Cole Credit Property Trust II Inc
Form POS AM
March 29, 2007

As filed with the Securities and Exchange Commission on March 29, 2007
Registration No. 333-121094

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
POST-EFFECTIVE AMENDMENT NO. 8 TO
FORM S-11
FOR REGISTRATION UNDER
THE SECURITIES ACT OF 1933
OF CERTAIN REAL ESTATE COMPANIES
COLE CREDIT PROPERTY TRUST II, INC.
(Exact Name of Registrant as Specified in Its Governing Instruments)
2555 East Camelback Road, Suite 400
Phoenix, Arizona 85016
(602) 778-8700
(Address, Including Zip Code and Telephone Number,
Including Area Code, of Registrant s Principal Executive Offices)
Blair D. Koblenz
Executive Vice President and Chief Financial Officer
Cole Credit Property Trust II, Inc.
2555 East Camelback Road, Suite 400
Phoenix, Arizona 85016
(602) 778-8700
(Name, Address, Including Zip Code and Telephone Number,
Including Area Code, of Agent for Service)
Copies to:
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Morris, Manning & Martin, LLP
1600 Atlanta Financial Center
3343 Peachtree Road, N.E.
Atlanta, Georgia 30326-1044
(404) 233-7000

Approximate date of commencement of proposed sale to the public: As soon as practicable following effectiveness of this Registration Statement.

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If delivery of the prospectus is expected to be made pursuant to Rule 434, check the following box. o

This Post-Effective Amendment No. 8 consists of the following:

1. The Registrant s final form of Prospectus dated June 27, 2005, previously filed pursuant to Rule 424(b)(3) on June 29, 2005 and refiled herewith.

2. Supplement No. 17 dated March 29, 2007, Supplement No. 16 dated March 20, 2007, Supplement No. 15 dated January 24, 2007, Supplement No. 14 dated January 11, 2007 and Supplement No. 13 dated December 20, 2006 to the Registrant s Prospectus dated June 27, 2005, included herewith, each of which will be delivered as an unattached document along with the Prospectus dated June 27, 2005. Supplement No. 13 supercedes and replaces all prior supplements.

3. Part II, included herewith.

4. Signatures, included herewith.

Cole Credit Property Trust II, Inc.
Maximum Offering of 50,000,000 Shares of Common Stock
Minimum Offering of 250,000 Shares of Common Stock

Cole Credit Property Trust II, Inc. is a newly organized Maryland corporation that intends to qualify as a real estate investment trust beginning with the taxable year ending December 31, 2005.

We are offering up to a maximum of 45,000,000 shares of our common stock in our primary offering for $10.00 per share, with discounts available for certain categories of purchasers. We also are offering up to 5,000,000 shares pursuant to our distribution reinvestment plan at a purchase price during this offering of $9.15 per share. We will offer these shares until June 27, 2007, which is two years after the effective date of this offering, unless the offering is extended.

The dealer manager of this offering, Cole Capital Corporation, a member firm of the National Association of Securities Dealers, Inc., is our affiliate and will offer the shares on a best efforts basis. The minimum permitted purchase is generally $2,500. We will not sell any shares unless we sell a minimum of 250,000 shares to the public by June 27, 2006, which is one year from the effective date of this offering. Pending satisfaction of this condition, all subscription payments will be placed in an account held by the escrow agent, Wells Fargo Bank, N.A., in trust for subscribers benefit, pending release to us. You will not receive interest on such payments unless they are held for more than 35 days unless we do not sell at least 250,000 shares by June 27, 2006, which is one year from the effective date of this offering, in which case we will promptly return all funds in the escrow account (including interest), and we will stop offering shares.

See Risk Factors beginning on page 18 to read about risks you should consider before buying shares of our common stock. These risks include the following:

- We have no operating history nor do we currently own any properties. We are a blind pool because we do not own any investments and have not identified any investments we will make with proceeds from this offering. You will be unable to evaluate the economic merit of our investments or how the proceeds from this offering are invested and there may be a substantial delay in receiving a return, if any, on your investment.

- There are substantial conflicts among us and our sponsor, advisor, dealer manager and property manager, such as the fact that our chairman and chief executive officer owns 100% of our advisor, our dealer-manager and our property manager, and our advisor and other affiliated entities may compete with us and acquire properties suitable to our investment objectives.

- No public market currently exists, and one may never exist, for shares of our common stock. If you are able to sell your shares, you would likely have to sell them at a substantial discount.

- Until we generate operating cash flow sufficient to pay distributions to our stockholders, we may make distributions from the proceeds of this offering or from borrowings in anticipation of future cash flow, which may constitute a return of capital, reduce the amount of capital we ultimately invest in properties and negatively impact the value of your investment.

- We may fail to qualify as a real estate investment trust, also known as a REIT. If we fail to qualify as a REIT, or if we qualify and subsequently lose our REIT status, our operations and our ability to make distributions would be adversely affected.

- You may not own more than 9.8% in value of the outstanding shares of our stock or more than 9.8% of the number or value of any class or series of our outstanding shares of stock.

We may incur substantial debt, which could hinder our ability to pay distributions to our stockholders or could decrease the value of your investment in the event that income on, or the value of, the property securing the debt falls.

We are dependent on our advisor to select investments and conduct our operations. Adverse changes in the financial condition of our advisor or our relationship with our advisor could adversely affect us.

We will pay substantial fees and expenses to our advisor, its affiliates and participating broker-dealers, which payments increase the risk that you will not earn a profit on your investment.

This is a best efforts offering and some or all of our shares may not be sold.

Neither the Securities and Exchange Commission, the Attorney General of the State of New York nor any other state securities regulator has approved or disapproved of our common stock, determined if this prospectus is truthful or complete or passed on or endorsed the merits of this offering. Any representation to the contrary is a criminal offense.

This investment involves a high degree of risk. You should purchase these securities only if you can afford a complete loss of your investment.

	Price to Public	**Selling Commissions**	**Dealer Manager Fee**	**Net Proceeds (Before Expenses)**
Primary Offering				
Per Share	$ 10.00	$ 0.70	$ 0.15	$ 9.15
Total Minimum	$ 2,500,000	$ 175,000	$ 37,500	$ 2,287,500
Total Maximum	$ 450,000,000	$ 31,500,000	$ 6,750,000	$ 411,750,000
Distribution Reinvestment Plan				
Per Share	$ 9.15	$	$	$ 9.15
Total Maximum	$ 45,750,000	$	$	$ 45,750,000

June 27, 2005

SUITABILITY STANDARDS

An investment in our common stock involves a significant risk and is only suitable for persons who have adequate financial means, desire a relatively long-term investment and who will not need immediate liquidity from their investment. Initially, we will not have a public market for the common stock and we cannot assure you that one will develop, which means that it may be difficult for you to sell your shares. This investment is not suitable for persons who require immediate liquidity or guaranteed income, or who seek a short-term investment.

In consideration of these factors, we have established suitability standards for initial stockholders and subsequent purchasers of shares from our stockholders. These suitability standards require that a purchaser of shares have, excluding the value of a purchaser s home, furnishings and automobiles, either:

a net worth of at least $150,000; or

a gross annual income of at least $45,000 and a net worth of at least $45,000.

The minimum purchase is 250 shares ($2,500). You may not transfer less shares than the minimum purchase requirement. In addition, you may not transfer or subdivide your shares so as to retain less than the number of shares required for the minimum purchase. In order to satisfy the minimum purchase requirements for retirement plans, unless otherwise prohibited by state law, a husband and wife may jointly contribute funds from their separate IRAs, provided that each such contribution is made in increments of $1,000. You should note that an investment in shares of our common stock will not, in itself, create a retirement plan and that, in order to create a retirement plan, you must comply with all applicable provisions of the Internal Revenue Code.

After you have purchased the minimum investment, any additional purchase must be at least 100 shares ($1,000), except for purchases of shares pursuant to our distribution reinvestment plan, which may be in lesser amounts.

Several states have established suitability requirements that are more stringent than the standards that we have established and described above. Shares will be sold only to investors in these states who meet the special suitability standards set forth below:

Arizona, California, Iowa, Michigan and Tennessee Investors must have either (a) a net worth of at least $225,000 or (2) gross annual income of at least $60,000 and a net worth of at least $60,000.

Maine Investors must have either (1) a net worth of at least $200,000 or (2) gross annual income of at least $50,000 and a net worth of at least $50,000.

Kansas In addition to our standard suitability requirements, it is recommended that investors should invest no more than ten percent of their liquid net worth in our shares and securities of other real estate investment trusts.

Ohio, Massachusetts and Pennsylvania Investors must have either (a) a minimum annual gross income of $70,000 and a minimum net worth of $70,000 or (b) a minimum net worth of $250,000. The investor s maximum investment in the issuer and affiliates cannot exceed 10% of the Ohio, Massachusetts or Pennsylvania resident s net worth.

In all states listed above, net worth is to be determined excluding the value of a purchaser s home, furnishings and automobiles.

Because the minimum offering of our common stock is less than $25,000,000, Pennsylvania investors are cautioned to evaluate carefully our ability to accomplish fully our stated objectives and to inquire as to the current dollar volume of our subscription proceeds.

Each participating broker-dealer, authorized representative or any other person selling shares on our behalf is required to:

make every reasonable effort to determine that the purchase of shares is a suitable and appropriate investment for each investor based on information provided by such investor to the broker-dealer, including such investor s age, investment objectives, income, net worth, financial situation and other investments held by such investor; and

maintain records for at least six years of the information used to determine that an investment in the shares is suitable and appropriate for each investor.

In making this determination, your participating broker-dealer, authorized representative or other person selling shares on our behalf will, based on a review of the information provided by you, consider whether you:

meet the minimum income and net worth standards established in your state;

can reasonably benefit from an investment in our common stock based on your overall investment objectives and portfolio structure;

are able to bear the economic risk of the investment based on your overall financial situation; and

have an apparent understanding of:

+ the fundamental risks of an investment in our common stock;
+ the risk that you may lose your entire investment;
+ the lack of liquidity of our common stock;
+ the restrictions on transferability of our common stock;
+ the background and qualifications of our advisor; and
+ the tax consequences of an investment in our common stock.

In the case of sales to fiduciary accounts, the suitability standards must be met by the fiduciary account, by the person who directly or indirectly supplied the funds for the purchase of the shares or by the beneficiary of the account. Given the long-term nature of an investment in our shares, our investment objectives and the relative illiquidity of our shares, our suitability standards are intended to help ensure that shares of our common stock are an appropriate investment for those of you who become investors.

TABLE OF CONTENTS

QUESTIONS AND ANSWERS ABOUT THIS OFFERING

Below we have provided some of the more frequently asked questions and answers relating to an offering of this type. Please see Prospectus Summary and the remainder of this prospectus for more detailed information about this offering.

Q: What is a REIT?

A: In general, a real estate investment trust (REIT) is a company that:

- pays distributions to investors of at least 90.0% of its taxable income;
- avoids the double taxation treatment of income that generally results from investments in a corporation because a REIT generally is not subject to federal corporate income taxes on its net income, provided certain income tax requirements are satisfied; and
- combines the capital of many investors to acquire a large-scale diversified real estate portfolio under professional management.

Q: How are you different from your competitors who offer unlisted finite-life public REIT shares or real estate limited partnership units?

A: We will focus our investments on the acquisition of freestanding, single-tenant commercial properties net leased to investment grade and other creditworthy tenants. Unlike funds that invest in a limited number of multi-tenant properties, we plan to acquire a diversified portfolio with a larger number of single-tenant properties. Therefore, lower than expected results of operations from one or a few investments will not necessarily preclude our ability to realize our investment objectives of current income to our investors and preservation of capital from our overall portfolio. Our management believes that freestanding retail properties, as compared to shopping centers, malls or other retail complexes as a whole, offer a distinct investment advantage since these properties generally offer superior locations that are less dependent on the financial stability of adjoining tenants. In addition, since we intend to acquire properties that are geographically diverse, we expect to minimize the potential adverse impact of economic downturns in local markets. Also, when we acquire a property, we focus on properties with a long term lease with investment grade or other creditworthy tenants.

Q: What is the experience of your officers and directors?

A: Christopher H. Cole, our chairman, chief executive officer and president, has been active in the acquisition, financing, management and structuring of commercial real estate transactions for over 25 years and has been engaged as a general partner in the structuring and management of real estate limited partnerships since February 1979. He also is the chief executive officer of Cole REIT Advisors II LLC, (Cole Advisors II), which is our advisor. Through Mr. Cole s affiliated entities, as of December 31, 2004, Mr. Cole has sponsored 47 private real estate programs with an aggregate of over 5,000 investors since January 1, 1995.

Blair D. Koblenz, our executive vice president and chief financial officer, has been active in the structuring and financial management of commercial real estate investments for over 20 years. He also is executive vice president and chief financial officer of Cole Advisors II. Prior to joining the Cole entities in 1994, he practiced in public accounting from 1979 to 1982 with an emphasis in taxation and business planning. He then served in a financial officer capacity for real estate investment companies and operators in Arizona from 1982 to 1994.

John M. Pons, our secretary, also is vice president, secretary and counsel of Cole Advisors II. Prior to joining the Cole entities in September 2003, Mr. Pons was an associate general counsel and assistant secretary with GE Capital Franchise Finance Corporation since December 2001. Prior to December 2001, Mr. Pons was engaged in a private legal practice. Mr. Pons has over nine years experience in all aspects of real estate law, including the acquisition, sale, leasing, development and financing of real property.

Marcus E. Bromley is a member of our board of directors, chairman of its audit committee and a member of its compensation committee. Since December 1993, Mr. Bromley has served as a member of the board of trustees of Gables Residential Trust, a multi-family residential REIT listed on the New York Stock Exchange. 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.

Elizabeth L. Watson is a member of our board of directors, chairperson of its audit committee and a member of its compensation committee. 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). In addition to other positions in the real estate capital market industry, from 1992 until 1994, Ms. Watson served as senior vice president, chief financial officer and treasurer of Prime Retail, Inc., a publicly traded REIT that developed and owned factory outlet centers, and its predecessor company, The Prime Group.

Q: Will you acquire properties in joint ventures?

A: Possibly. We may want to acquire properties through one or more joint ventures in order to diversify our portfolio of properties in terms of geographic region, property type and tenant industry group. Increased portfolio diversification will reduce the risk to investors as compared to a program with a smaller number of investments. Our joint ventures may be with our affiliates or with third parties. Generally, we will only enter into a joint venture in which we will control the decisions of the joint venture. If we do enter into joint ventures, we may assume liabilities related to the joint venture that exceed the percentage of our investment in the joint venture.

Q: What steps do you take to make sure you invest in environmentally compliant property?

A: Generally, we will obtain a Phase I environmental assessment of each property purchased. These assessments, however, may not reveal all environmental hazards. In certain instances, we will rely upon the experience of our advisor and we expect that in most cases we will obtain a representation from the seller that, to its knowledge, the property is not contaminated with hazardous materials.

Q: What will be the terms of your leases?

A: We will seek to secure leases from investment grade and other creditworthy tenants before or at the time we acquire a property. We expect that our leases generally will be net leases, which means that the tenant would be responsible for the cost of repairs, maintenance, property taxes, utilities, insurance and other operating costs. In certain of these leases, we will be responsible for the replacement of specific structural components of a property, such as the roof of the building or the parking lot. We expect that our leases generally will have terms of ten or more years, some of which may have renewal options. We may, however, enter into leases that have a shorter term.

Q: How will you determine whether tenants have the appropriate creditworthiness for each building lease?

A: We will determine creditworthiness pursuant to various methods, including reviewing financial data and other information about the tenant. In addition, we may use an industry credit rating service to determine the creditworthiness of potential tenants and any personal guarantor or corporate guarantor of each potential tenant. We will compare the reports produced by these services to the relevant financial and other data collected from these parties before consummating a lease transaction. Such relevant data from potential tenants and guarantors include income statements and balance sheets for current and prior periods, net worth or cash flow of guarantors, and business plans and other data we deem relevant.

Q: What is an UPREIT ?

A: UPREIT stands for Umbrella Partnership Real Estate Investment Trust. We use an UPREIT structure because a sale of property directly to a REIT generally is a taxable transaction to the

2

selling property owner. In an UPREIT structure, a seller of a property that desires to defer taxable gain on the sale of its property may transfer the property to the UPREIT in exchange for limited partnership units in the UPREIT and defer taxation of gain until the seller later exchanges its UPREIT units on a one-for-one basis for REIT shares. If the REIT shares are publicly traded, at the time of the exchange of units for shares, the former property owner will achieve liquidity for its investment. Using an UPREIT structure may give us an advantage in acquiring desired properties from persons who may not otherwise sell their properties because of unfavorable tax results.

Q: Will the distributions I receive be taxable as ordinary income?

A: Yes and no. Generally, distributions that you receive, including distributions that are reinvested pursuant to our distribution reinvestment plan, will be taxed as ordinary income to the extent they are from current or accumulated earnings and profits. We expect that some portion of your distributions may not be subject to tax in the year received because depreciation expense reduces taxable income but does not reduce cash available for distribution. The portion of your distribution that is not subject to tax immediately is considered a return of capital for tax purposes and will reduce the tax basis of your investment. This, in effect, defers a portion of your tax until your investment is sold or we are liquidated, at which time you will be taxed at capital gains rates. However, because each investor s tax considerations are different, we suggest that you consult with your tax advisor. You also should review the section of this prospectus entitled Federal Income Tax Considerations.

Q: What will you do with the money raised in this offering before you invest the proceeds in real estate?

A:

Until we invest the proceeds of this offering in real estate, we may invest in short-term, highly liquid or other authorized investments. Such short-term investments will not earn as high of a return as we expect to earn on our real estate investments, and we may be not be able to invest the proceeds in real estate promptly.

Q: How does a best efforts offering work?

A: When shares are offered to the public on a best efforts basis, the brokers participating in the offering are only required to use their best efforts to sell the shares and have no firm commitment or obligation to purchase any of the shares. Therefore, we may not sell all or any of the shares that we are offering.

Q: Who can buy shares?

A: Generally, you may buy shares pursuant to this prospectus provided that you have either (1) a net worth of at least $45,000 and a gross annual income of at least $45,000, or (2) a net worth of at least $150,000. For this purpose, net worth does not include your home, home furnishings and automobiles. You should carefully read the more detailed description under Suitability Standards immediately following the cover page of this prospectus.

Q: For whom is an investment in our shares recommended?

A: An investment in our shares may be appropriate for you if you meet the minimum suitability standards mentioned above, seek to diversify your personal portfolio with a finite-life, real estate-based investment, seek to receive current income, seek to preserve capital, wish to obtain the benefits of potential long-term capital appreciation and are able to hold your investment for a time period consistent with our liquidity plans. On the other hand, we caution persons who require immediate liquidity or guaranteed income, or who seek a short-term investment, that an investment in our shares will not meet those needs.

Q: May I make an investment through my IRA, SEP or other tax-deferred account?

A: Yes. You may make an investment through your individual retirement account (IRA), a simplified employee pension (SEP) plan or other tax-deferred account. In making these investment decisions, you should consider, at a minimum, (1) whether the investment is in accordance with the documents and instruments governing your IRA, plan or other account, (2) whether the investment satisfies the fiduciary requirements associated with your IRA, plan or other account, (3) whether the investment will generate unrelated business taxable income (UBTI) to your IRA, plan or other account, (4) whether there is sufficient liquidity for such investment under your IRA, plan or other account, (5) the need to value the assets of your IRA, plan or other account annually or more frequently, and (6) whether the investment would constitute a prohibited transaction under applicable law.

Q: Have you arranged for a custodian for investments made through IRA, SEP or other tax-deferred accounts?

A: Yes. Sterling Trust Company has agreed to serve as custodian for investments made through IRA, SEP and certain other tax-deferred accounts. Sterling Trust Company has agreed to provide this service to our stockholders with annual maintenance fees charged at a discounted rate.

Q: Is there any minimum investment required?

A: Yes. Generally, you must invest at least $2,500. Investors who already own our shares can make additional purchases for less than the minimum investment. You should carefully read the more detailed description of the minimum investment requirements appearing under Suitability Standards immediately following the cover page of this prospectus.

Q: How do I subscribe for shares?

A: If you choose to purchase shares in this offering, you will need to complete and sign a subscription agreement, like the one contained in this prospectus as Appendix B, for a specific number of shares and pay for the shares at the time you subscribe.

Q: Who is the transfer agent?

A: The name, address and telephone number of our transfer agent is as follows:

Phoenix Transfer, Inc.
2401 Kerner Boulevard
San Rafael, California 94901
(866) 341-2653

To ensure that any account changes are made promptly and accurately, all changes including your address, ownership type and distribution mailing address should be directed to the transfer agent.

Q: Will I be notified of how my investment is doing?

A: Yes. We will provide you with periodic updates on the performance of your investment with us, including:

- following our commencement of distributions to stockholders, four quarterly or 12 monthly distribution reports;
- three quarterly financial reports;
- an annual report;
- an annual Form 1099; and
- supplements to the prospectus during the offering period.

We will provide this information to you via one or more of the following methods, in our discretion and with your consent, if necessary:

- U.S. mail or other courier;
- facsimile;
- electronic delivery; and
- posting on our affiliated website, which is *www.colecapital.com.*

4

Q: When will I get my detailed tax information?

A: Your Form 1099 tax information will be placed in the mail by January 31 of each year.

Q: Who can help answer my questions?

A: If you have more questions about the offering or if you would like additional copies of this prospectus, you should contact your registered representative or contact:

Cole Capital Corporation
2555 East Camelback Road, Suite 400
Phoenix, Arizona 85016
(866) 341-2653
Attn: Investor Services
www.colecapital.com

PROSPECTUS SUMMARY

This prospectus summary highlights material information contained elsewhere in this prospectus. Because it is a summary, it may not contain all of the information that is important to you. To understand this offering fully, you should read the entire prospectus carefully, including the Risk Factors section and the financial statements, before making a decision to invest in our common stock.

Cole Credit Property Trust II, Inc.

Cole Credit Property Trust II, Inc. is a newly organized Maryland corporation incorporated on September 29, 2004, that intends to qualify as a REIT beginning with the taxable year that will end December 31, 2005. We expect to use substantially all of the net proceeds from this offering to acquire and operate commercial real estate primarily consisting of high quality, freestanding, single-tenant commercial properties net leased to investment grade and other creditworthy tenants located throughout the United States. Because we have not yet identified any specific properties to purchase, we are considered to be a blind pool.

Our office is located at 2555 East Camelback Road, Suite 400, Phoenix, Arizona 85016. Our telephone number outside the State of Arizona is 866-341-2653. Our fax number is 602-778-8780, and the e-mail address of our investor relations department is *investorservices@colecapital.com.*

Additional information about us and our affiliates may be obtained at *www.colecapital.com*, but the contents of that site are not incorporated by reference in or otherwise a part of this prospectus.

Our Advisor

Cole Advisors II, a Delaware limited liability company, will be our advisor and will be responsible for managing our affairs on a day-to-day basis and for identifying and making acquisitions on our behalf.

Our Management

We operate under the direction of our board of directors, the members of which are accountable to us and our stockholders as fiduciaries. Currently, we have three directors, Christopher H. Cole, Marcus E. Bromley and Elizabeth L. Watson. Mr. Bromley and Ms. Watson each will be independent of Cole Advisors II. Our executive officers and one of our directors are affiliated with Cole Advisors II. Our charter, which requires that a majority of our directors be independent of Cole Advisors II, requires that our independent directors will be responsible for reviewing the performance of Cole Advisors II and must approve other matters set forth in our charter. See the Conflicts of Interest Certain Conflict Resolution Procedures section of this prospectus. Our directors will be elected annually by the stockholders.

Our REIT Status

If we qualify as a REIT, we generally will not be subject to federal income tax on income that we distribute to our stockholders. Under the Internal Revenue Code, a REIT is subject to numerous organizational and operational requirements, including a requirement that it distribute at least 90.0% of its annual taxable income to its stockholders. If we fail to qualify for taxation as a REIT in any year, our income will be taxed at regular corporate rates, and we may be precluded from qualifying for treatment as a REIT for the four-year period following our failure to qualify. Even if we qualify as a REIT for federal income tax purposes, we may still be subject to state and local taxes on our income and property and to federal income and excise taxes on our undistributed income.

Summary Risk Factors

Following are the most significant risks relating to your investment:

Our advisor and its affiliates will face conflicts of interest, including significant conflicts among us and our advisor, since (i) our chairman, chief executive officer and president owns 100% of our advisor, our dealer manager and our property manager, (ii) our advisor and other affiliated entities may compete with us and acquire properties suitable to our investment objectives, and (iii) our advisor s compensation arrangements with us and other Cole-sponsored programs may provide incentives that are not aligned with the interests of our stockholders.

We have no operating history, nor do we currently own any properties. This is considered a blind pool offering since we have not identified any properties to acquire with the proceeds of this offering. As a result, you will be unable to evaluate the economic merit of our investments or how the proceeds of this offering are invested and there may be a substantial delay in receiving a return, if any, on your investment.

You may not own more than 9.8% in value of the outstanding shares of our common stock or more than 9.8% of the number or value of any class or series of our outstanding shares of stock. Therefore, your ability to control the direction of our company will be limited.

No public market currently exists for our shares of common stock and one may never exist. If you are able to sell your shares, you would likely have to sell them at a substantial discount from their public offering price.

This is a best efforts offering and some or all of our shares may not be sold.

If we raise substantially less than the maximum offering, we may not be able to invest in a diverse portfolio of properties, and the value of your investment may vary more widely with the performance of specific properties.

We may incur substantial debt, which could hinder our ability to pay distributions to our stockholders or could decrease the value of your investment in the event that income on, or the value of, the property securing the debt falls.

Until the proceeds from this offering are invested and generating operating cash flow sufficient to make distributions to our stockholders, we intend to pay all or a substantial portion of our distributions from the proceeds of this offering or from borrowings in anticipation of future cash flow, which may constitute a return of your capital, reduce the amount of capital we ultimately invest in properties, and negatively impact the value of your investment.

We may fail to qualify as a REIT. If we fail to qualify as a REIT, or if we qualify and subsequently lose our REIT status, our operations and our ability to make distributions would be adversely affected.

We are dependent on our advisor to select investments and conduct our operations; thus, we would be adversely affected by adverse changes in the financial condition of our advisor or our relationship with our advisor.

We will pay substantial fees and expenses to our advisor and its affiliates, which payments are not dependent on the quality of the property acquired or the services provided to us.

Our board of directors has the authority to designate and issue one or more classes or series of preferred stock without stockholder approval, with rights and preferences senior to the rights of holders of common stock, including rights to payment of distributions. If we issue any preferred shares, the amount of funds available for the payment of distributions on the common stock could be reduced or eliminated.

Before you invest in us, you should carefully read and consider the more detailed Risk Factors section of this prospectus.

Description of Real Estate Investments

We expect to use substantially all of the net proceeds from this offering to acquire and operate commercial real estate primarily consisting of high quality, freestanding, single-tenant commercial properties net leased to investment grade tenants, which generally are companies that have a debt rating by Moody s of Baa3 or better or a credit rating by Standard & Poor s of BBB- or better, or are guaranteed by a company with such rating, and other creditworthy tenants located throughout the United States. We intend to hold each property for eight to ten years. We also may invest in entities that make similar investments. In addition, if our advisor determines that, due to the state of the real estate market or in order to diversify our investment portfolio, it would be advantageous to us, we also may invest in mortgage loans secured by commercial properties.

Our advisor, Cole Advisors II, will make recommendations to our board of directors for our investments. All acquisitions of commercial properties will be evaluated for tenant creditworthiness and the reliability and stability of their future income and capital appreciation potential. We will consider the risk profile, credit quality and reputation of tenants and the impact of each particular acquisition as it relates to the portfolio as a whole. Our board of directors will exercise its fiduciary duties to our stockholders in determining to approve or reject each of these investment recommendations.

Because we have not yet identified any specific properties to purchase, we are considered to be a blind pool. As we acquire properties, we will supplement this prospectus to describe material changes to our portfolio.

Estimated Use of Proceeds of This Offering

Depending primarily on the number of shares we sell in this offering and assuming all shares sold under our distribution reinvestment plan are sold at $9.15 per share, we estimate for each share sold in this offering that approximately $8.86 will be available for the purchase of real estate. We will use the remainder of the offering proceeds to pay the costs of the offering, including selling commissions and the dealer manager fee, and to pay a fee to our advisor for its services in connection with the selection and acquisition of properties. We will not pay selling commissions or a dealer manager fee on shares sold under our distribution reinvestment plan. The table below sets forth our estimated use of proceeds from this offering:

	Minimum Offering		Maximum Offering	
	Amount	**Percent**	**Amount**	**Percent**
Gross Offering Proceeds	$ 2,500,000	100.0%	$ 495,750,000	100.0%
Less Public Offering Expenses:				
Selling Commissions and Dealer Manager Fee	212,500	8.5%	38,250,000	7.7%
Organization and Offering Expenses	37,500	1.5%	7,436,250	1.5%
Amount Available for Investment	$ 2,250,000	90.0%	$ 450,063,750	90.8%
Acquisition and Development:				
Acquisition and Advisory Fees	43,902	1.8%	8,781,732	1.8%
Acquisition Expenses	10,976	0.4%	2,195,433	0.4%
Initial Working Capital Reserve	0	0%	0	0%
Amount Invested in Properties	$ 2,195,122	87.8%	$ 439,086,585	88.6%

Investment Objectives

Our primary investment objectives are:

to provide current income for you through the payment of cash distributions; and to preserve, protect and return your invested capital.

We also seek capital gain from our investments. See the Investment Objectives and Policies section of this prospectus for a more complete description of our investment policies and investment restrictions.

Conflicts of Interest

Cole Advisors II, as our advisor, will experience conflicts of interest in connection with the management of our business affairs, including the following:

- The management personnel of Cole Advisors II, each of whom also makes investment decisions for other Cole-sponsored programs, must determine which investment opportunities to recommend to us or another Cole-sponsored program or joint venture and must determine how to allocate resources among us and the other Cole-sponsored programs;

- Cole Advisors II may structure the terms of joint ventures between us and other Cole-sponsored programs;

- We have retained Fund Realty Advisors, Inc. (Fund Realty Advisors), an affiliate of Cole Advisors II, to manage and lease some or all of our properties;

- Cole Advisors II and its affiliates will have to allocate their time between us and other real estate programs and activities in which they are involved; and

- Cole Advisors II and its affiliates will receive fees in connection with transactions involving the purchase, management and sale of our properties regardless of the quality of the property acquired or the services provided to us.

Our officers and one of our directors also will face these conflicts because of their affiliation with Cole Advisors II. In addition, three persons who are officers and/or a director of our company also serve as officers and/or directors of Cole Credit Property Trust, Inc. (Cole REIT I), an affiliated, private real estate program, and Cole REIT Advisors, LLC (Cole Advisors), the advisor to Cole REIT I. These conflicts of interest could result in decisions that are not in our best interests. See the Conflicts of Interest section of this prospectus for a detailed discussion of the various conflicts of interest relating to your investment, as well as the procedures that we have established to mitigate a number of these potential conflicts.

The following chart shows the ownership structure of the various Cole entities that are affiliated with Cole Advisors II.

(1) Christopher H. Cole, our chairman, chief executive officer and president, owns 99% of the membership interests, and Cole Holdings Corporation owns 1% of the membership interests, of Cole Capital Partners.

(2) The investors will own registered shares of common stock in Cole Credit Property Trust II, Inc.

(3) Cole Holdings Corporation currently owns 20,000 shares of our common stock. The amount shown is prior to this offering. After the offering, Cole Holdings Corporation will own between 7.4% of our common stock, assuming a minimum offering, and 0.04% of our common stock, assuming a maximum offering, including the sale of 5,000,000 shares under our distribution reinvestment plan.

Prior Offering Summary

Since January 1, 1995 our chairman, chief executive officer and president, Christopher H. Cole, through entities he directly or indirectly controls, has previously sponsored 48 privately offered real estate programs, including 24 limited partnerships, four debt offerings and 19 tenant-in-common programs, and is currently sponsoring Cole REIT I, a privately offered REIT. As of March 31, 2005, such programs have raised an aggregate of approximately $287.2 million from over 5,400 investors, and have owned and operated a total of 118 commercial real estate properties. Neither Mr. Cole, nor any of our other affiliates, has previously sponsored or organized a publicly offered REIT. The Prior Performance Summary section of this prospectus contains a discussion of the programs sponsored by Mr. Cole since January 1, 1995. Certain financial results and information relating to such programs with investment objectives similar to ours is also provided in the Prior Performance Tables included as Appendix A to this prospectus. The prior performance of the programs previously sponsored by Mr. Cole is not necessarily indicative of the results that we will achieve. Therefore, you should not assume that you will experience returns, if any, comparable to those experienced by investors in such prior real estate programs.

The Offering

We are offering an aggregate of 45,000,000 shares of common stock in our primary offering on a best-efforts basis at $10.00 per share. Discounts are available for certain categories of purchasers as described in the Plan of Distribution section of this prospectus. We are also offering 5,000,000 shares of common stock under our distribution reinvestment plan at $9.15 per share, subject to certain limitations, as described in the Distribution Reinvestment Plan section of this prospectus. We will offer shares of common stock in our primary offering until the earlier of June 27, 2007, which is two years from the effective date of this offering, unless the offering is extended, or the date we sell 45,000,000 shares. We may sell shares under the distribution reinvestment plan beyond the termination of our primary offering until we have sold 5,000,000 shares through the reinvestment of distributions, but only if there is an effective registration statement with respect to the shares. Under the Securities Act of 1933, as amended (Securities Act), and in some states, we may not be able to continue the offering for these periods without filing a new registration statement, or in the case of shares sold under the distribution reinvestment plan, renew or extend the registration statement in such state. We may terminate this offering at any time prior to the stated termination date.

We will not sell any shares unless we sell a minimum of 250,000 shares of our common stock by June 27, 2006, which is one year from the effective date of this offering. Our directors, officers, advisor and their respective affiliates may purchase for investment shares of our common stock in this offering. However, purchases by our directors, officers, advisor or their affiliates will not count toward meeting this minimum threshold. Pending satisfaction of this condition, all subscription payments will be placed in an account held by the escrow agent, Well Fargo Bank, N.A., in trust for subscribers benefit, pending release to us. If we do not sell 250,000 shares of our common stock to the public by June 27, 2006, which is one year from the effective date of this offering, we will terminate this offering and return all subscribers funds, plus interest, without deduction for any expenses within ten days thereafter. Funds in escrow will be invested in short-term investments that mature on or before June 27, 2006, which is one year from the effective date of this offering, or that can be readily sold or otherwise disposed of for cash by such date without any dissipation of the offering proceeds invested. See Plan of Distribution Special Notice to Pennsylvania Investors regarding the sale of shares to Pennsylvania investors.

Compensation to Cole Advisors II and its Affiliates

Cole Advisors II and its affiliates will receive compensation and reimbursement for services relating to this offering and the investment and management of our assets. The most significant items of compensation are included in the table below. The selling commissions and dealer manager fee may vary for different categories of purchasers. See the Plan of Distribution section of this prospectus. The table below assumes the shares are sold through distribution channels associated with the highest possible selling commissions and dealer manager fees and accounts for the fact that shares are sold through our distribution reinvestment plan at $9.15 per share with no selling commissions and no dealer manager fee.

Type of Compensation	Determination of Amount	Estimated Amount for Minimum Offering (250,000 shares)/Maximum Offering (50,000,000 shares)
	Offering Stage	
Selling Commissions	We will pay to Cole Capital Corporation 7.0% of gross proceeds of our primary offering; we will not pay any selling commissions on sales of shares under our distribution reinvestment plan; Cole Capital Corporation will reallow all selling commissions to participating broker-dealers.	$175,000/$31,500,000
Dealer Manager Fee	We will pay to Cole Capital Corporation 1.5% of gross proceeds of our primary offering; we will not pay a dealer manager fee with respect to sales under our distribution reinvestment plan.	$37,500/$6,750,000
Other Organization and Offering Expenses	We will reimburse Cole Advisors II up to 1.5% of gross offering proceeds for organization and offering expenses.	$37,500/$7,436,250
	Operational Stage	
Acquisition and Advisory Fees	We will pay Cole Advisors II 2.0% of the contract purchase price of each property acquired.	$43,902/$8,781,732
Acquisition Expenses	We will reimburse Cole Advisors II for acquisition expenses incurred in acquiring property. We expect these fees to be approximately 0.5% of the purchase price of each property. In no event will the total of all acquisition and advisory fees and acquisition expenses payable with respect to a particular investment exceed 6% of the contract purchase price.	Actual amounts are dependent upon the actual expenses incurred in acquiring a property or asset, and therefore cannot be determined at this time.
Asset Management Fees	We will pay Cole Advisors II a monthly fee equal to 0.02083%, which is one-twelfth of 0.25%, of the aggregate assets value plus costs and expenses incurred by the advisor in providing asset management services.	Not determinable at this time. Because the fee is based on a fixed percentage of aggregate asset value there is no maximum dollar amount of this fee.

12

Type of Compensation	Determination of Amount	Estimated Amount for Minimum Offering (250,000 shares)/Maximum Offering (50,000,000 shares)
Property Management and Leasing Fees	For the management and leasing of our properties, we will pay Fund Realty Advisors, an affiliate of our advisor, a property management fee equal to 2.0% of gross revenues plus market-based leasing commissions applicable to the geographic location of the property. We also will reimburse Fund Realty Advisors costs of managing the properties. Fund Realty Advisors or its affiliates may also receive a fee for the initial leasing of newly constructed properties, which would generally equal one month s rent. The aggregate of all property management and leasing fees paid to our affiliates plus all payments to third parties for such fees will not exceed the amount that other nonaffiliated management and leasing companies generally charge for similar services in the same geographic location as determined by a survey of brokers and agents in such area.	Not determinable at this time. Because the fee is based on a fixed percentage of gross revenue and/or market rates, there is no maximum dollar amount of this fee.
Operating Expenses	We will reimburse our advisor s costs of providing administrative services, subject to the limitation that we will not reimburse our advisor for any amount by which our operating expenses (including the asset management fee) at the end of the four preceding fiscal quarters exceeds the greater of(i) 2% of average invested assets, or (ii) 25% of net income other than any additions to reserves for depreciation, bad debt or other similar non-cash reserves and excluding any gain from the sale of assets for that period. Additionally, we will not reimburse our advisor for personnel costs in connection with services for which the advisor receives acquisition fees or real estate commissions.	Not determinable at this time.
Financing Coordination Fee		

	If our advisor provides services in connection the origination or refinancing of any debt that we obtain and use to acquire properties or to make other permitted investments, we will pay the advisor a financing coordination fee equal to 1% of the amount available under such financing, subject to certain limitations.	Not determinable at this time. Because the fee is based on a fixed percentage of any debt financing, there is no maximum dollar amount of this fee.

Type of Compensation	Determination of Amount	Estimated Amount for Minimum Offering (250,000 shares)/Maximum Offering (50,000,000 shares)
	Liquidation/ Listing Stage	
Real Estate Commissions	Up to one-half of the brokerage commission paid on the sale of property, not to exceed 2.0% of the contract price for property sold, in each case, payable to our advisor if our advisor or its affiliates, as determined by a majority of the independent directors, provided a substantial amount of services in connection with the sale.	Not determinable at this time. Because the commission is based on a fixed percentage of the contract price for a sold property, there is no maximum dollar amount of these commissions.
Subordinated Participation in Net Sale Proceeds (payable only if we are not listed on an exchange)	10.0% of remaining net sale proceeds after return of capital plus payment to investors of an 8.0% cumulative, non-compounded return on the capital contributed by investors. We cannot assure you that we will provide this 8.0% return, which we have disclosed solely as a measure for our advisor s incentive compensation.	Not determinable at this time. There is no maximum amount of these payments.
Subordinated Incentive Listing Fee (payable only if we are listed on an exchange, which we have no intent to do at this time)	10.0% of the amount by which our adjusted market value plus distributions exceeds the aggregate capital contributed by investors plus an amount equal to an 8.0% cumulative, non-compounded annual return to investors. We cannot assure you that we will provide this 8.0% return, which we have disclosed solely as a measure for our advisor s incentive compensation.	Not determinable at this time. There is no maximum amount of this fee.

Distribution Policy

To maintain our qualification as a REIT, we are required to make aggregate annual distributions to our stockholders of at least 90.0% of our annual taxable income (which does not necessarily equal net income as calculated in accordance with generally accepted accounting principles in the United States (GAAP)). Our board of directors may authorize distributions in excess of those required for us to maintain REIT status depending on our financial condition and such other factors as our board of directors deems relevant. We have not established a minimum distribution level. We expect to calculate our quarterly or monthly distributions based upon daily record and distribution declaration dates so investors may be entitled to distributions immediately upon purchasing our shares. We expect that such distributions will begin no later than the third quarter after the commencement of this offering. However, because we have not identified any probable investments, there can be no assurance as to when, or if, we will begin to generate sufficient cash flow for distribution to our stockholders. In the event we do not have enough cash to make distributions, we may borrow, issue additional securities or sell assets in order to fund distributions. Until we are generating operating cash flow sufficient to make distributions to our stockholders, we intend to pay all or a substantial portion of our distributions from the proceeds of this offering or from borrowings, including possible borrowings from our advisor or its affiliates, in anticipation of future cash flow, which may reduce the amount of capital we ultimately invest in properties, and negatively impact the value of your investment.

Listing

We will seek to list our shares of common stock for trading on a national securities exchange or for quotation on The Nasdaq National Market when and if our independent directors believe listing would be in the best interest of our stockholders. However, at this time, we have no intent to list our shares. We do not anticipate that there will be any market for our common stock unless and until our shares are listed. If we do not list our shares of common stock on a national securities exchange or on The Nasdaq National Market by the tenth anniversary of the commencement of this offering, our charter requires that we either:

- seek stockholder approval of an extension or amendment of this listing deadline; or

- seek stockholder approval of the liquidation of our corporation.

If we seek and do not obtain stockholder approval of an extension or amendment to the listing deadline, we would then be required to seek stockholder approval of our liquidation. If we seek and fail to obtain stockholder approval of our liquidation, our charter would not require us to list or liquidate and we could continue to operate as before. In such event, there would be no public market for shares of our common stock and you could be required to hold the shares indefinitely. If we seek and obtain stockholder approval of our liquidation, we would begin an orderly sale of our properties and distribute, subject to our advisor s subordinated participation our net proceeds to you.

Distribution Reinvestment Plan

Under our distribution reinvestment plan, you may have the distributions you receive reinvested in additional shares of our common stock. The purchase price per share under our distribution reinvestment plan will be the higher of 91.5% of the fair market value per share as determined by our board of directors and $9.15 per share. No sales commissions or dealer manager fees will be paid on shares sold under the distribution reinvestment plan. If you participate in the distribution reinvestment plan, you will not receive the cash from your distributions, other than special distributions that are designated by our board of directors. As a result, you may have a tax liability with respect to your share of our taxable income, but you will not receive cash distributions to pay such liability. We may terminate the distribution reinvestment plan at our discretion at any time upon ten days prior written notice to you. Additionally, we will be required to discontinue sales of shares under the distribution reinvestment plan on the earlier of June 27, 2007, which is two years from the effective date of this offering, unless the offering is extended, or the date we sell 5,000,000 shares under the plan, unless we file a new registration statement with the Securities and Exchange Commission and applicable states.

Share Redemption Program

Our board of directors has adopted a share redemption program that enables our stockholders to sell their shares to us in limited circumstances. Our share redemption program permits you to sell your shares back to us after you have held them for at least one year, subject to the significant conditions and limitations described below.

There are several restrictions on your ability to sell your shares to us under the program. You generally have to hold your shares for one year before selling your shares to us under the plan; however, we may waive the one-year holding period in the event of the death or bankruptcy of a stockholder. In addition, we will limit the number of shares redeemed pursuant to our share redemption program as follows: (1) during any calendar year, we will not redeem in excess of 3.0% of the weighted average number of shares outstanding during the prior calendar year; and (2) funding for the redemption of shares will be limited to the amount of net proceeds we receive from the sale of shares under our distribution reinvestment plan. These limits may prevent us from accommodating all requests made in any year. During the term of this offering, and subject to certain provisions described in Description of Shares Share Redemption Program, the redemption price per share will depend on the length of time you have held such shares as follows: after one year from the purchase date 92.5% of the amount you paid for each share; after two years from the purchase date 95.0% of the amount you paid for each share; after three years from the purchase date 97.5% of the amount you paid for each share; and after four years from the purchase date 100.0% of the amount you paid for each share.

Upon receipt of a request for redemption, we will conduct a Uniform Commercial Code search to ensure that no liens are held against the shares. We will charge an administrative fee of $250 to the stockholder for the search and other costs, which will be deducted from the proceeds of the redemption or, if a lien exists, will be charged to the stockholder. Repurchases will be made quarterly. If funds are not available to redeem all requested redemptions at the end of each quarter, the shares will be purchased on a pro rata basis and the unfulfilled requests will be held until the next quarter, unless withdrawn. Our board of directors may amend, suspend or terminate the share redemption program at any time upon 30 days prior written notice to our stockholders.

Cole Operating Partnership II, LP

We expect to own substantially all of our real estate properties through Cole Operating Partnership II, LP (Cole OP II), our operating partnership. We may, however, own properties directly, through subsidiaries of Cole OP II or through other entities. We are the sole general partner of Cole OP II and Cole Advisors II is the initial limited partner of Cole OP II. Our ownership of properties in Cole OP II is referred to as an UPREIT. This UPREIT structure may enable sellers of properties to transfer their properties to Cole OP II in exchange for limited partnership interests of Cole OP II and defer gain recognition for tax purposes with respect to such transfers of properties. The holders of units in Cole OP II may have their units redeemed for cash or, at our option, shares of our common stock. At present, we have no plans to acquire any specific properties in exchange for units of Cole OP II.

ERISA Considerations

The section of this prospectus entitled ERISA Considerations describes the effect the purchase of shares will have on individual retirement accounts and retirement plans subject to the Employee Retirement Income Security Act of 1974, as amended (ERISA), and/or the Internal Revenue Code. ERISA is a federal law that regulates the operation of certain tax-advantaged retirement plans. Any retirement plan trustee or individual considering purchasing shares for a retirement plan or an individual retirement account should read the Investment by Tax-Exempt Entities and ERISA Considerations section of this prospectus very carefully.

Description of Shares

Uncertificated Shares

Our board of directors has authorized the issuance of shares of our stock without certificates. We expect that, unless and until our shares are listed on a national securities exchange or The Nasdaq National Market, we will not issue shares in certificated form. Our transfer agent maintains a stock ledger that contains the name and address of each stockholder and the number of shares that the stockholder holds. With respect to uncertificated stock, we will continue to treat the stockholder registered on our stock ledger as the owner of the shares until the record owner and the new owner delivers a properly executed stock transfer form to us, along with a fee to cover reasonable transfer costs, in an amount determined by our board of directors. We will provide the required form to you upon request.

Stockholder Voting Rights and Limitations

We intend to hold annual meetings of our stockholders for the purpose of electing our directors and/or conducting other business matters that may be presented at such meetings. We may also call special meetings of stockholders from time to time. You are entitled to one vote for each share of common stock you own at any of these meetings.

Restriction on Share Ownership

Our charter contains restrictions on ownership of the shares that prevent any one person from owning more than 9.8% in value of our outstanding shares and more than 9.8% in value or number, whichever is more restrictive, of any class or series of our outstanding shares of stock unless exempted by our board of directors. These restrictions are designed to enable us to comply with ownership restrictions imposed on REITs by the Internal Revenue Code. For a more complete description of the shares, including restrictions on the ownership of shares, please see the Description of Shares section of this prospectus. Our charter also limits your ability to transfer your shares to prospective stockholders unless (i) they meet the minimum suitability standards regarding income or net worth, which are described in the Suitability Standards section immediately following the cover page of this prospectus, and (ii) the transfer complies with minimum purchase requirements, which are described below in the section entitled How to Subscribe.

RISK FACTORS

An investment in our common stock involves various risks and uncertainties. You should carefully consider the following risk factors in conjunction with the other information contained in this prospectus before purchasing our common stock. The risks discussed in this prospectus can adversely affect our business, operating results, prospects and financial condition. These risks could cause the value of our common stock to decline and could cause you to lose all or part of your investment. The risks and uncertainties described below are not the only ones we face but do represent those risks and uncertainties that we believe are material to our business, operating results, prospects and financial condition. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also harm our business.

Risks Related to an Investment in Cole Credit Property Trust II, Inc.

We have no prior operating history or established financing sources, and the prior performance of real estate investment programs sponsored by affiliates of our advisor may not be an indication of our future results.

We have no operating history and you should not rely upon the past performance of other real estate investment programs sponsored by affiliates of our advisor to predict our future results. We were incorporated in September 2004. As of the date of this prospectus, we have not made any investments in real estate or otherwise and do not own any properties or have any operations or independent financing. Although Mr. Cole and other members of our advisor s management have significant experience in the acquisition, finance, management and development of commercial real estate, this is the first publicly offered REIT sponsored by Mr. Cole or his affiliates. Accordingly, the prior performance of real estate investment programs sponsored by affiliates of Mr. Cole and our advisor may not be indicative of our future results.

Moreover, neither our advisor nor we have any established financing sources. Presently, both we and our advisor are funded by capital contributions from Cole Holdings Corporation, a company wholly owned by Mr. Cole. If our capital resources, or those of our advisor, are insufficient to support our operations, we will not be successful.

You should consider our prospects in light of the risks, uncertainties and difficulties frequently encountered by companies that are, like us, in their early stage of development. To be successful in this market, we must, among other things:

- identify and acquire investments that further our investment strategies;
- increase awareness of the Cole Credit Property Trust II, Inc. name within the investment products market;
- expand and maintain our network of licensed securities brokers and other agents;
- attract, integrate, motivate and retain qualified personnel to manage our day-to-day operations;
- respond to competition for our targeted real estate properties and other investments as well as for potential investors; and
- continue to build and expand our operations structure to support our business.

We cannot guarantee that we will succeed in achieving these goals, and our failure to do so could cause you to lose all or a portion of your investment.

Because this is a blind pool offering, you will not have the opportunity to evaluate our investments before we make them, which makes an investment in us more speculative.

We have not yet acquired or identified any investments that we may make, and we do not currently own any properties. Additionally, we will not provide you with information to evaluate our investments prior to our acquisition of properties. We will seek to invest substantially all of the offering proceeds available for investment, after the payment of fees and expenses, in the acquisition of freestanding, single-tenant commercial properties net leased to investment grade or other creditworthy tenants. We may also, in the discretion of our advisor, invest in other types of real estate or in entities that invest in real estate. In addition, our advisor may make or invest in mortgage loans or participations therein on our behalf if our board of directors determines, due to the state of the real estate market or in order to diversify our investment portfolio or otherwise, that such investments are advantageous to us. We have established policies relating to the creditworthiness of tenants of our properties, but our board of directors will have wide discretion in implementing these policies, and you will not have the opportunity to evaluate potential tenants. For a more detailed discussion of our investment policies, see the Investment Objectives and Policies Acquisition and Investment Policies section of this prospectus.

There is no public trading market for our shares and there may never be one; therefore, it will be difficult for you to sell your shares.

There is currently no public market for our shares and there may never be one. You may not sell your shares unless the buyer meets applicable suitability and minimum purchase standards. Our charter also prohibits the ownership of more than 9.8% of our stock, unless exempted by our board of directors, which may inhibit large investors from desiring to purchase your shares. Moreover, our share redemption program includes numerous restrictions that would limit your ability to sell your shares to us. Our board of directors could choose to amend, suspend or terminate our share redemption program upon 30 days notice. We describe these restrictions in more detail under the Description of Shares Share Redemption Program section of this prospectus. Therefore, it may be difficult for you to sell your shares promptly or at all. If you are able to sell your shares, you will likely have to sell them at a substantial discount to the price you paid for the shares. It also is likely that your shares would not be accepted as the primary collateral for a loan. You should purchase the shares only as a long-term investment because of the illiquid nature of the shares.

If we, through Cole Advisors II, are unable to find suitable investments, then we may not be able to achieve our investment objectives or pay distributions.

Our ability to achieve our investment objectives and to pay distributions is dependent upon the performance of Cole Advisors II, our advisor, in acquiring of our investments, selecting tenants for our properties and securing independent financing arrangements. We currently do not own any properties or have any operations, financing or investments. Except for investors who purchase shares in this offering after such time as this prospectus is supplemented to describe one or more identified investments, you will have no opportunity to evaluate the terms of transactions or other economic or financial data concerning our investments. You must rely entirely on the management ability of Cole Advisors II and the oversight of our board of directors. We cannot be sure that Cole Advisors II will be successful in obtaining suitable investments on financially attractive terms or that, if it makes investments on our behalf, our objectives will be achieved. If we, through Cole Advisors II, are unable to find suitable investments, we will hold the proceeds of this offering in an interest-bearing account, invest the proceeds in short-term, investment-grade investments or, if we cannot find at least one suitable investment within one year after we reach our minimum offering, or if our board of directors determines it is in the best interests of our stockholders, liquidate. In such an event, our ability to pay distributions to our stockholders would be adversely affected.

We may suffer from delays in locating suitable investments, which could adversely affect our ability to make distributions and the value of your investment.

We could suffer from delays in locating suitable investments, particularly as a result of our reliance on our advisor at times when management of our advisor is simultaneously seeking to locate suitable investments for other affiliated programs. Delays we encounter in the selection, acquisition and, in the event we develop properties, development of income-producing properties, likely would adversely affect our ability to make distributions and the value of your overall returns. In such event, we my pay all or a substantial portion of our distributions from the proceeds of this offering or from borrowings in anticipation of future cash flow, which may constitute a return of your capital. Distributions from the proceeds of this offering or from borrowings also could reduce the amount of capital we ultimately invest in properties. This, in turn, would reduce the value of your investment. In particular, where we acquire properties prior to the start of construction or during the early stages of construction, it will typically take several months to complete construction and rent available space. Therefore, you could suffer delays in the receipt of cash distributions attributable to those particular properties. You should expect to wait several months after the closing of a property acquisition before we are in a position to pay cash distributions attributable to such property.

If we are unable to raise substantial funds, we will be limited in the number and type of investments we may make, the value of your investment in us will fluctuate with the performance of the specific properties we acquire.

This offering is being made on a best efforts basis, whereby the brokers participating in the offering are only required to use their best efforts to sell our shares and have no firm commitment or obligation to purchase any of the shares. As a result, the amount of proceeds we raise in this offering may be substantially less than the amount we would need to achieve a broadly diversified property portfolio. We may be unable to raise even the minimum offering amount. If we are unable to raise substantially more than the minimum offering amount, we will make fewer investments resulting in less diversification in terms of the number of investments owned, the geographic regions in which our investments are located and the types of investments that we make. In such event, the likelihood of our profitability being affected by the performance of any one of our investments will increase. For example, in the event we only sell 250,000 shares, we may be able to make only one investment. If we only are able to make one investment, we would not achieve any asset diversification. Additionally, we are not limited in the number or size of our investments or the percentage of net proceeds we may dedicate to a single investment. Your investment in our shares will be subject to greater risk to the extent that we lack a diversified portfolio of investments. In addition, our inability to raise substantial funds would increase our fixed operating expenses as a percentage of gross income, and our financial condition and ability to pay distributions could be adversely affected.

If our advisor loses or is unable to obtain key personnel, our ability to implement our investment strategies could be delayed or hindered, which could adversely affect our ability to make distributions and the value of your investment.

Our success depends to a significant degree upon the contributions of certain of our executive officers and other key personnel of our advisor, including Christopher H. Cole, Blair D. Koblenz, Richard M. Arnitz, Jonathan T. Albro, John H. Lotka, John M. Pons, Sean D. Leahy, D. Kirk McAllaster, Jr. and Christopher P. Robertson, each of whom would be difficult to replace. Our advisor does not have an employment agreement with any of these key personnel and we cannot guarantee that all, or any particular one, will remain affiliated with us and/or advisor. If any of our key personnel were to cease their affiliation with our advisor, our operating results could suffer. Further, we do not intend to separately maintain key person life insurance on Mr. Cole or any other person. We believe that our future success depends, in large part, upon our advisor s ability to hire and retain highly skilled managerial, operational and marketing personnel. Competition for such personnel is intense, and we cannot assure you that our advisor will be successful in attracting and retaining such skilled personnel. If our advisor loses or is unable to obtain the services of key personnel or does not establish or maintain appropriate strategic relationships, our ability to implement our investment strategies could be delayed or hindered, and the value of your investment may decline.

Our rights and the rights of our stockholders to recover claims against our officers, directors and our advisor are limited, which could reduce your and our recovery against them if they cause us to incur losses.

Maryland law provides that a director has no liability in that capacity if he or she performs his or her duties in good faith, in a manner he or she reasonably believes to be in the corporation s best interests and with the care that an ordinarily prudent person in a like position would use under similar circumstances. Our charter, in the case of our directors, officers, employees and agents, and the advisory agreement, in the case of our advisor, require us to indemnify our directors, officers, employees and agents and our advisor and its affiliates for actions taken by them in good faith and without negligence or misconduct. Additionally, our charter limits the liability of our directors and officers for monetary damages to the maximum extent permitted under Maryland law. As a result, we and our stockholders may have more limited rights against our directors, officers, employees and agents, and our advisor and its affiliates, than might otherwise exist under common law, which could reduce your and our recovery against them. In addition, we may be obligated to fund the defense costs incurred by our directors, officers, employees and agents or our advisor in some cases which would decrease the cash otherwise available for distribution to you. See the section captioned Management Limited Liability and Indemnification of Directors, Officers, Employees and Other Agents elsewhere herein.

Risks Related to Conflicts of Interest

We will be subject to conflicts of interest arising out of our relationships with our advisor and its affiliates, including the material conflicts discussed below. The Conflicts of Interest section of this prospectus provides a more detailed discussion of the conflicts of interest between us and our advisor and its affiliates, and our policies to reduce or eliminate certain potential conflicts.

Cole Advisors II will face conflicts of interest relating to the purchase and leasing of properties, and such conflicts may not be resolved in our favor, which could adversely affect our investment opportunities.

Since January 1, 1995, affiliates of our advisor have sponsored 47 privately offered real estate investment programs, including 24 limited partnerships, a real estate investment trust, three debt offerings and 19 tenant-in-common programs, 18 of which currently are operating. Affiliates of our advisor may sponsor other real estate investment programs in the future. We may be buying properties at the same time as one or more of the other Cole-sponsored programs managed by officers and key personnel of Cole Advisors II. There is a risk that Cole Advisors II will choose a property that provides lower returns to us than a property purchased by another Cole-sponsored program. We cannot be sure that officers and key personnel acting on behalf of Cole Advisors II and on behalf of managers of other Cole-sponsored programs will act in our best interests when deciding whether to allocate any particular property to us. In addition, we may acquire properties in geographic areas where other Cole-sponsored programs own properties. Also, we may acquire properties from, or sell properties to, other Cole-sponsored programs. If one of the other Cole-sponsored programs attracts a tenant that we are competing for, we could suffer a loss of revenue due to delays in locating another suitable tenant. You will not have the opportunity to evaluate the manner in which these conflicts of interest are resolved before or after making your investment. Similar conflicts of interest may apply if our advisor determines to make or purchase mortgage loans or participations in mortgage loans on our behalf, since other Cole-sponsored programs may be competing with us for these investments.

Cole Advisors II will face conflicts of interest relating to joint ventures, which could result in a disproportionate benefit to the other venture partners at our expense.

We may enter into joint ventures with other Cole-sponsored programs for the acquisition, development or improvement of properties. Cole Advisors II may have conflicts of interest in determining which Cole-sponsored program should enter into any particular joint venture agreement. The co-venturer may have economic or business interests or goals that are or may become inconsistent with our business interests or goals. In addition, Cole Advisors II may face a conflict in structuring the terms of the relationship between our interests and the interest of the affiliated co-venturer and in managing the joint venture. Since Cole Advisors II and its affiliates will control both the affiliated co-venturer and, to a certain extent, us, agreements and transactions between the co-venturers with respect to any such joint venture will not have the benefit of arm s-length negotiation of the type normally conducted between unrelated co-venturers, which may result in the co-venturer receiving benefits greater than the benefits that we receive. In addition, we may assume liabilities related to the joint venture that exceed the percentage of our investment in the joint venture.

We may participate in Tenant-in-Common Programs with affiliates of our advisor that will not be the result of arm s-length negotiations and will result in conflicts of interest.

Cole Capital Partners, LLC (Cole Capital Partners), an affiliate of our advisor, has developed a program to facilitate the acquisition of real estate properties to be owned in co-tenancy arrangements with persons who are looking to invest proceeds from a sale of real estate to qualify for like-kind exchange treatment under Section 1031 of the Internal Revenue Code (a Tenant-in-Common Program). Tenant-in-Common Programs are structured as the acquisition of real estate owned in co-tenancy arrangements with other investors in the property (Tenant-in-Common Participants) who are seeking to defer taxes under Section 1031 of the Internal Revenue Code. When Cole Capital Partners develops such a program, it generally organizes a new entity (a Cole Exchange Entity) to acquire all or part of a property. We may participate in the program by either co-investing in the property with the Cole Exchange Entity or purchasing a co-tenancy interest from the Cole Exchange Entity, generally at the Cole Exchange Entity s cost. In that event, as an owner of tenant-in-common interests in properties, we will be subject to the risks inherent in the ownership of co-tenancy interests with unrelated third parties. Our purchase of co-tenancy interests will present conflicts of interest between us and affiliates of our advisor. The business interests of Cole Capital Partners and the Cole Exchange Entity may be adverse to, or to the detriment of, our interests. Further, any agreement that we enter into with a Cole Exchange Entity will not be negotiated in an arm s-length transaction and, as a result of the affiliation between our advisor, Cole Capital Partners and the Cole Exchange Entity, our advisor may be reluctant to enforce the agreements against such entities.

Cole Advisors II and its officers and employees and certain of our key personnel will face competing demands relating to their time, and this may cause our operating results to suffer.

Cole Advisors II and its officers and employees and certain of our key personnel and their respective affiliates are key personnel, general partners and sponsors of other real estate programs having investment objectives and legal and financial obligations similar to ours and may have other business interests as well. Because these persons have competing demands on their time and resources, they may have conflicts of interest in allocating their time between our business and these other activities. During times of intense activity in other programs and ventures, they may devote less time and fewer resources to our business than is necessary or appropriate. If this occurs, the returns on our investments may suffer.

Our officers and some of our directors face conflicts of interest related to the positions they hold with affiliated entities, which could hinder our ability to successfully implement our business strategy and to generate returns to you.

Our executive officers and some of our directors are also officers and directors of our advisor, our property manager, our dealer manager and other affiliated entities. As a result, these individuals owe fiduciary duties to these other entities and their stockholders and limited partners, which fiduciary duties may conflict with the duties that they owe to our stockholders and us. Their loyalties to these other entities could result in actions or inactions that are detrimental to our business, which could harm the implementation of our business strategy and our investment and leasing opportunities. Conflicts with our business and interests are most likely to arise from involvement in activities related to (i) allocation of new investments and management time and services between us and the other entities, (ii) our purchase of properties from, or sale of properties, to affiliated entities, (iii) the timing and terms of the investment in or sale of an asset, (iv) development of our properties by affiliates, (v) investments with affiliates of our advisor, (vi) compensation to our advisor, and (vii) our relationship with our dealer manager and property manager. If we do not successfully implement our business strategy, we may be unable to generate cash needed to make distributions to you and to maintain or increase the value of our assets.

Cole Advisors II will face conflicts of interest relating to the incentive fee structure under our advisory agreement, which could result in actions that are not necessarily in the long-term best interests of our stockholders.

Under our advisory agreement, Cole Advisors II will be entitled to fees that are structured in a manner intended to provide incentives to our advisor to perform in our best interests and in the best interests of our stockholders. However, because our advisor does not maintain a significant equity interest in us and is entitled to receive substantial minimum compensation regardless of performance, our advisor s interests will not be wholly aligned with those of our stockholders. In that regard, our advisor could be motivated to recommend riskier or more speculative investments in order for us to generate the specified levels of performance or sales proceeds that would entitle our advisor to fees. In addition, our advisor s entitlement to fees upon the sale of our assets and to participate in sale proceeds could result in our advisor recommending sales of our investments at the earliest possible time at which sales of investments would produce the level of return that would entitle the advisor to compensation relating to such sales, even if continued ownership of those investments might be in our best long-term interest. Our advisory agreement will require us to pay a performance-based termination fee to our advisor in the event that we terminate the advisor prior to the listing of our shares for trading on an exchange or, absent such listing, in respect of its participation in net sales proceeds. To avoid paying this fee, our independent directors may decide against terminating the advisory agreement prior to our listing of our shares or disposition of our investments even if, but for the termination fee, termination of the advisory agreement would be in our best interest. In addition, the requirement to pay the fee to the advisor at termination could cause us to make different investment or disposition decisions than we would otherwise make, in order to satisfy our obligation to pay the fee to the terminated advisor. Moreover, our advisor will have the right to terminate the advisory agreement upon a change of control and thereby trigger the payment of the performance fee, which could have the effect of delaying, deferring or preventing the change of control.

There is no separate counsel for us and our affiliates, which could result in conflicts of interest.

Morris, Manning & Martin, LLP acts as legal counsel to us and also represents our advisor and some of its affiliates. There is a possibility in the future that the interests of the various parties may become adverse and, under the Code of Professional Responsibility of the legal profession, Morris, Manning & Martin, LLP may be precluded from representing any one or all of such parties. If any situation arises in which our interests appear to be in conflict with those of our advisor or its affiliates, additional counsel may be retained by one or more of the parties to assure that their interests are adequately protected. Moreover, should a conflict of interest not be readily apparent, Morris, Manning & Martin, LLP may inadvertently act in derogation of the interest of the parties which could affect our ability to meet our investment objectives.

Risks Related to This Offering and Our Corporate Structure

The limit on the number of shares a person may own may discourage a takeover that could otherwise result in a premium price to our stockholders.

Our charter, with certain exceptions, authorizes our directors to take such actions as are necessary and desirable to preserve our qualification as a REIT. Unless exempted by our board of directors, no person may own more than 9.8% in value of our outstanding stock and more than 9.8% in value or number, whichever is more restrictive, of any class of our outstanding stock. This restriction may have the effect of delaying, deferring or preventing a change in control of us, including an extraordinary transaction (such as a merger, tender offer or sale of all or substantially all of our assets) that might provide a premium price for holders of our common stock. See the Description of Shares Restriction on Ownership and Transfer section of this prospectus.

Our charter permits our board of directors to issue stock with terms that may subordinate the rights of common stockholders or discourage a third party from acquiring us in a manner that might result in a premium price to our stockholders.

Our charter permits our board of directors to issue up to 100,000,000 shares of stock. In addition, our board of directors, without any action by our stockholders, may amend our charter from time to time to increase or decrease the aggregate number of shares or the number of shares of any class or series of stock that we have authority to issue. Our board of directors may classify or reclassify any unissued common stock or preferred stock and establish the preferences, conversion or other rights, voting powers, restrictions, limitations as to distributions, qualifications and terms or conditions of redemption of any such stock. Thus, our board of directors could authorize the issuance of preferred stock with terms and conditions that could have a priority as to distributions and amounts payable upon liquidation over the rights of the holders of our common stock. Preferred stock could also have the effect of delaying, deferring or preventing a change in control of us, including an extraordinary transaction (such as a merger, tender offer or sale of all or substantially all of our assets) that might provide a premium price for holders of our common stock. See the Description of Shares Preferred Stock section of this prospectus.

Maryland law prohibits certain business combinations, which may make it more difficult for us to be acquired.

Under Maryland law, business combinations between a Maryland corporation and an interested stockholder or an affiliate of an interested stockholder are prohibited for five years after the most recent date on which the interested stockholder becomes an interested stockholder. These business combinations include a merger, consolidation, share exchange, or, in circumstances specified in the statute, an asset transfer or issuance or reclassification of equity securities. An interested stockholder is defined as:

- any person who beneficially owns 10.0% or more of the voting power of the corporation s shares; or

- an affiliate or associate of the corporation who, at any time within the two-year period prior to the date in question, was the beneficial owner of 10.0% or more of the voting power of the then outstanding voting stock of the corporation.

A person is not an interested stockholder under the statute if the board of directors approved in advance the transaction by which he or she otherwise would have become an interested stockholder. However, in approving a transaction, the board of directors may provide that its approval is subject to compliance, at or after the time of approval, with any terms and conditions determined by the board.

After the five-year prohibition, any business combination between the Maryland corporation and an interested stockholder generally must be recommended by the board of directors of the corporation and approved by the affirmative vote of at least:

- 80.0% of the votes entitled to be cast by holders of outstanding shares of voting stock of the corporation; and

- two-thirds of the votes entitled to be cast by holders of voting stock of the corporation other than shares held by the interested stockholder with whom or with whose affiliate the business combination is to be effected or held by an affiliate or associate of the interested stockholder.

These super-majority vote requirements do not apply if the corporation s stockholders receive a minimum price, as defined under Maryland law, for their shares in the form of cash or other consideration in the same form as previously paid by the interested stockholder for its shares. The business combination statute permits various exemptions from its provisions, including business combinations that are exempted by the board of directors prior to the time that the interested stockholder becomes an interested stockholder. Pursuant to the statute, our board of directors has exempted any business combination involving Cole Advisors II or any affiliate of Cole Advisors II. Consequently, the five-year prohibition and the super-majority vote requirements will not apply to business combinations between us and Cole Advisors II or any affiliate of Cole Advisors II. As a result, Cole Advisors II and any affiliate of Cole Advisors II may be able to enter into business combinations with us that may not be in the best interest of our stockholders, without compliance with the super-majority vote requirements and the other provisions of the statute. The business combination statute may discourage others from trying to acquire control of us and increase the difficulty of consummating any offer. For a more detailed discussion of the Maryland laws governing us and the ownership of our shares of common stock, see the section of this prospectus captioned Description of Shares.

If we are required to register as an investment company under the Investment Company Act, we could not continue our business, which may significantly reduce the value of your investment.

We are not registered as an investment company under the Investment Company Act of 1940, as amended (Investment Company Act), pursuant to an exemption in Section 3(c)(5)(C) of the Investment Company Act and certain No-Action Letters from the Securities and Exchange Commission. Pursuant to this exemption, (1) at least 55% of our assets must consist of real estate fee interests or loans secured exclusively by real estate or both, (2) at least 25% of our assets must consist of loans secured primarily by real estate (this percentage will be reduced by the amount by which the percentage in (1) above is increased); and (3) up to 20% of our assets may consist of miscellaneous investments. We intend to monitor compliance with these requirements on an ongoing basis. If we were obligated to register as an investment company, we would have to comply with a variety of substantive requirements under the Investment Company Act imposing, among other things:

- limitations on capital structure;
- restrictions on specified investments;
- prohibitions on transactions with affiliates; and
- compliance with reporting, record keeping, voting, proxy disclosure and other rules and regulations that would significantly change our operations.

In order to maintain our exemption from regulation under the Investment Company Act, we must engage primarily in the business of buying real estate, and these investments must be made within a year after the offering ends. If we are unable to invest a significant portion of the proceeds of this offering in properties within one year of the termination of the offering, we may avoid being required to register as an investment company by temporarily investing any unused proceeds in government securities with low returns. This would reduce the cash available for distribution to investors and possibly lower your returns.

To maintain compliance with the Investment Company Act exemption, we may be unable to sell assets we would otherwise want to sell and may need to sell assets we would otherwise wish to retain. In addition, we may have to acquire additional income or loss generating assets that we might not otherwise have acquired or may have to forgo opportunities to acquire interests in companies that we would otherwise want to acquire and would be important to our investment strategy. If we were required to register as an investment company but failed to do so, we would be prohibited from engaging in our business, and criminal and civil actions could be brought against us. In addition, our contracts would be unenforceable unless a court were to require enforcement, and a court could appoint a receiver to take control of us and liquidate our business.

You are bound by the majority vote on matters on which you are entitled to vote, and therefore, your vote on a particular matter may be superceded by the vote of others.

You may vote on certain matters at any annual or special meeting of stockholders, including the election of directors. However, you will be bound by the majority vote on matters requiring approval of a majority of the stockholders even if you do not vote with the majority on any such matter.

If you do not agree with the decisions of our board of directors, you only have limited control over changes in our policies and ottom:solid windowtext 1pt;">

1,055,421

	Airlines 0.1%	
6,915	Ryanair Holdings PLC	356,330
	Auto Components 0.2%	
1,406	Autoliv Inc.	108,810
1,182	BorgWarner Inc.	101,829
10,993	Gentex Corporation	253,389
4,227	Lear Corporation	255,564
	Total Auto Components	719,592
	Beverages 0.1%	
4,447	Brown-Forman Corporation	300,395
1,705	PepsiCo, Inc.	139,452
	Total Beverages	439,847
	Biotechnology 9.2%	
14,421	Alkermes Inc., (2)	413,594
11,732	BioMarin Pharmaceutical Inc.	654,528
65,433	Celgene Corporation, (2)	7,649,772
9,456	Cubist Pharmaceuticals Inc., (2)	456,725
3,743	Genomic Health, Inc., (2)	118,691
230,000	Gilead Sciences, Inc., (2)	11,778,300
6,049	Immunogen, Inc., (2)	100,353
9,571	Incyte Pharmaceuticals Inc., (2)	210,562
10,136	ISIS Pharmaceuticals, Inc., (2)	272,354

	36,642	Lexicon Genetics, Inc., (2)	79,513
	12,904	Myriad Genentics Inc., (2)	346,730
	5,158	Onyx Pharmaceuticals Inc., (2)	447,818
	9,000	Regeneron Pharmaceuticals, Inc., (2)	2,023,920
	12,177	Seattle Genetics, Inc.	383,088
	3,054	Theravance Inc., (2)	117,671
	6,117	United Therapeutics Corporation, (2)	402,621
	20,000	Vertex Pharmaceuticals Inc., (2)	1,597,400
		Total Biotechnology	27,053,640

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NASDAQ Premium Income & Growth Fund Inc. (continued)

Portfolio of Investments June 30, 2013 (Unaudited)

Shares	Description (1)	Value
	Capital Markets 0.4%	
1,498	Franklin Resources, Inc.	$ 203,758
11,627	SEI Investments Company	330,556
5,883	T. Rowe Price Group Inc.	430,341
5,152	TD Ameritrade Holding Corporation	125,142
	Total Capital Markets	1,089,797
	Chemicals 0.5%	
2,138	Air Products & Chemicals Inc.	195,777
5,970	Ecolab Inc.	508,584
7,810	Methanex Corporation	334,190
1,163	Monsanto Company	114,904
3,448	Praxair, Inc.	397,072
	Total Chemicals	1,550,527
	Commercial Services & Supplies 0.6%	
3,842	Cintas Corporation	174,965
5,162	Copart Inc., (2)	158,990
2,907	Iron Mountain Inc.	77,355
7,605	KAR Auction Services Inc.	173,926
3,753	Rollins Inc.	97,203
15,000	Tetra Tech, Inc., (2)	352,650
3,738	United Stationers, Inc.	125,410
4,788	Waste Connections Inc.	196,978
9,417	Waste Management, Inc.	379,788
	Total Commercial Services & Supplies	1,737,265
	Communications Equipment 8.9%	
604,206	Cisco Systems, Inc.	14,688,248
21,858	LM Ericsson Telefonaktiebolget, Sponsored ADR	246,558
184,022	QUALCOMM, Inc.	11,240,064
	Total Communications Equipment	26,174,870
	Computers & Peripherals 12.8%	
90,000	Apple, Inc., (3)	35,647,200
8,806	EMC Corporation	207,998
24,822	SanDisk Corporation	1,516,624
	Total Computers & Peripherals	37,371,822
	Containers & Packaging 0.0%	
1,377	Silgan Holdings, Inc.	64,664
	Distributors 0.4%	
40,470	LKQ Corporation, (2)	1,042,103
	Diversified Consumer Services 0.0%	
1,285	Strayer Education Inc.	62,747
	Diversified Telecommunication Services 0.3%	

11,623	AT&T Inc.	411,454
12,086	Verizon Communications Inc.	608,409
	Total Diversified Telecommunication Services	1,019,863
	Electrical Equipment 0.1%	
4,297	Eaton PLC	282,786
	Electronic Equipment & Instruments 0.3%	
995	Amphenol Corporation, Class A	77,550
3,675	Arrow Electronics, Inc., (2)	146,449

Shares	Description (1)	Value
	Electronic Equipment & Instruments (continued)	
5,960	Avnet Inc., (2)	$ 200,256
13,756	National Instruments Corporation	384,343
1,870	Plexus Corporation, (2)	55,894
	Total Electronic Equipment & Instruments	864,492
	Food & Staples Retailing 0.2%	
2,453	Casey's General Stores, Inc.	147,572
5,132	CVS Caremark Corporation	293,448
1,862	Fresh Market Inc., (2)	92,579
1,050	PriceSmart, Inc.	92,012
	Total Food & Staples Retailing	625,611
	Health Care Equipment & Supplies 1.0%	
11,141	Abbott Laboratories	388,598
4,453	Baxter International, Inc.	308,459
2,926	Becton, Dickinson and Company	289,177
1,655	C. R. Bard, Inc.	179,865
6,787	Covidien PLC	426,495
1,123	Idexx Labs Inc., (2)	100,823
9,210	Medtronic, Inc.	474,039
2,552	Saint Jude Medical Inc.	116,448
3,714	Stryker Corporation	240,222
1,202	Varian Medical Systems, Inc., (2)	81,075
2,561	Zimmer Holdings, Inc.	191,921
	Total Health Care Equipment & Supplies	2,797,122
	Health Care Providers & Services 2.1%	
7,890	AmerisourceBergen Corporation	440,499
7,457	Cardinal Health, Inc.	351,970
75,000	Express Scripts, Inc., (2)	4,626,750
5,773	McKesson HBOC Inc.	661,009
1,606	Patterson Companies, Inc.	60,386
	Total Health Care Providers & Services	6,140,614
	Health Care Technology 0.1%	
8,481	Allscripts Healthcare Solutions Inc., (2)	109,744
13,136	Quality Systems Inc.	245,775
	Total Health Care Technology	355,519
	Hotels, Restaurants & Leisure 0.8%	
3,330	Cheesecake Factory Inc.	139,494
2,690	Darden Restaurants, Inc.	135,791
1,773	Panera Bread Company, (2)	329,672
13,593	Wynn Resorts Ltd	1,739,904
	Total Hotels, Restaurants & Leisure	2,344,861
	Household Durables 0.1%	
100	NVR Inc., (2)	92,200
15,000	Skullcandy Inc., (2)	81,900
	Total Household Durables	174,100

	Household Products 0.1%	
3,724	Procter & Gamble Company	286,711
	Industrial Conglomerates 0.1%	
1,793	3M Co.	196,065
3,005	Danaher Corporation	190,217
	Total Industrial Conglomerates	386,282

QQQX

NASDAQ Premium Income & Growth Fund Inc. (continued)

Portfolio of Investments June 30, 2013 (Unaudited)

Shares	Description (1)	Value
	Insurance 0.1%	
5,268	CNA Financial Corporation	$ 171,842
	Internet & Catalog Retail 6.5%	
50,000	Amazon.com, Inc., (2)	13,884,500
1,604	Hosting Site Network, Inc.	86,167
6,208	Priceline.com Incorporated, (2)	5,134,823
	Total Internet & Catalog Retail	19,105,490
	Internet Software & Services 12.8%	
31,371	Baidu.com, Inc., Sponsored ADR, (2)	2,965,501
147,828	eBay Inc., (2), (3)	7,645,664
28,325	Google Inc., Class A, (2)	24,936,480
11,128	IAC/InterActiveCorp.	529,248
4,807	J2 Global Inc.	204,346
1,436	Mercadolibre, Inc.	154,743
7,516	Netease.com, Inc.	474,786
4,376	NIC, Incorporated	72,335
1,733	Sina Corporation	96,580
2,032	Sohu.com Inc.	125,212
8,335	ValueClick, Inc., (2)	205,708
5,270	WebMD Health Corporation, Class A, (2)	154,780
	Total Internet Software & Services	37,565,383
	IT Services 2.1%	
4,453	Acxiom Corporation, (2)	100,994
27,590	Amdocs Limited	1,023,313
10,704	Computer Sciences Corporation	468,514
5,989	CSG Systems International Inc., (3)	129,961
19,208	Genpact Limited	369,562
1,448	Global Payments Inc.	67,071
19,648	Henry Jack and Associates Inc.	926,010
9,723	International Business Machines Corporation (IBM)	1,858,163
8,650	ManTech International Corporation, Class A	225,938
3,931	NeuStar, Inc., (2)	191,361
20,035	SAIC, Inc.	279,088
6,846	Sapient Corporation, (2)	89,409
2,118	Teradata Corporation, (2)	106,387
8,580	Total System Services Inc.	210,038
	Total IT Services	6,045,809
	Life Sciences Tools & Services 0.8%	
4,788	Charles River Laboratories International, Inc., (2)	196,452

14,460	ICON PLC	512,318
5,980	Luminex Corporation, (2)	123,248
20,567	Techne Corporation	1,420,768
1,133	Thermo Fisher Scientific, Inc.	95,886
	Total Life Sciences Tools & Services	2,348,672
	Machinery 0.4%	
2,571	AGCO Corporation	129,038
4,955	CNH Global N.V.	206,425
1,251	Deere & Company	101,644
7,181	Makita Corporation, ADR, (6)	387,478
3,641	Nordson Corporation	252,358
2,114	WABCO Holdings Inc., (2)	157,895
	Total Machinery	1,234,838

Shares	Description (1)	Value
	Media 6.7%	
230,000	Comcast Corporation, Class A	$ 9,632,400
14,000	Discovery Communications Inc., Class A Shares, (2)	1,080,940
2,045	Lamar Advertising Company, (2)	88,753
205,331	News Corporation, Class A, (2)	6,693,791
11,375	Omnicom Group, Inc.	715,146
2,345	Scripps Networks Interactive, Class A Shares	156,552
9,988	Walt Disney Company	630,742
6,836	WPP Group PLC	583,726
	Total Media	19,582,050
	Multiline Retail 0.4%	
7,979	Dollar General Corporation, (2)	402,381
10,757	Macy's, Inc.	516,336
2,818	Nordstrom, Inc.	168,911
	Total Multiline Retail	1,087,628
	Office Electronics 0.1%	
29,579	Xerox Corporation	268,282
1,872	Zebra Technologies Corporation, Class A, (2)	81,320
	Total Office Electronics	349,602
	Pharmaceuticals 1.0%	
11,141	AbbVie Inc.	460,569
1,753	Actavis Inc., (2)	221,264
4,275	Allergan, Inc.	360,126
3,606	Bristol-Myers Squibb Company	161,152
8,946	Endo Pharmaceuticals Holdings Inc., (2)	329,123
12,362	Forest Laboratories, Inc., (2)	506,842
6,009	Shire PLC, ADR	571,516
5,980	ViroPharma, Inc., (2)	171,327
	Total Pharmaceuticals	2,781,919
	Professional Services 0.6%	
6,314	Equifax Inc.	372,084
2,798	IHS Inc., (2)	292,055
1,389	Towers Watson & Company, Class A Shares	113,815
15,000	Verisk Analytics Inc, Class A Shares, (2)	895,500
	Total Professional Services	1,673,454
	Real Estate Investment Trust 0.5%	
20,439	American Tower REIT Inc.	1,495,522
	Road & Rail 0.5%	
3,987	CSX Corporation	92,459
19,779	Heartland Express, Inc.	274,335
4,374	J.B. Hunt Transports Serives Inc.	315,978
9,051	Landstar System	466,127
8,819	Werner Enterprises, Inc.	213,155

	Total Road & Rail	1,362,054
	Semiconductors & Equipment 9.4%	
9,078	Aixtron AG, Aachen SH	152,329
28,000	Analog Devices, Inc., (3)	1,261,680
20,000	ARM Holdings PLC	723,600
2,443	ASM International NV	79,837
12,580	ASM Lithography Holding NV	995,078
2,227	Cabot Microelectronics Corporation, (2)	73,513
5,000	Cirrus Logic Inc., (2)	86,800
10,000	Cree, Inc., (2)	638,600

QQQX

NASDAQ Premium Income & Growth Fund Inc. (continued)

Portfolio of Investments June 30, 2013 (Unaudited)

Shares	Description (1)	Value
	Semiconductors & Equipment (continued)	
5,040	Hittite Microwave Corporation, (2)	$ 292,320
575,000	Intel Corporation, (3)	13,926,500
5,743	International Rectifier Corporation, (2)	120,258
11,540	Intersil Holding Corporation, Class A	90,243
4,477	Lam Research Corporation, (2)	198,510
17,996	LSI Logic Corporation	128,491
2,198	Mellanox Technologies, Limited	108,801
121,609	Micron Technology, Inc., (2)	1,742,657
8,107	Microsemi Corporation, (2)	184,434
72,634	NVIDIA Corporation	1,019,055
7,270	NXP Semiconductors NV, (2)	225,225
27,886	ON Semiconductor Corporation	225,319
5,933	Power Integrations Inc.	240,642
11,023	Rambus Inc., (2)	94,688
5,950	Semtech Corporation, (2)	208,429
10,146	Silicon Laboratories Inc., (2)	420,146
44,749	Siliconware Precision Industries Company Limited	280,576
8,537	Skyworks Solutions Inc., (2)	186,875
30,000	Taiwan Semiconductor Manufacturing Company Limited	549,600
7,657	Tessera Technologies Inc.	159,266
90,000	Texas Instruments Incorporated, (3)	3,138,300
	Total Semiconductors & Equipment	27,551,772
	Software 16.5%	
1,606	ACI Worldwide, Inc., (2)	74,647
5,000	Advent Software Inc.	175,300
7,378	Ansys Inc., (2)	539,332
2,847	Blackbaud, Inc.	92,727
18,065	Cadence Design Systems, Inc., (2)	261,581
16,834	Compuware Corporation	174,232
3,694	Concur Technologies, Inc., (2)	300,618
4,334	Informatica Corporation, (2)	151,603
15,000	Micros Systems, Inc., (2)	647,250
760,000	Microsoft Corporation, (3)	26,242,794
1,584	Microstrategy Inc., (2)	137,745
1,330	NetSuite Inc., (2)	122,014
5,556	Open Text Corporation	380,419
550,000	Oracle Corporation, (3)	16,896,000
12,402	Parametric Technology Corporation, (2)	304,221

6,511	Progress Software Corporation, (2)	149,818
5,477	Red Hat, Inc., (2)	261,910
2,052	Salesforce.com, Inc., (2)	78,345
3,202	Solera Holdings Inc.	178,191
2,640	SS&C Technologies Holdings Inc., (2)	86,856
25,778	Synopsys Inc., (2)	921,564
5,497	Tibco Software Inc., (2)	117,636
	Total Software	48,294,803
	Specialty Retail 2.3%	
3,231	Aaron Rents Inc.	90,500
4,472	Advance Auto Parts, Inc.	362,992
18,980	Ascena Retail Group Inc., (2)	331,201
1,202	AutoZone, Inc., (2)	509,275
4,581	CarMax, Inc., (2)	211,459
3,340	Dick's Sporting Goods Inc.	167,200
8,570	Gap, Inc.	357,626
15,928	Lowe's Companies, Inc.	651,455
10,855	PetSmart Inc.	727,176
9,254	Rent-A-Center Inc.	347,488

Shares	Description (1)		Value
	Specialty Retail (continued)		
5,369	Sally Beauty Holdings Inc., (2)	$	166,976
5,585	Signet Jewelers Limited		376,597
5,134	Tiffany & Co.		373,961
14,382	TJX Companies, Inc.		719,963
8,047	Tractor Supply Company		946,408
2,515	Ulta Salon, Cosmetics & Fragrance, Inc., (2)		251,902
2,384	Williams-Sonoma Inc.		133,242
	Total Specialty Retail		6,725,421
	Textiles, Apparel & Luxury Goods 0.1%		
2,496	PVH Corporation		312,125
	Trading Companies & Distributors 0.1%		
4,640	MSC Industrial Direct Inc., Class A		359,414
	Wireless Telecommunication Services 1.0%		
12,000	Crown Castle International Corporation, (2)		868,680
15,355	Partner Communications Company Limited		96,276
12,000	SBA Communications Corporation, (2)		889,440
19,244	Telephone and Data Systems Inc.		474,365
13,012	United States Cellular Corporation		477,410
	Total Wireless Telecommunication Services		2,806,171
	Total Common Stocks (cost $185,078,016)		**297,080,664**

Shares	Description (1)		Value
	Exchange-Traded Funds 0.4%		
15,000	PowerShares QQQ Trust, Series 1	$	1,068,150
	Total Exchange-Traded Funds (cost $1,046,362)		**1,068,150**

Principal Amount (000)	Description (1)	Coupon	Maturity	Value
	Short-Term Investments 0.3%			
$ 882	Repurchase Agreement with State Street Bank, dated 6/28/13, repurchase price $881,972, collateralized by $915,000 U.S. Treasury Notes, 0.625%, due 5/31/17, value $900,426	0.010%	7/01/13	$ 881,971
	Total Short-Term Investments (cost $881,971)			**881,971**
	Total Investments (cost $187,006,349) 102.2%			**299,030,785**

Other Assets Less Liabilities (2.2)% (4)		**(6,449,633)**
Net Assets	**100%**	**$292,581,152**

Investments in Derivatives as of June 30, 2013

Call Options Written outstanding:

Number of Contracts	Type	Notional Amount (5)	Expiration Date	Strike Price	Value (4)
(75)	NASDAQ 100 INDEX	$ (21,750,000)	7/20/13	$ 2,900	$ (339,375)
(75)	NASDAQ 100 INDEX	(22,125,000)	8/17/13	2,950	(318,000)
(100)	NASDAQ 100 INDEX	(30,250,000)	8/17/13	3,025	(165,000)
(50)	NASDAQ 100 INDEX	(15,375,000)	8/17/13	3,075	(39,500)
(100)	RUSSELL 2000® INDEX	(9,900,000)	7/20/13	990	(77,000)
(400)	**Total Call Options Written (premiums received $900,320)**	**$ (99,400,000)**			**$ (938,875)**

QQQX

NASDAQ Premium Income & Growth Fund Inc. (continued)

Portfolio of Investments June 30, 2013 (Unaudited)

For Fund portfolio compliance purposes, the Fund's industry classifications refer to any one or more of the industry sub-classifications used by one or more widely recognized market indexes or ratings group indexes, and/or as defined by Fund management. This definition may not apply for purposes of this report, which may combine industry sub-classifications into sectors for reporting ease.

(1) All percentages in the Portfolio of Investments are based on net assets.

(2) Non-income producing; issuer has not declared a dividend within the past twelve months.

(3) Investment, or portion of investment, has been pledged to collateralize the net payment obligations for investments in derivatives.

(4) Other Assets Less Liabilities includes the Value of derivative instruments as listed within Investments in Derivatives as of the end of the reporting period.

(5) For disclosure purposes, Notional Amount is calculated by multiplying the Number of Contracts by the Strike Price by 100.

(6) For fair value measurement disclosure purposes, Common Stock classified as Level 2. See Notes to Financial Statements, Footnote 2 Investment Valuation and Fair Value Measurements for more information.

ADR American Depositary Receipt.

See accompanying notes to financial statements.

DPD

Dow 30SM Premium & Dividend Income Fund Inc.

Portfolio of Investments

June 30, 2013 (Unaudited)

Shares	Description (1)	Value
	Common Stocks 98.5%	
	Aerospace & Defense 9.9%	
94,000	Boeing Company	$ 9,629,360
94,000	United Technologies Corporation	8,736,360
	Total Aerospace & Defense	18,365,720
	Beverages 2.0%	
94,000	Coca-Cola Company	3,770,340
	Chemicals 2.7%	
94,000	E.I. Du Pont de Nemours and Company	4,935,000
	Communications Equipment 1.2%	
94,000	Cisco Systems, Inc.	2,285,140
	Computers & Peripherals 1.3%	
94,000	Hewlett-Packard Company	2,331,200
	Consumer Finance 3.8%	
94,000	American Express Company	7,027,440
	Diversified Financial Services 3.3%	
94,000	Bank of America Corporation	1,208,840
94,000	JPMorgan Chase & Co.	4,962,260
	Total Diversified Financial Services	6,171,100
	Diversified Telecommunication Services 4.4%	
94,000	AT&T Inc.	3,327,600
94,000	Verizon Communications Inc.	4,731,960
	Total Diversified Telecommunication Services	8,059,560
	Food & Staples Retailing 3.8%	
94,000	Wal-Mart Stores, Inc.	7,002,060
	Health Care Providers & Services 3.3%	
94,000	UnitedHealth Group Incorporated	6,155,120
	Hotels, Restaurants & Leisure 5.0%	
94,000	McDonald's Corporation	9,306,000
	Household Products 3.9%	
94,000	Procter & Gamble Company	7,237,060
	Industrial Conglomerates 6.7%	
94,000	3M Co.	10,278,900
94,000	General Electric Company	2,179,860
	Total Industrial Conglomerates	12,458,760
	Insurance 4.1%	
94,000	Travelers Companies, Inc.	7,512,480

DPD

Dow 30SM Premium & Dividend Income Fund Inc. (continued)

Portfolio of Investments June 30, 2013 (Unaudited)

Shares	Description (1)	Value
	IT Services 9.7%	
94,000	International Business Machines Corporation (IBM)	$ 17,964,340
	Machinery 4.2%	
94,000	Caterpillar Inc.	7,754,060
	Media 3.2%	
94,000	Walt Disney Company	5,936,100
	Metals & Mining 0.4%	
94,000	Alcoa Inc.	735,080
	Oil, Gas & Consumable Fuels 10.6%	
94,000	Chevron Corporation	11,123,960
94,000	Exxon Mobil Corporation	8,492,900
	Total Oil, Gas & Consumable Fuels	19,616,860
	Pharmaceuticals 8.1%	
94,000	Johnson & Johnson	8,070,840
94,000	Merck & Company Inc.	4,366,300
94,000	Pfizer Inc.	2,632,940
	Total Pharmaceuticals	15,070,080
	Semiconductors & Equipment 1.2%	
94,000	Intel Corporation	2,276,680
	Software 1.8%	
94,000	Microsoft Corporation	3,245,820
	Specialty Retail 3.9%	
94,000	Home Depot, Inc.	7,282,180
	Total Common Stocks (cost $120,570,019)	**182,498,180**

Principal Amount (000)	Description (1)	Coupon	Maturity	Value
	Short-Term Investments 3.4%			
	U.S. Government and Agency Obligations 1.1%			
$ 2,000	U.S. Treasury Bills, (2)	0.000%	8/15/13	$ 1,999,944
	Repurchase Agreements 2.3%			
4,260	Repurchase Agreement with State Street Bank, dated 6/28/13, repurchase price $4,260,081, collateralized by $4,350,000 U.S. Treasury Notes, 0.875%, due 2/28/17, value $4,349,839	0.010%	7/01/13	4,260,077
	Total Short-Term Investments (cost $6,259,745)			**6,260,021**

Total Investments (cost $126,829,764) 101.9%		**188,758,201**
Other Assets Less Liabilities (1.9)% (3)		**(3,500,078)**
Net Assets 100%		**$185,258,123**

Investments in Derivatives as of June 30, 2013

Call Options Written outstanding:

Number of Contracts	Type	Notional Amount (4)	Expiration Date	Strike Price	Value (3)
(200)	3M Co.	$ (2,300,000)	7/20/13	$115.0000	$ (793)
(200)	3M Co.	(2,311,600)	7/20/13	115.5800	
(250)	3M Co.	(2,851,680)	7/20/13	114.0672	(8,361)
(200)	Alcoa Inc.	(178,464)	7/20/13	8.9232	
(250)	Alcoa Inc.	(201,500)	7/20/13	8.0600	(3,781)
(200)	American Express Company	(1,577,264)	7/20/13	78.8632	(18)

Investments in Derivatives as of June 30, 2013 (continued)

Call Options Written outstanding (continued):

Number of Contracts	Type		Notional Amount (4)	Expiration Date		Strike Price		Value (3)
(250)	American Express Company	$	(1,921,400)	7/20/13	$	76.8560	$	(22,340)
(200)	AT&T Inc.		(746,928)	7/20/13		37.3464		
(250)	AT&T Inc.		(918,500)	7/20/13		36.7400		(2,829)
(200)	Bank of America Corporation		(280,384)	7/20/13		14.0192		
(250)	Bank of America Corporation		(331,750)	7/20/13		13.2700		(5,706)
(200)	Boeing Company		(2,061,072)	7/20/13		103.0536		(11,618)
(250)	Boeing Company		(2,619,500)	7/20/13		104.7800		(41,991)
(200)	Caterpillar Inc.		(1,799,000)	7/20/13		89.9500		
(250)	Caterpillar Inc.		(2,134,500)	7/20/13		85.3800		(14,290)
(200)	Chevron Corporation		(2,610,200)	7/20/13		130.5100		
(250)	Chevron Corporation		(3,072,000)	7/20/13		122.8800		(11,911)
(200)	Cisco Systems, Inc.		(501,488)	7/20/13		25.0744		(170)
(200)	Cisco Systems, Inc.		(510,000)	8/17/13		25.5000		(5,343)
(250)	Cisco Systems, Inc.		(633,250)	7/20/13		25.3300		(6,221)
(200)	Coca-Cola Company		(861,120)	7/20/13		43.0560		
(250)	Coca-Cola Company		(1,048,580)	7/20/13		41.9432		(4,842)
(200)	E.I. Du Pont de Nemours and Company		(1,165,200)	7/20/13		58.2600		
(250)	E.I. Du Pont de Nemours and Company		(1,391,750)	7/20/13		55.6700		(5,827)
(200)	Exxon Mobil Corporation		(1,915,200)	7/20/13		95.7600		
(250)	Exxon Mobil Corporation		(2,334,750)	7/20/13		93.3900		(12,097)
(200)	General Electric Company		(491,800)	7/20/13		24.5900		

(250)	General Electric Company	(604,500)	7/20/13	24.1800	(3,851)
(200)	Hewlett-Packard Company	(524,992)	7/20/13	26.2496	(158)
(250)	Hewlett-Packard Company	(624,250)	7/20/13	24.9700	(22,180)
(200)	Home Depot, Inc.	(1,653,392)	7/20/13	82.6696	
(250)	Home Depot, Inc.	(1,967,420)	7/20/13	78.6968	(29,981)
(200)	Intel Corporation	(504,816)	7/20/13	25.2408	(109)
(200)	Intel Corporation	(520,000)	7/20/13	26.0000	(248)
(250)	Intel Corporation	(624,250)	7/20/13	24.9700	(9,227)
(200)	International Business Machines Corporation (IBM)	(4,324,736)	7/20/13	216.2368	
(250)	International Business Machines Corporation (IBM)	(5,066,250)	7/20/13	202.6500	(21,008)
(200)	Johnson & Johnson	(1,781,520)	7/20/13	89.0760	(3)
(250)	Johnson & Johnson	(2,261,750)	7/20/13	90.4700	(3,079)
(200)	JPMorgan Chase & Co.	(1,137,136)	7/20/13	56.8568	
(250)	JPMorgan Chase & Co.	(1,365,000)	7/20/13	54.6000	(11,207)
(200)	McDonald's Corporation	(2,060,240)	7/20/13	103.0120	(1)
(250)	McDonald's Corporation	(2,569,840)	7/20/13	102.7936	(7,831)
(200)	Merck & Company Inc.	(974,896)	7/20/13	48.7448	(2)
(250)	Merck & Company Inc.	(1,214,000)	7/20/13	48.5600	(5,835)
(200)	Microsoft Corporation	(725,504)	7/20/13	36.2752	(11)
(250)	Microsoft Corporation	(893,000)	7/20/13	35.7200	(9,024)
(200)	Pfizer Inc.	(588,200)	7/20/13	29.4100	(1)
(250)	Pfizer Inc.	(730,500)	7/20/13	29.2200	(3,628)
(200)	Procter & Gamble	(1,641,120)	7/20/13	82.0560	

	Company					
(250)	Procter & Gamble Company		(2,012,500)	7/20/13	80.5000	(6,437)
(200)	Travelers Companies, Inc.		(1,740,400)	7/20/13	87.0200	
(250)	Travelers Companies, Inc.		(2,074,500)	7/20/13	82.9800	(9,551)
(200)	United Technologies Corporation		(1,978,496)	7/20/13	98.9248	
(250)	United Technologies Corporation		(2,417,480)	7/20/13	96.6992	(15,352)
(200)	UnitedHealth Group Incorporated		(1,317,680)	7/20/13	65.8840	(6,342)
(250)	UnitedHealth Group Incorporated		(1,684,280)	7/20/13	67.3712	(19,176)
(200)	Verizon Communications Inc.		(1,031,056)	7/20/13	51.5528	(547)
(250)	Verizon Communications Inc.		(1,317,250)	7/20/13	52.6900	(4,976)
(200)	Wal-Mart Stores, Inc.		(1,585,584)	7/20/13	79.2792	
(300)	Wal-Mart Stores, Inc.		(2,340,300)	7/20/13	78.0100	(2,065)
(200)	Walt Disney Company		(1,378,208)	7/20/13	68.9104	
(250)	Walt Disney Company		(1,643,460)	7/20/13	65.7384	(12,360)
(14,150)	**Total Call Options Written (premiums received $620,284)**	**$**	**(95,647,386)**			**$ (362,328)**

DPD

Dow 30℠ Premium & Dividend Income Fund Inc. (continued)

Portfolio of Investments June 30, 2013 (Unaudited)

For Fund portfolio compliance purposes, the Fund's industry classifications refer to any one or more of the industry sub-classifications used by one or more widely recognized market indexes or ratings group indexes, and/or as defined by Fund management. This definition may not apply for purposes of this report, which may combine industry sub-classifications into sectors for reporting ease.

(1) All percentages in the Portfolio of Investments are based on net assets.

(2) Investment, or portion of investment, has been pledged to collateralize the net payment obligations for investments in derivatives.

(3) Other Assets Less Liabilities includes the Value of derivative instruments as listed within Investments in Derivatives as of the end of the reporting period.

(4) For disclosure purposes, Notional Amount is calculated by multiplying the Number of Contracts by the Strike Price by 100.

See accompanying notes to financial statements.

DPO

Dow 30^{SM} Enhanced Premium & Income Fund Inc.

Portfolio of Investments

June 30, 2013 (Unaudited)

Shares	Description (1)	Value
	Common Stocks 95.5%	
	Aerospace & Defense 9.7%	
173,500	Boeing Company	$17,773,340
173,500	United Technologies Corporation	16,125,090
	Total Aerospace & Defense	33,898,430
	Beverages 2.0%	
173,500	Coca-Cola Company	6,959,085
	Chemicals 2.6%	
173,500	E.I. Du Pont de Nemours and Company	9,108,750
	Communications Equipment 1.2%	
173,500	Cisco Systems, Inc.	4,217,785
	Computers & Peripherals 1.2%	
173,500	Hewlett-Packard Company	4,302,800
	Consumer Finance 3.7%	
173,500	American Express Company	12,970,860
	Diversified Financial Services 3.3%	
173,500	Bank of America Corporation	2,231,210
173,500	JPMorgan Chase & Co.	9,159,065
	Total Diversified Financial Services	11,390,275
	Diversified Telecommunication Services 4.3%	
173,500	AT&T Inc.	6,141,900
173,500	Verizon Communications Inc.	8,733,990
	Total Diversified Telecommunication Services	14,875,890
	Food & Staples Retailing 3.7%	
173,500	Wal-Mart Stores, Inc.	12,924,015
	Health Care Providers & Services 3.2%	
173,500	UnitedHealth Group Incorporated	11,360,780
	Hotels, Restaurants & Leisure 4.4%	
153,800	McDonald's Corporation	15,226,200
	Household Products 3.8%	
173,500	Procter & Gamble Company	13,357,765
	Industrial Conglomerates 6.2%	
162,500	3M Co.	17,769,375
173,500	General Electric Company	4,023,465
	Total Industrial Conglomerates	21,792,840

DPO

Dow 30SM Enhanced Premium & Income Fund Inc. (continued)

Portfolio of Investments June 30, 2013 (Unaudited)

Shares	Description (1)	Value
	Insurance 4.0%	
173,500	Travelers Companies, Inc.	$ 13,866,120
	IT Services 9.5%	
173,500	International Business Machines Corporation (IBM)	33,157,585
	Machinery 4.1%	
173,500	Caterpillar Inc.	14,312,015
	Media 3.1%	
173,500	Walt Disney Company	10,956,525
	Metals & Mining 0.4%	
173,500	Alcoa Inc.	1,356,770
	Oil, Gas & Consumable Fuels 10.4%	
173,500	Chevron Corporation	20,531,990
173,500	Exxon Mobil Corporation	15,675,725
	Total Oil, Gas & Consumable Fuels	36,207,715
	Pharmaceuticals 8.0%	
173,500	Johnson & Johnson	14,896,710
173,500	Merck & Company Inc.	8,059,075
173,500	Pfizer Inc.	4,859,735
	Total Pharmaceuticals	27,815,520
	Semiconductors & Equipment 1.2%	
173,500	Intel Corporation	4,202,170
	Software 1.7%	
173,500	Microsoft Corporation	5,990,955
	Specialty Retail 3.8%	
173,500	Home Depot, Inc.	13,441,045
	Total Common Stocks (cost $275,104,741)	**333,691,895**

Principal Amount (000)	Description (1)	Coupon	Maturity	Value
	Short-Term Investments 6.4%			
	U.S. Government and Agency Obligations 0.8%			
$ 3,000	U.S. Treasury Bills, (2)	0.000%	8/15/13	$ 2,999,916
	Repurchase Agreements 5.6%			
19,487	Repurchase Agreement with State Street Bank, dated 6/28/13, repurchase price $19,487,261, collateralized by $19,880,000 U.S. Treasury Notes, 0.875%, due 2/28/17, value $19,879,264	0.010%	7/01/13	19,487,245

Total Short-Term Investments (cost $22,486,746)	**22,487,161**
Total Investments (cost $297,591,487) 101.9%	**356,179,056**
Other Assets Less Liabilities (1.9)% (3)	**(6,575,896)**
Net Assets 100%	**$349,603,160**

Investments in Derivatives as of June 30, 2013

Call Options Written outstanding:

Number of Contracts	Type	Notional Amount (4)	Expiration Date	Strike Price	Value (3)
(500)	3M Co.	$ (5,750,000)	7/20/13	$115.0000	$ (1,983)
(500)	3M Co.	(5,779,000)	7/20/13	115.5800	
(620)	3M Co.	(7,072,167)	7/20/13	114.0672	(20,734)
(500)	Alcoa Inc.	(446,160)	7/20/13	8.9232	
(620)	Alcoa Inc.	(499,720)	7/20/13	8.0600	(9,376)
(500)	American Express Company	(3,943,160)	7/20/13	78.8632	(44)
(620)	American Express Company	(4,765,072)	7/20/13	76.8560	(55,403)
(500)	AT&T Inc.	(1,867,320)	7/20/13	37.3464	(1)
(620)	AT&T Inc.	(2,277,880)	7/20/13	36.7400	(7,016)
(500)	Bank of America Corporation	(700,960)	7/20/13	14.0192	(1)
(620)	Bank of America Corporation	(822,740)	7/20/13	13.2700	(14,152)
(500)	Boeing Company	(5,152,680)	7/20/13	103.0536	(29,044)
(620)	Boeing Company	(6,496,360)	7/20/13	104.7800	(104,138)
(500)	Caterpillar Inc.	(4,497,500)	7/20/13	89.9500	
(620)	Caterpillar Inc.	(5,293,560)	7/20/13	85.3800	(35,439)
(500)	Chevron Corporation	(6,525,500)	7/20/13	130.5100	
(620)	Chevron Corporation	(7,618,560)	7/20/13	122.8800	(29,539)
(500)	Cisco Systems, Inc.	(1,253,720)	7/20/13	25.0744	(424)
(620)	Cisco Systems, Inc.	(1,570,460)	7/20/13	25.3300	(15,429)
(500)	Cisco Systems, Inc.	(1,275,000)	8/17/13	25.5000	(13,358)
(500)	Coca-Cola Company	(2,152,800)	7/20/13	43.0560	
(620)	Coca-Cola Company	(2,600,478)	7/20/13	41.9432	(12,007)
(500)	E.I. Du Pont de Nemours and Company	(2,913,000)	7/20/13	58.2600	
(620)	E.I. Du Pont de Nemours and Company	(3,451,540)	7/20/13	55.6700	(14,451)
(500)	Exxon Mobil Corporation	(4,788,000)	7/20/13	95.7600	
(620)		(5,790,180)	7/20/13	93.3900	(30,002)

	Exxon Mobil Corporation				
(500)	General Electric Company	(1,229,500)	7/20/13	24.5900	(1)
(620)	General Electric Company	(1,499,160)	7/20/13	24.1800	(9,550)
(500)	Hewlett-Packard Company	(1,312,480)	7/20/13	26.2496	(395)
(620)	Hewlett-Packard Company	(1,548,140)	7/20/13	24.9700	(55,005)
(500)	Home Depot, Inc.	(4,133,480)	7/20/13	82.6696	(1)
(620)	Home Depot, Inc.	(4,879,202)	7/20/13	78.6968	(74,353)
(500)	Intel Corporation	(1,262,040)	7/20/13	25.2408	(272)
(500)	Intel Corporation	(1,300,000)	7/20/13	26.0000	(620)
(620)	Intel Corporation	(1,548,140)	7/20/13	24.9700	(22,882)
(500)	International Business Machines Corporation (IBM)	(10,811,840)	7/20/13	216.2368	
(620)	International Business Machines Corporation (IBM)	(12,564,300)	7/20/13	202.6500	(52,099)
(500)	Johnson & Johnson	(4,453,800)	7/20/13	89.0760	(7)
(620)	Johnson & Johnson	(5,609,140)	7/20/13	90.4700	(7,636)
(500)	JPMorgan Chase & Co.	(2,842,840)	7/20/13	56.8568	
(620)	JPMorgan Chase & Co.	(3,385,200)	7/20/13	54.6000	(27,794)
(500)	McDonald's Corporation	(5,150,600)	7/20/13	103.0120	(2)
(620)	McDonald's Corporation	(6,373,203)	7/20/13	102.7936	(19,420)
(500)	Merck & Company Inc.	(2,437,240)	7/20/13	48.7448	(6)
(620)	Merck & Company Inc.	(3,010,720)	7/20/13	48.5600	(14,472)
(500)	Microsoft Corporation	(1,813,760)	7/20/13	36.2752	(27)
(620)	Microsoft Corporation	(2,214,640)	7/20/13	35.7200	(22,379)
(500)	Pfizer Inc.	(1,470,500)	7/20/13	29.4100	(3)
(620)	Pfizer Inc.	(1,811,640)	7/20/13	29.2200	(8,998)
(500)	Procter & Gamble	(4,102,800)	7/20/13	82.0560	

	Company				
(620)	Procter & Gamble Company	(4,991,000)	7/20/13	80.5000	(15,963)
(500)	Travelers Companies, Inc.	(4,351,000)	7/20/13	87.0200	
(620)	Travelers Companies, Inc.	(5,144,760)	7/20/13	82.9800	(23,687)
(500)	United Technologies Corporation	(4,946,240)	7/20/13	98.9248	
(620)	United Technologies Corporation	(5,995,350)	7/20/13	96.6992	(38,072)
(500)	UnitedHealth Group Incorporated	(3,294,200)	7/20/13	65.8840	(15,856)

DPO

Dow 30SM Enhanced Premium & Income Fund Inc. (continued)

Portfolio of Investments June 30, 2013 (Unaudited)

Investments in Derivatives as of June 30, 2013 (continued)

Call Options Written outstanding (continued):

Number of Contracts	Type	Notional Amount (4)	Expiration Date	Strike Price	Value (3)
(620)	UnitedHealth Group Incorporated	$ (4,177,014)	7/20/13	$ 67.3712	$ (47,556)
(500)	Verizon Communications Inc.	(2,577,640)	7/20/13	51.5528	(1,369)
(620)	Verizon Communications Inc.	(3,266,780)	7/20/13	52.6900	(12,339)
(500)	Wal-Mart Stores, Inc.	(3,963,960)	7/20/13	79.2792	
(750)	Wal-Mart Stores, Inc.	(5,850,750)	7/20/13	78.0100	(5,164)
(500)	Walt Disney Company	(3,445,520)	7/20/13	68.9104	
(620)	Walt Disney Company	(4,075,781)	7/20/13	65.7384	(30,653)
(35,230)	**Total Call Options Written (premiums received $1,543,565)**	**$ (238,147,877)**			**$ (899,122)**

Total Return Swaps outstanding:

Counterparty	Receive	Pay	Expiration Date	Notional Amount	Unrealized Appreciation (Depreciation) (3)
Citibank N.A.	Dow Jones Industrial Average Total Return Index	12-Month USD-LIBOR-BBA less 5 basis points	6/25/14	$ 56,993,600	$ 573,125
HSBC Bank	Dow Jones Industrial Average Total Return Index	12-Month USD-LIBOR-BBA less 5 basis points	6/25/14	56,993,600	573,125
				$113,987,200	**$ 1,146,250**

For Fund portfolio compliance purposes, the Fund's industry classifications refer to any one or more of the industry sub-classifications used by one or more widely recognized market indexes or ratings group indexes, and/or as defined by Fund management. This definition may not apply for purposes of this report, which may combine industry sub-classifications into sectors for reporting ease.

(1) All percentages in the Portfolio of Investments are based on net assets.

(2) Investment, or portion of investment, has been pledged to collateralize the net payment obligations for investments in derivatives.

(3) Other Assets Less Liabilities includes the Value and the Unrealized Appreciation (Depreciation) of derivative instruments as listed within Investments in Derivatives as of the end of the reporting period.

(4) For disclosure purposes, Notional Amount is calculated by multiplying the Number of Contracts by the Strike Price by 100.

USD-LIBOR-BBA United States Dollar London Inter-Bank Offered Rate British Bankers Association.

See accompanying notes to financial statements.

Statement of

ASSETS & LIABILITIES

June 30, 2013 (Unaudited)

	NASDAQ Premium Income & Growth (QQQX)	Dow 30^{SM} Premium & Dividend Income (DPD)	Dow 30^{SM} Enhanced Premium & Income (DPO)
Assets			
Investments, at value (cost $187,006,349, $126,829,764 and $297,591,487, respectively)	$299,030,785	$188,758,201	$356,179,056
Cash	20,036		
Unrealized appreciation on total return swaps			1,146,250
Receivables:			
Dividends	57,372	98,249	181,342
Call options written		6,800	17,000
Reclaims	1,179		
Other assets	4,731	4,382	11,753
Total assets	299,114,103	188,867,632	357,535,401
Liabilities			
Cash overdraft			610,000
Call options written, at value (premiums received $900,320, $620,284 and $1,543,565, respectively)	938,875	362,328	899,122
Payables:			
Dividends	5,221,062	2,977,917	