

Cole Credit Property Trust II Inc
Form DEF 14A
April 09, 2008
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 Pursuant to § 240.14a-11(c) or § 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.
- \$125 per Exchange Act Rules 0-11(c)(1)(ii), 14a-6(i)(1), 14a-6(i)(2) or Item 22(a)(2) of Schedule 14A.
- 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:

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.

2555 East Camelback Road, Suite 400

Phoenix, Arizona 85016

April 14, 2008

Dear Stockholder:

You are cordially invited to attend our 2008 Annual Meeting of Stockholders to be held on Thursday, May 29, 2008, at 9:00 a.m. local time at our principal executive offices located at 2555 East Camelback Road, Suite 400, Phoenix, Arizona 85016.

The matters expected to be acted upon at the meeting are described in the following Notice of the 2008 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 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

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COLE CREDIT PROPERTY TRUST II, INC.

NOTICE OF 2008 ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD ON MAY 29, 2008

To Cole Credit Property Trust II, Inc. Stockholders:

NOTICE IS HEREBY GIVEN that the 2008 annual meeting of stockholders of Cole Credit Property Trust II, Inc., a Maryland corporation ("CCPT II," the "Company," "we," or "us"), will be held on Thursday, May 29, 2008, at 9:00 a.m. local time at our principal executive offices located at 2555 East Camelback Road, Suite 400, Phoenix, Arizona 85016. The purpose of the meeting is to:

1. Elect three directors to hold office for one-year terms expiring at the 2009 annual meeting of stockholders and until their successors are duly elected and qualified; and
2. To 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 24, 2008 are entitled to receive this notice and to vote at the meeting. This proxy statement, proxy card and our 2007 annual report to stockholders are being mailed to you on or about April 14, 2008.

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 CCPT II SIGNIFICANT ADDITIONAL EXPENSE ASSOCIATED WITH SOLICITING STOCKHOLDER VOTES.

By Order of the Board of Directors

/s/ JOHN M. PONS

John M. Pons

Secretary

Phoenix, Arizona

April 14, 2008

PLEASE VOTE — YOUR VOTE IS IMPORTANT

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QUESTIONS AND ANSWERS

We are providing you with this proxy statement, which contains information about the items to be voted upon at our 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 CCPT II common stock at the 2008 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.

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 people who will vote your shares of common stock at the annual meeting are D. Kirk McAllaster, Jr. and John M. Pons. They will vote your shares of common stock as you instruct, unless you sign and return the proxy card, or vote by telephone or over the Internet, and give no instructions. In this case, 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 vote 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 29, 2008, at 9:00 a.m. local time at our principal executive offices located at 2555 East Camelback Road, Suite 400, 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 24, 2008, there were 113,963,376 shares of our common stock issued and outstanding. Every stockholder of record as of the close of business on March 24, 2008 is entitled to one vote for each share of common stock held at that date and time.

Q: What is a "quorum"?

A: A "quorum" consists of the presence in person or by proxy of stockholders holding a majority 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

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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 to be voted on.

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

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

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Q: Who is entitled to vote?

A: Anyone who owned our common stock at the close of business on March 24, 2008, the record date, is entitled to vote at the annual meeting.

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 of record who live in the United States may authorize proxies by following the "Telephone" instruction on the enclosed proxy card. Stockholders of record with Internet access may submit a proxy by following the "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 may also 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 vote 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 the 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 Messrs. McAllister and Pons.

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 CCPT II 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 John M. Pons, our Secretary, in writing at our principal executive offices located at 2555 East Camelback Road, Suite 400, 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.

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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 and, Chief Financial Officer, and John M. Pons, our Secretary, and each of them, 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?

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A: CCPT II will pay all the costs of soliciting these proxies. CCPT II 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, 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 directors, officers or other personnel for such services. We have retained D.F. King & Co., Inc. to assist us in the distribution of proxy materials and solicitation of votes. We anticipate the costs of such services to CCPT II to be approximately \$45,000.

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 mark the appropriate box on the enclosed proxy card, or indicate when you vote by telephone or over the Internet, 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?

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:

D.F. King & Co., Inc.

48 Wall Street, 22nd Floor

New York, New York 10005

Call Toll free: (800) 290-6426 or

Collect at (212) 269-5550

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 2009 annual meeting of stockholders and until their successors are duly elected and qualified. The board of directors has nominated the following people for re-election as directors:

- Christopher H. Cole

- Marcus E. Bromley

- Elizabeth L. Watson

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.

If you return a properly executed proxy card, or if you vote by phone or over the Internet, unless you direct them to withhold your votes, the individuals named as 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 a majority of all the stockholders 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, abstentions and broker non-votes will have the same effect as votes cast against each director. A properly executed proxy card, or vote by telephone or over the Internet, indicating "FOR all nominees listed" will be considered a vote in favor of all nominees for re-election as director. A properly executed proxy card, or vote by telephone or over the Internet, indicating "FOR all nominees listed EXCEPT those whose names are written in the space provided" will be considered a vote in favor of all nominees except those nominees you specifically list and a vote against the nominees specifically listed. A properly executed proxy card, or vote by telephone or over the Internet, indicating "WITHHOLD FOR ALL" will be considered a vote against all directors.

THE BOARD UNANIMOUSLY RECOMMENDS A VOTE "FOR ALL NOMINEES LISTED" FOR ELECTION AS DIRECTORS

CERTAIN INFORMATION ABOUT MANAGEMENT

Board of Directors

In accordance with applicable law and our bylaws, the business and affairs of CCPT II are managed under the direction of our board of directors. Our board of directors has nominated each of the following individuals for election as a director to serve until our 2009 annual meeting of stockholders or until his or her successor is elected and qualified. Each nominee currently is a director of CCPT II and Mr. Bromley and Ms. Watson are independent directors.

<u>Name</u>	<u>Age</u>	<u>Positions</u>
Christopher H. Cole	55	Chairman, Chief Executive Officer and President
Marcus E. Bromley	58	Director (Independent)
Elizabeth L. Watson	48	Director (Independent)

Christopher H. Cole has served as the chairman, chief executive officer and president of our Company since our formation in September 2004. He is also the chairman, chief executive officer, president, secretary and treasurer of Cole Holdings Corporation and its sole shareholder. Mr. Cole has been engaged as a general partner in the structuring and management of real estate limited partnerships since February 1979. Mr. Cole has served as the chief executive officer and treasurer of Cole Capital Advisors, Inc. and Cole Capital Partners, LLC (“Cole Capital Partners”) since 2002, and as president and secretary since October 2007. He was also the president of each from 2002 until March 2007. Mr. Cole has served as the chief executive officer, president and treasurer of Cole Realty Advisors, Inc. (“Cole Realty Advisors”) since its formation in November 2002. Mr. Cole has served as the chief executive officer and treasurer of Cole REIT Advisors I (“Cole Advisors”) and Cole REIT Advisors II, LLC (“Cole Advisors II”) since their formation and as president since October 2007. He also served as president of each company from its formation until March 2007. Mr. Cole has served as the chairman, chief executive officer, and president of Cole Credit Property Trust, Inc. (“Cole REIT I”) since its formation in March 2004. He has served as the chairman, chief executive officer, and president of Cole Credit Property Trust II, Inc. (“Cole REIT II”) since its formation in September 2004. He has served as a Director and as executive vice president and treasurer of Cole Capital Corporation since 2002. Mr. Cole served as the chief executive officer of Cole Partnerships, Inc. (“Cole Partnerships”) from August 1995 through December 2003. Mr. Cole has also served as the chairman, chief executive officer and president of Cole Retail Income Trust, Inc. (“CRIT”) and Cole Retail Income Advisors, LLC (“CRI Advisors”), since their formation in January 2008.

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. From 1993 through 2005, Mr. Bromley served as a member of the board of trustees of Gables Residential Trust, Inc., 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 (Atlanta), a community bank, and on the board of directors of Nancy Creek Capital (Atlanta), a 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.

Elizabeth L. Watson has been a member of our board of directors, chairperson of our board’s audit committee and a member of our board’s compensation committee since May 2005. Since September 2003, Ms. Watson has been a partner in, and has served as the chief operating officer for, NGP Capital Partners III, LLC (NGP Capital). Prior to joining NGP Capital, she was a retail research analyst for Legg Mason Wood Walker from June 2002 until September 2003. From November 1997 until June 2002, Ms. Watson was a partner in and served as executive vice president and chief financial officer of National Government Properties (NGP). Before joining NGP, Ms. Watson served as the senior vice president, chief financial officer and treasurer of Government Properties Investors, Inc. from June 1994 until March 1997. From 1992 until 1994,

Ms. Watson served as senior vice president,

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chief financial officer and treasurer of Prime Retail, Inc., a publicly traded real estate investment trust that developed and owned factory outlet centers, and its predecessor company, The Prime Group.

Ms. Watson received her B.S. Accounting and M.B.A. from the University of Maryland. She holds a Masters of Real Estate from John Hopkins University and an International Executive M.B.A. from Georgetown University. For the past ten years, she has been a lecturer for Johns Hopkins University's Real Estate Masters Program and has taught real estate accounting and taxation, real estate finance and real estate investments. She is a licensed certified public accountant and is a member of the Maryland Association of CPAs, National Association of Real Estate Investment Trusts ("NAREIT") and the National Association of Real Estate Companies.

Board Meetings and Annual Stockholder Meeting

The board of directors held five regular meetings and acted by unanimous written consent four times during the fiscal year ended December 31, 2007. Each director attended all of his or her board and committee meetings in 2007. 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. Last year all of our directors attended our annual meeting of stockholders.

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 to ensure that the board's determinations are consistent with 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 or her family members, and CCPT II, our senior management and our independent registered public accounting firm, the board has determined that the majority of our board is comprised of independent directors. A copy of our charter, which includes the independence standards used by our board of directors can be located on our website at www.colecapital.com by clicking on "Cole Credit Property Trust II, Inc. Enter Here For More Information" and then "Governance Docs."

Board Committees

The board maintains certain standing committees to assist in fulfilling its responsibilities. The board has established two permanent committees, each composed solely of independent directors: the audit committee and the compensation committee. Each committee of the board reports regularly to the full board and annually evaluates its performance. Each committee meets periodically during the year, usually in conjunction with regular meetings of the board. The committees established by the board, their particular areas of responsibility, and other related information, are described below.

Audit Committee

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The audit committee of the board of directors is comprised of Ms. Watson (chairperson) and Mr. Bromley. 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 was attached as Appendix A to the definitive proxy statement relating to our 2006 annual meeting of stockholders. The audit committee charter can be located on our website at www.colecapital.com by clicking on "Cole Credit Property Trust II, Inc. Enter Here For More Information" and then "Governance Docs."

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

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have significant financial and/or accounting experience, the board of directors has determined that Ms. Watson satisfies the SEC's requirements for an "audit committee financial expert" and has designated Ms. Watson as our audit committee financial expert. During 2007, the audit committee met four times.