDERS ARE AVAILABLE AT [www.eproxy.com/cole](http://www.eproxy.com/cole).**

**You may obtain directions to attend the 2012 Annual Meeting of Stockholders of the Company by calling toll free 1-866-907-2653.**

All stockholders are cordially invited to attend the annual meeting in person. Whether or not you expect to attend, WE URGE YOU TO READ THE PROXY STATEMENT AND EITHER COMPLETE, SIGN AND DATE THE ENCLOSED PROXY CARD AND RETURN IT PROMPTLY IN THE ENVELOPE PROVIDED OR TO SUBMIT YOUR PROXY BY TELEPHONE OR THE INTERNET. FOR SPECIFIC INSTRUCTIONS ON HOW TO VOTE YOUR SHARES, PLEASE REFER TO THE INSTRUCTIONS ON THE PROXY CARD. YOUR PROMPT RESPONSE WILL HELP AVOID POTENTIAL DELAYS AND MAY SAVE THE COMPANY SIGNIFICANT ADDITIONAL EXPENSE ASSOCIATED WITH SOLICITING STOCKHOLDER VOTES.

By Order of the Board of Directors

/s/ KENNETH R. CHRISTOFFERSEN  
Kenneth R. Christoffersen

*Secretary*

Phoenix, Arizona

April 13, 2012

**PLEASE VOTE YOUR VOTE IS IMPORTANT**

**COLE CREDIT PROPERTY TRUST II, INC.**

**2325 East Camelback Road, Suite 1100**

**Phoenix, Arizona 85016**

**PROXY STATEMENT**

**QUESTIONS AND ANSWERS**

We are providing you with this proxy statement, which contains information about the items to be voted upon at our 2012 Annual Meeting of Stockholders. To make this information easier to understand, we have presented some of the information below in a question and answer format.

**Q: Why did you send me this proxy statement?**

A: We sent you this proxy statement and the enclosed proxy card because our board of directors is soliciting your proxy to vote your shares of the Company's common stock at the 2012 Annual Meeting of Stockholders. This proxy statement includes information that we are required to provide to you under the rules of the Securities and Exchange Commission (SEC) and is designed to assist you in voting. This proxy statement, the proxy card and our 2011 annual report to stockholders are being mailed to you on or about April 13, 2012.

**Q: What is a proxy?**

A: A proxy is a person who votes the shares of stock of another person who does not attend a meeting. The term proxy also refers to the proxy card. When you return the enclosed proxy card, or give your proxy by telephone or over the Internet, you are giving us your permission to vote your shares of common stock at the annual meeting. The person who will vote your shares of common stock at the annual meeting is either D. Kirk McAllaster, Jr. or Kenneth R. Christoffersen. They will vote your shares of common stock as you instruct. If you sign and return the proxy card, or authorize your proxy by telephone or over the Internet, and give no instructions, the proxies will vote FOR ALL of the director nominees. With respect to any other proposals to be voted upon, they will vote in accordance with the recommendation of the board of directors or, in the absence of such a recommendation, in their discretion. The proxies will not vote your shares of common stock if you do not return the enclosed proxy card or submit your proxy by telephone or over the Internet. This is why it is important for you to return the proxy card or submit your proxy by telephone or over the Internet to us as soon as possible whether or not you plan on attending the meeting in person.

If you authorize your proxy by telephone or over the Internet, please do not return your proxy card.

**Q: When is the annual meeting and where will it be held?**

A: The annual meeting will be held on Thursday, May 31, 2012, at 10:00 a.m. local time at our offices located at 2325 East Camelback Road, Suite 1100, Phoenix, Arizona 85016.

**Q: How many shares of common stock can vote?**

A: As of the close of business on the record date of March 16, 2012, there were 210,164,246 shares of our common stock issued and outstanding. Every stockholder of record as of the close of business on March 16, 2012 is entitled to one vote for each share of common stock held at that date and time; provided that Cole REIT Advisors II, LLC (CCPT II Advisors), our advisor, and its affiliates, including our executive officers and non-independent director, are not entitled to vote any of their shares in the election of our directors. Fractional

shares will have corresponding fractional votes.

**Q: What is a quorum ?**

A: A quorum consists of the presence in person or by proxy of stockholders holding 50% of the outstanding shares. There must be a quorum present in order for the annual meeting to be a duly held meeting at which business can be conducted. If you submit a properly executed proxy card, even if you abstain from voting or do not give instructions for voting, then you will at least be considered part of the quorum.

**Q: What may I vote on?**

A: You may vote on the election of nominees to serve on the board of directors and on any other proposal presented for a vote at the annual meeting.

**Q: How does the board of directors recommend I vote on the proposal?**

A: The board of directors recommends a vote FOR ALL nominees for election as director who are named as such in this proxy statement.

**Q: Who is entitled to vote?**

A: Anyone who owned our common stock at the close of business on March 16, 2012, the record date, is entitled to vote at the annual meeting; provided that CCPT II Advisors and its affiliates, including our executive officers and non-independent director, are not entitled to vote any of their shares in the election of our directors.

**Q: How do I vote?**

A: You may vote your shares of common stock either in person or by proxy. In order to vote in person, you must attend the annual meeting. Whether you plan to attend the meeting and vote in person or not, we urge you to have your vote recorded. Stockholders may submit their proxy via mail, using the enclosed proxy card. In addition, stockholders who live in the United States may authorize a proxy by following the Vote by Phone instructions on the enclosed proxy card. Stockholders with Internet access may submit a proxy by following the Vote by Internet instructions on the enclosed proxy card. The telephone and Internet voting procedures are designed to authenticate the stockholder's identity and to allow stockholders to authorize a proxy and confirm that their instructions have been properly recorded. If the telephone or Internet option is available to you, we strongly encourage you to use it because it is faster and less costly. If you attend the annual meeting, you also may submit your vote in person, and any previous votes or proxies that you submitted will be superseded by the vote that you cast at the annual meeting. If you return your signed proxy card, or authorize your proxy by telephone or over the Internet, but do not indicate how you wish to vote, your shares of common stock will be counted as present for purposes of determining a quorum and voted FOR ALL nominees for director and, with respect to any other proposals to be voted upon, in accordance with the recommendation of the board of directors or, in the absence of such a recommendation, in the discretion of the proxies.

**Q: Will my vote make a difference?**

A: Yes. Your vote is needed to ensure that the proposals can be acted upon. Unlike most other public companies, no large brokerage houses or affiliated groups of stockholders own substantial blocks of our shares. As a result, a large number of our stockholders must be present in person or by proxy at the annual meeting to constitute a quorum. **AS A RESULT, YOUR VOTE IS VERY IMPORTANT EVEN IF YOU OWN ONLY A SMALL NUMBER OF SHARES! Your immediate response will help avoid potential delays and may save us significant additional expense associated with soliciting stockholder votes.** We encourage you to participate in the governance of the Company and welcome your attendance at the annual meeting.





**Q: What if I return my proxy card and then change my mind?**

A: You have the right to revoke your proxy at any time before the vote by:

- (1) notifying Kenneth R. Christoffersen, our secretary, in writing at our offices located at 2325 East Camelback Road, Suite 1100, Phoenix, Arizona 85016;
- (2) attending the meeting and voting in person; or
- (3) returning another proxy after your first proxy, which is received before the annual meeting date. Only the most recent vote will be counted and all others will be discarded regardless of the method of voting.

**Q: How will voting on any other business be conducted?**

A: Although we do not know of any business to be considered at the annual meeting other than the election of directors, if any other business is properly presented at the annual meeting, your proxy gives authority to D. Kirk McAllaster, Jr., our executive vice president, chief financial officer and treasurer, and Kenneth R. Christoffersen, our secretary, to vote on such matters in accordance with the recommendation of the board of directors or, in the absence of such a recommendation, in their discretion.

**Q: Who pays the cost of this proxy solicitation?**

A: The Company will pay all the costs of soliciting these proxies. The Company will also reimburse brokerage houses and other custodians, nominees and fiduciaries for their reasonable out-of-pocket expenses for forwarding proxy and solicitation materials to our stockholders.

**Q: Is this proxy statement the only way that proxies are being solicited?**

A: No. In addition to mailing proxy solicitation material, our directors and officers, and employees of Cole Real Estate Investments, as well as third-party proxy service companies we retain, may also solicit proxies in person, by telephone or by any other electronic means of communication we deem appropriate. No additional compensation will be paid to our directors or officers, or to employees of Cole Real Estate Investments for such services. We have retained Boston Financial Data Services, Inc. to assist us in the distribution of proxy materials and solicitation of votes. We anticipate the costs of such services to the Company to be approximately \$40,000.

**Q: If I plan to attend the annual meeting in person, should I notify anyone?**

A: While you are not required to notify anyone in order to attend the annual meeting, if you do plan to attend the meeting, we would appreciate it if you would call us toll free at 1-866-907-2653 to let us know how many stockholders will be attending the meeting so that we will be able to prepare a suitable meeting room for the attendees.

**Q: Whom should I call if I have any questions?**

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A: If you have any questions about how to submit your proxy, or if you need additional copies of this proxy statement or the enclosed proxy card or voting instructions, you should contact:

Boston Financial Data Services, Inc.

P.O. Box 55046

Boston, Massachusetts 02205-9815

Call toll free: 1-888-409-4185

**PROPOSAL 1**

**ELECTION OF DIRECTORS**

At the annual meeting, you and the other stockholders will vote on the election of all three members of our board of directors. Those persons elected will serve as directors until the 2013 Annual Meeting of Stockholders and until their successors are duly elected and qualify. The board of directors has nominated the following people for re-election as directors:

Christopher H. Cole

Marcus E. Bromley

George N. Fugelsang

Each of the nominees for director is a current member of our board of directors. The principal occupation and certain other information about the nominees are set forth below. We are not aware of any family relationship among any of the nominees to become directors or executive officers of the Company. Each of the nominees for election as director has stated that there is no arrangement or understanding of any kind between him and any other person relating to his election as a director, except that such nominees have agreed to serve as our directors if elected.

If you return a properly executed proxy card, or if you authorize your proxy by telephone or over the Internet, unless you direct the proxies to withhold your votes, the individuals named as the proxies will vote your shares for the election of the nominees listed above. If any nominee becomes unable or unwilling to stand for re-election, the board may reduce its size, designate a substitute nominee, or fill the vacancy through a majority vote of the remaining directors (including a majority of the remaining independent directors if the vacancy relates to an independent director position). If a substitute is designated, proxies voting on the original nominee will be cast for the substituted nominee.

**Vote Required; Recommendation**

The vote of holders of a majority of all shares present in person or by proxy at a meeting of stockholders duly called at which a quorum is present, without the necessity for concurrence by the board of directors, is necessary for the election of a director. For purposes of the election of directors, CCPT II Advisors and its affiliates, including our executive officers and non-independent director, are not entitled to vote any of their shares, and therefore, such shares will be considered abstentions. All abstentions and broker non-votes will have the same effect as votes cast against each director. A properly executed proxy card, or instruction by telephone or over the Internet, indicating **FOR ALL** will be considered a vote in favor of all nominees for re-election as director. A properly executed proxy card, or instruction by telephone or over the Internet, indicating **FOR ALL EXCEPT** will be considered a vote in favor of all nominees except those nominees you specifically list and a vote against the nominees you specifically list. A properly executed proxy card, or instruction by telephone or over the Internet, indicating **WITHHOLD ALL** will be considered a vote against all directors.

**THE BOARD UNANIMOUSLY RECOMMENDS A VOTE FOR ALL OF THE NOMINEES FOR ELECTION AS DIRECTORS**

**CERTAIN INFORMATION ABOUT MANAGEMENT**

**Board of Directors**

In accordance with applicable law and our charter and bylaws, the business and affairs of the Company are managed under the direction of our board of directors.

*Board Membership Criteria and Selection of Directors*

The board of directors annually reviews the appropriate experience, skills and characteristics required of board members in the context of the then-current membership of the board. This assessment includes, in the



context of the perceived needs of the board at that time, issues of knowledge, experience, judgment and skills such as an understanding of the real estate industry or brokerage industry or accounting or financial management expertise. Other considerations include the candidate's independence from conflicts of interest with the Company and the ability of the candidate to attend board meetings regularly and to devote an appropriate amount of effort in preparation for those meetings. It also is expected that independent directors nominated by the board of directors shall be individuals who possess a reputation and hold positions or affiliations befitting a director of a large publicly held company and are actively engaged in their occupations or professions or are otherwise regularly involved in the business, professional or academic community. A majority of our directors must be independent, as defined in our charter. Moreover, as required by our charter, at least one of our independent directors must have at least three years of relevant real estate experience, and each director must have at least three years of relevant experience demonstrating the knowledge and experience required to successfully acquire and manage the type of assets we acquire and manage.

The board of directors is responsible for selecting its own nominees and recommending them for election by the stockholders. Each of our nominees was recommended by our board of directors. Pursuant to our charter, however, the independent directors must nominate replacements for any vacancies among the independent director positions. All director nominees then stand for election by the stockholders annually.

In its nomination review process, our board of directors solicits candidate recommendations from its own members and management of the Company. We have not and do not currently employ or pay a fee to any third party to identify or evaluate, or assist in identifying or evaluating, potential director nominees, although we are not prohibited from doing so if we determine such action to be in the best interests of the Company. Our board of directors may engage the services of a search firm to assist in identifying potential director nominees. Our board of directors also will consider recommendations made by stockholders for director nominees who meet the established director criteria set forth above. In order to be considered by our board of directors, recommendations made by stockholders must be submitted within the timeframe required to request a proposal to be included in the proxy materials. See *Stockholder Proposals* below for more information on procedures to be followed by our stockholders in submitting such recommendations. In evaluating the persons recommended as potential directors, our board of directors will consider each candidate without regard to the source of the recommendation and take into account those factors that our board of directors determines are relevant. Stockholders may directly nominate potential directors (without the recommendation of our board of directors) by satisfying the procedural requirements for such nomination as provided in Article II, Section 12 of our bylaws.

In considering possible candidates for election as a director, the board of directors is guided by the principle that each director should (i) be an individual of high character and integrity; (ii) be accomplished in his or her respective field, with superior credentials and recognition; (iii) have relevant expertise and experience upon which to base advice and guidance to management in the conduct of our real estate investment and management activities; (iv) have sufficient time available to devote to our affairs; and (v) represent the long-term interests of our stockholders as a whole. Our board of directors may also consider an assessment of its diversity, in its broadest sense, reflecting, but not limited to, age, geography, gender and ethnicity. While we do not have a formal diversity policy, we believe that the backgrounds and qualifications of our directors, considered as a group, should provide a significant composite mix of experience, knowledge and abilities that will allow our board of directors to fulfill its responsibilities.

#### *Director Nominees*

Our board of directors has nominated each of the following individuals for election as a director to serve until our 2013 Annual Meeting of Stockholders and until his successor is elected and qualifies. Each nominee currently is a director of the Company, and Messrs. Bromley and Fugelsang are independent directors.

<b>Name</b>	<b>Age</b>	<b>Positions</b>
Christopher H. Cole	59	Chairman, Chief Executive Officer and President
Marcus E. Bromley	62	Director (Independent)
George N. Fugelsang	71	Director (Independent)

**Christopher H. Cole** has served as our chairman, chief executive officer and president since our formation in September 2004. He served as the chief executive officer of CCPT II Advisors from its formation in September 2004 until June 2011, and previously served as president from September 2004 until March 2007 and from October 2007 until April 2010. Mr. Cole has served as the chairman, chief executive officer and president of Cole Credit Property Trust, Inc. ( CCPT I ) since its formation in March 2004. He served as the chief executive officer of Cole REIT Advisors, LLC ( CCPT I Advisors ) from its formation in April 2004 until June 2011, and previously served as president from April 2004 until March 2007 and from October 2007 until April 2010. Mr. Cole has served as chairman, chief executive officer and president of Cole Credit Property Trust III, Inc. ( CCPT III ) since its formation in January 2008. He served as the chief executive officer of Cole REIT Advisors III, LLC ( CCPT III Advisors ) from its formation in January 2008 until June 2011, as its president from January 2008 until April 2010 and as its treasurer from January 2008 until September 2008. He has served as the chairman, chief executive officer and president of Cole Corporate Income Trust, Inc. ( Cole Corporate Income Trust ) since its formation in April 2010. He served as the chief executive officer of Cole Corporate Income Advisors, LLC ( Cole Corporate Income Advisors ) from its formation in April 2010 until June 2011. He has served as the chairman, chief executive officer and president of Cole Credit Property Trust IV, Inc. ( CCPT IV ) since its formation in July 2010. He served as the chief executive officer and president of Cole REIT Advisors IV, LLC ( CCPT IV Advisors ) from its formation in July 2010 until June 2011. Mr. Cole has served as the chairman, chief executive officer and president of Cole Real Estate Income Strategy (Daily NAV), Inc. ( Cole Income NAV Strategy ) since its formation in July 2010. He served as the chief executive officer of Cole Real Estate Income Strategy (Daily NAV) Advisors, LLC ( Cole Income NAV Strategy Advisors ) from its formation in July 2010 until June 2011.

Mr. Cole has been the sole shareholder of Cole Holdings Corporation since its formation in August 2004, has served as its chairman since October 2007, and previously served as its chief executive officer from August 2004 until June 2011, as its president and treasurer from August 2004 until April 2010, and as its secretary from October 2007 to April 2010. Mr. Cole has also been engaged as a general partner in the structuring and management of real estate limited partnerships since February 1979. Mr. Cole previously served as the treasurer of Cole Realty Advisors, Inc. ( Cole Realty Advisors ) from its formation in November 2002 until September 2009, as its chief executive officer from December 2002 until June 2011, as its president from November 2002 until March 2007 and from October 2007 until September 2009, and as its secretary from November 2002 until December 2002. Mr. Cole previously served as the treasurer of Cole Capital Partners, LLC ( Cole Capital Partners ) from January 2003 until April 2010, as its chief executive officer from January 2003 until June 2011, and as its president from January 2003 to March 2007 and from October 2007 until April 2010. Mr. Cole previously served as the treasurer of Cole Capital Advisors, Inc. ( Cole Capital Advisors ) from its formation in November 2002 until April 2010, as its chief executive officer from December 2002 until June 2011, as its president from November 2002 until March 2007 and from October 2007 until April 2010, and as its secretary from November 2002 until December 2002.

Mr. Cole has served as the chief executive officer and treasurer of Cole Growth Opportunity Fund I GP, LLC since its formation in March 2007. Mr. Cole served as the executive vice president and treasurer of Cole Capital Corporation from December 2002 until January 2008. Mr. Cole has been the sole director of Cole Capital Corporation since December 2002. Mr. Cole was selected to serve as a director of the Company because he is the chief executive officer of the Company, and Mr. Cole's experience and relationships in the non-traded real estate investment trust ( REIT ) and real estate industries, along with his knowledge of the Cole Real Estate Investments organization, are believed to provide significant value to the board of directors.

**Marcus E. Bromley** has been a member of our board of directors, chairman of our board's compensation committee and a member of our board's audit committee since May 2005. He has served as the chairman of the audit committee since June 2010. Since October 2008, Mr. Bromley has served as a member of the board of directors of CCPT III, and as a member of its audit committee since December 2008. Since January 2011, he has served as a member of the board of directors of Cole Corporate Income Trust and as a member of its audit committee. From 1993 through 2005, Mr. Bromley served as a member of the board of trustees of Gables

Residential Trust, a \$3 billion multi-family residential REIT with operations in Texas, Georgia, South Florida, Washington, D.C. and Southern California that was listed on the New York Stock Exchange prior to its sale in 2005. From December 1993 until June 2000, Mr. Bromley also served as the chief executive officer of Gables Residential Trust. Prior to joining Gables Residential Trust, Mr. Bromley was a division partner of Trammell Crow Residential from 1982 until 1993. Mr. Bromley also serves on the board of directors of Private Bank of Buckhead, a community bank headquartered in Atlanta, Georgia, and on the advisory board of Nancy Creek Capital, an Atlanta-based private equity firm. Mr. Bromley holds a B.S. in Economics from Washington & Lee University and a M.B.A. from the University of North Carolina. The board of directors selected Mr. Bromley to serve as a director of the Company because of Mr. Bromley's experience as the chief executive officer of a public real estate company, his general knowledge of the real estate industry and his financing experience, all of which are expected to bring valuable insight to the board of directors and other potential resources to the Company.

**George N. Fugelsang** has been a member of our board of directors since May 2010, a member of our board's audit committee since June 2010 and a member of our board's compensation committee since May 2011. From 1994 through 2001, Mr. Fugelsang was chief executive officer of Dresdner Kleinwort Benson North America, the U.S.-based investment banking business of Dresdner Bank AG, where he was responsible for all of Dresdner Bank AG's activities in North America. From 1996 until 2001, Mr. Fugelsang was also chairman of the board of Dresdner Bank Mexico, S.A., chairman of the board of Dresdner Bank Canada and a member of the board of directors of Dresdner RCM Global Investors LLC. Mr. Fugelsang served on the board of managers of Mrs. Fields Famous Brands, LLC from May 2004 until July 2008. Mr. Fugelsang also served on the boards of trustees of the Institute of International Bankers and the Thunderbird School of Global Management, and as a member of the board of directors of Advanced Research Technologies of Montreal, Canada. He was also a member of the board of the New York City Partnership, the German American Chamber of Commerce, Inc., and a director of the Foreign Policy Association in New York. Mr. Fugelsang formerly served on the advisory board of the Monterey Institute of International Studies, an affiliate of Middlebury College. The board of directors selected Mr. Fugelsang to serve as a director because of Mr. Fugelsang's experience as the chief executive officer of an investment bank, his extensive financing experience and his general business accomplishments, all of which are expected to bring valuable insight to the board of directors, and potential strategic relationships for the Company.

#### **Board Meetings and Annual Stockholder Meeting**

The board of directors held five meetings during the fiscal year ended December 31, 2011. Each director attended all of his board and committee meetings in 2011. Although we do not have a formal policy regarding attendance by members of our board of directors at our Annual Meeting of Stockholders, we encourage all of our directors to attend. All of our directors attended our 2011 Annual Meeting of Stockholders in person or by conference telephone.

#### **Independence**

As required by our charter, a majority of the members of our board of directors must qualify as independent as affirmatively determined by the board. The board consults with our legal counsel and counsel to the independent directors to ensure that the board's determinations are consistent with our charter and applicable securities and other laws and regulations regarding the definition of independent.

Consistent with these considerations, after review of all relevant transactions or relationships between each director, or any of his family members, and the Company, our senior management and our independent registered public accounting firm, the board has determined that Messrs. Bromley and Fugelsang, who comprise the majority of our board, qualify as independent directors. A copy of our independent director definition, which is contained in our Charter and complies with the requirements of the North American Securities Administrators Association's Statement of Policy Regarding Real Estate Investment Trusts, was attached to our proxy statement



for the 2011 Annual Meeting of Stockholders. Although our shares are not listed for trading on any national securities exchange, our independent directors also meet the current independence and qualifications requirements of the New York Stock Exchange.

## **Board Committees**

### *Audit Committee*

Our board has an audit committee, which assists the board in fulfilling its responsibilities. The audit committee is composed of Mr. Bromley (chairman) and Mr. Fugelsang, both of whom are independent directors. The audit committee reports regularly to the full board. The audit committee meets periodically during the year, usually in conjunction with regular meetings of the board. The audit committee, by approval of at least a majority of the members, selects the independent registered public accounting firm to audit our annual financial statements, reviews with the independent registered public accounting firm the plans and results of the audit engagement, approves the audit and non-audit services provided by the independent registered public accounting firm, reviews the independence of the independent registered public accounting firm, considers the range of audit and non-audit fees and reviews the adequacy of our internal accounting controls. Our board of directors has adopted a charter for the audit committee that sets forth its specific functions and responsibilities. The audit committee charter can be located on our website at <https://www.colecapital.com/corporate-governance> by clicking on CCPT II Audit Committee Charter.

Although our shares are not listed for trading on any national securities exchange, both members of the audit committee meet the current independence and qualifications requirements of the New York Stock Exchange, as well as our charter and applicable rules and regulations of the SEC. While both members of the audit committee have significant financial and/or accounting experience, the board of directors has determined that Mr. Bromley satisfies the SEC's requirements for an audit committee financial expert and has designated Mr. Bromley as our audit committee financial expert. The audit committee met four times during 2011.

### *Compensation Committee*

Our board also has a compensation committee. The primary purpose of the compensation committee is to oversee our compensation programs for executive officers. Our executive officers currently do not receive compensation directly from us for services rendered to us. Accordingly, the compensation committee did not hold any meetings during 2011. The compensation committee is composed of Mr. Bromley (chairman) and Mr. Fugelsang, both of whom are independent directors. The compensation committee has adopted a written charter approved by the board of directors. The compensation committee charter can be located on our website at <https://www.colecapital.com/corporate-governance> by clicking on CCPT II Compensation Committee Charter. Presently, our full board of directors oversees compensation of our independent directors.

### *Nominating Board of Directors Functions*

We believe that our board of directors is qualified to perform the functions typically delegated to a nominating committee, and that the formation of a separate committee is not necessary at this time. Therefore, all members of our board of directors develop the criteria necessary for prospective members of our board of directors and participate in the consideration of director nominees. The primary functions of the members of our board of directors relating to the consideration of director nominees are to conduct searches and interviews for prospective director candidates, if necessary, review background information for all candidates for the board of directors, including those recommended by stockholders, and formally propose the slate of director nominees for election by the stockholders at the annual meeting.

## **Communication with Directors**

We have established procedures for stockholders or other interested parties to communicate directly with our board of directors. Such parties can contact the board by mail at: Chairman of the Cole Credit Property Trust II, Inc. Audit Committee, c/o Corporate Secretary, 2325 East Camelback Road, Suite 1100, Phoenix, Arizona 85016.

The chairman of the audit committee will receive all communications made by these means, and will distribute such communications to such member or members of our board of directors as he deems appropriate, depending on the facts and circumstances outlined in the communication received. For example, if any questions regarding accounting, internal controls and auditing matters are received, they will be forwarded by the chairman of the audit committee to the members of the audit committee for review.

#### **Board Leadership Structure; Independent Lead Director**

Christopher H. Cole serves as both our Chairman of the board of directors and Chief Executive Officer. The board of directors believes that independent oversight of management is an important component of an effective board of directors. The independent directors have determined that the most effective board of directors leadership structure for the Company at the present time is for the Chief Executive Officer to also serve as Chairman of the board of directors. The independent directors believe that because the Chief Executive Officer is ultimately responsible for the day-to-day operation of the Company and for executing the Company's strategy, and because the performance of the Company is an integral part of board deliberations, the Chief Executive Officer is the director best qualified to act as Chairman of the board of directors. The board of directors retains the authority to modify this structure to best address the Company's unique circumstances, and to advance the best interests of all stockholders, as and when appropriate. In addition, although we do not have a lead independent director, the board of directors believes that the current structure is appropriate, as the Company has no employees and is externally managed by our advisor, whereby all operations are conducted by our advisor or its affiliates.

The board of directors also believes, for the reasons set forth below, that its existing corporate governance practices achieve independent oversight and management accountability, which is the goal that many seek to achieve by separating the roles of Chairman of the board of directors and Chief Executive Officer. Our governance practices provide for strong independent leadership, independent discussion among directors and for independent evaluation of, and communication with, our executive officers and officers and key personnel of our advisor. Some of the relevant processes and other corporate governance practices include:

A majority of our directors are independent directors. Each director is an equal participant in decisions made by the full board of directors. In addition, all matters that relate to our sponsor, our advisor or any of their affiliates must be approved by a majority of the independent directors. The audit committee is comprised entirely of independent directors.

Each of our directors is elected annually by our stockholders.

Our advisor has a one-year contract, with an annual review by, and renewal subject to the approval of, our board of directors. The fees paid to our advisor must be deemed reasonable, as determined by our independent directors, on an annual basis.

#### **The Board's Role in Risk Oversight**

The board of directors oversees our stockholders' interest in the long-term health and the overall success of the Company and its financial strength.

The full board of directors is actively involved in overseeing risk management for the Company. It does so, in part, through its oversight of our property acquisitions and assumptions of debt, as well as its oversight of our executive officers and our advisor. In particular, the board of directors may determine at any time to terminate the advisor, and must evaluate the performance of the advisor, and re-authorize the advisory agreement, on an annual basis.

In addition, the audit committee is responsible for assisting the board of directors in overseeing the Company's management of risks related to financial reporting. The audit committee has general responsibility for overseeing the accounting and financial processes of the Company, including oversight of the integrity of the Company's financial statements, the Company's compliance with legal and regulatory requirements and the adequacy of the Company's internal control over financial reporting. The audit committee reviews any potential material issues that are raised related to the Company's financial statements or accounting policies. Additionally, in connection with the annual audit of the Company's financial statements, the audit committee conducts a detailed review with the Company's independent auditors of the accounting policies used by the Company and its financial statement presentation.

### **Code of Business Conduct and Ethics**

Our board of directors has adopted a Code of Business Conduct and Ethics that is applicable to all members of our board of directors, our officers and employees, and the employees of our advisor. The policy may be located on our website at <https://www.colecapital.com/corporate-governance> by clicking on "CCPT II Code of Business Conduct and Ethics". If, in the future, we amend, modify or waive a provision in the Code of Business Conduct and Ethics, we may, rather than filing a Current Report on Form 8-K, satisfy the disclosure requirement by posting such information on our website as necessary.

### **Compensation of Directors**

Directors who are also officers or employees of the Company, our advisor or their affiliates (Mr. Cole) do not receive any special or additional remuneration for service on the board of directors or any of its committees. Each non-employee director receives compensation for service on the board of directors and any of its committees as provided below:

an annual retainer of \$50,000;

\$2,000 for each board meeting attended in person;

an additional annual retainer of \$7,500 to the chairman of the audit committee;

\$2,000 for each committee meeting attended in person (committee chairmen receive an additional \$500 per committee meeting for serving in that capacity);

\$250 per board or committee meeting attended by telephone conference; and

in the event that there is a meeting of the board of directors and one or more committees on a single day, the fees paid to each director will be limited to \$2,500 per day (\$3,000 per day for the chairman of the audit committee, if there is a meeting of that committee).

All directors receive reimbursement of reasonable out-of-pocket expenses incurred in connection with attendance at meetings of the board of directors.

**Equity Compensation Plan Information**

The following table gives information about our equity compensation plan as of December 31, 2011:

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans
Equity compensation plans approved by security holders	45,000 (1)	\$ 9.12	950,000 (2)
Equity compensation plans not approved by security holders		N/A	
<b>Total</b>	<b>45,000 (1)</b>	<b>\$ 9.12</b>	<b>950,000 (2)</b>

(1) Represents options that were granted pursuant to our 2004 Independent Directors Stock Option Plan as of December 31, 2011. Options to purchase 45,000 shares were exercisable as of December 31, 2011.

(2) All shares authorized for issuance pursuant to awards not yet granted under the 2004 Independent Directors Stock Option Plan.

**Director Compensation Table**

The following table sets forth certain information with respect to our director compensation during the fiscal year ended December 31, 2011:

Name	Fees Earned or Paid in Cash	Stock Awards (\$)	Option Awards (1) (\$)	Non-Equity Incentive Plan Compensation (\$)	Change in Pension Value and Nonqualified Deferred Compensation Earnings	All Other Compensation (2)(\$)	Total (\$)
Christopher H. Cole							
Marcus E. Bromley	\$ 64,000					\$ 602	\$ 64,602
George N. Fugelsang	\$ 56,000					\$ 4,794	\$ 60,794

(1) The value of option awards represents the amount of compensation costs recognized by the Company for financial statement purposes under Financial Accounting Standards Board Accounting Standards Codification Topic 718 as the aggregate grant date fair value.

(2) Amount represents reimbursement of travel expenses incurred by directors to attend various director meetings.

**Compensation Committee Interlocks and Insider Participation**

No member of our compensation committee served as an officer or employee of the Company during the fiscal year ended December 31, 2011, or formerly served as an officer of the Company. During the fiscal year ended December 31, 2011, our executive officers, Messrs. Cole and McAllaster, both served as directors and executive officers of CCPT I, and as executive officers of CCPT III, Cole Corporate Income Trust, Cole Income NAV Strategy and CCPT IV. In addition, Mr. Cole served as a director of CCPT III, Cole Corporate Income Trust, Cole Income NAV

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Strategy and CCPT IV. Since Messrs. Cole and McAllaster are also officers of our advisor and/or its affiliates, they did not receive any separate compensation from us for service as our executive officers and/or directors, and also did not receive any separate compensation from CCPT I, CCPT III, Cole Corporate Income Trust, Cole Income NAV Strategy and CCPT IV for their service as executive officers and/or

directors of those entities. See Transactions with Related Persons, Promoters and Certain Control Persons below for a description of the transactions during the year ended December 31, 2011 between the Company and companies with which Messrs. Cole and McAllaster are affiliated.

#### **Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Securities Exchange Act of 1934, as amended (the Exchange Act), requires each director, officer and individual beneficially owning more than 10% of a registered security of the Company to file with the SEC, within specified time frames, initial statements of beneficial ownership (Form 3) and statements of changes in beneficial ownership (Forms 4 and 5) of common stock of the Company. Directors, officers and greater than 10% beneficial owners are required by SEC rules to furnish the Company with copies of all such forms they file. Based solely on a review of the copies of such forms furnished to us during and with respect to the fiscal year ended December 31, 2011 or written representations that no additional forms were required, to the best of our knowledge, all required Section 16(a) filings were timely and correctly made by reporting persons during 2011.

#### **Executive Officers**

In addition to Christopher H. Cole, the following individual serves as an executive officer of the Company:

**D. Kirk McAllaster, Jr.**, age 45, has served as our executive vice president and chief financial officer since October 2007 and as our treasurer since May 2011. He has served as executive vice president and chief financial officer (REITs and real estate funds) of CCPT II Advisors since January 2012, and previously served as its executive vice president and chief financial officer from March 2007 until January 2012, and as its vice president, finance from December 2005 until March 2007. Mr. McAllaster has also served as executive vice president and chief financial officer of CCPT I since October 2007, as its treasurer since May 2011, and has been a member of its board of directors since May 2008. He has served as executive vice president and chief financial officer (REITs and real estate funds) of CCPT I Advisors since January 2012, and previously served as its executive vice president and chief financial officer from March 2007 until January 2012, and as its vice president, finance from December 2005 until March 2007. Mr. McAllaster has served as executive vice president, chief financial officer and treasurer of CCPT III since its formation in January 2008, and served as its secretary from January 2008 to November 2010. He also has served as executive vice president and chief financial officer (REITs and real estate funds) of CCPT III Advisors since January 2012 and as its executive vice president and chief financial officer from its formation in January 2008 until January 2012. He has served as executive vice president, chief financial officer, and treasurer of Cole Corporate Income Trust since its formation in April 2010 and served as its secretary from April 2010 until August 2010 and from January 2011 until March 2011. He has served as executive vice president and chief financial officer (REITs and real estate funds) of Cole Corporate Income Advisors since January 2012 and as its executive vice president and chief financial officer from its formation in April 2010 until January 2012. Mr. McAllaster has served as executive vice president, chief financial officer and treasurer of CCPT IV since its formation in July 2010. He also has served as executive vice president and chief financial officer (REITs and real estate funds) of CCPT IV Advisors since January 2012 and as its executive vice president and chief financial officer from its formation in July 2010 until January 2012. He has served as the executive vice president, chief financial officer and treasurer of Cole Income NAV Strategy since its formation in July 2010. He has served as executive vice president and chief financial officer (REITs and real estate funds) of Cole Income NAV Strategy Advisors since January 2012 and as its executive vice president and chief financial officer from its formation in July 2010 until January 2012. Mr. McAllaster has served as executive vice president and chief financial officer (REITs and real estate funds) of Cole Realty Advisors since January 2012 and as its treasurer since September 2009, and previously served as executive vice president and chief financial officer from March 2007 until January 2012. Mr. McAllaster has served as executive vice president and chief financial officer (REITs and real estate funds) of Cole Capital Partners and Cole Capital Advisors since January 2012, and previously served as executive vice president and chief financial officer of each from March 2007 until January 2012 and as vice president, finance of each from December 2005 until

March 2007. Prior to joining Cole Real Estate Investments in May 2003, Mr. McAllaster worked for six years with Deloitte & Touche LLP, most recently as audit senior manager. He has over 20 years of accounting and finance experience in public accounting and private industry. Mr. McAllaster received a B.S. degree from California State Polytechnic University Pomona with a major in Accounting. He is a Certified Public Accountant licensed in the states of Arizona and Tennessee and is a member of the American Institute of CPAs and the Arizona Society of CPAs.

Each of our executive officers has stated that there is no arrangement or understanding of any kind between him and any other person relating to their appointment as an executive officer.

#### **Compensation of Executive Officers**

We have no employees. Our executive officers, including our principal financial officer, do not receive compensation directly from us for services rendered to us, and we do not intend to pay any compensation directly to our executive officers. As a result, we do not have, and our board of directors has not considered, a compensation policy or program for our executive officers. Accordingly, we have not included a Compensation Committee Report or a Compensation Discussion and Analysis in this proxy statement.

Our executive officers are also officers of CCPT II Advisors, our advisor, and/or its affiliates, including Cole Realty Advisors, our property manager, and are compensated by these entities, in part, for their services to us. We pay fees to such entities under our advisory agreement and property management and leasing agreement. We also reimburse CCPT II Advisors for its provision of administrative services, including related personnel costs, subject to certain limitations. A description of the fees that we pay to our advisor and property manager or any affiliate thereof is found in the Transactions with Related Persons, Promoters and Certain Control Persons section below.

#### **BENEFICIAL OWNERSHIP OF EQUITY SECURITIES**

The following table sets forth information as of March 16, 2012, regarding the beneficial ownership of our common stock by each person known by us to own 5% or more of the outstanding shares of common stock, each of our directors, and each named executive officer, and our directors and executive officers as a group. The percentage of beneficial ownership is calculated based on 210,164,246 shares of common stock outstanding as of March 16, 2012. The address of each beneficial owner listed below is c/o Cole Real Estate Investments, 2325 East Camelback Road, Suite 1100, Phoenix, Arizona 85016. None of the sha