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# SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

## SCHEDULE TO

Tender Offer Statement Under Section 14(d)(1) or 13(e)(1)  
of the Securities Exchange Act of 1934  
(Amendment No. 14)

TARO PHARMACEUTICAL INDUSTRIES LTD.  
(Name of Subject Company (Issuer))

ALKALOIDA CHEMICAL COMPANY EXCLUSIVE GROUP LTD.  
(Name of Filing Person (Offeror))  
a subsidiary of

SUN PHARMACEUTICAL INDUSTRIES LTD.

ORDINARY SHARES, NOMINAL (PAR) VALUE NIS 0.0001 PER SHARE  
(Title of Class of Securities)

M8737E108  
(CUSIP Number of Class of Securities)

Mr. Harin P. Mehta  
Director

Alkaloida Chemical Company Exclusive Group Ltd.  
Kabay János u. 29, H-4440 Tiszavasari, The Republic of Hungary  
+36-42-521-005

(Name, Address and Telephone Number of Persons Authorized to Receive Notices  
and Communications on Behalf of filing persons)

Copy to:

Peter D. Lyons  
Shearman & Sterling LLP  
599 Lexington Avenue  
New York, New York 10022  
(212) 848-4000

Clifford M. J. Felig  
Meitar Liquornik Geva & Leshem Brandwein  
16 Abba Hillel Silver Rd.  
Ramat Gan 52506, Israel  
(972) 3-610-3100

### CALCULATION OF FILING FEE

Transaction Valuation\*

Amount of Filing Fee\*\*

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\$194,554,682.50

\$7,646.00

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\* Estimated for purposes of calculating the amount of the filing fee only. Calculated by multiplying \$7.75, the per share tender offer price, by 25,103,830 shares.

\*\* Calculated as 0.00393% of the transaction value.

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

Amount Previously Paid: \$7,800.00

Filing Party:

Alkaloida Chemical Company Exclusive  
Group Ltd.

Form or Registration No.: Schedule TO

Date Filed:

June 30, 2008

☉ Check the box if the filing relates solely to preliminary communications made before the commencement of a tender offer.

Check the appropriate boxes to designate any transactions to which the statement relates:

☼ third-party tender offer subject to Rule 14d-1.

☉ issuer tender offer subject to Rule 13e-4.

☉ going-private transaction subject to Rule 13e-3.

☉ amendment to Schedule 13D under Rule 13d-2.

Check the following box if the filing is a final amendment reporting the results of the tender offer: ☉

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This Amendment No. 14 (this "Amendment") amends and supplements the Tender Offer Statement on Schedule TO filed on June 30, 2008, as amended by Amendment No. 1, Amendment No. 2, Amendment No. 3, Amendment No. 4, Amendment No. 5, Amendment No. 6, Amendment No. 7, Amendment No. 8, Amendment No. 9, Amendment No. 10, Amendment No. 11, Amendment No. 12 and Amendment No. 13 (as so amended, the "Schedule TO") by Alkaloida Chemical Company Exclusive Group Ltd. ("Purchaser"), a Hungarian company and a subsidiary of Sun Pharmaceutical Industries Ltd. ("Sun"), an Indian company. This Schedule TO relates to the offer by Purchaser to purchase all outstanding Ordinary Shares, nominal (par) value NIS 0.0001 per share, of Taro Pharmaceutical Industries Ltd. (the "Company"), an Israeli corporation, at a purchase price of \$7.75 per Ordinary Share, net to the seller in cash (subject to applicable withholding taxes), without interest, upon the terms and subject to the conditions set forth in the Offer to Purchase dated June 30, 2008 and in the related Letter of Transmittal. Except as specifically provided herein, this Amendment does not modify any of the information previously reported on the Schedule TO.

Item 11. Additional Information.

Item 11 of Schedule TO is hereby amended and supplemented as follows:

Section 15 of the Offer to Purchase entitled "Certain Legal Matters and Regulatory Approvals" is hereby amended and supplemented as follows:

The following paragraphs are hereby added after the last paragraph of Section 15(IV) entitled "Relevant Litigation":

"On January 2, 2009, Sun's Chairman and Managing Director, Dilip Shanghvi, sent a letter to the Company's Board of Directors reiterating settlement proposals orally communicated on December 22, 2008, by Sun's Israeli legal counsel to the Company's Israeli legal counsel, in accordance with the suggestion of the Supreme Court of Israel that the parties negotiate with one another to reach a settlement to resolve the dispute over the STO Litigation.

On January 2, 2009, Mr. Shanghvi sent a letter to Myron Strober, Chairman of the Audit Committee of the Board of Directors of the Company, regarding the financial statements of the Company."

A copy of the letter sent by Mr. Shanghvi to the Company's Board of Directors is attached hereto as Exhibit (d)(U). A copy of the letter sent by Mr. Shanghvi to Mr. Strober is attached hereto as Exhibit (a)(5)(M).

Item 12. Exhibits.

Item 12 of the Schedule TO is hereby amended and restated as follows:

(a)(1)(A) Offer to Purchase dated June 30, 2008. \*

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\* Previously filed.

- (a)(1)(B) Form of Letter of Transmittal. \*
- (a)(1)(C) Form of Notice of Guaranteed Delivery. \*
- (a)(1)(D) Form of Letter to Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees. \*
- (a)(1)(E) Form of Letter to Clients for use by Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees. \*
- (a)(1)(F) Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9. \*
- (a)(1)(G) Declaration Form ("Declaration of Status for Israeli Income Tax Purposes"). \*
- (a)(5)(A) Summary Advertisement as published in The Wall Street Journal on June 30, 2008. \*
- (a)(5)(B) Text of Press Release issued by Sun on June 25, 2008, incorporated by reference to the Statement on Schedule 13D (including exhibits), originally filed by Sun, Sun Pharma Global Inc. and Purchaser, with respect to the Ordinary Shares, par value NIS 0.0001 per share of the Company, with the U.S. Securities and Exchange Commission (the "Original Schedule 13D"); the Amendment No. 1 to the Original Schedule 13D, filed on July 25, 2007 (the "Amendment No. 1"); the Amendment No. 2 to the Original Schedule 13D, filed on August 2, 2007 (the "Amendment No. 2"); the Amendment No. 3 to the Original Schedule 13D, filed on February 19, 2008 (the "Amendment No. 3"); the Amendment No. 4 to the Original Schedule 13D, filed on May 29, 2008 (the "Amendment No. 4"); the Amendment No. 5 to the Original Schedule 13D, filed on June 5, 2008 (the "Amendment No. 5"); the Amendment No. 6 to the Original Schedule 13D, filed on June 24, 2008; the Amendment No. 7 to the Original Schedule 13D, filed on June 25, 2008 (the "Amendment No. 7", together with the Original Schedule 13D, the Amendment No. 1, the Amendment No. 2, the Amendment No. 3, the Amendment No. 4, the Amendment No. 5 and the Amendment No. 6, the "Schedule 13D") and by reference to Statement on Schedule TO filed by Purchaser on June 25, 2008. \*
- (a)(5)(C) Text of Press Release issued by Purchaser on June 30, 2008. \*
- (a)(5)(D) Text of Press Release issued by Purchaser on July 14, 2008. \*
- (a)(5)(E) Text of Press Release issued by Sun on July 30, 2008. \*
- (a)(5)(F) Text of Press Release issued by Sun on August 13, 2008. \*
- (a)(5)(G) Text of Press Release issued by Sun on August 27, 2008. \*
- (a)(5)(H) Text of Press Release issued by Sun on August 27, 2008. \*

- (a)(5)(I) Text of Press Release issued by Sun on September 3, 2008. \*
- (a)(5)(J) Text of Press Release issued by Sun on October 3, 2008. \*
- (a)(5)(K) Text of Press Release issued by Sun on November 7, 2008. \*
- (a)(5)(L) Text of Press Release issued by Sun on December 19, 2008. \*
- (a)(5)(M) Text of letter from Sun's Chairman and Managing Director, Dilip Shanghvi to Myron Strober, Chairman of the Audit Committee of the Board of Directors of the Company, regarding the financial statements of the Company.
- (b) Not applicable.
- (d)(A) Agreement of Merger, dated as of May 18, 2007, among Purchaser, Aditya Acquisition Company Ltd. and the Company, incorporated by reference to the Schedule 13D. \*
- (d)(B) Amendment No. 1 to Agreement of Merger, dated as of July 23, 2007, among Purchaser, Aditya Acquisition Company Ltd. and the Company, incorporated by reference to the Schedule 13D. \*
- (d)(C) Option Letter Agreement, dated as of May 18, 2007, among Taro Development Corporation, Barrie Levitt, Tal Levitt, Daniel Moros, Jacob Levitt and Purchaser, incorporated by reference to the Schedule 13D. \*
- (d)(D) Share Purchase Agreement, dated as of May 18, 2007, among Purchaser and the Company, incorporated by reference to the Schedule 13D. \*
- (d)(E) Agreement and Plan of Merger, dated as of May 18, 2007, among Sun Pharmaceutical Industries, Inc., Sun Development Corporation I, Taro Development Corporation, Barrie Levitt and Daniel Moros, incorporated by reference to the Schedule 13D. \*
- (d)(F) Voting Agreement, dated as of May 18, 2007, between Purchaser and Barrie Levitt. \*
- (d)(G) Voting Agreement, dated as of May 18, 2007, between Purchaser and Daniel Moros. \*
- (d)(H) Voting Agreement, dated as of May 18, 2007, between Purchaser and Tal Levitt. \*
- (d)(I) Voting Agreement, dated as of May 18, 2007, between Purchaser and Taro Development Corporation. \*
- (d)(J) Voting Agreement, dated as of May 18, 2007, between Purchaser and Morley & Company, Inc. \*

- (d)(K) Voting Agreement, dated as of May 18, 2007, between Sun Pharmaceutical Industries, Inc. and Barrie Levitt. \*
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- (d)(O) Warrant, dated as of May 18, 2007, issued by the Company to Sun, incorporated by reference to the Schedule 13D. \*
- (d)(P) Warrant No. 2, dated as of August 1, 2007, issued by the Company to Sun, incorporated by reference to the Schedule 13D. \*
- (d)(Q) Registration Rights Agreement, dated as of May 18, 2007, between the Company and Purchaser, incorporated by reference to the Schedule 13D. \*
- (d)(R) Assignment and Assumption Agreement, dated as of June 24, 2008, between Purchaser and Sun, incorporated by reference to Schedule 13D. \*
- (d)(S) Irrevocable Trust Agreement, dated as of June 29, 2008, between Purchaser and Ubank Trust Company Ltd. \*
- (d)(T) A letter of demand for delivery pursuant to the Option Agreement, dated August 27, 2008, from Purchaser to Taro Development Corporation, Barrie Levitt, Tal Levitt, Jacob Levitt and Daniel Moros. \*
- (d)(U) A letter from Sun's Chairman and Managing Director, Dilip Shanghvi, to the Company's Board of Directors, dated January 2, 2009, regarding proposed settlement terms for the STO Litigation.
- (g) Not applicable.
- (h) Not applicable.

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Dated: January 2, 2009

ALKALOIDA CHEMICAL COMPANY EXCLUSIVE  
GROUP LTD.

By: /s/ Harin Mehta

Name: Mr. Harin Mehta

Title: Director

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After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Dated: January 2, 2009

SUN PHARMACEUTICAL INDUSTRIES LTD.

By: /s/ Sudhir V. Valia

Name: Mr. Sudhir V. Valia

Title: Director

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EXHIBIT INDEX

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No.

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  - (g) Not applicable.
  - (h) Not applicable.
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Sun Pharmaceutical Industries Limited  
Tandalja, Vadodara – 390 020, INDIA.  
Tel. : 91 – 265 – 6615500 / 6615600 / 6615700  
Fax : 91 – 265 – 2354897



January 2, 2009.

To:  
Mr Myron Strober  
Taro Pharmaceutical Industries Limited.  
14 Hakitor Street  
P.O. Box 10347  
Haifa Bay 26110, Israel  
Fax: 972-4-872-7165

Taro Pharmaceutical Industries Limited.  
Euro Park (Italy Building), Yakum Business Park  
Yakum 60972, Israel  
Fax: 972-9-955-7443

Taro Pharmaceutical Industries Limited.  
Three Skyline Drive, Hawthorne  
New York 10532, USA  
Fax: 1-914-345-8728

Dear Mr Strober

Re: Serious performance concerns

I thank you for your prompt response to my letters to the Board of Directors of Taro and also for the quick disclosure of financials by Taro in the standard tabular form. As the largest equity stakeholder of Taro, by virtue of Taro shares owned by Sun's subsidiaries, we only wish these disclosures are regular and contain audited financial information. Nevertheless, a review of the information disclosed, however tentative by Taro's own admission, reveals the real reasons to keep such disclosures to the bare minimum and away from the eyes of the non-Levitt shareholders.

Your repetitive claims of an "impressive turnaround" are now confirmed as being hollow. Our views on Taro's performance based on unaudited financials:

- The so-called performance is largely on account of drastic cuts in critical R&D investments, a sure recipe for disaster for a generic pharma company.

Let me illustrate. Counting from Jan 2007 to Sep 2008, based on the unaudited financials, Taro made an estimated net profit of USD 54 million and net cash from operations of USD 45 million, with deep cuts in R&D spending. Average R&D spend by Taro in R&D for 2003, 2004 and 2005 has been 15% of net sales while for 2007 and 2008 this is much lower at 10%. If Taro had

Corporate Office : ACME PLAZA, Andheri Kurla Road, Andheri(E), Mumbai – 400 059 INDIA.  
Tel. : (91 – 22) 28230102 / 28211260 / 28212143, Fax (91 – 22) 28212010, Website : [www.sunpharma.com](http://www.sunpharma.com)

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Tandalja, Vadodara – 390 020, INDIA.  
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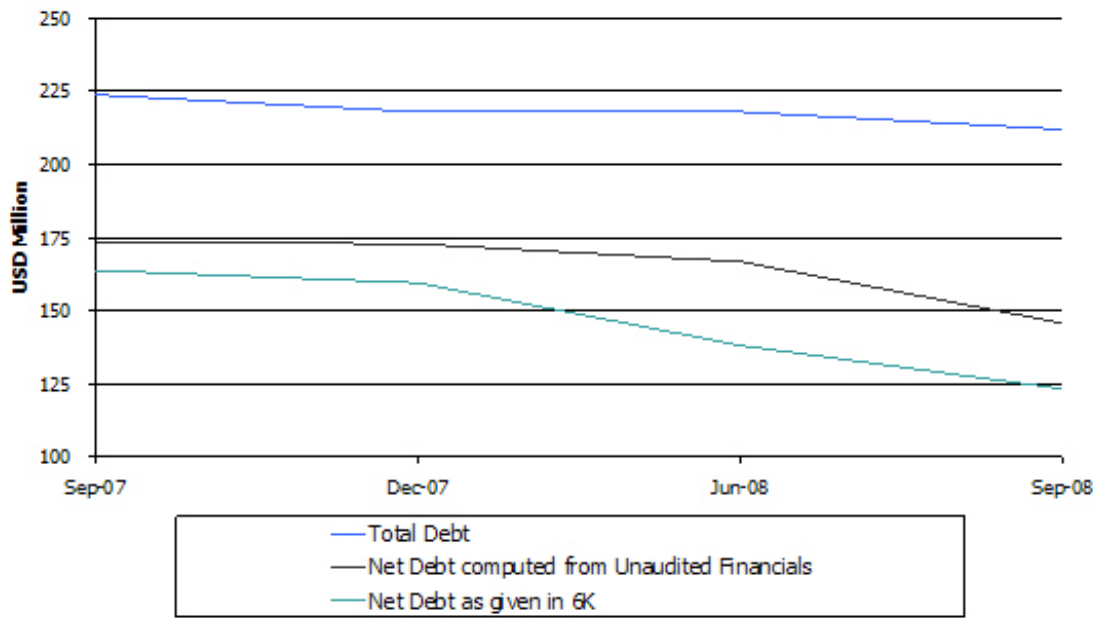
continued to invest in R&D at 15% of net sales in 2007 and 2008, then the net profit would have been significantly lower at USD 25 million and the net cash from operations at USD 16 million. Thus, Taro cut R&D by USD 29 million, and showed higher profits as well as net cash from operations by over 100%!

I understand that you have been associated with a pharma company like Taro for a long time, earlier as a consultant and later as its Audit Committee Chairman. This long association ought to have given you a fair insight into the importance of continued R&D investments for the pharma industry in general and for Taro in particular. Reducing R&D spend to purely claim superlative performance in the short term will prove ominous over the long term.

- In the first 9 months of 2008, over USD 6 million has been the gain on account of foreign exchange fluctuations, which by any standard cannot be considered as recurring. Excluding this gain and counting R&D at 15% of net sales, the estimated net profit for these nine months of 2008 would have been much lower at USD 15.9 million. Source as well as the risk associated with this non-recurring gain has not been disclosed.
- Since May 2007, Sun's subsidiary has given Taro USD 59 million while the cash in hand with Taro on 30 Sep 2008 was USD 66 million. A back of the envelope calculation, using the same unaudited financials, shows that effectively the only cash generated from operations since May 2007 till Sep 2008 has been USD 22 million, almost exclusively contributed by the reduction in R&D spend. Looked at it differently, almost all of the cash Taro flaunts on its balance sheet is cash that Sun gave it.
- Based on the numbers disclosed, net debt at end of Sep 2008 ought to be USD 146 million, and not USD 123 million as shown in the impressive-looking graph at the beginning of your 6-K; there is no accompanying explanation about the risk related to "hedging instruments" of USD 23 million, which probably make up this gap, in these extremely volatile credit and currency markets. Such disclosures are all the more important for shareholders in view of the recent trend wherein companies holding such instruments have been prone to sudden announcements of bankruptcy.
- I refer you to the graph that appears below and you will see how misleading is the net debt graph in the recently filed 6-K. There has been virtually no reduction in the total debt levels. With the insignificant cash coming from operations as illustrated above, we fail to understand how this large debt will be serviced and repaid.

Corporate Office : ACME PLAZA, Andheri Kurla Road, Andheri(E), Mumbai – 400 059 INDIA.  
Tel. : (91 – 22) 28230102 / 28211260 / 28212143, Fax (91 – 22) 28212010, Website : [www.sunpharma.com](http://www.sunpharma.com)

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- The net debt graph in the 6-K includes data till Nov 08, for which no financial statements have been provided and hence is difficult for us as a shareholder to accept this claim of improvement.

We await your clarifications on these.

On a very different note, you seem to be quite offended by my letter. In fact my objective was to provide strength to the Audit Committee and the Taro Board. Armed with a letter of this nature coming from the largest equity stakeholder, you should have got Taro management to commit to a schedule of disclosure for audited financial information. You also don't seem to be happy about any questions raised about the quality of numbers and the remark that selective numbers are being disclosed to suit the purpose of Levitts. Mr. Strober, you have been the Audit Committee Chairman for a very long time. You are well aware that 2002, 2003 and 2004 audited numbers have been restated once and Taro in its recent filings has claimed that these numbers will be restated once again. When such is the quality of audited numbers that these have to be restated twice, it would be appropriate for Taro shareholders to understand the source of your sense of confidence in the unaudited, unreviewed numbers being released by Taro, solely at management's convenience.

Look forward to hearing from you soon.

Sincerely yours,  
For Sun Pharmaceutical Industries Ltd.

/s/ Dilip Shanghvi  
Dilip Shanghvi  
Chairman & Managing Director

Sun Pharmaceutical Industries Limited  
Tandalja, Vadodara – 390 020, INDIA.  
Tel. : 91 – 265 – 6615500 / 6615600 / 6615700  
Fax : 91 – 265 – 2354897



January 2, 2009

To:  
The Board of Directors  
Taro Pharmaceutical Industries Limited.  
14 Hakitor Street  
P.O. Box 10347  
Haifa Bay 26110, Israel  
Fax: 972-4-872-7165

Taro Pharmaceutical Industries Limited.  
Euro Park (Italy Building), Yakum Business Park  
Yakum 60972, Israel  
Fax: 972-9-955-7443

Taro Pharmaceutical Industries Limited.  
Three Skyline Drive, Hawthorne  
New York 10532, USA  
Fax: 1-914-345-8728

Dear Sirs,

Re: Taro Pharmaceutical Industries Ltd. ("Taro")  
Settlement Proposals for Litigation

I am writing to you in your respective capacities as members of the Board of Directors of Taro. As you know, I am Chairman of the Board of Directors of Sun Pharmaceutical Industries Ltd. ("Sun"), Taro's largest equity stakeholder, by virtue of Taro shares owned by Sun's subsidiaries.

In connection with the on-going litigation between Sun (Sun Pharma together with its subsidiaries), Taro and Templeton in Israel, the Supreme Court of the State of Israel, on December 8, 2008, recommended that the parties negotiate with one another with a view to reaching a settlement to resolve the dispute and to update the Supreme Court within 30 days as to the result of such negotiations.

In accordance with the suggestion of the Supreme Court, Sun's Israeli legal counsel immediately initiated discussions with Taro's Israeli legal counsel, and on December 22 presented certain proposals which were in line with the Supreme Court's suggested resolution. Unfortunately, we have not received any substantive response

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Tel. : (91 – 22) 28230102 / 28211260 / 28212143, Fax (91 – 22) 28212010, Website : [www.sunpharma.com](http://www.sunpharma.com)

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Sun Pharmaceutical Industries Limited  
Tandalja, Vadodara – 390 020, INDIA.  
Tel. : 91 – 265 – 6615500 / 6615600 / 6615700  
Fax : 91 – 265 – 2354897



to our proposals. I wanted to ensure, therefore, that you had the full details of such proposals for your review and deliberation, in an attempt to avoid further delays and perhaps reach an agreement on this matter.

For the record, I am attaching hereto the proposals that were provided on behalf of Sun to Taro's Israeli legal counsel on December 22, 2008.

We are open to discuss either of the proposals, and I believe that both of the proposals offer an excellent solution to this dispute and offer a significant premium to the public shareholders of Taro over current market prices, especially in light of the current economic environment and the general lack of liquidity in equity markets. Please feel free to contact me should you have any questions as to the proposals.

This letter is delivered without prejudice to, and should not be construed as a waiver of, any right, claim or remedy available to Sun and/or to its subsidiaries, in this or any other matter.

Sincerely yours,

For Sun Pharmaceutical Industries Limited

/s/ Dilip Shanghvi  
Dilip Shanghvi

Chairman & Managing Director

Corporate Office : ACME PLAZA, Andheri Kurla Road, Andheri(E), Mumbai – 400 059 INDIA.  
Tel. : (91 – 22) 28230102 / 28211260 / 28212143, Fax (91 – 22) 28212010, Website : [www.sunpharma.com](http://www.sunpharma.com)

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Proposals

Option 1

1. Taro will withdraw its purported termination of the Merger Agreement and acknowledge that the Merger Agreement is in full force and effect.
  2. Taro and Sun agree to amend the Merger Agreement to increase the merger consideration to \$9.50.
  3. Sun will acknowledge that, as a result, the Option Agreement has not been currently exercisable and Sun will terminate the tender offer.
  4. The Levitts and Moros will immediately deliver their shares to an independent escrow agent pending the closing of the Merger or subsequent tender offer. The escrow agent will be instructed to release the shares to Sun upon notice from the depository of the closing of either the Merger or the Tender Offer and payment to the depository of the option consideration. The insider directors appointed by Levitt/Moros shall resign immediately and be replaced by independent appointees designated by Sun. Barrie Levitt, Tal Levitt, Daniel Moros and Jacob Levitt shall resign their executive positions with Taro.
  5. Sun will have a right to terminate the Merger Agreement if the Israeli injunction is not lifted within 30 days or is reinstated at any time. If Sun terminates the Merger Agreement (or if the Merger Agreement is otherwise terminated), Sun will conditionally agree to pay Levitt/Moros \$8.75 per Ordinary Share upon closing of the Option Agreement, notwithstanding the provisions of the Option Agreement. The tender offer to be issued simultaneously with an exercise of the Option Agreement will also be at a price of \$8.75 per Ordinary Share. In addition, upon written request of Sun at any time following its exercise of the Option Agreement, Levitt/Moros will agree to an immediate cancellation of the founder's shares either by way of redemption of such shares by Taro for nominal value or conversion of such shares into deferred shares.
  6. Taro will agree to deliver notice of, and to hold, the shareholders meeting within 30 and 60 days, respectively, of the settlement date.
  7. In addition, Sun, Taro, Taro's directors, the Levitts and Moros acknowledge and agree that:
    - a. no special tender offer was, or would be, required for purposes of the Option Agreement.
    - b. the Tender Offer, as originally constituted and as amended, complies with the terms of the Option Agreement.
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- c. Taro and the independent directors withdraw their Israeli appeal and request the withdrawal of the corresponding injunction prohibiting the closing of the Tender Offer.
  - d. Taro and the independent directors withdraw the Irish facility litigation.
  - e. Taro, Taro's directors, the Levitts and Moros agree not to mount any challenge directly or in concert with any other person in any court of law or otherwise seeking to interfere with or delay either the closing of the merger or the transfer of the Taro shares of the Levitts and Moros to Sun pursuant to the Option Agreement.
  - f. Immediately upon the consummation of the Tender Offer, the current board of directors will resign and be replaced with nominees of Sun.
8. If the injunction is not lifted within 30 days of the settlement date or is lifted but reinstated prior to the close of the Tender Offer, then the conditional increase to the price under the Option Agreement will be revoked (i.e. the price reverts back to \$7.75). This will also happen in the event the court rules that a STO is required.

#### Option 2

1. Sun will amend the Tender Offer to increase the Offer Price to \$9.00 per Ordinary Share for all non-Levitt shareholders. The Tender Offer will close at the earliest possible time (i.e. 10 Business Days from the date of the increase – if not prohibited by the injunction).
  2. Simultaneously, Sun will conditionally agree to increase the Option Price to the equivalent of \$8.25 per Ordinary Share, notwithstanding the provisions of the Option Agreement, subject to the closing of the Tender Offer.
  3. In addition, Taro, Taro's directors, the Levitts and Moros acknowledge and agree that:
    - no special tender offer is or was required for purposes of the Option Agreement,
    - the Tender Offer, as originally constituted and as amended, complies with the Option Agreement,
    - Taro's Board recommends that shareholders tender their shares into the Tender Offer.
    - Taro and the independent directors withdraw their Israeli appeal and request the withdrawal of the corresponding injunction prohibiting the closing of the Tender Offer,
    - Taro and the independent directors withdraw the Irish facility litigation, and
    - Taro, Taro's directors, the Levitts and Moros will not mount any challenge directly or in concert with any other person in any court of law preventing the transfer of the Taro shares of the Levitts and Moros to Sun.
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4. The Levitts and Moros will immediately deliver their shares to an independent escrow agent pending the closing of the Tender Offer. The escrow agent will be instructed to release the shares to Sun and the consideration to the Levitts and Moros upon notice from the depository of the closing of the Tender Offer. In addition, upon written request of Sun at any time following its exercise of the Option Agreement, Levitt/Moros will agree to an immediate cancellation of the founder's shares either by way of redemption of such shares by Taro for nominal value or conversion of such shares into deferred shares.
  5. Taro and the outside directors withdraw their Israeli appeal, request the withdrawal of the corresponding injunction and withdraw the Irish facility litigation.
  6. If the injunction is not lifted within 30 days of the settlement date or is lifted but reinstated prior to the close of the Tender Offer, then the conditional increase to the price under the Option Agreement will be revoked (i.e. the price reverts back to \$7.75). This will also happen in the event the court rules that a STO is required.
  7. Following the closing of the Tender Offer and the Option Agreement, all directors of Taro (other than the two statutory independent directors) will resign and fill the vacancies with directors designated by Sun.
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