TARO PHARMACEUTICAL INDUSTRIES LTD
Form 6-K
August 07, 2009

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO RULE 13a-16 OR 15d-16 UNDER THE SECURITIES EXCHANGE ACT OF 1934

For the month of August, 2009

Commission File Number 000-22286

Taro Pharmaceutical Industries Ltd.
(Translation of registrant's name into English)

14 Hakitor Street, Haifa Bay 26110, Israel
(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.
Form 20-F x Form 40-F ¨

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): _____

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): _____

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.
Yes ¨ No x

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-_____.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: August 7, 2009

TARO PHARMACEUTICAL INDUSTRIES LTD.

By: /s/ Tal Levitt
Name: Tal Levitt
Title: Director and Secretary

TARO PHARMACEUTICAL INDUSTRIES LTD.

NOTICE OF EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS

Haifa Bay, Israel
August 7, 2009

Notice is hereby given that an Extraordinary General Meeting of Shareholders (the "Extraordinary General Meeting" or the "Meeting") of Taro Pharmaceutical Industries Ltd. (the "Company") will be held on September 13, 2009, at 8:00 a.m. (Israel time), at the offices of the Company, 14 Hakitor Street, Haifa Bay, Israel, for the following purposes:

1. a. To elect Ms. Irith Hausner as a statutory external director, as defined under Israeli law (an "External Director"), to the Board of Directors for a three-year term.

b. To elect Mr. Yaron Saporta as an External Director to the Board of Directors for a three-year term.

2. To ratify, confirm and approve the Company's exemption and indemnification undertakings (and to amend and restate the appendix thereto), as well as to confirm and approve the Company's providing indemnification with respect to the Actions (as defined in the accompanying Proxy Statement) to directors who are not controlling persons (as defined in Section 268 of the Israeli Companies Law, 5759–1999) and who served, are serving and may in the future serve, the Company, its subsidiaries and/or affiliates (including, Ben Zion Hod and Haim Fanairo, who served until July and August 2009, respectively, as External Directors); and

3. To approve undertakings to exempt from liability and to indemnify new External Directors, upon their election to the Board of Directors.

Shareholders of record at the close of business on August 13, 2009, are entitled to notice of, and to vote at, the Meeting. All shareholders are cordially invited to attend the Extraordinary General Meeting in person.

Shareholders who are unable to attend the Meeting in person are requested to complete, date and sign the enclosed form of proxy and to return it promptly in the pre-addressed envelope provided. No postage is required if mailed in the United States. You may also submit your proxy vote by telephone or via the internet by following the proxy voting instructions included with the enclosed materials. Shareholders who subsequently revoke their proxies may vote their shares in person.

By Order of the Board of Directors,

Barrie Levitt, M.D.
Chairman of the Board of Directors

TARO PHARMACEUTICAL INDUSTRIES LTD.

14 Hakitor Street
Haifa Bay 26110, Israel

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PROXY STATEMENT

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This Proxy Statement is furnished to the holders of Ordinary Shares, nominal (par) value NIS 0.0001 each (the "Ordinary Shares") and of Founders' Shares, nominal (par) value NIS 0.00001, of Taro Pharmaceutical Industries Ltd. (the "Company") in connection with the solicitation by the Board of Directors of proxies for use at the Extraordinary General Meeting of Shareholders (the "Extraordinary General Meeting" or the "Meeting"), or any postponement or adjournment thereof, pursuant to the accompanying Notice of Extraordinary General Meeting of Shareholders. The Meeting will be held on September 13, 2009, at 8:00 a.m. (Israel time) at the offices of the Company, 14 Hakitor Street, Haifa Bay, Israel.

It is proposed that, at the Meeting, the following matters be considered:

1. a. To elect Ms. Irith Hausner as a statutory external director, as defined under Israeli law (an "External Director"), to the Board of Directors for a three-year term.

b. To elect Mr. Yaron Saporta as an External Director to the Board of Directors for a three-year term.

2. To ratify, confirm and approve the Company's exemption and indemnification undertakings (and to amend and restate the appendix thereto), as well as to confirm and approve the Company's providing indemnification with respect to the Actions (as defined below) to directors who are not controlling persons (as defined in Section 268 of the Israeli Companies Law, 5759–1999 (respectively, "controlling persons" and the "Companies Law")) and who served, are serving and may in the future serve, the Company, its subsidiaries and/or affiliates (including, Ben Zion Hod and Haim Fanairo, who served until July and August 2009, respectively, as External Directors); and

3. To approve undertakings to exempt from liability and to indemnify new External Directors, upon their election to the Board of Directors.

A form of proxy for use at the Meeting and a return envelope for the proxy are also enclosed. Proxy votes may also be submitted by telephone or via the internet by following the proxy voting instructions included with the enclosed materials. Shareholders may revoke the authority granted by their execution of proxies at any time before the effective exercise thereof by filing with the Company a written notice of revocation or duly executed proxy bearing a later date, by submitting votes by telephone or internet at a later date, or by voting in person at the Meeting.

Unless otherwise indicated on the form of proxy, shares represented by any proxy in the enclosed form, if the proxy is properly executed and received by the Company at least 48 hours prior to the Meeting, will be voted in favor of all the matters to be presented to the Meeting, as described above. The Board of Directors of the Company is soliciting proxies for use at the Meeting.

Only shareholders of record at the close of business on August 13, 2009, will be entitled to vote at the Extraordinary General Meeting. Proxies are being mailed to shareholders on or about August 13, 2009 and will be solicited chiefly by mail; however, certain officers, directors and employees of the Company may solicit proxies by telephone, fax or other personal contact, none of whom will receive additional compensation therefor. The Company may also retain one or more agents for the purpose of soliciting proxies in connection with the Meeting. The Company will bear the cost of the solicitation of the proxies, including postage, printing and handling, and will reimburse the reasonable expenses of brokerage firms and others for forwarding material to beneficial owners of Ordinary Shares.

## Item 1 – ELECTION OF EXTERNAL DIRECTORS

At the Extraordinary General Meeting, it is intended that proxies (other than those directing the proxy holders not to vote for the listed nominees) will be voted for the election, as External Directors of the Company, of the two nominees named below who shall hold office for a three-year term, unless their service is earlier terminated under any relevant provision of law or the Company's Articles of Association.

The list of nominees is as follows:

a. Ms. Irith Hausner

b. Mr. Yaron Saporta

Under the Companies Law, companies incorporated under the laws of the State of Israel whose shares, inter alia, are listed for trading on a stock exchange or have been offered to the public by a prospectus and are held by the public are required to have at least two External Directors.

The Companies Law further provides that a person may not be elected as an External Director if the person or the person's relative, partner, employer, anyone to whom the person is subordinate, directly or indirectly, or any entity under the person's control has, as of the date of the person's election to serve as an External Director, or had, during the two years preceding that date, any affiliation (as defined below) with:

(i) the Company;

(ii) any entity controlling the Company as of the date of the election; or

(iii) any entity controlled by the Company or under common control with the Company as of the date of the election or during the two years preceding that date.

The term "affiliation" includes an employment relationship, a commercial or professional relationship maintained on a regular basis or control of the Company, as well as service as an office holder (as defined below). Under the Companies Law, "relative" is defined as a spouse, brother or sister, parent, grandparent, child, child of such person's spouse or the spouse of any of the above.

The Companies Law defines the term "office holder" as a director, general manager, chief business manager, deputy general manager, vice-general manager, any other person assuming the responsibilities of any of the foregoing positions without regard to such person's title, and any manager that reports directly to the general manager.

The Companies Law further provides that no person can serve as an External Director if the person's other positions or businesses create, or may create, a conflict of interest with the person's responsibilities as an External Director or may otherwise interfere with the person's ability to serve as an External Director.

Until the lapse of two years from the time in which the External Director serves as such, a company may not engage an External Director to serve as an office holder and cannot employ or receive professional services from such former External Director for consideration, either directly or indirectly, including through a corporation controlled by such former External Director.

A person shall be qualified to serve as an External Director only if he or she possesses accounting and financial expertise or professional competence. At least one External Director must possess accounting and financial expertise. Under the regulations of the Companies Law, a director has "financial and accounting expertise" if, inter alia, he or she, based on his or her education, experience and qualifications, is highly skilled in respect of, and understands, business and accounting matters and financial statements, in a manner that enables him or her to have an in-depth understanding of the company's financial statements and to stimulate discussion in respect of the manner in which the financial data is presented. A director has "professional competence" under such regulation if, inter alia, he or she has an academic degree in either economics, business administration, accounting, law or public administration or an academic degree in, or completion of, other higher learning, each in an area relevant to the company's business, or has at least an aggregate of five years' experience in a senior position in any one or any combination of the following: (a) the business management of a corporation with a substantial scope of business; (b) public office or public service; or (c) the field of the company's business.

The Companies Law also provides that a shareholders' general meeting at which the appointment of an External Director is to be considered will not be called unless the nominee has declared to the Company that he or she complies with the qualifications for appointment as an External Director. Each proposed nominee has declared to the Company that such nominee possesses the qualifications and complies with the requirements for appointment as an External Director under the Companies Law, that such nominee is capable of dedicating the appropriate amount of time for the performance of such nominee's role as an External Director of the Company considering, inter alia, the Company's size and special needs and such nominee has agreed to stand for election. Copies of the declarations of the External Directors are available for inspection at the offices of the Company.

The initial term of an External Director is three years and may be extended for an additional three-year term. An External Director may be removed from office only by the same percentage of shareholders as is required for election or by a court, if the External Director ceases to meet the statutory qualifications for appointment or if he or she violates his or her duty of loyalty to the company. Each committee of a company's board of directors, that is empowered to exercise one of the functions of the board of directors, is required to include at least one External Director, except for the Audit Committee, which is required to include all the External Directors.

Each External Director has agreed to receive remuneration in accordance with Section 5(f) of the Companies Regulations (Easements to Public Companies which Shares are Listed for Trading in a Stock Exchange Outside of Israel), 5760-2000 as applied to Sections 4 and 5 of Companies Regulations (Rules regarding Remuneration and Expenses of External Directors), 5760-2000 ("Remuneration Rules") and as approved by the Company's Audit Committee and Board of Directors pursuant to Section 7a of the Remuneration Rules. In accordance with the foregoing, each External Director will receive an annual fee of NIS 115,400 and a fee of up to NIS 3,470 per meeting attended, which amounts are linked to the Israeli consumer price index. Under such regulations, the External Directors' remuneration must be fixed and agreed upon with the company prior to the acceptance of the nomination.

Inasmuch as the term of Mr. Ben Zion Hod as External Director expired in July 2009 and that of Mr. Haim Fanairo as External Director will expire in August 2009, each of Ms. Irith Hausner and Mr. Yaron Saporta, if elected, will serve a three-year term commencing upon their election to the Board of Directors.

Ms. Hausner, an attorney, has served as Manager of the Marine and Aviation Department of Phoenix Insurance Co. Ltd. (the "Phoenix") since 1993 and prior thereto, as Claims Manager in the Marine Department of the Phoenix from 1983–1993. Her experience includes six years of private law practice from 1978–1983. Ms. Hausner served on the Company's Board of Directors as an External Director during the years 1998–2003. Ms. Hausner holds a Bachelor of Laws (LLB) degree from Tel Aviv University (1978).

Mr. Saporta, an accountant, is the managing partner of his accounting firm, Saporta, Penn & Co. In addition, he currently serves as an internal auditor for six corporations, three of which are public companies. His accounting and internal audit experience includes private and public companies, as well as government ministries. He served as the Company's internal auditor in the early 1990's. Mr. Saporta holds a BA in Accounting and Economics from the Tel Aviv University (1984), a LL.M. from Bar-Ilan University (2005), and is certified internal auditor (international) by the US Institute of Internal Auditors (1996).

The Board of Directors has reviewed Ms. Hausner's qualifications, taking into account the parameters specified by the Companies Law and the regulations thereunder, and has determined that she has professional competence.

The Board of Directors has reviewed Mr. Saporta's qualifications, taking into account the parameters specified by the Companies Law and the regulations thereunder, and has determined that Mr. Saporta has expertise in finance and accounting.

The Board of Directors will present the following Resolutions at the Extraordinary General Meeting of Shareholders:

Resolution 1a

"RESOLVED, to appoint Ms. Irith Hausner as an External Director of the Company for a term of three-years, commencing upon her election to the Board of Directors."

Resolution 1b

"RESOLVED, to appoint Mr. Yaron Saporta as an External Director of the Company for a term of three-years, commencing upon his election to the Board of Directors."

VOTE REQUIRED

In order to elect, under Items 1a and 1b of this Proxy Statement, Ms. Irith Hausner and Mr. Yaron Saporta, respectively, each to a three-year term as an External Director, the required vote, in each case, is a majority of the votes cast at the Meeting, whether in person or by proxy, provided that (i) that majority includes at least one-third (1/3) of the total votes of non-controlling shareholders or anyone voting on their behalf present at the Meeting in person or by proxy (abstentions will not be taken into account); or (ii) the total number of votes of the shareholders mentioned in (i) above that are voted against the election of such nominee does not exceed one percent (1%) of the Company's voting rights.

Section 1 of the Securities Law, 5728-1968 (the "Securities Law") defines "control" as "the ability to direct the activity of a corporation, excluding an ability deriving merely from holding an office of director or another office in the corporation, and a person shall be presumed to control a corporation if he or she holds half or more of a certain type of means of control of the corporation" and "means of control" in section 1 of the Securities Law is defined as "any one of the following: (1) the right to vote at a general meeting of a company or a corresponding body of another corporation; or (2) the right to appoint directors of the corporation or its general manager."

Each shareholder who is a controlling shareholder or acting on behalf of a controlling shareholder and who wishes to attend the Meeting in person or by proxy, is required to so advise the Company in writing, at or prior to the Meeting, for purposes of voting with respect to Items 1a and 1b.

Dr. Barrie Levitt (a director and Chairman of the Board of the Company), his daughter, Tal Levitt (a director and Secretary of the Company) and Dr. Daniel Moros (a director and Vice Chairman of the Company and a first cousin of Dr. Levitt) (collectively, the "executive directors") have indicated to the Company that they do not believe that they are controlling shareholders.

Given the important role played by the External Directors under the Companies Law, the validity of their elections must be unquestioned. Accordingly, without derogating from the foregoing or in any manner admitting that they are controlling shareholders, the executive directors have advised the Company, solely for purposes of this Meeting, not to count shares owned and controlled by them (or by entities under their control) as part of the votes of the non-controlling shareholders for purposes of Items 1a and 1b.

As a result of the executive directors so advising the Company not to count their shares as part of the non-controlling shareholders, the Board of Directors reminds the shareholders that it is particularly important that they vote at the Meeting.

The Board of Directors also reminds the shareholders of their duty under the Companies Law to act fairly and in good faith towards the Company, including, inter alia, in voting shares of the Company at this Meeting.

The Board of Directors has determined that Ms. Hausner and Mr. Saporta are fully qualified to serve as External Directors. Accordingly, the Board of Directors unanimously recommends a vote FOR the election of Ms. Hausner (Item 1a) and Mr. Saporta (Item 1b) as External Directors.

## Item 2 – RATIFICATION, CONFIRMATION AND APPROVAL OF EXEMPTION AND INDEMNIFICATION UNDERTAKINGS AND AMENDMENT AND RESTATEMENT OF THE APPENDIX THERETO, AS WELL AS CONFIRMATION AND APPROVAL OF INDEMNIFICATION WITH RESPECT TO THE ACTIONS (AS DEFINED BELOW)

In a recent lawsuit filed against the Company and its directors (the "Action")1 by a subsidiary of Sun Pharmaceuticals Industries Ltd. ("Sun"), Sun asked the court, inter alia, to declare that the resolutions approved by the Shareholders at the September 8, 2005 Annual General Meeting to indemnify its officers and directors (the "2005 Resolution"), are void and ineffective.

The Company and its directors believe that the Action is without merit and that the 2005 Resolution was duly adopted and is fully valid and binding on the Company. The Company and its directors also believe that the scope of the Company's undertaking to indemnify its directors and other office holders pursuant to the 2005 Resolution as reflected in the Exemption and Indemnification Agreement entered into with Company directors and other office holders pursuant to the 2005 Resolution (the "Agreement") encompasses any purported or alleged liability of the directors under the Action and another lawsuit filed by Sun in the New York State Supreme Court (the "NY Action") in June 2008 with

respect to the merger agreement with Sun that was terminated by the Company (the NY Action and the Action, collectively the "Actions").

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1 OM 1410/09, filed with the Tel Aviv District Court on May 14, 2009.

Indemnification of directors of publicly held companies is extremely important, because it enables directors to fulfill their duties toward the company without fear of personal liability for actions that they take in good faith, on behalf of the company. Therefore, it is proposed, for the avoidance of doubt and for the sake of good order, to give the greatest possible certainty to directors who are not controlling persons (including the new External Directors) as to their indemnification rights and, inter alia, in order to avoid unnecessary expenses that may otherwise be required to be expended in the course of the Action, to ratify, confirm and approve the Company's undertaking to exempt from liability and to indemnify the persons who are not controlling persons and who have served (including, inter alia, Messrs. Ben Zion Hod and Haim Fanairo, the Company's External Directors whose terms of office expire in July and August of 2009 and, for the avoidance of doubt, not including the executive directors) and are serving (currently and from time to time in the future) the Company, its subsidiaries and affiliates, as directors pursuant to the Agreement, in the original form thereof, which is attached as Exhibit 1 to this Proxy Statement. In addition, the Company believes that adoption of the resolutions set forth below is in the best interests of the Company and its shareholders in order to attract and maintain highly qualified individuals, including the new External Directors, to serve as directors of the Company.

Pursuant to the Agreement, the Company obligated itself, inter alia, to indemnify each of the directors and other office holders against all monetary obligations imposed and all reasonable litigation expenses incurred as a consequence of any act or omission in such person's capacity as director or other office holder of the Company or of its subsidiaries or affiliates, provided that with respect to monetary obligations imposed, they are imposed with respect to events which, in the opinion of the Board of Directors, are to be expected in light of the Company's actual activities and that the Company's aggregate obligations with respect thereto do not exceed a fixed sum deemed by the Board of Directors to be reasonable in the circumstances, all as set forth in the Agreement attached to this Proxy Statement as Exhibit 1 and subject to law.

As discussed above, Section 260 of the Companies Law provides that the events as to which the Company may provide an undertaking to indemnify (such as the Agreement) must be those events which, in the opinion of the Board of Directors, are to be expected in light of the Company's actual activities. Accordingly, the Company believes that it is appropriate periodically to update the events set forth in Appendix A to the Agreement. No change in the overall aggregate limitation on the indemnification to be provided by the Company under an Agreement (which is also set forth in Appendix A) is proposed to be made. A copy of the updated Appendix A is attached to this Proxy Statement as Exhibit 2. The Company's obligation to indemnify in advance as to monetary obligations that may be imposed on a director is limited to the events, and to the monetary limitation, set forth in Exhibit 2. The Company and the directors are of the view that both the current Appendix A set forth in Exhibit 1 hereto and the updated Appendix A set forth in Exhibit 2 hereto encompass the Actions including, inter alia, allegations made by Sun in the Action with respect to the delay in the preparation of the Company's annual audited financial statements for the years 2006 and 2007.

The Company believes that adoption of the resolutions set forth in this Proposal 2 is in keeping with the purpose and intent of the 2005 Resolution which approved indemnification of the officers and directors of the Company "to the maximum extent permitted by the Companies Law, as amended from time to time and the Company's Articles of Association, as amended from time to time…".

For the avoidance of doubt and for the sake of good order, nothing in any of the following resolutions, whether or not adopted by the shareholders, or in any Company undertaking to exempt from liability and indemnify any director or other office holder: (a) diminishes or derogates or shall diminish or derogate in any manner whatsoever from any right, claim, defense, demand and/or complaint of the Company and/or its directors or other office holders; and/or (b) shall be deemed to waive and/or limit any right, claim, defense or complaint as aforesaid and/or constitute an admission and/or deemed admission on the part of the Company and/or its directors or other office holders; and/or (c) shall derogate in any way from any previous undertaking to exempt from liability and to indemnify given by the Company to any director or other office holder, including, inter alia, any agreement, which shall continue in full force and effect with respect to such person, provided that the total amount of indemnification granted to such person under the Agreement and all previous Company undertakings to indemnify such person, shall not exceed the indemnification amount stated in Appendix A to the Agreement set forth as Exhibit 1 (which is identical to the amounts set forth in Exhibits 2 and 3) to this Proxy Statement.

Pursuant to and following Audit Committee and Board of Directors' approval and authorization, as required by the Companies Law, the following resolutions will be presented at the Meeting as Proposal 2:

"RESOLVED, to: (a) ratify, confirm and approve the Company's undertaking to exempt from liability and to indemnify persons who are not controlling persons who served and are serving, currently and from time to time in the future, as directors of the Company, its subsidiaries and affiliates (including, inter alia, Mr. Ben Zion Hod and Mr. Haim Fanairo who served until July and August 2009, respectively, as External Directors), pursuant to the Exemption and Indemnification Agreement entered into pursuant to the resolution adopted by the Shareholders on September 8, 2005, the original form of which is attached to the proxy statement for this Meeting as Exhibit 1 (the "Agreement"); and (b) amend and restate Appendix "A" to the Agreement to read in its entirety as set forth in Exhibit 2 to the proxy statement for this Meeting;

for the avoidance of doubt, the Company's obligation to indemnify in advance as to monetary obligations that may be imposed on a director is limited to the events, and to the monetary limitation, set forth in Exhibit 2.

AND BE IT FURTHER RESOLVED, for the avoidance of doubt, that the Company's undertaking to exempt from liability and to indemnify the Company's directors pursuant to the above resolution shall include indemnification with respect to all monetary obligations that may be imposed and/or reasonable expenses to be incurred, and the Company shall hereby provide indemnification with respect to all reasonable expenses incurred, on account of, or related to, the Actions, as defined in the proxy statement for this Meeting."

VOTE REQUIRED

In order to approve, under Item 2 of this Proxy Statement, the ratification, confirmation and approval of the Company's exemption and indemnification undertakings (and amendment and restatement of the appendix thereto), as well as confirmation and approval of indemnification with respect to the Actions (as defined above) to directors identified above, the required vote is a majority of the votes cast at the Meeting, whether in person or by proxy.

For the reasons set out above, the Board of Directors unanimously recommends a vote FOR Item 2 above.

## Item 3 – APPROVAL OF UNDERTAKING TO EXEMPT FROM LIABILITY AND TO INDEMNIFY NEW EXTERNAL DIRECTORS, UPON THEIR ELECTION AS EXTERNAL DIRECTORS

The form of Exemption and Indemnification Agreement to be entered into with Ms. Hausner and Mr. Saporta, upon their election as External Directors of the Company, attached as Exhibit 3 to this Proxy Statement, consists of the form of Agreement attached to this Proxy Statement as Exhibit 1 (without the original Appendix A thereto) and Exhibit 2, representing the amended and restated Appendix A.

Pursuant to and following Audit Committee and Board of Directors' approval and authorization, as required by the Companies Law, the following resolution will be presented to the meeting as Proposal 3:

"RESOLVED, that the Company undertake to exempt from liability and to indemnify new External Directors in accordance with the form of Exemption and Indemnification Agreement attached as Exhibit 3 to the proxy statement for this Meeting, upon their election as External Directors of the Company;

for the avoidance of doubt, the Company's obligation to indemnify in advance as to monetary obligations that may be imposed on a new External Director is limited to the events, and to the monetary limitation, set forth in Appendix A to Exhibit 3."

VOTE REQUIRED

In order to approve, under Item 3 of this Proxy Statement, the undertakings to exempt from liability and to indemnify the External Directors, the required vote, is a majority of the votes cast at the Meeting, whether in person or by proxy.

For the reasons set out above, the Board of Directors unanimously recommends a vote FOR Item 3 above.

BY ORDER OF THE BOARD OF DIRECTORS,

Barrie Levitt, M.D.
Chairman of the Board of Directors

Dated: August 7, 2009

EXHIBIT 1

Exemption and Indemnification Agreement

Date: _____

To: _____

Whereas: It is in the best interest of Taro Pharmaceutical Industries Ltd. (the "Company") to attract and retain the most capable and talented persons as directors, officers and/or employees and to provide them with adequate protection through insurance, exemption and indemnification in connection with their service; and,

Whereas: You are or have been appointed a director, officer and/or employee of the Company or a Subsidiary (as defined below), and in order to ensure your continuing service with the Company or a Subsidiary, as applicable, in the most effective manner, the Company desires to provide for your exemption and indemnification to the fullest extent permitted by law and subject to the terms hereof,

NOW THEREFORE, THE PARTIES AGREE AS FOLLOWS:

1. Exemption

1.1 Subject only to mandatory provisions of applicable law to the contrary, the Company hereby exempts you from your liability for any and all damage caused or to be caused to the Company as a result of a breach of your duty of care towards the Company.

1.2 This exemption shall not be valid to the extent that:

1.2.1 You receive payment under an insurance policy with respect to such breach; or

1.2.2 You receive indemnification pursuant to the provisions of this Agreement.

2. Indemnification

2.1 Subject only to mandatory provisions of applicable law to the contrary, the Company shall indemnify you for any obligation or expense specified in Sections 2.1.1, 2.1.2 and 2.1.3 below, imposed on or incurred by you in consequence of an act or omission to act in your capacity as director, officer and/or employee of the Company ("Indemnifiable Liabilities"), provided that the Company's undertaking with respect to obligations specified in Section 2.1.1 below shall be limited to the types of events and the amount specified in Appendix "A" hereto.

2.1.1 Any monetary obligation imposed on or incurred by you in favor of another person by a judgment, including a judgment given in settlement or an arbitrator's award that has been approved by a court;

2.1.2 All reasonable litigation expenses, including advocates' professional fees, incurred by you or which you were ordered to pay by a court, in a proceeding filed against you by the Company or on its behalf or by another person, or in any criminal indictment in which you are acquitted, or in any criminal indictment in which you were convicted of an offence which does not require proof of criminal intent; and

2.1.3 All reasonable litigation expenses, including professional legal fees, incurred by you due to an investigation or a proceeding instituted against you by an authority competent to administer such an investigation or proceeding that was "finalized without the filing of an indictment" (as defined in the Companies Law – 1999) against you "without any financial obligation imposed in lieu of criminal proceedings" (as defined in the Companies Law – 1999), or an investigation or proceeding that was finalized "without the filing of an indictment" against you with a "financial obligation imposed in lieu of criminal proceedings" of an offence which does not require proof of criminal intent.

The above shall also apply to any obligation or expense specified in Sections 2.1.1, 2.1.2 and 2.1.3 above imposed on you in consequence of your service as a director, officer or employee of a subsidiary of the company (as defined in the Securities Law - 1968) ("Subsidiary") or in consequence of your service as director in an affiliated company ("Chevra Mesunefet") (as defined in the Securities Law - 1968) ("Affiliate")

2.2 The Company will not indemnify you for any Indemnifiable Liabilities to the extent that you receive payment under an insurance policy or another indemnification agreement.

2.3 If legal proceedings that may give rise to Indemnifiable Liabilities are initiated against you ("Legal Proceedings"), the Company will make available to you, from time to time, the funds required to cover all expenses and other payments in connection with the Legal Proceedings.

2.4 If the Company pays to you or on your behalf any amount in accordance herewith, and it is thereafter established that you were not entitled to indemnification from the Company with respect to such amount, you will pay such amount to the Company upon the Company's first request, and in accordance with the payment terms the Company determines.

2.5 Notices and Defence Against Suits

2.5.1 You shall notify the Company of any Legal Proceedings and of all possible or threatened Legal Proceedings as soon as you become aware thereof, and deliver to the Company, or to such person as it shall direct you, without delay, all documents you receive in connection with such proceedings.

2.5.2 The Company shall be entitled to assume your defense in respect of all Legal Proceedings and to use any attorney which the Company may choose for that purpose (except an attorney who is reasonably unacceptable to you).

2.5.3 You will fully cooperate with the Company and/or its attorney in every reasonable way as may be required, including, but not limited to, the execution of power(s) of attorney and other documents, provided that the Company shall cover all costs incidental thereto.

EXHIBIT 1 - page 3

2.5.4 If the Company has notified you that it shall assume your defence with respect to a Legal Proceeding, it shall not indemnify you for expenses you incur in connection with such proceeding.

2.5.5 The Company shall have the right to settle or refer to arbitration any or all Legal Proceedings.

2.5.6 Notwithstanding the aforesaid, the Company shall not have the right to settle without your prior written consent, which consent shall not be unreasonably withheld, unless the settlement in question is without admission of any responsibility or liability on your part and provides for a complete waiver of all respective claims against you.

2.5.7 The Company will have no liability or obligation to indemnify you if you enter into a settlement or initiation of arbitration proceedings without the Company's prior written consent, which consent shall not be unreasonably withheld.

2.6 The Company's obligations hereunder shall not derogate from the Company's ability to indemnify you retroactively for any payment or expense as provided in Sections 2.1.1, 2.1.2 and 2.1.3 above, without limitation to the types of events and the amount specified in Appendix "A".

2.7 Validity

2.7.1 The Company's obligations hereunder will continue after termination of your office/employment, provided that the cause of action of the Legal Proceedings, which led to Indemnifiable Liabilities, is based on your action or omission to act during your office/employment.

2.7.2 The Company's obligations hereunder shall also apply to Indemnifiable Liabilities related to Legal Proceedings the cause of action of which is based on your action or omission to act prior to execution hereof.

2.8 This agreement shall be governed by and construed and enforced in accordance with the laws of the State of Israel.

Kindly sign and return the enclosed copy of this letter to acknowledge your agreement to the contents hereof.

Very truly yours,

Taro Pharmaceutical Industries Ltd.

By: _____
Name:
Title:

Accepted and agreed to as of the date first written above:

_____
Name:
Title:

EXHIBIT 1 - page 4

APPENDIX “A”

1. The Company’s obligation to indemnify you is limited to the following:

1.1 Actions in connection with the management of the Company’s, its Subsidiaries and/or Affiliates’ affairs, in the ordinary course of business.

1.2 Matters connected with the financing of or investments by the Company and/or Subsidiaries and/or Affiliates thereof in other entities, including transactions entered and actions taken by you in the name of the Company and/or a Subsidiary and/or an Affiliate thereof as a director officer and/or employee thereof, whether before or after the investment is made;

1.3 Actions in connection with the merger, proposed merger, spin off or a corporate restructuring of the Company, a Subsidiary and/or an Affiliate thereof;

1.4 Actions in connection with the sale or proposed sale of the operations and/or business and/or assets, or part thereof, of the Company, a Subsidiary and/or an Affiliate thereof;

1.5 Actions taken in connection with labor relations and/or employment matters in the Company, Subsidiaries and/or Affiliates thereof, and in connection with business relations of the Company, Subsidiaries and/or Affiliates thereof, including with employees,

(m) Our Quarterly Report on Form 10-Q for the quarter ended September 30, 2008 filed with the SEC on November 13, 2008.

It is specifically noted that any information that is deemed to be “furnished,” rather than “filed,” with the SEC is not incorporated by reference into this prospectus.

We will provide without charge to each person, including any beneficial owner, to whom a prospectus is delivered, upon written or oral request of that person and at no cost, a copy of any document incorporated by reference into this prospectus (or incorporated into the documents that this prospectus incorporates by reference). Requests should be directed to Cole Credit Property Trust II Investor Services at 2575 East Camelback Road, Suite 500, Phoenix, Arizona 85016, telephone (866) 341-2653.

**WHERE YOU CAN FIND ADDITIONAL INFORMATION**

We are subject to the information requirements of the Securities Exchange Act of 1934, as amended. Therefore, we file annual, quarterly and current reports, proxy statements and other information with the SEC. You may inspect and copy reports, proxy statements and other information we file with the SEC at the SEC's public reference room at 100 F Street, N.E., Washington, D.C. 20549. You may obtain information on the operation of the public reference room by calling the SEC at 1-800-SEC-0330. In addition, stockholders will receive annual reports containing audited financial statements with a report thereon by our independent certified public accountants, and quarterly reports containing unaudited summary financial information for each of the first three quarters of each fiscal year. This prospectus does not contain all information set forth in the Registration Statement and Exhibits thereto which we have filed with the SEC under the Securities Act and to which reference is hereby made. We file information electronically with the SEC, and the SEC maintains a web site that contains reports, proxy and information statements and other information regarding registrants (including Cole Credit Property Trust II) that file electronically with the SEC. The address of the SEC's web site is http://www.sec.gov.

# COLE

***Prospectus***

***Second Amended and Restated Distribution Reinvestment Plan***

***30,000,000 Shares of Common Stock***

| **ALPHABETICAL INDEX** | **PAGE** |
|---|---|


***We have not authorized any dealer, salesperson or other individual to give any information or to make any representations that are not contained in this prospectus. If any such information or statements are given or made, you should not rely upon such information or representation. This prospectus does not constitute an offer to sell any securities other than those to which this prospectus relates, or an offer to sell, or a solicitation of an offer to buy, to any person in any jurisdiction where such an offer or solicitation would be unlawful. Neither the delivery of this prospectus nor any sale made hereunder shall, under any circumstances, create any implication that the information contained or incorporated by reference herein is correct as of any time subsequent to the date of such information.***

November 21, 2008

**EXHIBIT A**

**SECOND AMENDED AND RESTATED**

**DISTRIBUTION REINVESTMENT PLAN**

**Cole Credit Property Trust II, Inc.**

Cole Credit Property Trust II, Inc., a Maryland corporation (the "Company"), has adopted this Second Amended and Restated Distribution Reinvestment Plan (the "Plan"), to be administered by the Company or an unaffiliated third party (the "Administrator") as agent for participants in the Plan ("Participants"), on the terms and conditions set forth below.

1. *Election to Participate.* Any purchaser of shares of common stock of the Company, par value $.01 per share (the "Shares"), may become a Participant by making a written election to participate on such purchaser's subscription agreement at the time of subscription for Shares. Any stockholder who has not previously elected to participate in the Plan may so elect at any time by completing and executing an authorization form obtained from the Administrator or any other appropriate documentation as may be acceptable to the Administrator. Participants in the Plan generally are required to have the full amount of their cash distributions (other than "Excluded Distributions" as defined below) with respect to all Shares owned by them reinvested pursuant to the Plan. However, the Administrator shall have the sole discretion, upon the request of a Participant, to accommodate a Participant's request for less than all of the Participant's Shares to be subject to participation in the Plan.

2. *Distribution Reinvestment.* The Administrator will receive all cash distributions (other than Excluded Distributions) paid by the Company with respect to Shares of Participants (collectively, the "Distributions"). Participation will commence with the next Distribution payable after receipt of the Participant's election pursuant to Paragraph 1 hereof, provided it is received at least ten (10) days prior to the last day of the period to which such Distribution relates. Subject to the preceding sentence, regardless of the date of such election, a holder of Shares will become a Participant in the Plan effective on the first day of the period following such election, and the election will apply to all Distributions attributable to such period and to all periods thereafter. As used in this Plan, the term "Excluded Distributions" shall mean those cash or other distributions designated as Excluded Distributions by the Company's board of directors.

3. *General Terms of Plan Investments.*

(a) The Company intends to offer Shares pursuant to the Plan at the higher of 95% of the value of one share as estimated by the Company's board of directors or $9.50 per share, regardless of the price per share paid by the Participant for the Shares in respect of which the Distributions are paid.

(b) Selling commissions will not be paid for the Shares purchased pursuant to the Plan.

(c) Dealer manager fees will not be paid for the Shares purchased pursuant to the Plan.

(d) For each Participant, the Administrator will maintain an account which shall reflect for each period in which Distributions are paid (a "Distribution Period") the Distributions received by the Administrator on behalf of such Participant. A Participant's account shall be reduced as purchases of Shares are made on behalf of such Participant.

(e) Distributions shall be invested in Shares by the Administrator promptly following the payment date with respect to such Distributions to the extent Shares are available for purchase under the Plan. If sufficient Shares are not available, any such funds that have not been invested in Shares within 30 days after receipt by the Administrator and, in any event, by the end of the fiscal quarter in which they are received, will be distributed to Participants. Any interest earned on such accounts will be paid to the Company and will become property of the Company.

(f) Participants may acquire fractional Shares so that 100% of the Distributions will be used to acquire Shares. The ownership of the Shares shall be reflected on the books of the Company or its transfer agent.

4. *Absence of Liability.* Neither the Company nor the Administrator shall have any responsibility or liability as to the value of the Shares or any change in the value of the Shares acquired for the Participant's account. Neither the Company nor the Administrator shall be liable for any act done in good faith, or for any good faith omission to act hereunder.

5. *Suitability.* Each Participant shall notify the Administrator in the event that, at any time during his participation in the Plan, there is any material change in the Participant's financial condition or inaccuracy of any representation under the Subscription Agreement for the Participant's initial purchase of Shares. A material change shall include any anticipated or actual decrease in net worth or annual gross income or any other change in circumstances that would cause the Participant to fail to meet the suitability standards set forth in the Company's prospectus for the Participant's initial purchase of Shares.

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6. *Reports to Participants.* Within ninety (90) days after the end of each calendar year, the Administrator will mail to each Participant a statement of account describing, as to such Participant, the Distributions received, the number of Shares purchased and the per share purchase price for such Shares pursuant to the Plan during the prior year. Each statement also shall advise the Participant that, in accordance with Section 5 hereof, the Participant is required to notify the Administrator in the event there is any material change in the Participant's financial condition or if any representation made by the Participant under the subscription agreement for the Participant's initial purchase of Shares becomes inaccurate. Tax information regarding a Participant's participation in the Plan will be sent to each Participant by the Company or the Administrator at least annually.

7. *Taxes.* Taxable Participants may incur a tax liability for Distributions even though they have elected not to receive their Distributions in cash but rather to have their Distributions reinvested in Shares under the Plan.

8. *Reinvestment in Subsequent Programs.* The Company may determine, in its sole discretion, to cause the Administrator to provide to each Participant notice of the opportunity to have some or all of such Participant's Distributions (at the discretion of the Administrator and, if applicable, the Participant) invested through the Plan in any publicly offered limited partnership, real estate investment trust or other real estate program sponsored by the Company or its affiliates (a "Subsequent Program"). If the Company makes such an election, Participants may invest Distributions in equity securities issued by such Subsequent Program through the Plan only if the following conditions are satisfied:

(a) prior to the time of such reinvestment, the Participant has received the final prospectus and any supplements thereto offering interests in the Subsequent Program and such prospectus allows investment pursuant to a distribution reinvestment plan;

(b) a registration statement covering the interests in the Subsequent Program has been declared effective under the Securities Act of 1933, as amended;

(c) the offering and sale of such interests are qualified for sale under the applicable state securities laws;

(d) the Participant executes the subscription agreement included with the prospectus for the Subsequent Program; and

(e) the Participant qualifies under applicable investor suitability standards as contained in the prospectus for the Subsequent Program.

9. *Termination.*

(a) A Participant may terminate or modify his participation in the Plan at any time by written notice to the Administrator. To be effective for any Distribution, such notice must be received by the Administrator at least ten (10) days prior to the last day of the Distribution Period to which it relates.

(b) Prior to the listing of the Shares on a national securities exchange, a Participant's transfer of Shares will terminate participation in the Plan with respect to such transferred Shares as of the first day of the Distribution Period in which such transfer is effective, unless the transferee of such Shares in connection with such transfer demonstrates to the Administrator that such transferee meets the requirements for participation hereunder and affirmatively elects participation by delivering an executed authorization form or other instrument required by the Administrator.

10. *State Regulatory Restrictions.* The Administrator is authorized to deny participation in the Plan to residents of any state or foreign jurisdiction that imposes restrictions on participation in the Plan that conflict with the general terms and provisions of this Plan.

11. *Amendment or Termination by Company.*

(a) The terms and conditions of this Plan may be amended by the Company at any time, including but not limited to an amendment to the Plan to substitute a new Administrator to act as agent for the Participants, by mailing an appropriate notice at least ten (10) days prior to the effective date thereof to each Participant.

(b) The Administrator may terminate a Participant's individual participation in the Plan and the Company may terminate the Plan itself, at any time by providing ten (10) days' prior written notice to a Participant, or to all Participants, as the case may be.

(c) After termination of the Plan or termination of a Participant's participation in the Plan, the Administrator will send to each Participant a check for the amount of any Distributions in the Participant's account that have not been invested in Shares. Any future Distributions with respect to such former Participant's Shares made after the effective date of the termination of the Participant's participation will be sent directly to the former Participant.

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12. *Governing Law.* This Plan and the Participants' election to participate in the Plan shall be governed by the laws of the State of Maryland.

13. *Notice.* Any notice or other communication required or permitted to be given by any provision of this Plan shall be in writing and, if to the Administrator, addressed to Cole Credit Property Trust II Investor Services Department, 2575 East Camelback Road, Suite 500, Phoenix, Arizona 85016, or such other address as may be specified by the Administrator by written notice to all Participants. Notices to a Participant may be given by letter addressed to the Participant at the Participant's last address of record with the Administrator. Each Participant shall notify the Administrator promptly in writing of any changes of address.

**PART II**

**INFORMATION NOT REQUIRED IN PROSPECTUS**

**Item 14.** ***Other Expenses of Issuance and Distribution***

The following table sets forth the costs and expenses to be paid in connection with the sale of common stock being registered by Cole Credit Property Trust II, Inc. (the "Registrant"), all of which will be paid by the Registrant. All amounts are estimates and assume the sale of 30,000,000 shares except the registration fee.

| | |
|---|---|
| SEC Registration Fee | $ 11,201 |
| FINRA Filing Fee | 29,000 |
| Printing and Postage Expenses | 50,000 |
| Legal Fees and Expenses | 27,799 |
| Accounting Fees and Expenses | 15,000 |
| Blue Sky Fees and Expenses | 25,000 |
| Total expenses | $ 158,000 |

**Item 15.** ***Indemnification of the Officers and Directors***

The Maryland General Corporation Law, as amended (the "MGCL"), permits a Maryland corporation to include in its charter a provision limiting the liability of its directors and officers to the corporation and its stockholders for money damages except for liability resulting from (a) actual receipt of an improper benefit or profit in money, property or services or (b) active and deliberate dishonesty established by a final judgment as being material to the cause of action. Subject to the applicable limitations under Maryland law and in our charter, our charter contains a provision that eliminates directors' and officers' liability to us and our stockholders for money damages.

The MGCL requires a Maryland corporation (unless its charter provides otherwise, which our charter does not) to indemnify a director or officer who has been successful, on the merits or otherwise, in the defense of any proceeding to which he or she is made or threatened to be made a party by reason of his or her service in that capacity. The MGCL permits a Maryland corporation to indemnify its present and former directors and officers, among others, against judgments, penalties, fines, settlements and reasonable expenses actually incurred by them in connection with any proceeding to which they may be made or threatened to be made a party by reason of their service in those or other capacities unless it is established that (a) the act or omission of the director or officer was material to the matter giving rise to the proceeding and (i) was committed in bad faith or (ii) was the result of active and deliberate dishonesty, (b) the director or officer actually received an improper personal benefit in money, property or services or (c) in the case of any criminal proceeding, the director or officer had reasonable cause to believe that the act or omission was unlawful. However, under the MGCL a Maryland corporation may not indemnify for an adverse judgment in a suit by or in the right of the corporation or for a judgment of liability on the basis that personal benefit was improperly received, unless in either case a court orders indemnification and then only for expenses. In addition, the MGCL permits a corporation to advance reasonable expenses to a director or officer upon the corporation's receipt of (a) a written affirmation by the director or officer of his or her good faith belief that he or she has met the standard of conduct necessary for indemnification and (b) a written undertaking by him or her or on his or her behalf to repay the amount paid or reimbursed if it shall ultimately be determined that the standard of conduct was not met. It is the position of the Securities and Exchange Commission that indemnification of directors and officers for liabilities arising under the Securities Act is against public policy and is unenforceable pursuant to Section 14 of the Securities Act.

Our charter provides that we will generally indemnify and hold harmless a director, officer, employee, agent, advisor or affiliate against any and all losses or liabilities reasonably incurred by such director, officer, employee, agent, advisor or affiliate in connection with or by reason of any act or omission performed or omitted to be performed on our behalf in such capacity.

However, under our charter, we will not indemnify the directors, officers, employees, agents, advisor or affiliates for any liability or loss suffered by the directors, officers, employees, agents, advisor or affiliates, nor will we hold harmless the directors, officers, employees, agents, advisor or affiliates for any loss or liability, unless all of the following conditions are met: (i) the directors, officers, employees, agents, advisor or affiliates have determined, in good faith, that the course of conduct which caused the loss or liability was in our best interests; (ii) the directors, officers, employees, agents, advisor or affiliates were acting on our behalf or performing services for us; (iii) such liability or loss was not the result of (A) negligence or misconduct by the directors, excluding the independent directors, advisor or affiliates; or (B) gross negligence or willful misconduct by the independent directors; and (iv) such indemnification or agreement to hold

harmless is recoverable only out of our net assets and not from stockholders. In addition, the directors, officers, employees, agents, advisor or affiliates and any persons acting as a broker-dealer will not be indemnified by us for any losses, liability or expenses arising from or out of an alleged violation of federal or state securities laws by such party unless one or more of the following conditions are met: (i) there has been a successful adjudication on the merits of each count involving alleged securities law violations as to the particular indemnitee; (ii) such claims have been dismissed with prejudice on the merits by a court of competent jurisdiction as to the particular indemnitee; and (iii) a court of competent jurisdiction approves a settlement of the claims against a particular indemnitee and finds that indemnification of the settlement and the related costs should be made, and the court considering the request for indemnification has been advised of the position of the Securities and Exchange Commission and of the published position of any state securities regulatory authority in which our securities were offered or sold as to indemnification for violations of securities laws.

Our charter provides that the advancement of funds to our directors, officers, employees, agents, advisor or affiliates for legal expenses and other costs incurred as a result of any legal action for which indemnification is being sought is permissible only if all of the following conditions are satisfied: (i) the legal action relates to acts or omissions with respect to the performance of duties or services on our behalf; (ii) the legal action is initiated by a third party who is not a stockholder or the legal action is initiated by a stockholder acting in his or her capacity as such and a court of competent jurisdiction specifically approves such advancement; (iii) the directors, officers, employees, agents, advisor or affiliates undertake to repay the advanced funds to us together with the applicable legal rate of interest thereon, in cases in which such directors, officers, employees, agents, advisor or affiliates are found not to be entitled to indemnification; and (iv) the directors, officers, employees, agents, advisor or affiliates provide us with written affirmation of their good faith belief that the standard of conduct necessary for indemnification has been met.

We also have purchased and maintain insurance on behalf of all of our directors and executive officers against liability asserted against or incurred by them in their official capacities with us, whether or not we are required or have the power to indemnify them against the same liability.

**Item 16.** ***Exhibits***

The list of exhibits filed as part of this Registration Statement on Form S-3 is submitted in the Exhibit Index following the signature page.

**Item 17.** ***Undertakings***

(a) The Registrant undertakes to file, during any period in which offers or sales are being made, a post-effective amendment to this Registration Statement (1) to include any prospectus required by Section 10(a)(3) of the Securities Act of 1933 (the "Securities Act"); (2) to reflect in the prospectus any facts or events arising after the effective date of this Registration Statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the Registration Statement; notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Securities and Exchange Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement; and (3) to include any material information with respect to the plan of distribution not previously disclosed in the Registration Statement or any material change to such information in the Registration Statement; provided, however, that clauses (1), (2) and (3) above do not apply if the registration statement is on Form S-3 and the information required to be included in a post-effective amendment by those clauses is contained in reports filed with or furnished to the Securities and Exchange Commission by the Registrant pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the registration statement, or is contained in a form of prospectus filed pursuant to Rule 424(b) that is part of the registration statement

(b) The Registrant undertakes (1) that, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof and (2) to remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(c) The Registrant undertakes that, for the purposes of determining liability under the Securities Act to any purchaser, each prospectus filed pursuant to Rule 424(b) under the Securities Act as part of a registration statement relating to an offering, other than registration statements relying on Rule 430B under the Securities Act or other than prospectuses filed in reliance on Rule 430A under the Securities Act, shall be deemed to be part of and included in the Registration Statement as of the date it is first used after effectiveness; provided, however, that no statement made in a registration statement or prospectus that is part of the Registration Statement or made in a

document incorporated or deemed incorporated by reference into the Registration Statement or prospectus that is part of the Registration Statement will, as to a purchaser with a time of contract of sale prior to such first use, supersede or modify any statement that was made in the Registration Statement or prospectus that was part of the Registration Statement or made in any such document immediately prior to such date of first use.

(d) The undersigned Registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the Registrant's annual report pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of any employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the Registration Statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

(e) The undersigned Registrant hereby undertakes to deliver or cause to be delivered with the prospectus, to each person to whom the prospectus is sent or given, the latest annual report to security holders that is incorporated by reference in the prospectus and furnished pursuant to and meeting the requirements of Rule 14a-3 or Rule 14c-3 under the Securities Exchange Act of 1934; and, where interim financial information required to be presented by Article 3 of Regulation S-X is not set forth in the prospectus, to deliver, or cause to be delivered to each person to whom the prospectus is sent or given, the latest quarterly report that is specifically incorporated by reference in the prospectus to provide such interim financial information.

**SIGNATURES**

Pursuant to the requirements of the Securities Act of 1933, the Registrant certifies that it has reasonable grounds to believe that it meets all the requirements for filing on Form S-3 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Phoenix, State of Arizona, the 21st day of November, 2008.

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

By: /s/ Christopher H. Cole
Christopher H. Cole, Chief Executive Officer and President

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities indicated and on the dates indicated.

| **Signature** | **Title** | **Date** |
|---|---|---|
| /s/ Christopher H. Cole<br>Christopher H. Cole | Chief Executive Officer, President and Director<br>(Principal Executive Officer) | November 21, 2008 |
| /s/ D. Kirk McAllaster, Jr.<br>D. Kirk McAllaster, Jr. | Executive Vice President and Chief Financial Officer<br>(Principal Financial and Accounting Officer) | November 21, 2008 |
| *<br>Marcus E. Bromley | Director | November 21, 2008 |
| *<br>Elizabeth L. Watson | Director | November 21, 2008 |

* By: /s/ Christopher H. Cole
Christopher H. Cole

Attorney-in-Fact

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**EXHIBIT INDEX**

| Exhibit No. | Description |
|---|---|
| 3.1* | Fifth Articles of Amendment and Restatement of the Registrant, as corrected (previously filed in and incorporated by reference to Exhibit 3.1 to the Registrant's Form 10-K (File No. 333-121094), filed on March 23, 2006) |
| 3.2* | Amended and Restated Bylaws of the Registrant (previously filed in and incorporated by reference to Exhibit 99.1 to the Registrant's Form 8-K (File No. 333-121094), filed on September 6, 2005) |
| 3.3* | Articles of Amendment to Fifth Articles of Amendment and Restatement of the Registrant (previously filed in and incorporated by reference to Exhibit 3.3 of the Registrant's Form S-11 (File No. 333-138444), filed on November 6, 2006) |
| 4.1 | Second Amended and Restated Distribution Reinvestment Plan (included as Exhibit A to prospectus) |
| 5.1* | Opinion of Venable LLP as to legality of securities (previously filed in and incorporated by reference to Exhibit 5.1 of the Registrant's Form S-3 (File No. 333-153578), filed on September 18, 2008) |
| 23.1* | Consent of Venable LLP (included in Exhibit 5.1) (previously filed in and incorporated by reference to Exhibit 23.1 of the Registrant's Form S-3 (File No. 333-153578), filed on September 18, 2008) |
| 23.2 | Consent of Deloitte & Touche LLP, Independent Registered Public Accounting Firm |
| 24.1* | Power of Attorney (included on the signature page of the registration statement) (previously filed in and incorporated by reference to Exhibit 24.1 of the Registrant's Form S-3 (File No. 333-153578), filed on September 18, 2008) |

* Previously filed.