

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

TARO PHARMACEUTICAL INDUSTRIES LTD.

(Name of Subject Company (Issuer))

TARO PHARMACEUTICAL INDUSTRIES LTD.

(ISSUER)

(Names of Filing Persons (Issuer and Offeror))

ORDINARY SHARES, NOMINAL (PAR) VALUE NIS 0.0001 PER SHARE

(Title of Class of Securities)

M8737E108

(CUSIP Number of Class of Securities)

Mariano Balaguer

Chief Financial Officer

Taro Pharmaceutical Industries Ltd.

c/o Taro Pharmaceuticals U.S.A., Inc.

3 Skyline Drive

Hawthorne, NY 10532

Tel: 914-345-9000

Fax: 914-345-6169

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

Copy to:

Richard B. Alsop, Esq.

Shearman & Sterling LLP

599 Lexington Avenue

New York, New York 10022

(212) 848-4000

CALCULATION OF FILING FEE

TRANSACTION VALUATION(1)	AMOUNT OF FILING FEE(1)
\$225,000,000	\$29,205

(1) The amount of the filing fee, calculated in accordance with Rule 0-11 of the Securities and Exchange Act of 1934, as amended, equals \$129.80 per million of the value of the transaction.

☐ 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:

Filing Party:

Form or Registration No.:

Date Filed:

☐ 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: ☐

If applicable, check the appropriate box(es) below to designate the appropriate rule provision(s) relied upon:

- ☐ Rule 13e-4(i) (Cross-Border Issuer Tender Offer)
- ☐ Rule 14d-1(d) (Cross-Border Third-Party Tender Offer)

INTRODUCTION

This Tender Offer Statement on Schedule TO relates to the offer by Taro Pharmaceutical Industries Ltd., a company incorporated under the laws of the State of Israel, to purchase up to \$225 million in value of its ordinary shares, nominal (par) value New Israeli Shekel (“NIS”) 0.0001 per share, at a price not greater than \$92.00 per share nor less than \$80.00 per share, to the seller in cash, less any applicable withholding taxes and without interest, upon the terms and subject to the conditions set forth in the Offer to Purchase dated November 15, 2019 (the “Offer to Purchase”), a copy of which is attached hereto as Exhibit (a)(1)(A), and in the related Letter of Transmittal (the “Letter of Transmittal”), a copy of which is attached hereto as Exhibit (a)(1)(B). This Tender Offer Statement on Schedule TO is intended to satisfy the reporting requirements of Rule 13e-4(c)(2) of the Securities Exchange Act of 1934, as amended. The information contained in the Offer to Purchase and the related Letter of Transmittal is incorporated herein by reference in response to all of the items of this Schedule TO, as more particularly described below.

ITEM 1. SUMMARY TERM SHEET.

The information set forth under “Summary Term Sheet” in the Offer to Purchase is incorporated herein by reference.

ITEM 2. SUBJECT COMPANY INFORMATION.

(a) The name of the issuer is Taro Pharmaceutical Industries Ltd., a company incorporated under the laws of the State of Israel (the “Company”), and the address of its principal executive office is 14 Hakitor Street, Haifa Bay, 2624761, Israel. The Company’s telephone number is +972-4-847-5700.

(b) The information set forth under “Introduction” in the Offer to Purchase is incorporated herein by reference.

(c) The information set forth in the Offer to Purchase under Section 8 (“Price Range of the Shares; Dividends”) is incorporated herein by reference.

ITEM 3. IDENTITY AND BACKGROUND OF FILING PERSON.

(a) The Company is the filing person. The Company’s address and telephone number are set forth in Item 2 above. The information set forth in the Offer to Purchase under Section 11 (“Interests of Directors and Executive Officers; Transactions and Arrangements Concerning the Shares”) is incorporated herein by reference.

ITEM 4. TERMS OF THE TRANSACTION.

(a) The following sections of the Offer to Purchase contain a description of the material terms of the transaction and are incorporated herein by reference:

- “Summary Term Sheet”;
- “Introduction”;
- Section 1 (“Number of Shares; Proration”);
- Section 2 (“Purpose of the Tender Offer; Certain Effects of the Tender Offer; Other Plans”);
- Section 3 (“Procedures for Tendering Shares”);
- Section 4 (“Withdrawal Rights”);
- Section 5 (“Purchase of Shares and Payment of Purchase Price”);
- Section 6 (“Conditional Tender of Shares”);
- Section 7 (“Conditions of the Tender Offer”);

- Section 11 (“Interests of Directors and Executive Officers; Transactions and Arrangements Concerning the Shares”);
- Section 14 (“Material U.S. Federal Income Tax and Israeli Income Tax Consequences”); and
- Section 15 (“Extension of the Tender Offer; Termination; Amendment”).

(b) The information in the “Introduction” to the Offer to Purchase and in Section 11 of the Offer to Purchase (“Interests of Directors and Executive Officers; Transactions and Arrangements Concerning the Shares”) is incorporated herein by reference.

ITEM 5. PAST CONTACTS, TRANSACTIONS, NEGOTIATIONS AND AGREEMENTS.

(e) The information set forth in the Offer to Purchase under Section 11 (“Interests of Directors and Executive Officers; Transactions and Arrangements Concerning the Shares”) is incorporated herein by reference.

ITEM 6. PURPOSES OF THE TRANSACTION AND PLANS OR PROPOSALS.

(a), (b) and (c) The information set forth in the Offer to Purchase under Section 2 (“Purpose of the Tender Offer; Certain Effects of the Tender Offer; Other Plans”) and Section 10 (“Certain Information Concerning the Company”) is incorporated herein by reference.

ITEM 7. SOURCE AND AMOUNT OF FUNDS OR OTHER CONSIDERATION.

(a) The information set forth in the Offer to Purchase under Section 9 (“Source and Amount of Funds”) is incorporated herein by reference.

(b) and (d) None.

ITEM 8. INTEREST IN SECURITIES OF THE SUBJECT COMPANY.

(a) and (b) The information set forth in the Offer to Purchase under Section 11 (“Interests of Directors and Executive Officers; Transactions and Arrangements Concerning the Shares”) is incorporated herein by reference.

ITEM 9. PERSONS/ASSETS, RETAINED, EMPLOYED, COMPENSATED OR USED.

(a) The information set forth in the Offer to Purchase under Section 16 (“Fees and Expenses”) is incorporated herein by reference.

ITEM 10. FINANCIAL STATEMENTS.

(a) and (b) Not applicable.

ITEM 11. ADDITIONAL INFORMATION.

(a) The information set forth in the Offer to Purchase under Section 11 (“Interests of Directors and Executive Officers; Transactions and Arrangements Concerning the Shares”), Section 10 (“Certain Information Concerning the Company”), Section 12 (“Effects of the Tender Offer on the Market for Shares; Registration under the Exchange Act”) and Section 13 (“Legal Matters; Regulatory Approvals”) is incorporated herein by reference. To the knowledge of the Company, no material legal proceedings relating to the tender offer are pending.

(c) The information set forth in the Offer to Purchase and the related Letter of Transmittal, copies of which are filed as Exhibits (a)(1)(A) and (a)(1)(B) hereto, respectively, as each may be amended or supplemented from time to time, is incorporated herein by reference. The information contained in all of the exhibits referred to in Item 12 below is incorporated herein by reference.

ITEM 12. EXHIBITS.

- (a)(1)(A) Offer to Purchase dated November 15, 2019.
- (a)(1)(B) Letter of Transmittal.
- (a)(1)(C) Notice of Guaranteed Delivery.
- (a)(1)(D) Letter to Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees.
- (a)(1)(E) Letter to Clients for use by Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees.
- (a)(1)(F) Declaration of Status for Israeli Income Tax Purposes.
- (a)(1)(G) Press Release dated November 15, 2019.
- (a)(1)(H) Summary Advertisement dated November 15, 2019.
- (b) Not Applicable.
- (d)(1) Taro Pharmaceutical Industries 1999 Stock Incentive Plan (incorporated herein by reference to the Company's Registration Statement on Form S-8 filed on August 24, 2001 (File No. 333-13840)).
- (d)(2) Amendment No. 1 to Taro Pharmaceutical Industries 1999 Stock Incentive Plan (incorporated herein by reference to Exhibit 4.4 to the Company's Annual Report on Form 20-F for the fiscal year ended December 31, 2005 filed on March 20, 2007 (File No. 000-22286)).
- (d)(3) Amendment No. 2 to Taro Pharmaceutical Industries 1999 Stock Incentive Plan (incorporated herein by reference to Exhibit 4.5 to the Company's Annual Report on Form 20-F for the fiscal year ended December 31, 2005 filed on March 20, 2007 (File No. 000-22286)).
- (g) Not Applicable.
- (h) Not Applicable.

ITEM 13. INFORMATION REQUIRED BY SCHEDULE 13E-3.

Not applicable.

SIGNATURE

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.

Date: November 15, 2019

TARO PHARMACEUTICAL INDUSTRIES LTD.

By: /s/ Mariano Balaguer

Name: Mariano Balaguer

Title: Vice President, Chief Financial Officer and
Chief Accounting Officer

EXHIBIT INDEX

(a)(1)(A)	Offer to Purchase dated November 15, 2019.
(a)(1)(B)	Letter of Transmittal.
(a)(1)(C)	Notice of Guaranteed Delivery.
(a)(1)(D)	Letter to Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees.
(a)(1)(E)	Letter to Clients for use by Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees.
(a)(1)(F)	Declaration of Status for Israeli Income Tax Purposes.
(a)(1)(G)	Press Release dated November 15, 2019.
(a)(1)(H)	Summary Advertisement dated November 15, 2019.
(b)	Not Applicable.
(d)(1)	Taro Pharmaceutical Industries 1999 Stock Incentive Plan (incorporated herein by reference to the Company's Registration Statement on Form S-8 filed on August 24, 2001 (File No. 333-13840)).
(d)(2)	Amendment No. 1 to Taro Pharmaceutical Industries 1999 Stock Incentive Plan (incorporated herein by reference to Exhibit 4.4 to the Company's Annual Report on Form 20-F for the fiscal year ended December 31, 2005 filed on March 20, 2007 (File No. 000-22286)).
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(g)	Not Applicable.
(h)	Not Applicable.



OFFER TO PURCHASE FOR CASH

BY

TARO PHARMACEUTICAL INDUSTRIES LTD.

OF

UP TO \$225 MILLION IN VALUE OF ITS ORDINARY SHARES AT A PURCHASE PRICE NOT GREATER THAN
\$92.00 PER SHARE NOR LESS THAN \$80.00 PER SHARE

THE OFFER, PRORATION PERIOD AND WITHDRAWAL RIGHTS WILL
EXPIRE AT 5:00 P.M., NEW YORK CITY TIME, ON MONDAY, DECEMBER 16, 2019,
UNLESS THE OFFER IS EXTENDED (SUCH DATE AND TIME, AS THEY MAY BE EXTENDED, THE “EXPIRATION TIME”).

Taro Pharmaceutical Industries Ltd., a company incorporated under the laws of the State of Israel (the “Company,” “Taro,” “we,” “our” or “us”), is offering to purchase up to \$225 million in value of its ordinary shares, New Israeli Shekel (“NIS”) 0.0001 nominal (par) value per share (the “ordinary shares” or “shares”), at a price not greater than \$92.00 per share nor less than \$80.00 per share, to the seller in cash, less any applicable withholding taxes and without interest, upon the terms and subject to the conditions of this Offer to Purchase and the related Letter of Transmittal (which together, as they may be amended and supplemented from time to time, constitute the “Offer”). All payments pursuant to the Offer will be made in United States dollars and, unless otherwise specified, all amounts listed herein are in United States dollars. Unless the context otherwise requires, all references to the shares shall refer to the ordinary shares of the Company.

Tendering shareholders may specify a price not greater than \$92.00 per share nor less than \$80.00 per share (in increments of \$0.50) at which they are willing to sell their shares pursuant to the Offer. On the terms and subject to the conditions of the Offer, we will designate a single per share price that we will pay for shares properly tendered and not properly withdrawn from the Offer, taking into account the total number of shares tendered and the prices specified by tendering shareholders. We will select the lowest purchase price, not greater than \$92.00 per share nor less than \$80.00 per share, that will allow us to purchase ordinary shares having an aggregate purchase price of \$225 million, or a lower amount depending on the number of ordinary shares properly tendered and not properly withdrawn (such purchase price, the “Final Purchase Price”). Only shares validly tendered at prices at or below the Final Purchase Price, and not properly withdrawn, will be eligible for purchase in the Offer. All ordinary shares acquired in the Offer will be acquired at the Final Purchase Price, including those ordinary shares tendered at a price lower than the Final Purchase Price. However, due to the “odd lot” priority, proration and conditional tender offer provisions described in this Offer to Purchase, all of the shares tendered may not be purchased if the number of shares properly tendered at or below the Final Purchase Price and not properly withdrawn have an aggregate value in excess of \$225 million (based on the Final Purchase Price). We reserve the right, in our sole discretion, to change the purchase price range per share and to increase or decrease the aggregate value of shares sought in the Offer, subject to applicable law. In accordance with the rules of the U.S. Securities and Exchange Commission (“SEC”), we may purchase in the Offer up to an additional 2% of our outstanding shares without amending or extending the Offer.

We will purchase only those shares properly tendered and not properly withdrawn upon the terms and conditions of the Offer. All shares accepted for payment will be paid promptly after the Expiration Time, to the seller in cash, less any applicable withholding taxes and without interest. At the maximum Final Purchase Price of \$92.00 per share, we would purchase 2,445,652 shares if the Offer is fully subscribed, which would represent approximately 6.3% of the issued and outstanding shares as of November 14, 2019. At the minimum Final Purchase Price of \$80.00 per share, we would purchase 2,812,500 shares if the Offer is fully subscribed, which would represent approximately 7.3% of the issued and outstanding shares as of November 14, 2019.

The shares are listed and traded on the New York Stock Exchange (“NYSE”) under the symbol “TARO.” On November 14, 2019, the last full trading day before announcement and commencement of the Offer, the NYSE closing price per share of our ordinary shares was \$76.22. **Shareholders are urged to obtain current market quotations for the shares. See Section 8.**

As of November 14, 2019, Sun Pharmaceutical Industries Ltd. (“Sun Pharma”) beneficially owned approximately 76.5% of the outstanding ordinary shares and 100% of the Company’s founders’ shares, representing in the aggregate approximately 84.4% of the voting power in the Company. Dilip Shanghvi, along with entities controlled by him and members of his family, controls 54.6% of Sun Pharma. Sun Pharma has informed us that it will not participate in the Offer.

Neither the SEC nor any state securities commission has approved or disapproved of this transaction or passed upon the merits or fairness of such transaction or passed upon the adequacy or accuracy of the information contained in this document. Any representation to the contrary is a criminal offense under applicable U.S. law.

The Dealer Manager for the Offer is:

J.P. Morgan

November 15, 2019

IMPORTANT

OUR BOARD OF DIRECTORS HAS APPROVED THE OFFER. HOWEVER, NEITHER WE NOR OUR BOARD OF DIRECTORS, J.P. MORGAN SECURITIES LLC (THE “DEALER MANAGER”), MACKENZIE PARTNERS, INC. (THE “INFORMATION AGENT”) OR AMERICAN STOCK TRANSFER & TRUST COMPANY LLC (THE “DEPOSITARY”) MAKES ANY RECOMMENDATION TO YOU AS TO WHETHER TO TENDER OR REFRAIN FROM TENDERING YOUR SHARES OR AS TO THE PRICE OR PRICES AT WHICH YOU MAY CHOOSE TO TENDER YOUR SHARES, AND WE HAVE NOT AUTHORIZED ANY PERSON TO MAKE ANY SUCH RECOMMENDATION. YOU MUST DECIDE WHETHER TO TENDER YOUR SHARES AND, IF SO, HOW MANY SHARES TO TENDER AND AT WHAT PRICE OR PRICES TO TENDER. IN DOING SO, YOU SHOULD READ AND EVALUATE CAREFULLY THE INFORMATION IN THIS OFFER TO PURCHASE AND IN THE RELATED LETTER OF TRANSMITTAL, INCLUDING OUR REASONS FOR MAKING THE OFFER, AND YOU SHOULD DISCUSS WHETHER TO TENDER YOUR SHARES WITH YOUR BROKER OR OTHER FINANCIAL OR TAX ADVISOR. SEE SECTION 2.

If you desire to tender all or any portion of your shares, you should either (1) (a) complete and sign the Letter of Transmittal, or a facsimile thereof, in accordance with the instructions to the Letter of Transmittal, have your signature thereon guaranteed if Instruction 1 to the Letter of Transmittal so requires, mail or deliver the Letter of Transmittal, or facsimile thereof, together with any other required documents, including the share certificates, to the Depositary (as defined herein) or (b) tender the shares in accordance with the procedure for book-entry transfer set forth in Section 3, or (2) request that your broker, dealer, commercial bank, trust company or other nominee effect the transaction for you. If you have shares registered in the name of a broker, dealer, commercial bank, trust company or other nominee, you must contact that institution if you desire to tender those shares.

If you desire to tender shares and your certificates for those shares are not immediately available, or the procedure for book-entry transfer cannot be completed on a timely basis, or time will not permit all required documents to reach the Depositary at or prior to the Expiration Time (as defined herein), your tender may be effected by following the procedure for guaranteed delivery set forth in Section 3.

Shares not purchased in the Offer will be returned at our expense promptly following the expiration of the Offer. See Section 3. We reserve the right, in our sole discretion, to change the per share purchase price options and to increase or decrease the aggregate value of shares sought in the Offer, subject to applicable law. See Section 1.

In accordance with the rules of the SEC, we may purchase in the Offer up to an additional 2% of our outstanding shares without amending or extending the Offer. See Sections 1 and 15.

If you check the box in the section captioned “Shares Tendered At Price Determined Under the Offer” in the section of the Letter of Transmittal captioned “Price (In Dollars) Per Share At Which Shares Are Being Tendered,” you will maximize the chance that your shares will be purchased by us in the Offer. However, you should understand that this election may lower the Final Purchase Price paid for all purchased shares in the Offer and could result in your shares being purchased at the minimum price of \$80.00 per share, a price that is above the closing market price for the shares on November 14, 2019, the last full trading day before announcement and commencement of the Offer, when the NYSE closing price was \$76.22.

Questions and requests for assistance may be directed to the Dealer Manager or the Information Agent for the Offer, at their respective addresses and telephone numbers set forth on the back cover page of this document. Requests for additional copies of this document, the related Letter of Transmittal or the Notice of Guaranteed Delivery may be directed to the Information Agent.

[Table of Contents](#)

In connection with the Offer, we filed with the SEC an Issuer Tender Offer Statement on Schedule TO on November 15, 2019. The Schedule TO may be accessed electronically at the SEC's website at <http://www.sec.gov>.

We are not making the Offer to, and will not accept any tendered shares from, shareholders in any jurisdiction where it would be illegal to do so.

We have not authorized any person to make any recommendation on our behalf as to whether you should tender or refrain from tendering your shares or as to the price or prices at which you may choose to tender your shares in the Offer. You should rely only on the information contained in this document or to which we have referred you. We have not authorized anyone to provide you with information or to make any representation in connection with the Offer other than those contained in this Offer to Purchase and in the related Letter of Transmittal. If anyone makes any recommendation or gives any information or representation, you must not rely upon that recommendation, information or representation as having been authorized by us, the Dealer Manager, the Information Agent or the Depositary.

TABLE OF CONTENTS

SUMMARY TERM SHEET	1
FORWARD-LOOKING STATEMENTS	8
INTRODUCTION	10
THE TENDER OFFER	12
1. Number of Shares; Proration	12
2. Purpose of the Tender Offer; Certain Effects of the Tender Offer; Other Plans	15
3. Procedures for Tendering Shares	16
4. Withdrawal Rights	20
5. Purchase of Shares and Payment of Purchase Price	21
6. Conditional Tender of Shares	22
7. Conditions of the Tender Offer	23
8. Price Range of Shares; Dividends	25
9. Source and Amount of Funds	25
10. Certain Information Concerning the Company	25
11. Interests of Directors and Executive Officers; Transactions and Arrangements Concerning the Shares	29
12. Effects of the Tender Offer on the Market for Shares; Registration under the Exchange Act	32
13. Legal Matters; Regulatory Approvals	32
14. Material U.S. Federal Income Tax and Israeli Income Tax Consequences	33
15. Extension of the Tender Offer; Termination; Amendment	40
16. Fees and Expenses	41
17. Miscellaneous	42

SUMMARY TERM SHEET

We are providing this summary term sheet for your convenience. Taro Pharmaceutical Industries Ltd., a company incorporated under the laws of the State of Israel, is at times referred to as the “Company,” “we,” “our” or “us.” We refer to our ordinary shares, NIS 0.0001 nominal (par) value per share as the “ordinary shares” or “shares.” This summary term sheet highlights certain material information in the remainder of this Offer to Purchase, but you should realize that it does not describe all of the details of the tender offer to the same extent described in the remainder of this Offer to Purchase. We urge you to read the entire Offer to Purchase and the related Letter of Transmittal (together, the “Offer”) because they contain the full details of the Offer. We have included references to the sections of this document where you will find a more complete discussion.

Who is offering to purchase my shares?

The issuer of the shares, Taro Pharmaceutical Industries Ltd., a company incorporated under the laws of the State of Israel, is offering to purchase the shares. See Section 1.

What will the purchase price for the shares be and what will be the form of payment?

We are conducting the Offer through a procedure commonly called a modified “Dutch auction.” This procedure allows you to either elect to accept the price determined in the Offer or specify a price (in increments of \$0.50) not greater than \$92.00 per share nor less than \$80.00 per share at which you are willing to sell your shares. We will designate a single per share price that we will pay for shares properly tendered and not properly withdrawn from the Offer, taking into account the total number of shares tendered and the prices specified by tendering shareholders. We will select the lowest purchase price, not greater than \$92.00 per share nor less than \$80.00 per share, that will allow us to purchase ordinary shares having an aggregate purchase price of \$225 million, or a lower amount depending on the number of ordinary shares properly tendered and not properly withdrawn (such purchase price, the “Final Purchase Price”). All ordinary shares acquired in the Offer will be acquired at the Final Purchase Price, including those ordinary shares tendered at a price lower than the Final Purchase Price. All payments pursuant to the Offer will be made in United States dollars and, unless otherwise specified, all amounts listed herein are in United States dollars.

Only shares validly tendered at prices at or below the Final Purchase Price, and not properly withdrawn, will be eligible for purchase in the Offer. All ordinary shares acquired in the Offer will be acquired at the Final Purchase Price, including those ordinary shares tendered at a price lower than the Final Purchase Price. However, due to the “odd lot” priority, proration and conditional tender offer provisions described in this Offer to Purchase, all of the shares tendered may not be purchased if the number of shares properly tendered at or below the Final Purchase Price and not properly withdrawn have an aggregate value in excess of \$225 million (based on the Final Purchase Price).

We will purchase only those shares properly tendered and not properly withdrawn upon the terms and conditions of the Offer. All shares accepted for payment will be paid promptly after the expiration of the tender offer period, to the seller in cash, less any applicable withholding taxes and without interest. See Sections 1 and 5.

Shares not purchased in the Offer will be returned at our expense promptly following the expiration of the Offer. See Section 3. We reserve the right, in our sole discretion, to change the per share purchase price options and to increase or decrease the aggregate value of shares sought in the Offer, subject to applicable law. See Section 1.

If you check the box in the section captioned “Shares Tendered At Price Determined Under the Offer” in the section of the Letter of Transmittal captioned “Price (In Dollars) Per Share At Which Shares Are Being

Tendered,” you will maximize the chance that your shares will be purchased by us in the Offer. **However, you should understand that this election may lower the Final Purchase Price paid for all purchased shares in the Offer and could result in your shares being purchased at the minimum price of \$80.00 per share, a price that is above the closing market price for the shares on November 14, 2019, the last full trading day before announcement and commencement of the Offer, when the NYSE closing price was \$76.22.**

How many shares will the Company purchase in the Offer?

Subject to the conditions to the Offer being satisfied or waived, we will purchase the ordinary shares having an aggregate purchase price of \$225 million in the Offer (based on the Final Purchase Price), or if a lesser number of shares are properly tendered, all shares that are properly tendered at or below the Final Purchase Price and not properly withdrawn.

At the maximum purchase price of \$92.00 per share, we would purchase 2,445,652 shares if the Offer is fully subscribed, which would represent approximately 6.3% of the issued and outstanding shares as of November 14, 2019. At the minimum Final Purchase Price of \$80.00 per share, we would purchase 2,812,500 shares if the Offer is fully subscribed, which would represent approximately 7.3% of the issued and outstanding shares as of November 14, 2019. See Sections 1 and 5.

If more than \$225 million in value of the Company’s shares are properly tendered at the Final Purchase Price, we will purchase all shares properly tendered on a pro rata basis, except for “odd lots” (lots held by owners of fewer than 100 shares), which we will purchase on a priority basis, and conditional tenders whose condition was not met, which we will not purchase (except as described in Section 6). In accordance with the rules of the SEC, we also expressly reserve the right to accept additional shares in the Offer, not to exceed 2% of our outstanding shares (approximately 770,776 shares, based on 38,538,796 ordinary shares issued and outstanding as of November 14, 2019), without amending or extending the Offer, and we could decide to purchase more shares, subject to applicable legal requirements. See Sections 1 and 7.

How will the Company pay for the shares?

The maximum aggregate purchase price for shares purchased in the Offer will be \$225 million. We expect that expenses for the Offer will be approximately \$1.6 million. We anticipate that we will pay for the shares tendered in the Offer and all expenses applicable to the Offer from cash and cash equivalents and short-term and long-term marketable securities. See Section 9. The Offer is not separately conditioned upon the receipt of financing, although it is subject to certain other conditions. See Section 7.

How long do I have to tender my shares; can the Offer be extended, amended or terminated?

You may tender your shares until the Offer expires. The Offer will expire at 5:00 p.m., New York City time, on Monday, December 16, 2019, unless we extend it (such date and time, as they may be extended, the “Expiration Time”). See Section 1. **If a broker, dealer, commercial bank, trust company or other nominee holds your shares, it is likely they have an earlier deadline for administrative reasons for you to act to instruct them to accept the Offer on your behalf. We urge you to contact the broker, dealer, commercial bank, trust company or other nominee to find out their deadline. See Section 3.**

We may choose to extend the Offer at any time and for any reason, subject to applicable laws. See Section 15. We cannot assure you that we will extend the Offer or indicate the length of any extension that we may provide. If we extend the Offer, we will delay the acceptance of any shares that have been tendered. We can also amend the Offer in our sole discretion or terminate the Offer under certain circumstances. See Sections 7 and 15.

How will I be notified if the Company extends the Offer or amends the terms of the Offer?

If we extend the Offer, we will issue a press release announcing the extension and the new Expiration Time by 9:00 a.m., New York City time, on the business day after the previously scheduled Expiration Time (as defined herein). We will announce any amendment to the Offer by making a public announcement of the amendment. See Section 15.

What is the purpose of the Offer?

As of October 31, 2019, we had approximately \$1.5 billion in cash and cash equivalents and short-term and long-term marketable securities, a portion of which will be used to fund the Offer. On November 4, 2019, the Taro Board of Directors approved a \$300 million share repurchase of ordinary shares. As of November 15, 2019, our capacity under our share repurchase program was approximately \$300 million. The repurchase of up to \$225 million of our ordinary shares in this Offer will constitute a portion of this repurchase program. Our Board of Directors, after evaluating various alternatives and expected capital requirements of our operations and other expected cash commitments, believes that purchasing the ordinary shares in the Offer represents an efficient use of our available cash from operations and other financial resources, and delivers value to our shareholders. The Offer represents an opportunity for us to return capital to our shareholders who elect to tender their shares, subject to the terms and conditions of the Offer. Additionally, shareholders who do not participate in the Offer will automatically increase their relative percentage interest in us and our future operations at no additional cost to them.

What are the significant conditions to the Offer?

Our obligation to accept and pay for tendered shares depends upon a number of conditions that must be satisfied or waived at or prior to the Expiration Time, including, but not limited to:

- No general suspension of, or general limitation on prices for, or trading in, securities on any national securities exchange in the United States or in the over-the-counter market or the declaration of a banking moratorium or any suspension of payment in respect of banks in the United States shall have occurred.
- No significant changes in the general political, market, economic or financial conditions in the United States, Israel, Canada, India or abroad that are reasonably likely to adversely affect our business or the trading in the shares shall have occurred.
- No legal action shall have been taken, and we shall not have received notice of any legal action, that could reasonably be expected to adversely affect the Offer.
- No material adverse change in our business, condition (financial or otherwise), assets, income, operations, prospects or share ownership shall have occurred.
- Our determination that the consummation of the Offer and the purchase of shares pursuant to the Offer will not cause our ordinary shares (1) to be delisted from the NYSE or to be eligible for deregistration under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or (2) to be held of record by less than 300 persons.
- No decrease of more than 10% in the market price for the shares, the Dow Jones Industrial Average, the NYSE Composite Index or the S&P 500 Composite Index, measured from the date of the Offer, shall have occurred.
- No person (including a group) shall have acquired or proposed to acquire beneficial ownership of more than 5% of the outstanding shares (other than anyone who publicly disclosed such ownership in a filing with the U.S. Securities and Exchange Commission (the “SEC”) before November 14, 2019), and no

person or group which has made such a filing before November 14, 2019 shall acquire or publicly announce its proposal to acquire an additional 1% or more of our outstanding Shares. In addition, no new group shall have been formed that beneficially owns (as a group) more than 5% of our outstanding shares.

The Offer is subject to a number of other conditions described in greater detail in Section 7.

Following the Offer, will the Company continue as a public company?

Yes. The completion of the Offer in accordance with its terms and conditions will not cause the Company to be delisted from the NYSE or to stop being subject to the periodic reporting requirements of the Exchange Act. It is a condition of our obligation to purchase shares pursuant to the Offer that such purchase will not cause the shares either (1) to be held of record by less than 300 persons; or (2) to not continue to be eligible to be listed on the NYSE or to not continue to be eligible for registration under the Exchange Act. See Section 7.

How do I tender my shares?

If you want to tender all or part of your shares, you must do one of the following before 5:00 p.m., New York City time, on Monday, December 16, 2019, or any later time and date to which the Offer may be extended:

- If your shares are registered in the name of a broker, dealer, commercial bank, trust company or other nominee, you must contact the nominee and request that the nominee tender your shares for you.
- If you hold certificates in your own name, you must complete and sign a Letter of Transmittal according to its instructions, and deliver it, or a facsimile thereof, together with any required signature guarantees, the certificates for your shares and any other documents required by the Letter of Transmittal, to American Stock Transfer & Trust Company, LLC, the Depositary for the Offer.
- If you are an institution participating in the book-entry transfer facility (as defined herein), you must tender your shares according to the procedure for book-entry transfer described in Section 3.
- If you are unable to deliver the certificates for the shares or the other required documents to the Depositary or you cannot comply with the procedure for book-entry transfer within the required time, you must comply with the guaranteed delivery procedure outlined in Section 3.

You may contact the Dealer Manager, the Information Agent or your broker for assistance. The contact information for the Dealer Manager and Information Agent appears on the back cover of this Offer to Purchase. See Section 3 and the Instructions to the Letter of Transmittal.

What happens if the shares tendered have an aggregate value of greater than \$225 million?

If the conditions of the Offer have been satisfied or waived and shares having an aggregate value (based on the Final Purchase Price) in excess of \$225 million (or such greater amount as we may elect to purchase, subject to applicable law) have been properly tendered at or below the Final Purchase Price and not properly withdrawn at or prior to the Expiration Time, we will purchase shares:

- *first*, from all holders of “odd lots” of fewer than 100 shares who properly tender all of their shares at or below the Final Purchase Price and do not properly withdraw them before the Expiration Time;
- *second*, from all other shareholders who properly tender shares at or below the Final Purchase Price, on a pro rata basis (except for shareholders who tendered shares conditionally for which the condition was not satisfied); and

- *third*, only if necessary to permit us to purchase shares having an aggregate purchase price of \$225 million (or such greater amount as we may elect, subject to applicable law), from holders who have tendered shares conditionally at or below the Final Purchase Price (for which the condition was not initially satisfied) by random lot, to the extent feasible. To be eligible for purchase by random lot, shareholders whose shares are conditionally tendered must have tendered all of their shares.

Because of the “odd lot” priority, proration and conditional tender provisions described above, we may not purchase all of the shares that you tender. See Section 1.

If I own fewer than 100 shares and I tender all of my shares, will I be subject to proration?

If you own, beneficially or of record, fewer than 100 shares in the aggregate, you properly tender all of those shares at or below the Final Purchase Price before the Offer expires and you complete the section entitled “Odd Lots” in the Letter of Transmittal and, if applicable, in the Notice of Guaranteed Delivery, we will purchase all of your shares without subjecting them to the proration procedure. See Section 1.

May I tender only a portion of the shares that I hold?

Yes. You do not have to tender all of the shares you own to participate in the Offer. However, if you wish to (x) receive the proration preference available for holders owning fewer than 100 shares in the aggregate or (y) tender your shares conditionally, then, in each case, you must have properly tendered and not properly withdrawn all of your shares.

Once I have tendered shares in the Offer, can I withdraw my tender?

Yes. You may withdraw any shares you have tendered at any time before 5:00 p.m., New York City time, on Monday, December 16, 2019, unless we extend the Offer, in which case you can withdraw your shares until the expiration of the Offer as extended. If we have not accepted for payment the shares you have tendered to us, you may also withdraw your shares at any time after 12:00 midnight, New York City time, on January 14, 2020. See Section 4.

How do I withdraw shares I previously tendered?

To withdraw shares, you must deliver a written notice of withdrawal with the required information to the Depositary during the time period in which you still have the right to withdraw the shares. Your notice of withdrawal must specify your name, the number of shares to be withdrawn and the name of the registered holder of these shares. If you have used more than one Letter of Transmittal or have otherwise tendered shares in more than one group of shares, you may withdraw shares using either separate notices of withdrawal or a combined notice of withdrawal, so long as the required information is included. Some additional requirements apply if the share certificates to be withdrawn have been delivered to the Depositary or if your shares have been tendered under the procedure for book-entry transfer set forth in Section 3. See Section 4. If you have tendered your shares by giving instructions to a broker, dealer, commercial bank, trust company or other nominee, you must instruct that person to arrange for the withdrawal of your shares.

Has the Company, its Board of Directors or Sun Pharma adopted a position on the Offer?

Our Board of Directors has approved the Offer. However, neither we nor our Board of Directors, the Dealer Manager, the Information Agent or the Depositary makes any recommendation to you as to whether you should tender or refrain from tendering your shares or as to the purchase price or the purchase prices at which you may choose to tender your shares. You must make your own decision as to whether to tender your shares and, if so,

how many shares to tender and at what price or prices to tender. In so doing, you should read carefully the information in this Offer to Purchase and in the related Letter of Transmittal, including our reasons for making the Offer. See Sections 2 and 11. You should discuss whether to tender your shares with your broker or other financial or tax advisors. Sun Pharma has informed us that it will not participate in the Offer.

If I decide not to tender, how will the Offer affect my shares?

Shareholders who choose not to tender their shares will own a greater percentage interest in our outstanding ordinary shares following the consummation of the Offer. See Section 2.

What is the recent market price of my shares?

On November 14, 2019, the last full trading day before announcement and commencement of the Offer, the NYSE closing price per share of our ordinary shares was \$76.22. **You are urged to obtain current market quotations for the shares before deciding whether to tender your shares.** See Section 8.

When will the Company pay for the shares I tender?

We will pay the purchase price, less any applicable withholding taxes and without interest, for the shares we purchase promptly after the expiration of the Offer and the acceptance of the shares for payment. The preliminary results of any proration will be announced by press release promptly after the expiration of the Offer. We will announce the final proration factor following the settlement of tenders by notice of guaranteed delivery and will commence payment for any shares purchased pursuant to the tender offer promptly after the expiration of the Offer and guaranteed delivery period. The payment will be made in cash and denominated in United States dollars. We do not expect, however, to announce the Final Purchase Price or the final results of any proration and to begin paying for tendered shares until at least three business days after the Expiration Time. See Section 5.

Will I have to pay brokerage commissions if I tender my shares?

If you are the record owner of your shares and you tender your shares directly to the Depositary, you will not have to pay brokerage fees or similar expenses. If you own your shares through a broker, dealer, commercial bank, trust company or other nominee and that person tenders your shares on your behalf, that person may charge you a fee for doing so. You should consult with your broker, dealer, commercial bank, trust company or other nominee to determine whether any charges will apply. See Section 3.

What are the U.S. federal income tax consequences if I tender my shares?

If you are a U.S. Holder (as defined in Section 14), the receipt of cash from us in exchange for the shares you tender in the Offer generally will be a taxable event for U.S. federal income tax purposes. The receipt of cash for your tendered shares generally will be treated for U.S. federal income tax purposes either as (1) a sale or exchange or (2) a distribution in respect of shares from the Company. For a more detailed discussion of the U.S. federal income tax consequences of participating in the Offer see Section 14. **We recommend that you consult with your tax advisor with respect to your particular situation.**

What are the Israeli income tax consequences if I tender my shares?

The sale of shares for cash by tendering shareholders will generally be a taxable transaction for Israeli income tax purposes for both Israeli residents and non-Israeli residents, unless a specific exemption is available or a tax treaty between Israel and the shareholder's country of residence provides otherwise. For a more detailed discussion of the Israeli income tax consequences of participating in the Offer see Section 14. **We recommend that you consult with your tax advisor with respect to your particular situation.**

Will I have to pay stock transfer tax if I tender my shares?

We will pay all stock transfer taxes unless payment is made to, or if shares not tendered or accepted for payment are to be registered in the name of, someone other than the registered holder, or tendered certificates are registered in the name of someone other than the person signing the Letter of Transmittal. See Section 5.

Who can I talk to if I have questions?

If you have any questions regarding the Offer, please contact J.P. Morgan Securities LLC, the Dealer Manager, or MacKenzie Partners, Inc., the Information Agent. Contact information for the Dealer Manager and Information Agent is set forth on the back cover of this Offer to Purchase.

FORWARD-LOOKING STATEMENTS

This Offer to Purchase contains both historical and forward-looking statements. All statements other than statements of historical fact are, or may be, forward-looking statements. For example, statements concerning projections, predictions, expectations, estimates or forecasts and statements that describe our objectives, future performance, plans or goals are, or may be, forward-looking statements. These forward-looking statements reflect management's current expectations concerning future results and events and can generally be identified by the use of expressions such as "may," "will," "should," "could," "would," "likely," "predict," "potential," "continue," "future," "estimate," "believe," "expect," "anticipate," "intend," "plan," "foresee," and other similar words or phrases, as well as statements in the future tense.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be different from any future results, performance and achievements expressed or implied by these statements. The following important risks and uncertainties could affect our future results, causing those results to differ materially from those expressed in our forward-looking statements:

- competition in the pharmaceutical industry that can have an effect on our product prices, market share, revenue and profitability;
- continuing consolidation of certain customer groups, such as the wholesale drug distribution and retail pharmacy industries, as well as the emergence of large buying groups;
- new developments by others could make our products or technologies non-competitive or obsolete;
- extensive government regulation that increases our costs and could delay or prevent us from marketing or selling our products;
- changes in the regulatory environment may prevent us from utilizing the exclusivity periods that are important for the success of some of our generic products;
- healthcare reform may have an impact on all segments of the healthcare industry;
- reimbursement policies of third-parties, cost containment measures and healthcare reform as well as governmental regulation of prices could adversely affect the demand for our products and limit our ability to sell our products;
- failure to comply with the complex reporting and payment obligations under the Medicare and Medicaid programs may result in further litigation or sanctions, in addition to the lawsuits;
- wholesale customers account for a substantial portion of our consolidated sales;
- inventories of finished goods have expiration dates after which they cannot be sold;
- inability to obtain raw materials;
- unsuccessful efforts to develop new proprietary pharmaceutical products;
- we are increasingly dependent on information technology and our systems and infrastructure face certain risks, including cybersecurity and data leakage risks;
- we depend on our ability to protect our intellectual property and proprietary rights, but we may not be able to maintain the confidentiality, or assure the protection, of these assets;
- current and changing economic conditions may adversely affect our industry, business, partners and suppliers, financial position, result of operations and/or cash flow;
- conditions in Israel affect our operations and may limit our ability to produce and sell our products; and
- the other risks and uncertainties described in our Form 20-F for the fiscal year ended March 31, 2019, including the risk factors contained in Item 3D thereof.

[Table of Contents](#)

These factors are not necessarily all of the important factors that could cause actual results to differ materially from those expressed in any of our forward-looking statements. Other factors, including unknown or unpredictable ones, also could have material adverse effects on our future results.

The forward-looking statements included in this Offer to Purchase are made only as of the date of this Offer to Purchase. Except as required by applicable law or regulation, we do not undertake any obligation to update any forward-looking statements to reflect subsequent events or circumstances.

INTRODUCTION

To the Holders of Our Ordinary Shares:

We invite our shareholders to tender our ordinary shares, NIS 0.0001 nominal (par) value per share (the “ordinary shares” or “shares”) for purchase by us. Upon the terms and subject to the conditions of this Offer to Purchase and the related Letter of Transmittal (which together, as they may be amended and supplemented from time to time, constitute the “Offer”), we are offering to purchase up to \$225 million in value of our ordinary shares at a price not greater than \$92.00 per share nor less than \$80.00 per share, to the seller in cash, less any applicable withholding taxes and without interest.

The Offer will expire at 5:00 p.m., New York City time, on Monday, December 16, 2019, unless extended (such date and time, as they may be extended, the “Expiration Time”).

Tendering shareholders may specify a price not greater than \$92.00 per share nor less than \$80.00 per share at which they are willing to sell their shares pursuant to the Offer. On the terms and subject to the conditions of the Offer, we will designate a single per share price that we will pay for shares properly tendered and not properly withdrawn from the Offer, taking into account the total number of shares tendered and the prices specified by tendering shareholders. We will select the lowest purchase price, not greater than \$92.00 per share nor less than \$80.00 per share, that will allow us to purchase ordinary shares having an aggregate purchase price of \$225 million, or a lower amount depending on the number of ordinary shares properly tendered and not properly withdrawn (such purchase price, the “Final Purchase Price”). Only shares validly tendered at prices at or below the Final Purchase Price, and not properly withdrawn, will be eligible for purchase in the Offer. All ordinary shares acquired in the Offer will be acquired at the Final Purchase Price, including those ordinary shares tendered at a price lower than the Final Purchase Price. However, due to the “odd lot” priority, proration and conditional tender offer provisions described in this Offer to Purchase, all of the shares tendered may not be purchased if the number of shares properly tendered at or below the Final Purchase Price and not properly withdrawn have an aggregate value in excess of \$225 million (based on the Final Purchase Price).

We will purchase only those shares properly tendered and not properly withdrawn upon the terms and conditions of the Offer. All shares accepted for payment will be paid promptly after the expiration of the Expiration Time, to the seller in cash, less any applicable withholding taxes and without interest. At the maximum Final Purchase Price of \$92.00 per share, we would purchase 2,445,652 shares if the Offer is fully subscribed, which would represent approximately 6.3% of the issued and outstanding shares as of November 14, 2019. At the minimum Final Purchase Price of \$80.00 per share, we would purchase 2,812,500 shares if the Offer is fully subscribed, which would represent approximately 7.3% of the issued and outstanding shares as of November 14, 2019.

Shares not purchased in the Offer will be returned at our expense promptly following the expiration of the Offer. See Section 3. We reserve the right, in our sole discretion, to change the per share purchase price options and to increase or decrease the aggregate value of shares sought in the Offer, subject to applicable law. See Section 1.

In accordance with the rules of the SEC, we may purchase in the Offer up to an additional 2% of our outstanding shares without amending or extending the Offer. See Sections 1 and 15.

We expressly reserve the right, in our sole discretion, to change the per share purchase price options, to increase or decrease the aggregate value of shares sought in the Offer or to otherwise amend the Offer, subject to applicable legal requirements. See Sections 1 and 15.

Tendering shareholders whose shares are registered in their own names and who tender directly to American Stock Transfer & Trust Company, LLC, the Depository for the Offer, will not be obligated to pay brokerage fees

or commissions or, except as set forth in Instruction 7 to the Letter of Transmittal, stock transfer taxes on the purchase of shares by us under the Offer. If you own your shares through a broker, dealer, commercial bank, trust company or other nominee and that person tenders your shares on your behalf, that person may charge you a fee for doing so. You should consult your broker, dealer, commercial bank, trust company or other nominee to determine whether any charges will apply.

Our obligation to accept, and pay for, shares validly tendered pursuant to the Offer is conditioned upon satisfaction or waiver of the conditions set forth in Section 7 of this Offer to Purchase.

Our Board of Directors has approved the Offer. However, neither we nor our Board of Directors, the Dealer Manager, the Information Agent or the Depositary is making any recommendation as to whether you should tender or refrain from tendering your shares or as to the price or prices at which you may choose to tender your shares. We have not authorized any person to make any recommendation. You must decide whether to tender your shares and, if so, how many shares to tender and at what price or prices to tender. In so doing, you should read and evaluate carefully the information in this Offer to Purchase and in the related Letter of Transmittal and you should discuss whether to tender your shares with your broker or other financial or tax advisor. See Section 2.

Section 14 of this Offer to Purchase describes material U.S. federal income tax consequences of a sale of shares under the Offer.

As of November 14, 2019, there were 38,538,796 ordinary shares issued and outstanding. The shares are listed and traded on the NYSE under the symbol "TARO." On November 14, 2019, the last full trading day before announcement and commencement of the Offer, the NYSE closing price per share of our ordinary shares was \$76.22. **Shareholders are urged to obtain current market quotations for the shares before deciding whether to tender their shares. See Section 8.**

THE TENDER OFFER

1. Number of Shares; Proration

General. Upon the terms and subject to the conditions of the Offer, we will purchase our ordinary shares having an aggregate purchase price of \$225 million or such lesser amount of shares as are properly tendered and not properly withdrawn in accordance with Section 4 at or prior to the Expiration Time, at a cash price not greater than \$92.00 per share nor less than \$80.00 per share to the seller in cash, less any applicable withholding taxes and without interest (such purchase price, the “Final Purchase Price”). If, based on the Final Purchase Price, all shares properly tendered at or below the Final Purchase Price and not properly withdrawn have an aggregate value of less than \$225 million, we will buy all such shares.

The term “Expiration Time” means 5:00 p.m., New York City time, on Monday, December 16, 2019, unless we, in our sole discretion, shall have extended the period of time during which the Offer will remain open, in which event the term “Expiration Time” shall refer to the latest time and date at which the Offer, as so extended by us, shall expire. See Section 15 for a description of our right to extend, delay, terminate or amend the Offer. In accordance with the rules of the SEC, we may purchase in the Offer up to an additional 2% of our outstanding shares (approximately 770,776 shares, based on 38,538,796 ordinary shares issued and outstanding as of November 14, 2019) without amending or extending the Offer. See Section 15.

In accordance with Instruction 5 of the Letter of Transmittal, shareholders desiring to tender shares must either elect to accept the price determined in the Offer or specify a price not greater than \$92.00 per share nor less than \$80.00 per share (in increments of \$0.50) at which they are willing to sell their shares to us under the Offer. Promptly following the Expiration Time, we will determine the Final Purchase Price that we will pay for shares properly tendered and not properly withdrawn from the Offer, taking into account the number of shares tendered and the prices specified by tendering shareholders. If you agree to accept the purchase price determined in the Offer, your shares will be deemed to be tendered at the minimum price of \$80.00 per share, a price that is above the closing market price for the shares on November 14, 2019, the last full trading day before announcement and commencement of the Offer, when the NYSE closing price was \$76.22.

We will designate a single per share price that we will pay for shares properly tendered and not properly withdrawn from the Offer, taking into account the total number of shares tendered and the prices specified by tendering shareholders. We will select the lowest purchase price, not greater than \$92.00 per share nor less than \$80.00 per share, that will allow us to purchase ordinary shares having an aggregate purchase price of \$225 million, or a lower amount depending on the number of ordinary shares properly tendered and not properly withdrawn. All ordinary shares acquired in the Offer will be acquired at the Final Purchase Price, including those ordinary shares tendered at a price lower than the Final Purchase Price. All shares we purchase will be purchased at the Final Purchase Price, even if such shares were tendered at a lower purchase price; however, we will not purchase any shares tendered at a price above the Final Purchase Price. All payments pursuant to the Offer will be made in United States dollars and unless otherwise specified, all amounts listed herein are in United States dollars.

We will announce the Final Purchase Price by press release as promptly as practicable after such determination has been made. We do not expect, however, to announce the Final Purchase Price or the final results of any proration and to begin paying for tendered shares until at least three business days after the Expiration Time. We will only purchase shares properly tendered and not properly withdrawn. We may not purchase all of the shares tendered at or below the Final Purchase Price if, based on the Final Purchase Price, shares representing an aggregate purchase price of more than \$225 million (or such greater amount as we may choose to purchase subject to applicable law) are properly tendered at or below the Final Purchase Price and not properly withdrawn, because of the odd lot priority, proration and conditional tender provisions of the Offer. We will return all shares tendered and not purchased pursuant to the Offer, including shares tendered at prices in excess of the Final Purchase Price and shares not purchased because of proration or conditional tenders, to the tendering shareholders at our expense, promptly following the Expiration Time.

By following the Instructions to the Letter of Transmittal, shareholders can specify different minimum prices for specified portions of their shares, but a separate Letter of Transmittal must be submitted for shares tendered at each price. Shareholders can also specify the order in which the specified portions will be purchased in the event that, as a result of proration or otherwise, some but not all of the tendered shares are purchased pursuant to the Offer. In the event a shareholder does not designate such order and fewer than all shares are purchased due to proration, the Depositary will select the order of shares purchased.

We expressly reserve the right, in our sole discretion, to change the per share purchase price options and to increase or decrease the value of shares sought in the Offer. We may increase the value of shares sought in the Offer to an amount greater than \$225 million, subject to applicable law. In accordance with the rules of the SEC, we may increase the number of shares accepted for payment in the Offer by no more than 2% of the outstanding shares without amending or extending the Offer. In the event that we decide to purchase an additional number of shares in excess of 2% of the outstanding shares, we will amend and extend the Offer in compliance with applicable law. See Section 15.

If more than \$225 million in value of shares (or such greater value of shares as we may elect to purchase, subject to applicable law) are properly tendered at or below the Final Purchase Price and not properly withdrawn, shares tendered at or below the Final Purchase Price at or prior to the Expiration Time will be subject to proration as described below, except for “odd lots” and shares conditionally tendered for which the tender condition was not initially satisfied.

If the number of shares properly tendered at or below the Final Purchase Price, and not properly withdrawn at or prior to the Expiration Time, have an aggregate value (based on the Final Purchase Price) of less than or equal to \$225 million, or such greater amount as we may elect to purchase, subject to applicable law, we will, upon the terms and subject to the conditions of the Offer, purchase all shares so tendered at or below the Final Purchase Price.

If we:

- change either of the per share price options or add additional purchase price options;
- increase the aggregate value of shares being sought in the Offer (and thereby increase the number of shares purchasable in the Offer) and such increase in the number of shares purchasable in the Offer exceeds 2% of our outstanding shares (approximately 770,776 shares, based on 38,538,796 ordinary shares issued and outstanding as of November 14, 2019); or
- decrease the aggregate value of shares being sought in the Offer (and thereby decrease the number of shares purchasable in the Offer); and

the Offer is scheduled to expire at any time earlier than the expiration of a period ending at 11:59 p.m., New York City time, on the tenth business day (as defined below) from, and including, the date on which notice of any such change is first published, sent or given in the manner specified in Section 15, then the Offer will be extended until the expiration of such period of ten business days. For the purposes of the Offer, a “business day” means any day other than a Saturday, Sunday or United States federal holiday and consists of the time period from 12:01 a.m. through 12:00 midnight, New York City time.

Priority of Purchases. Upon the terms and subject to the conditions of the Offer, if the number of shares properly tendered at or below the Final Purchase Price and not properly withdrawn at or prior to the Expiration Time have an aggregate value (based on the Final Purchase Price) greater than \$225 million (or such greater amount as we may elect to purchase subject to applicable law), we will purchase properly tendered shares on the basis set forth below:

- *First*, upon the terms and subject to the conditions of the Offer, we will purchase all shares tendered at or below the Final Purchase Price by any Odd Lot Holder (as defined below) who:
 - tenders all shares owned, beneficially or of record, by the Odd Lot Holder (tenders of fewer than all of the shares owned by the Odd Lot Holder will not qualify for this preference); and

- completes the section entitled “Odd Lots” in the Letter of Transmittal and, if applicable, in the Notice of Guaranteed Delivery.
- *Second*, subject to the conditional tender provisions described in Section 6, we will purchase all other shares tendered at or below the Final Purchase Price (except shares tendered conditionally for which the condition was not satisfied) on a pro rata basis with appropriate adjustments to avoid purchases of fractional shares, as described below, until we have acquired \$225 million in value of shares.
- *Third*, if necessary to permit us to purchase shares having an aggregate purchase price of \$225 million (or such greater amount as we may elect to purchase subject to applicable law), shares conditionally tendered at or below the Final Purchase Price (for which the condition was not initially satisfied) and not properly withdrawn will, to the extent feasible, be selected for purchase by random lot. To be eligible for purchase by random lot, shareholders whose shares are conditionally tendered must have tendered all of their shares.

As a result of the foregoing priorities applicable to the purchase of shares tendered, it is possible that all of the shares that a shareholder tenders in the Offer may not be purchased. In addition, if a tender is conditioned upon the purchase of a specified number of shares, it is possible that none of those shares will be purchased.

Odd Lots. The term “odd lots” means all shares properly tendered at or prior to the Expiration Time and not properly withdrawn by any person (an “Odd Lot Holder”) who owned, beneficially or of record, a total of fewer than 100 shares and so certified in the appropriate place on the Letter of Transmittal and, if applicable, on the Notice of Guaranteed Delivery. To qualify for this preference, an Odd Lot Holder must tender all shares owned by the Odd Lot Holder in accordance with the procedures described in Section 3. Odd lots will be accepted for payment before any proration of the purchase of other tendered shares. This preference is not available to partial tenders or to beneficial or record holders of an aggregate of 100 or more shares, even if these holders have separate accounts or certificates representing fewer than 100 shares. By tendering in the Offer, an Odd Lot Holder who holds shares in its name and tenders its shares directly to the Depositary would not only avoid the payment of brokerage commissions, but also would avoid any applicable odd lot discounts in a sale of the holder’s shares. Any Odd Lot Holder wishing to tender all of the shareholder’s shares pursuant to the Offer should complete the section entitled “Odd Lots” in the Letter of Transmittal and, if applicable, in the Notice of Guaranteed Delivery.

Proration. If proration of tendered shares is required, we will determine the proration factor promptly after the expiration of the Offer. Subject to adjustment to avoid the purchase of fractional shares and subject to the provisions governing conditional tenders described in Section 6, proration for each shareholder tendering shares, other than Odd Lot Holders and shares conditionally tendered, will be based on the ratio of the number of shares properly tendered at or below the Final Purchase Price and not properly withdrawn by the shareholder to the total number of shares properly tendered at or below the Final Purchase Price and not properly withdrawn by all shareholders, other than Odd Lot Holders. The preliminary results of any proration will be announced by press release promptly after the expiration of the Offer. We will announce the final proration factor following the settlement of tenders by notice of guaranteed delivery and will commence payment for any shares purchased pursuant to the tender offer promptly after the expiration of the Offer. After the Expiration Time, shareholders may obtain preliminary proration information from the Dealer Manager or the Information Agent and also may be able to obtain the information from their brokers. We do not expect, however, to announce the Final Purchase Price or the final results of any proration and to begin paying for tendered shares until at least three business days after the Expiration Time.

As described in Section 14, the number of shares that we will purchase from a shareholder under the Offer may affect the U.S. federal income tax consequences to that shareholder and, therefore, may be relevant to a shareholder’s decision whether or not to tender shares.

This Offer to Purchase and the related Letter of Transmittal will be mailed to record holders of shares and will be furnished to brokers, dealers, commercial banks and trust companies whose names, or the names of

whose nominees, appear on our shareholder list or, if applicable, who are listed as participants in a clearing agency's security position listing for subsequent transmittal to beneficial owners of shares.

2. Purpose of the Tender Offer; Certain Effects of the Tender Offer; Other Plans

Purpose of the Tender Offer. As of October 31, 2019, we had approximately \$1.5 billion in cash and cash equivalents and short-term and long-term marketable securities. We will use a portion of our cash and cash equivalents and short-term and long-term marketable securities to fund the Offer. Our Board of Directors, after evaluating various alternatives and expected capital requirements of our operations and other expected cash commitments, believes that purchasing our ordinary shares in the Offer represents a prudent use of the funds required for the Offer.

We believe that our current financial resources, including debt capacity, will allow us to fund capital requirements for improving our operations as well as providing appropriate financial flexibility for general corporate purposes. However, actual experience may differ significantly from our expectations. See "Forward-Looking Statements."

We believe that the Offer benefits our Company and our shareholders. The Offer represents an efficient use of our available cash from operations and other financial resources, and delivers value to our shareholders. The Offer serves as a mechanism for us to return capital to our shareholders who elect to tender their shares, subject to the terms and conditions of the Offer. Additionally, shareholders who do not participate in the Offer will automatically increase their relative percentage interest in us and our future operations at no additional cost to them. Where shares are tendered by the registered owner of those shares directly to the Depositary, the sale of those shares in the Offer will permit the seller to avoid the usual transaction costs associated with open market sales. Furthermore, Odd Lot Holders who hold shares registered in their names and tender their shares directly to the Depositary and whose shares are purchased under the Offer will avoid not only the payment of brokerage commissions but also any applicable odd lot discounts that might be payable on sales of their shares in NYSE transactions.

Neither we nor any member of our Board of Directors, the Dealer Manager, the Information Agent or the Depositary makes any recommendation to any shareholder as to whether to tender or refrain from tendering any shares or as to the price or prices at which you may choose to tender your shares. We have not authorized any person to make any such recommendation. Shareholders should carefully evaluate all information in the Offer. Shareholders are also urged to consult with their financial and tax advisors to determine the consequences to them of participating or not participating in the Offer, and should make their own decisions about whether to tender shares and, if so, how many shares to tender and at what price or prices to tender. In doing so, you should read carefully the information in this Offer to Purchase and in the related Letter of Transmittal.

Certain Effects of the Offer. Shareholders who do not tender their shares pursuant to the Offer and shareholders who otherwise retain an equity interest in the Company as a result of a partial tender of shares or proration will continue to be owners of the Company. As a result, those shareholders will realize a proportionate increase in their relative equity interest in the Company, if any, and will bear the attendant risks associated with owning our equity securities, including risks resulting from our purchase of shares. We can give no assurance, however, that we will not issue additional shares or equity interests in the future. Shareholders may be able to sell non-tendered shares in the future on the NYSE or otherwise, at a net price significantly higher or lower than the purchase price in the Offer. We can give no assurance, however, as to the price at which a shareholder may be able to sell his or her shares in the future.

The Offer will reduce our "public float" (the number of shares owned by non-affiliate shareholders and available for trading in the securities markets), and is likely to reduce the number of our shareholders. These reductions may result in lower stock prices and/or reduced liquidity in the trading market for our ordinary shares following completion of the Offer.

For information regarding the intentions of our directors and executive officers and Sun Pharma to tender in the Offer or sell shares in the open market during the pendency of the Offer, see Section 11.

Other Plans. Except as otherwise disclosed in this Offer to Purchase, we currently have no plans, proposals or negotiations underway that relate to or would result in:

- any extraordinary transaction, such as a merger, reorganization or liquidation, involving us or any of our subsidiaries;
- any purchase, sale or transfer of an amount of our assets or any of our subsidiaries' assets which is material to us and our subsidiaries, taken as a whole;
- any change in our present board of directors or management or any plans or proposals to change the number or the term of directors or to fill any vacancies on the board (except that we may fill vacancies arising on the board in the future) or to change any material term of the employment contract of any executive officer;
- any material change in our present dividend rate or policy, our indebtedness or capitalization, our corporate structure or our business;
- any class of our equity securities to be delisted from the NYSE or ceasing to be authorized to be quoted on NYSE;
- any class of our equity securities becoming eligible for termination of registration under Section 12(g) of the Exchange Act;
- the suspension of our obligation to file reports under Section 13 of the Exchange Act;
- the acquisition or disposition by any person of our securities; or
- any changes in our charter or by-laws that could impede the acquisition of control of us.

Although we currently do not have any plans other than as disclosed in this Offer to Purchase that relate to or would result in any of the events discussed above, as we evaluate opportunities, we may undertake or plan actions that relate to or could result in one or more of these events.

3. Procedures for Tendering Shares

Valid Tender. For a shareholder to make a valid tender of shares under the Offer, (i) the Depositary must receive, at one of its addresses set forth on the back cover of this Offer to Purchase and at or prior to the Expiration Time:

- a Letter of Transmittal, or a facsimile thereof, properly completed and duly executed, together with any required signature guarantees, or, in the case of a book-entry transfer, an "agent's message" (see "—Book-Entry Transfer" below), and any other required documents; and
- either certificates representing the tendered shares or, in the case of tendered shares delivered in accordance with the procedures for book-entry transfer we describe below, a book-entry confirmation of that delivery (see "—Book-Entry Transfer" below); or

(ii) the tendering shareholder must, before the Expiration Time, comply with the guaranteed delivery procedures we describe below.

In accordance with Instruction 5 of the Letter of Transmittal, if you want to tender your shares you must properly complete the pricing section of the Letter of Transmittal, which is called "Price at Which You Are Tendering." A tender of shares will be proper if, and only if, the pricing section is properly completed.

If you check the box in the section captioned "Shares Tendered At Price Determined Under the Offer" in the section of the Letter of Transmittal captioned "Price (In Dollars) Per Share At Which Shares Are Being

Tendered,” you will maximize the chance that your shares will be purchased by us in the Offer. By checking this box, you will be deemed to have tendered your shares at the minimum price of \$80.00 per share. **However, you should understand that this election may lower the Final Purchase Price paid for all purchased shares in the Offer and could result in your shares being purchased at the minimum price of \$80.00 per share, a price that is above the closing market price for the shares on November 14, 2019, the last full trading day before announcement and commencement of the Offer, when the NYSE closing price was \$76.22.** If you wish to indicate a specific price (in increments of \$0.50) at which your shares are being tendered, you must check the appropriate box in the section captioned “Shares Tendered At Price Determined By Shareholder” in the section captioned “Price (In Dollars) Per Share At Which Shares Are Being Tendered” in the Letter of Transmittal. **You should be aware that this election could mean that none of your Shares will be purchased in the Offer if you check a box other than the box representing the price at or below the Final Purchase Price.**

If you want to tender portions of your shares at different prices you must complete a separate Letter of Transmittal for each portion of your shares that you want to tender at a different price. However, the same shares cannot be tendered (unless properly withdrawn previously in accordance with Section 4) at more than one price. To tender shares properly, one (and only one) price box must be checked in the “Price at Which You Are Tendering” section on each Letter of Transmittal.

If a broker, dealer, commercial bank, trust company or other nominee holds your shares, you must contact your broker, dealer, commercial bank, trust company or other nominee to tender your shares. We urge shareholders who hold shares through a broker, dealer, commercial bank, trust company or other nominee to consult such party to determine whether transaction costs are applicable if they tender shares through such party and not directly to the Depositary and whether there is an earlier deadline for you to instruct them to accept the Offer on your behalf.

The valid tender of shares by you by one of the procedures described in this Section 3 will constitute a binding agreement between you and us on the terms of, and subject to the conditions to, the Offer, which agreement will be governed by the laws of the State of New York.

Odd Lot Holders who tender all their shares must also complete the section captioned “Odd Lots” in the Letter of Transmittal and, if applicable, in the Notice of Guaranteed Delivery, to qualify for the preferential treatment available to Odd Lot Holders as set forth in Section 1.

Shareholders may tender shares subject to the condition that all, or a specified minimum number of shares, be purchased. Any shareholder desiring to make such a conditional tender should so indicate in the box entitled “Conditional Tender” in the Letter of Transmittal. It is the tendering shareholder’s responsibility to determine the minimum number of Shares to be purchased. Shareholders should consult their own financial and tax advisors with respect to the effect of proration of the Offer and the advisability of making a conditional tender. See Sections 6 and 14.

Book-Entry Transfer. For purposes of the Offer, the Depositary will establish an account for the shares at The Depositary Trust Company (the “book-entry transfer facility”) within two business days after the date of this Offer to Purchase. Any financial institution that is a participant in the book-entry transfer facility’s system may make book-entry delivery of shares by causing the book-entry transfer facility to transfer those shares into the Depositary’s account in accordance with the book-entry transfer facility’s procedures for that transfer. Although delivery of shares may be effected through book-entry transfer into the Depositary’s account at the book-entry transfer facility, the Letter of Transmittal, or a facsimile thereof, properly completed and duly executed, with any required signature guarantees, or an agent’s message, and any other required documents must, in any case, be transmitted to, and received by, the Depositary at one of its addresses set forth on the back cover of this Offer to Purchase at or prior to the Expiration Time, or the tendering shareholder must comply with the guaranteed delivery procedures we describe below.

The confirmation of a book-entry transfer of shares into the Depositary's account at the book-entry transfer facility as we describe above is referred to herein as a "book-entry confirmation." **Delivery of documents to the book-entry transfer facility in accordance with the book-entry transfer facility's procedures will not constitute delivery to the Depositary.**

The term "agent's message" means a message transmitted by the book-entry transfer facility to, and received by, the Depositary and forming a part of a book-entry confirmation, stating that the book-entry transfer facility has received an express acknowledgment from the participant tendering shares through the book-entry transfer facility that the participant has received and agrees to be bound by the terms of the Letter of Transmittal and that we may enforce that agreement against that participant.

Method of Delivery. The method of delivery of shares, the Letter of Transmittal and all other required documents, including delivery through the book-entry transfer facility, is at the election and risk of the tendering shareholder. Shares will be deemed delivered only when actually received by the Depositary (including, in the case of a book-entry transfer, by book-entry confirmation). If you plan to make delivery by mail, we recommend that you deliver by registered mail with return receipt requested and obtain proper insurance. In all cases, sufficient time should be allowed to ensure timely delivery.

Signature Guarantees. No signature guarantee will be required on a Letter of Transmittal for shares tendered thereby if:

- the "registered holder(s)" of those shares signs the Letter of Transmittal and has not completed either the box entitled "Special Delivery Instructions" or the box entitled "Special Payment Instructions" in the Letter of Transmittal; or
- those shares are tendered for the account of an "eligible institution."

For purposes hereof, a "registered holder" of tendered shares will include any participant in the book-entry transfer facility's system whose name appears on a security position listing as the owner of those shares, and an "eligible institution" is a "financial institution," which term includes most commercial banks, savings and loan associations and brokerage houses, that are participants in any of the following: (i) the Securities Transfer Agents Medallion Program; (ii) the New York Stock Exchange, Inc. Medallion Signature Program; or (iii) the Stock Exchange Medallion Program.

Except as we describe above, all signatures on any Letter of Transmittal for shares tendered thereby must be guaranteed by an eligible institution. See Instructions 1, 6 and 8 to the Letter of Transmittal. If the certificates for shares are registered in the name of a person other than the signer of the Letter of Transmittal, or if payment is to be made or certificates for shares not tendered or not accepted for payment are to be returned to a person other than the registered holder of the certificates surrendered, then the tendered certificates must be endorsed or accompanied by appropriate stock powers, in either case signed exactly as the name or names of the registered holders or owners appear on the certificates, with the signatures on the certificates or stock powers guaranteed as stated above. See Instructions 1, 6 and 8 to the Letter of Transmittal.

Guaranteed Delivery. If you wish to tender shares under the Offer and your certificates for shares are not immediately available, the procedures for book-entry transfer cannot be completed on a timely basis or time will not permit all required documents to reach the Depositary at or prior to the Expiration Time, your tender may be effected if all the following conditions are met:

- your tender is made by or through an eligible institution;
- a properly completed and duly executed Notice of Guaranteed Delivery in the form we have provided is received by the Depositary, as provided below, at or prior to the Expiration Time; and
- the Depositary receives, at one of its addresses set forth on the back cover of this Offer to Purchase and within the period of two trading days after the date of execution of that Notice of Guaranteed Delivery,

either: (i) the certificates representing the shares being tendered, in the proper form for transfer, together with (1) a Letter of Transmittal, or a facsimile thereof, relating thereto, which has been properly completed and duly executed and includes all signature guarantees required thereon and (2) all other required documents; or (ii) confirmation of book-entry transfer of the shares into the Depositary's account at the book-entry transfer facility, together with (1) either a Letter of Transmittal, or a facsimile thereof, relating thereto, which has been properly completed and duly executed and includes all signature guarantees required thereon or an agent's message in the case of a book-entry transfer, and (2) all other required documents.

For these purposes, a "trading day" is any day on which NYSE is open for business.

A Notice of Guaranteed Delivery must be delivered to the Depositary by hand, overnight courier, facsimile transmission or mail before the Expiration Time and must include a guarantee by an eligible institution in the form set forth in the Notice of Guaranteed Delivery.

Return of Unpurchased Shares. The Depositary will return certificates for unpurchased shares promptly after the expiration or termination of the Offer or the proper withdrawal of the shares, as applicable, or, in the case of shares tendered by book-entry transfer at the book-entry transfer facility, the Depositary will credit the shares to the appropriate account maintained by the tendering shareholder at the book-entry transfer facility, in each case without expense to the shareholder.

Tendering Shareholder's Representation and Warranty; Our Acceptance Constitutes an Agreement. It is a violation of Rule 14e-4 promulgated under the Exchange Act for a person acting alone or in concert with others, directly or indirectly, to tender shares for such person's own account unless at the time of tender and at the Expiration Time such person has a "net long position" in (a) the shares that are equal to or greater than the amount tendered and will deliver or cause to be delivered such shares for the purpose of tendering to us within the period specified in the Offer or (b) other securities immediately convertible into, exercisable for or exchangeable into shares ("Equivalent Securities") that is equal to or greater than the amount tendered and, upon the acceptance of such tender, will acquire such shares by conversion, exchange or exercise of such Equivalent Securities to the extent required by the terms of the Offer and will deliver or cause to be delivered such shares so acquired for the purpose of tender to us within the period specified in the Offer. Rule 14e-4 also provides a similar restriction applicable to the tender or guarantee of a tender on behalf of another person. A tender of shares made pursuant to any method of delivery set forth herein will constitute the tendering shareholder's acceptance of the terms and conditions of the Offer, as well as the tendering shareholder's representation and warranty to us that (a) such shareholder has a "net long position" in shares or Equivalent Securities at least equal to the shares being tendered within the meaning of Rule 14e-4, and (b) such tender of shares complies with Rule 14e-4. Our acceptance for payment of shares tendered pursuant to the Offer will constitute a binding agreement between the tendering shareholder and us upon the terms and subject to the conditions of the Offer.

Determination of Validity; Rejection of Shares; Waiver of Defects; No Obligation to Give Notice of Defects. All questions as to the number of shares to be accepted, the price to be paid for shares to be accepted and the validity, form, eligibility (including time of receipt) and acceptance for payment of any tender of shares will be determined by us, in our sole discretion, and our determination will be final and binding on all parties, subject to a shareholder's right to challenge our determination in a court of competent jurisdiction. We reserve the absolute right at or prior to the Expiration Time to reject any or all tenders we determine not to be in proper form or the acceptance for payment of or payment for which may, in the opinion of our counsel, be unlawful. We also reserve the absolute right, subject to applicable law, to waive any conditions of the Offer with respect to all shareholders or any defect or irregularity in any tender with respect to any particular shares or any particular shareholder whether or not we waive similar defects or irregularities in the case of other shareholders. No tender of shares will be deemed to have been validly made until all defects or irregularities relating thereto have been cured or waived. None of us, the Dealer Manager, the Information Agent, the Depositary or any other person will be under any duty to give notification of any defects or irregularities in tenders or incur any liability for failure to

give any such notification. Our interpretation of the terms of and conditions to the Offer, including the Letter of Transmittal and the instructions thereto, will be final and binding on all parties, subject to a shareholder's right to challenge our determination in a court of competent jurisdiction. By tendering shares to us, you agree to accept all decisions we make concerning these matters and waive any right you might otherwise have to challenge those decisions.

U.S. Federal Backup Withholding Tax. For a discussion of U.S. federal income tax consequences to tendering U.S. shareholders and the possible application of U.S. backup withholding, see Section 14 and the Letter of Transmittal.

Lost Certificates. If the share certificates which a registered holder wants to surrender have been lost, destroyed or stolen, the shareholder should promptly notify the Depositary's Shareholder Services Department at 1-800-937-5449. The Depositary will instruct the shareholder as to the steps that must be taken in order to replace the certificates.

4. Withdrawal Rights

You may withdraw shares that you have previously tendered under the Offer according to the procedures we describe below at any time prior to the Expiration Time. You may also withdraw your previously tendered shares at any time after 12:00 midnight, New York City time, on January 14, 2020, unless such shares have been accepted for payment as provided in the Offer. Otherwise, tenders of shares under the Offer are irrevocable.

For a withdrawal to be effective, a written, telegraphic or facsimile transmission notice of withdrawal must:

- be received in a timely manner by the Depositary at one of its addresses or its facsimile number set forth on the back cover of this Offer to Purchase; and
- specify the name of the person having tendered the shares to be withdrawn, the number of shares to be withdrawn and the name of the registered holder of the shares to be withdrawn, if different from the name of the person who tendered the shares.

If certificates for shares have been delivered or otherwise identified to the Depositary, then, prior to the physical release of those certificates, the serial numbers shown on those certificates must be submitted to the Depositary and, unless an eligible institution has tendered those shares, an eligible institution must guarantee the signatures on the notice of withdrawal.

If a shareholder has used more than one Letter of Transmittal or has otherwise tendered shares in more than one group of shares, the shareholder may withdraw shares using either separate notices of withdrawal or a combined notice of withdrawal, so long as the information specified above is included. If shares have been delivered in accordance with the procedures for book-entry transfer described in Section 3, any notice of withdrawal must also specify the name and number of the account at the book-entry transfer facility to be credited with the withdrawn shares and otherwise comply with the book-entry transfer facility's procedures.

Withdrawals of tendered shares may not be rescinded, and any shares properly withdrawn will thereafter be deemed not validly tendered for purposes of the Offer. Withdrawn shares may be re-tendered at any time prior to the Expiration Time by again following one of the procedures described in Section 3.

We will decide, in our sole discretion, all questions as to the form and validity, including time of receipt, of notices of withdrawal, and each such decision will be final and binding on all parties, subject to a shareholder's right to challenge our determination in a court of competent jurisdiction. We also reserve the absolute right to waive any defect or irregularity in the withdrawal of shares by any shareholder, whether or not we waive similar defects or irregularities in the case of any other shareholder. None of us, the Dealer Manager, the Information Agent, the Depositary or any other person will be under any duty to give notification of any defects or irregularities in any notice of withdrawal or incur any liability for failure to give any such notification.

If we extend the Offer, are delayed in our purchase of shares, or are unable to purchase shares under the Offer as a result of the occurrence of a condition described in Section 7, then, without prejudice to our rights under the Offer, the Depositary may, subject to applicable law, retain tendered shares on our behalf, and such shares may not be withdrawn except to the extent tendering shareholders are entitled to withdrawal rights as described in this Section 4. Our reservation of the right to delay payment for shares which we have accepted for payment is limited by Rule 13e-4(f)(5) promulgated under the Exchange Act, which requires that we must pay the consideration offered or return the shares tendered promptly after termination or withdrawal of a tender offer.

5. Purchase of Shares and Payment of Purchase Price

Upon the terms and subject to the conditions of the Offer, promptly following the Expiration Time, we will:

- determine the Final Purchase Price for shares properly tendered and not properly withdrawn, taking into account the number of shares so tendered and the prices specified by tendering shareholders; and
- accept for payment and pay for (and thereby purchase) up to \$225 million in value of shares properly tendered at prices at or below the Final Purchase Price and not properly withdrawn. We may increase the number of shares accepted for payment in the Offer by no more than 2% of the outstanding Shares without amending or extending the Offer.

For purposes of the Offer, we will be deemed to have accepted for payment (and therefore purchased), subject to the “odd lot” priority, proration and conditional tender provisions of this Offer, shares that are properly tendered and not properly withdrawn only when, as and if we give oral or written notice to the Depositary of our acceptance of the shares for payment pursuant to the Offer.

In all cases, payment for shares tendered and accepted for payment pursuant to the Offer will be made promptly, subject to possible delay in the event of proration, but only after timely receipt by the Depositary of:

- certificates for shares, or a timely book-entry confirmation of the deposit of shares into the Depositary’s account at the book-entry transfer facility,
- a properly completed and duly executed Letter of Transmittal (or manually signed facsimile of the Letter of Transmittal), or, in the case of a book-entry transfer, an agent’s message, and
- any other required documents.

We will pay for shares purchased pursuant to the Offer by depositing the aggregate purchase price for the shares with the Depositary, which will act as agent for tendering shareholders for the purpose of receiving payment from us and transmitting payment to the tendering shareholders entitled thereto.

In the event of proration, we will determine the proration factor and pay for those tendered shares accepted for payment promptly after the expiration of the Offer. Certificates for all shares tendered and not purchased, including shares not purchased due to proration or conditional tender, will be returned or, in the case of shares tendered by book-entry transfer, will be credited to the account maintained with the book-entry transfer facility by the participant who delivered the shares, to the tendering shareholder at our expense promptly after the expiration or termination of the Offer.

Under no circumstances will we pay interest on the purchase price, including but not limited to, by reason of any delay in making payment.

We will pay all stock transfer taxes, if any, payable on the transfer to us of shares purchased pursuant to the Offer. If, however, payment of the purchase price is to be made to, or (in the circumstances permitted by the Offer) if unpurchased shares are to be registered in the name of, any person other than the registered holder, or if tendered certificates are registered in the name of any person other than the person signing the Letter of

Transmittal, the amount of all stock transfer taxes, if any (whether imposed on the registered holder or the other person), payable on account of the transfer to the person will be deducted from the purchase price unless satisfactory evidence of the payment of the stock transfer taxes, or exemption from payment of the stock transfer taxes, is submitted. See Instruction 7 of the Letter of Transmittal.

Any tendering shareholder or other payee who fails to properly complete, sign and return to the Depositary (or other payor) the Form W-9 included with the Letter of Transmittal or, in the case of a non-U.S. person, an applicable IRS Form W-8 (or suitable substitute forms), will be subject to required U.S. federal backup withholding tax of 24% of the gross proceeds paid to the shareholder or other payee pursuant to the Offer. See Sections 3 and 14 and the Letter of Transmittal for additional information.

6. Conditional Tender of Shares

Subject to the exception for Odd Lot Holders, in the event of an over-subscription of the Offer, shares tendered at or prior to the Expiration Time will be subject to proration. See Section 1. As discussed in Section 14, the number of shares to be purchased from a particular shareholder may affect the U.S. federal income tax treatment of the purchase to the shareholder and the shareholder's decision whether to tender. The conditional tender alternative is made available for shareholders seeking to take steps to have shares sold pursuant to the Offer treated as a sale or exchange of such shares by the shareholder, rather than a distribution to the shareholder, for U.S. federal income tax purposes. Accordingly, a shareholder may tender shares subject to the condition that a specified minimum number of the shareholder's shares tendered pursuant to a Letter of Transmittal must be purchased if any shares tendered are purchased. Any shareholder desiring to make a conditional tender must so indicate in the box entitled "Conditional Tender" in the Letter of Transmittal, and, if applicable, in the Notice of Guaranteed Delivery. It is the tendering shareholder's responsibility to calculate the minimum number of shares that must be purchased from the shareholder in order for the shareholder to qualify for sale or exchange (rather than distribution) treatment for U.S. federal income tax purposes. Shareholders are urged to consult with their tax advisors. No assurances can be provided that a conditional tender will achieve the intended U.S. federal income tax result in all cases.

Any tendering shareholder wishing to make a conditional tender must calculate and appropriately indicate the minimum number of shares that must be purchased if any are to be purchased. After the Offer expires, if shares having an aggregate purchase price of more than \$225 million (or such greater amount as we may elect to purchase, subject to applicable law) are properly tendered at or below the Final Purchase Price and not properly withdrawn, so that we must prorate our acceptance of and payment for tendered shares, we will calculate a preliminary proration percentage based upon all shares properly tendered, conditionally or unconditionally. If the effect of this preliminary proration would be to reduce the number of shares to be purchased from any shareholder below the minimum number specified, the tender will automatically be regarded as withdrawn (except as provided in the next paragraph). All shares tendered by a shareholder subject to a conditional tender and regarded as withdrawn as a result of proration will be returned at our expense, promptly after the Expiration Time.

After giving effect to these withdrawals, we will accept the remaining shares properly tendered, conditionally or unconditionally, on a pro rata basis, if necessary. If conditional tenders would otherwise be regarded as withdrawn and would cause the total number of shares to be purchased to fall below an aggregate value of \$225 million (or such greater amount as we may elect to purchase, subject to applicable law) then, to the extent feasible, we will select enough of the conditional tenders that would otherwise have been withdrawn to permit us to purchase shares having an aggregate purchase price of \$225 million (or such greater amount as we may elect to purchase, subject to applicable law). In selecting among the conditional tenders, we will select by random lot, treating all tenders by a particular shareholder as a single lot, and will limit our purchase in each case to the designated minimum number of shares to be purchased. To be eligible for purchase by random lot, shareholders whose shares are conditionally tendered must have tendered all of their shares at or below the Final Purchase Price.

7. Conditions of the Tender Offer

Notwithstanding any other provision of the Offer (but subject to the provisions of Section 15), we will not be required to accept for payment, purchase or pay for any shares tendered, and may terminate or amend the Offer or may postpone the acceptance for payment of, or the purchase of and the payment for shares tendered, subject to Rule 13e-4(f) under the Exchange Act (which requires that the issuer making the tender offer either pay the consideration offered or return tendered securities promptly after the termination or withdrawal of the tender offer), if at any time on or after November 14, 2019 and at or prior to the Expiration Time any of the following events has occurred (or shall have been reasonably determined by us to have occurred) that, in our reasonable judgment and regardless of the circumstances giving rise to the event or events, make it inadvisable to proceed with the Offer or with acceptance for payment:

- if any of the following has occurred:
 - any general suspension of, or general limitation on prices for, or trading in, securities on any national securities exchange in the United States or in the over-the-counter market;
 - a declaration of a banking moratorium or any suspension of payments in respect of banks in the United States or any limitation (whether or not mandatory) by any governmental agency or authority on, or any other event that, in our reasonable judgment, could reasonably be expected to adversely affect, the extension of credit by banks or other financial institutions in the United States;
 - a material change in United States or any other currency exchange rates or a suspension of or limitation on the markets therefor;
 - the commencement or escalation of a war, armed hostilities or other similar national or international calamity directly or indirectly involving the United States or Israel;
 - a decrease of more than 10% in the market price for the shares, the Dow Jones Industrial Average, the NYSE Composite Index or the S&P 500 Composite Index since the date of the Offer; or
 - in the case of any of the foregoing existing at the time of the commencement of the Offer, in our reasonable judgment, a material acceleration or worsening thereof;
- any change or combination of changes (or condition, event or development involving a prospective change) has occurred or been threatened in the business, properties, assets, liabilities, capitalization, shareholders' equity, condition (financial or other), operations, licenses, or results of operations of us or any of our subsidiaries or affiliates that is or may be reasonably likely to (i) have a material adverse effect on us or any of our subsidiaries or affiliates; (ii) have a material adverse effect on the value of the shares; or (iii) materially impair the contemplated benefits of the Offer to us or be material to holders of the shares in deciding whether to tender in the Offer;
- legislation amending (i) the Internal Revenue Code of 1986, as amended (the "Code"), has been passed by either the U.S. House of Representatives or the U.S. Senate or becomes pending before the U.S. House of Representatives or the U.S. Senate or any committee thereof or (ii) the Ordinance (as defined in Section 14) has been passed by or become pending before the Israeli Knesset, the effect of which would be to change the U.S. federal income tax consequences or the Israeli income tax consequences, respectively, of the consummation of the Offer in any manner that would adversely affect us or any of our affiliates;
- there has been threatened in writing, instituted, or pending any action, proceeding, application or counterclaim by or before any court or governmental, administrative or regulatory agency or authority, domestic or foreign, or any other person or tribunal, domestic or foreign, which:
 - challenges or seeks to challenge, restrain, prohibit or delay the making of the Offer, the acquisition by us of the shares in the Offer, or any other matter relating to the Offer, or seeks to obtain any material damages or otherwise relating to the Offer;

Table of Contents

- seeks to make the purchase of, or payment for, some or all of the shares pursuant to the Offer illegal or results in a delay in our ability to accept for payment or pay for some or all of the shares;
- seeks to require us to repurchase or redeem any of our outstanding securities other than the ordinary shares; or
- otherwise could reasonably be expected to materially adversely affect the business, properties, assets, liabilities, capitalization, shareholders' equity, financial condition, operations, licenses, or results of operations of us or any of our subsidiaries or affiliates, taken as a whole, or the value of the shares;
- any action has been taken or any statute, rule, regulation, judgment, decree, injunction or order (preliminary, permanent or otherwise) has been proposed, sought, enacted, entered, promulgated, enforced or deemed to be applicable to the Offer or us or any of our subsidiaries or affiliates by any court, government or governmental agency or other regulatory or administrative authority, domestic or foreign, which, in our reasonable judgment:
 - indicates that any approval or other action of any such court, agency or authority may be required in connection with the Offer or the purchase of shares thereunder;
 - could reasonably be expected to prohibit, restrict or delay consummation of the Offer; or
 - otherwise could reasonably be expected to materially adversely affect the business, properties, assets, liabilities, capitalization, shareholders' equity, financial condition, operations, licenses or results of operations of us or any of our subsidiaries or affiliates, taken as a whole;
- a tender or exchange offer for any or all of our outstanding shares (other than this Offer), or any merger, acquisition, business combination or other similar transaction with or involving us or any subsidiary, has been proposed, announced or made by any person or entity or has been publicly disclosed or we shall have entered into a definitive agreement or an agreement in principle with any person with respect to any merger, acquisition, business combination or other similar transaction;
- any approval, permit, authorization, favorable review or consent of any governmental entity required to be obtained in connection with the Offer, and of which we have been notified after the date of the Offer, has not been obtained on terms satisfactory to us in our reasonable discretion;
- any person (including a group) shall have acquired or proposed to acquire beneficial ownership of more than 5% of the outstanding shares (other than anyone who publicly disclosed such ownership in a filing with the SEC before November 14, 2019), any person or group which has made such a filing before November 14, 2019 shall acquire or publicly announce its proposal to acquire an additional 1% or more of our outstanding shares, or a new group shall have been formed that beneficially owns (as a group) more than 5% of our outstanding shares; or
- we determine that the consummation of the Offer and the purchase of the shares is reasonably likely to:
 - cause the shares to be held of record by less than 300 persons; or
 - cause the shares to be delisted from NYSE or to be eligible for deregistration under the Exchange Act.

The conditions referred to above are for our sole benefit and may be asserted by us regardless of the circumstances giving rise to any of these conditions, and may be waived by us, in whole or in part, at any time and from time to time in our reasonable discretion before the Expiration Time. Any determination by us concerning the events described in this section will be final and binding upon all persons.

8. Price Range of Shares; Dividends

Price Range of Shares. The shares are traded on the NYSE under the symbol “TARO.” The following table sets forth, for each of the periods indicated, the high and low sales prices per share as reported by the NYSE based on published financial sources.

	High	Low
Year Ended December 31, 2017:		
First Quarter	124.52	98.65
Second Quarter	120.60	102.52
Third Quarter	117.18	94.00
Fourth Quarter	128.46	102.60
Year Ended December 31, 2018:		
First Quarter	108.53	93.01
Second Quarter	121.23	97.07
Third Quarter	117.76	95.75
Fourth Quarter	109.18	76.93
Year Ended December 31, 2019:		
First Quarter	109.00	83.64
Second Quarter	109.42	82.76
Third Quarter	87.39	75.00
Fourth Quarter (through November 14, 2019)	81.76	72.97

On November 14, 2019, the last full trading day before announcement and commencement of the Offer, the NYSE closing price per share of our ordinary shares was \$76.22. **We urge shareholders to obtain a current market price for the shares before deciding whether to tender their shares.**

Dividends. On November 5, 2018, our Board of Directors declared a \$500 million special cash dividend on our ordinary shares. The special dividend was paid on December 28, 2018 to shareholders of record at the close of business on December 11, 2018. We currently intend to retain our earnings to finance the development of our business, but such policy may change depending upon, among other things, our earnings, financial condition and capital requirements.

9. Source and Amount of Funds

Assuming that the Offer is fully subscribed, the aggregate purchase price will be \$225 million. We expect that expenses for the Offer will be approximately \$1.6 million.

We anticipate that we will pay for the shares tendered in the Offer and all expenses applicable to the Offer from cash and cash equivalents and short-term and long-term marketable securities. The Offer is not conditioned upon the receipt of financing, although it is subject to certain other conditions. See Sections 7 and 10.

10. Certain Information Concerning the Company

Overview of Our Business

We are a multinational, science-based pharmaceutical company. We develop, manufacture and market Rx and OTC pharmaceutical products primarily in the United States, Canada and Israel. Our primary focus includes semi-solids formulations, such as creams and ointments, and other dosage forms, such as liquids, capsules and tablets, in the dermatological and topical, cardiovascular, neuropsychiatric and anti-inflammatory therapeutic categories. We operate principally through three entities: Taro Pharmaceutical Industries Ltd., and two of its subsidiaries, Taro Pharmaceuticals Inc. (“Taro Canada”) and Taro Pharmaceuticals U.S.A., Inc. (“Taro U.S.A.”).

Major Shareholders

As of November 14, 2019, Sun Pharma beneficially owned approximately 76.5% of the outstanding ordinary shares and 100% of the Company's founders' shares, representing in the aggregate approximately 84.4% of the voting power in the Company. Dilip Shanghvi, along with entities controlled by him and members of his family, controls 54.6% of Sun Pharma. Sun Pharma has informed us that it will not participate in the Offer. Assuming the completion of the Offer, the relative ownership interest of Sun Pharma in the Company will increase.

Sun Pharma Holdings ("Sun Holdings") and Sun Pharmaceuticals Industries Inc. ("SPII") are each direct and indirect wholly-owned subsidiaries, respectively, of Sun Pharma. Alkaloida Chemical Company Exclusive Group Ltd. ("Alkaloida") is an indirect subsidiary of Sun Pharma. Taro Development Corporation ("TDC") is a subsidiary of SPII, and Morley and Company, Inc. ("Morley") is a subsidiary of TDC. The business address of Sun Holdings is St. Louis Business Centre, CNR Desroches & St Louis Street, Port Louis, Republic of Mauritius. The business address of SPII is 2 Independence Way, Princeton, NJ 08540, United States, and its business telephone number is +1-609-720-9200. The business address of Alkaloida is Kabay János u. 29, H-4440 Tiszavasvári, Hungary, and its business telephone number is +36-42-275-511. The business address of TDC is 2 Independence Way, Princeton, NJ 08540, United States, and its business telephone number is +1-609-720-9200. The business address of Morley is 2 Independence Way, Princeton, NJ 08540, United States, and its business telephone number is +1-609-720-9200.

- Sun Pharma shares voting and dispositive power of 29,497,813 ordinary shares, of which 58,500 ordinary shares are held by Sun Holdings, 27,105,511 ordinary shares are held by Alkaloida, and 2,333,802 ordinary shares are held indirectly by SPII.
- Sun Holdings shares voting and dispositive power of 27,164,011 ordinary shares, of which 27,105,511 ordinary shares are held by Alkaloida.
- Alkaloida shares voting and dispositive power of 27,105,511 ordinary shares.
- SPII shares voting and dispositive power of 2,333,802 ordinary shares, of which 2,333,022 ordinary shares are held by TDC, and 780 ordinary shares are held by Morley.
- TDC shares voting and dispositive power of 2,333,802 ordinary shares, of which 780 ordinary shares are held by Morley.

Information About Directors and Executive Officers of Sun Pharma

Directors. Unless otherwise indicated, the telephone number of each director of Sun Pharma is +91-22-6645-5645.

<u>Name</u>	<u>Address</u>
Dilip Shanghvi	Sun Pharmaceutical Industries Limited, Sun House, 201/B1, Western Express Highway, Goregaon (East), Mumbai – 400063, India
Israel Makov	Sun Pharmaceutical Industries Limited, Sun House, 201/B1, Western Express Highway, Goregaon (East), Mumbai – 400063, India
Sudhir Valia	Sun Pharmaceutical Industries Limited, Sun House, 201/B1, Western Express Highway, Goregaon (East), Mumbai – 400063, India
Sailesh Desai	Sun Pharmaceutical Industries Limited, Sun House, 201/B1, Western Express Highway, Goregaon (East), Mumbai – 400063, India

[Table of Contents](#)

<u>Name</u>	<u>Address</u>
Ms. Rekha Sethi	Sun Pharmaceutical Industries Limited, Sun House, 201/B1, Western Express Highway, Goregaon (East), Mumbai – 400063, India
Kalyansundaram Subramanian	Sun Pharmaceutical Industries Limited, Sun House, 201/B1, Western Express Highway, Goregaon (East), Mumbai – 400063, India
Vivek Chaand Sehgal	Sun Pharmaceutical Industries Limited, Sun House, 201/B1, Western Express Highway, Goregaon (East), Mumbai – 400063, India
Gautam Doshi	Sun Pharmaceutical Industries Limited, Sun House, 201/B1, Western Express Highway, Goregaon (East), Mumbai – 400063, India

Executive Officers. Unless otherwise indicated, the telephone number of each executive officer of Sun Pharma is +91-22-6645-5645.

<u>Name</u>	<u>Address</u>
Rajamannar Munirathnam Thennati	Sun Pharmaceutical Industries Limited, Nima Compound, Tandalja, Baroda – 390020, India
Dineshkumar R Desai	Sun Pharmaceutical Industries Limited, Sun House, Plot No. 201/B1, Western Express Highway, Goregaon (East), Mumbai – 400063, India
Rakesh Mehta	Sun Pharmaceutical Industries Limited, Sun House, Plot No. 201/B1, Western Express Highway, Goregaon (East), Mumbai – 400063, India
Azadar Husain Khan	Sun Pharmaceutical Industries Limited, 8-C, 8th Floor, Hansalya Building, 15-Barakhamba Road, Connaught Place, New Delhi – 110001, India
Subhas Bhowmick	Sun Pharmaceutical Industries Limited, Nima Compound, Tandalja, Baroda – 390020, India
Prashant Narendra Kane	Sun Pharmaceutical Industries Limited, Nima Compound, Tandalja, Baroda – 390020, India
Prakash Ladke Naik	Sun Pharmaceutical Industries Limited, Plot No. B-2, Madkai Industrial Estate, Madkai, Ponda-Goa (India) – 403404, India
Atanu Roy	Sun Pharmaceutical Industries Limited, Sun House, Plot No. 201/B1, Western Express Highway, Goregaon (East), Mumbai – 400063, India
Anil Kumar Jain	Sun Pharmaceutical Industries Limited, Acme Plaza, Andheri Kurla Road, Andheri – East, Mumbai – 400059, India
Mohan Prasad	Sun Pharmaceutical Industries Limited, Sarhaul, Sector 18, Gurugram – 122015 (Harayana), India
Sanjay Deshmukh	Sun Pharmaceutical Industries Limited, Sun House, Plot No. 201/B1, Western Express Highway, Goregaon (East), Mumbai – 400063, India

[Table of Contents](#)

<u>Name</u>	<u>Address</u>
Davinder Singh Marwah	Sun Pharmaceutical Industries Limited, Sun House, Plot No. 201/B1, Western Express Highway, Goregaon (East), Mumbai – 400063, India
C S Muralidharan	Sun Pharmaceutical Industries Limited, Sun House, Plot No. 201/B1, Western Express Highway, Goregaon (East), Mumbai – 400063, India
Sreenivasrao Nandigam	Sun Pharmaceutical Industries Limited, Sun House, Plot No. 201/B1, Western Express Highway, Goregaon (East), Mumbai – 400063, India
Sapna Purohit	Sun Pharmaceutical Industries Limited, Sun House, Plot No. 201/B1, Western Express Highway, Goregaon (East), Mumbai – 400063, India
Prakash Venkatraman	Sun Pharmaceutical Industries Limited, Acme Plaza, Andheri Kurla Road, Andheri – East, Mumbai – 400059, India
Subramanian Kalyanasundaram	Sun Pharmaceutical Industries Limited, Sun House, Plot No. 201/B1, Western Express Highway, Goregaon (East), Mumbai – 400063, India
Aalok Dilip Shangvi	Sun Pharmaceutical Industries Limited, Sun House, Plot No. 201/B1, Western Express Highway, Goregaon (East), Mumbai – 400063, India
Vidhi Dilip Shangvi	Sun Pharmaceutical Industries Limited, Sun House, Plot No. 201/B1, Western Express Highway, Goregaon (East), Mumbai – 400063, India
Sunil R Ajmera	Sun Pharmaceutical Industries Limited, Acme Plaza, Andheri Kurla Road, Andheri – East, Mumbai – 400059, India
Ashok Indulal Bhuta	Sun Pharmaceutical Industries Limited, Sun House, Plot No. 201/B1, Western Express Highway, Goregaon (East), Mumbai – 400063, India
Rakesh Chandra Sinha	Sun Pharmaceutical Industries Limited, Sun House, Plot No. 201/B1, Western Express Highway, Goregaon (East), Mumbai – 400063, India
Kirti Wardhaman Ganorkar	Sun Pharmaceutical Industries Limited, Sun House, Plot No. 201/B1, Western Express Highway, Goregaon (East), Mumbai – 400063, India

Where You Can Find More Information

In addition to the requirements of applicable securities laws in Israel, we are subject to the informational requirements of the Exchange Act and, in accordance therewith, file annual reports with and furnish other information to the SEC relating to our business, financial condition and other matters. The SEC maintains a Web site at www.sec.gov that contains reports, proxy statements and other information regarding issuers that file electronically with it. We make available free of charge at www.taro.com (in the “Investor Relations” section) copies of materials we file with, or furnish to, the SEC.

We also have filed an Issuer Tender Offer Statement on Schedule TO (defined below) with the SEC that includes additional information relating to the Offer. The Issuer Tender Offer Statement on Schedule TO, together with any exhibits and amendments thereto, may be examined and copies may be obtained at the same places and in the same manner as set forth above.

Incorporation by Reference

The rules of the SEC allow us to “incorporate by reference” information into this document, which means that we can disclose important information to you by referring you to another document filed separately with the SEC. The following documents contain important information about us and we incorporate them by reference:

- Annual Report on Form 20-F for the fiscal year ended March 31, 2019 filed with the SEC on June 20, 2019.
- Report on 6-K furnished to the SEC on August 8, 2019.
- Report on 6-K furnished to the SEC on November 4, 2019.

In addition, all reports on Form 6-K that we furnish to the SEC indicating, to the extent expressly designated therein, that they are so incorporated into this Offer to Purchase, in each case after the date hereof and prior to the expiration of or termination of the Offer, will also be incorporated by reference into this Offer to Purchase. Any statement contained in any document incorporated by reference into this Offer to Purchase shall be deemed to be modified or superseded to the extent that an inconsistent statement is made in this Offer to Purchase or any subsequently filed document. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Offer to Purchase.

You can obtain any of the documents incorporated by reference in this document from us or from the SEC’s website at the address described above. Documents incorporated by reference are available from us without charge, excluding any exhibits to those documents, at our principal executive office located at Taro Pharmaceutical Industries Ltd., 3 Skyline Drive, Hawthorne, NY 10532. Please be sure to include your complete name and address in your request. If you request any incorporated documents, we will promptly mail them to you by first class mail, or another equally prompt means. You may also find additional information by visiting our website at <https://www.taro.com>. Information on or accessible through our website does not form part of the Offer and is not incorporated by reference in this Offer to Purchase.

11. Interests of Directors and Executive Officers; Transactions and Arrangements Concerning the Shares

As of November 14, 2019, there were 38,538,796 ordinary shares issued and outstanding. At the minimum Final Purchase Price, we would repurchase a maximum of 2,812,500 shares and at the maximum Final Purchase Price, we would repurchase a maximum of 2,445,652 shares, which represent approximately 7.3% and 6.3%, respectively, of the Company’s currently outstanding ordinary shares.

Only one of our directors and executive officers directly owns any shares in the Company. As of November 14, 2019, Michele Visosky directly owned an aggregate of 258 shares, representing less than 0.01% of the total number of outstanding shares. Our directors and executive officers are entitled to participate in the Offer on the same basis as other stockholders. Ms. Visosky has indicated that she intends to tender all 258 of her shares. Dilip Shanghvi, along with entities controlled by him and members of his family, controls 54.6% of Sun Pharma. As of November 14, 2019, Sun Pharma beneficially owned approximately 76.5% of the outstanding shares and 100% of the Company’s founders’ shares, representing in the aggregate approximately 84.4% of the voting power in the Company.

After the Offer, our directors and executive officers may, in compliance with applicable law, sell their shares in open market transactions, including through one or more pre-arranged stock trading plans in accordance with Rule 10b5-1 of the Exchange Act, at prices that may be more favorable than the purchase price to be paid to our shareholders in the Offer.

[Table of Contents](#)

Sun Pharma has informed us that it will not participate in the Offer. Assuming we purchase 2,812,500 shares in the Offer (the maximum amount at the minimum Final Purchase Price), based on Sun Pharma's current share ownership, the proportional beneficial ownership of Sun Pharma will be approximately 82.6% of the ordinary shares, which together with Sun Pharma's 100% ownership of the Company's founders' shares would result in 88.4% of the voting power of the Company being held by Sun Pharma.

Share Ownership by Directors and Executive Officers

The following table sets forth information with respect to the beneficial ownership of our ordinary shares by our directors and executive officers, as of November 14, 2019. Unless otherwise indicated, the address of each of the beneficial owners identified is c/o Taro Pharmaceutical Industries Ltd., c/o Taro Pharmaceuticals U.S.A., Inc., 3 Skyline Drive, Hawthorne, NY 10532.

<u>Name of Beneficial Owner</u>	<u>Shares</u>	<u>Percentage of Outstanding Shares</u>
Dilip Shanghvi(1)		0.0%
Abhay Gandhi		0.0%
Sudhir Valia(2)		0.0%
Uday Baldota		0.0%
Linda Benshoshan		0.0%
Elli Streit		0.0%
Dov Pekelman		0.0%
James Kedrowski		0.0%
Mariano Balaguer		0.0%
Stephen Manzano, Esq.		0.0%
Avi Avramoff, Ph.D.		0.0%
Itamar Karsenti		0.0%
Michele Visosky*		0.0%
Chantal LeBlanc		0.0%
Richard Glaze		0.0%
Ori Gutwerg		0.0%

* Less than 0.01%.

- (1) Dilip Shanghvi, along with entities controlled by him and members of his family, controls 54.6% of Sun Pharma. As of November 14, 2019, Sun Pharma beneficially owned approximately 76.5% of the outstanding shares and 100% of the Company's founders' shares, representing in the aggregate approximately 84.4% of the voting power in the Company.
- (2) Sudhir Valia is also a director of Sun Pharma. As of November 14, 2019, Sun Pharma beneficially owned approximately 76.5% of the outstanding shares and 100% of the Company's founders' shares, representing in the aggregate approximately 84.4% of the voting power in the Company. Sudhir Valia is a brother-in-law of Mr. Shanghvi.

1999 Stock Incentive Plan

The Company's 1999 Stock Incentive Plan ("1999 Plan") provided for the issuance of incentive stock options, non-qualified stock options, or stock appreciation rights to key employees and associates of the Company and its subsidiaries. As of November 14, 2019, the Company's executive officers and directors held no options to purchase ordinary shares. No further options are available for future grants under the 1999 plan.

As of November 14, 2019, no options were outstanding.

Recent Securities Transactions

Based on our records and to the best of our knowledge after having made a reasonably inquiry, no transactions in our ordinary shares have been effected in the past 60 days by us or our executive officers, directors, affiliates or subsidiaries or by the executive officers or directors of our subsidiaries.

During the past 60 days, the Company has not undertaken any transactions with respect to the ordinary shares.

Agreements and Arrangements

On November 4, 2019, the Taro Board of Directors approved a \$300 million share repurchase of ordinary shares. As of November 15, 2019, our capacity under our share repurchase program was approximately \$300 million. The repurchase of up to \$225 million of our ordinary shares in this Offer will constitute a portion of this repurchase program. Commencing at least ten business days following the expiration or termination of the Offer, we may purchase additional ordinary shares in the open market subject to market conditions and may also purchase ordinary shares in private transactions, exchange offers, tender offers or otherwise. Any of these purchases may be on the same terms as, or on terms more or less favorable to shareholders than, the terms of the Offer.

The Company has substantial relationships with Sun Pharma. Certain of the members of the Company's Board of Directors are also on Sun Pharma's Board of Directors, including the Company's Chairman, Dilip Shanghvi, who is also the Managing Director of Sun Pharma and a member of its Board of Directors. In addition, certain of the Company's officers and executives are also executives of Sun Pharma.

Since 2013, the Company has entered into various commercial transactions, including product distribution and logistics, manufacturing and service agreements with Sun Pharma.

The Company reviews each of these transactions and believes that the terms of these transactions are comparable to those offered by or that could be obtained from unrelated third parties. Pursuant to Israeli requirements, all material transactions were presented to the Audit Committee, which determined that each such transaction was not considered extraordinary, as defined in the Israeli Companies Law and therefore did not require shareholder approval. The Audit Committee further determined the approval requirements for the different types of transactions.

Sun Pharma and Taro renewed a services arrangement (the "Services Agreement") effective April 1, 2018, that allows the companies to share the services of certain employees of the respective companies involved in certain North American management and operations functions in North America in the following areas: Human Resources, Information Technology, Legal (including intellectual property matters), OTC, Management, Procurement, certain aspects of Commercial and Customer Service, Finance (Accounts Receivable, Accounts Payable, Government Pricing, Gross-to-Net and Tax Compliance), Regulatory Affairs (Canada only), Supply Chain and Operations (management services only), and Travel Related Services (each a "Service Area").

In April 2017, the Board of Directors approved for Taro to negotiate an agreement with Sun Pharma whereby Taro's U.S. branded products team will advertise and promote a combined portfolio of Taro and Sun Pharma corticosteroid products. The agreement between Taro U.S.A. and Sun Pharma went into effect on May 1, 2017. Under this agreement, Sun Pharma sold its products to customers and paid Taro a percentage of the net sales for Taro's promotional services. Taro discontinued the promotion of its U.S. branded products effective March 31, 2019, and terminated the agreement.

In May 2018, Taro Canada signed an agreement with Sun Pharma's affiliate, Ranbaxy Pharmaceuticals Canada Inc., under which Taro Canada acts as the exclusive distributor for a portfolio of Sun Pharma and Ranbaxy products in Canada. Under this agreement, Taro Canada purchases and controls inventory; additionally, Sun Pharma and Ranbaxy pay Taro Canada a sales and distribution fee.

The companies are required to maintain records (the “Service Reports”) of the costs associated with the provision of the services under the Services Agreement, and allocate such costs between companies, based upon the approved allocation methodologies for each Service Area. The Services Agreement requires our Audit Committee to review the Service Reports on a semi-annual basis and the Services Agreement, as a whole, on an annual basis to determine its efficacy and whether it is in the Company’s best interests.

12. Effects of the Tender Offer on the Market for Shares; Registration under the Exchange Act

The purchase by us of shares under the Offer will reduce the number of shares that might otherwise be traded publicly and is likely to reduce the number of shareholders. As a result, trading of a relatively small volume of the shares after consummation of the Offer may have a greater impact on trading prices than would be the case prior to consummation of the Offer.

We believe that there will be a sufficient number of shares outstanding and publicly traded following completion of the Offer to ensure a continued trading market for the shares. Based upon published guidelines of the NYSE, we do not believe that our purchase of shares under the Offer will cause the remaining outstanding shares to be delisted from the NYSE. It is a condition of our obligation to purchase shares pursuant to the Offer that such purchase of shares will not cause the shares to be delisted from the NYSE nor to be held of record by less than 300 persons. See Section 7.

Shares are currently “margin securities” under the rules of the Federal Reserve Board. This has the effect, among other things, of allowing brokers to extend credit to their customers using such shares as collateral. We believe that, following the purchase of shares under the Offer, the shares will continue to be “margin securities” for purposes of the Federal Reserve Board’s margin rules and regulations.

The shares are registered under the Exchange Act, which requires, among other things, that we furnish certain information to our shareholders and the SEC and comply with the SEC’s proxy rules in connection with meetings of our shareholders.

At the maximum Final Purchase Price of \$92.00 per share, the Company would purchase 2,445,652 shares if the Offer is fully subscribed, which would represent approximately 6.3% of the issued and outstanding shares as of November 14, 2019. At the minimum Final Purchase Price of \$80.00 share, the Company would purchase 2,812,500 shares if the Offer is fully subscribed, which would represent approximately 7.3% of the issued and outstanding shares as of November 14, 2019. If the Company were to purchase approximately 6.3% of the issued and outstanding shares, the pro forma earnings per share for the six-month period ended September 30, 2019 would increase approximately 6.9% as a result of the purchase. If the Company were to purchase approximately 7.3% of the issued and outstanding shares, the pro forma earnings per share for the six-month period ended September 30, 2019 would increase approximately 8.0% as a result of the purchase.

13. Legal Matters; Regulatory Approvals

We are not aware of any license or regulatory permit that is material to our business that might be adversely affected by our acquisition of shares as contemplated by the Offer or of any approval or other action by any government or governmental, administrative or regulatory authority or agency, domestic, foreign or supranational, regarding antitrust or any other regulatory matters that would be required for the acquisition or ownership of shares by us as contemplated by the Offer. Should any such approval or other action be required, we presently contemplate that we will seek that approval or other action. We are unable to predict whether we will be required to delay the acceptance for payment of or payment for shares tendered under the Offer pending the outcome of any such matter. There can be no assurance that any such approval or other action, if needed, would be obtained or would be obtained without substantial cost or conditions or that the failure to obtain the approval or other action might not result in adverse consequences to its business and financial condition. Our obligations under the Offer to accept for payment and pay for shares is subject to conditions. See Section 7.

14. Material U.S. Federal Income Tax and Israeli Income Tax Consequences

Material U.S. Federal Income Tax Consequences for U.S. Holders

General. The following discussion is a summary of the material U.S. federal income tax consequences to U.S. Holders (as defined below) with respect to a sale of shares for cash pursuant to the Offer. The discussion is based upon the provisions of the Code, Treasury regulations, administrative pronouncements of the Internal Revenue Service (“IRS”) and judicial decisions, all in effect as of the date hereof and all of which are subject to change, possibly with retroactive effect, or differing interpretations. The discussion does not address all aspects of U.S. federal income taxation that may be relevant to a particular shareholder in light of the shareholder’s particular circumstances or to certain types of shareholders subject to special treatment under the U.S. federal income tax laws, such as financial institutions, tax-exempt organizations, insurance companies, dealers in securities or currencies, employee benefit plans, U.S. Holders whose “functional currency” is not the U.S. dollar, former citizens or residents of the United States, taxpayers electing a mark-to-market method of accounting, shareholders that have owned, directly, indirectly or through attribution, 10% or more of the stock of the Company by vote or value, partnerships or other entities or arrangements treated as partnerships or pass-through entities for U.S. federal income tax purposes (or investors in such entities or arrangements), shareholders holding the shares as part of a conversion transaction or constructive sale transaction, as part of a hedge or hedging transaction, or as a position in a straddle for U.S. federal income tax purposes or persons who received their shares through exercise of employee share options or otherwise as compensation. In addition, the discussion below does not consider the effect of the Medicare tax on net investment income, any alternative minimum taxes, state or local or non-U.S. taxes or any U.S. federal tax laws other than those pertaining to income taxation. The discussion assumes that the shares are held as “capital assets” within the meaning of Section 1221 of the Code (generally, assets held for investment purposes). We have neither requested nor obtained a written opinion of counsel or a ruling from the IRS with respect to the tax matters discussed below.

As used herein, a “U.S. Holder” means a beneficial owner of shares that is, for U.S. federal income tax purposes, (i) an individual who is a citizen or resident of the United States, (ii) a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) that is created or organized in or under the laws of the United States, any state thereof or the District of Columbia, (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source, or (iv) a trust if (x) a court within the United States is able to exercise primary supervision over the administration of the trust, and one or more U.S. persons have the authority to control all substantial decisions of the trust, or (y) it has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person. If a partnership (or other entity or arrangement treated as a partnership for U.S. federal income tax purposes) holds shares, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. A partnership holding shares and partners in such partnership should consult their tax advisors about the U.S. federal income tax consequences of a sale of shares for cash pursuant to the Offer.

The Offer should have no U.S. federal income tax consequences to shareholders that do not tender any shares in the Offer.

Each shareholder should consult its own tax advisor as to the particular U.S. federal income tax consequences to such shareholder of tendering shares pursuant to the Offer and the applicability and effect of any state, local or non-U.S. tax laws and other tax consequences with respect to the Offer.

Characterization of Sale of Shares Pursuant to the Offer. The sale of shares by a shareholder for cash pursuant to the Offer will be a taxable transaction for U.S. federal income tax purposes. The U.S. federal income tax consequences to a U.S. Holder may vary depending upon the U.S. Holder’s particular facts and circumstances and will generally be treated as either a sale of shares by the U.S. Holder or the receipt of a distribution with respect to the shares. Under Section 302 of the Code, the sale of shares by a shareholder for cash pursuant to the Offer will be treated as a “sale or exchange” of shares for U.S. federal income tax purposes, rather than as a distribution with respect to the shares held by the tendering U.S. Holder, if the sale (i) results in a “complete

termination” of the U.S. Holder’s equity interest in us under Section 302(b)(3) of the Code, (ii) is a “substantially disproportionate” redemption with respect to the U.S. Holder under Section 302(b)(2) of the Code, or (iii) is “not essentially equivalent to a dividend” with respect to the U.S. Holder under Section 302(b)(1) of the Code, each as described below (the “Section 302 Tests”).

Special “constructive ownership” rules will apply in determining whether any of the Section 302 Tests has been satisfied. A U.S. Holder must take into account not only the shares that are actually owned by the U.S. Holder, but also shares that are constructively owned by the U.S. Holder within the meaning of Section 318 of the Code. Very generally, a U.S. Holder may constructively own shares actually owned, and in some cases constructively owned, by certain members of the U.S. Holder’s family and certain entities (such as corporations, partnerships, trusts and estates) in which the U.S. Holder has an equity interest, as well as shares the U.S. Holder has an option to purchase.

The receipt of cash by a U.S. Holder will be a “complete termination” of the U.S. Holder’s equity interest if either (i) the U.S. Holder owns none of our shares either actually or constructively immediately after the shares are sold pursuant to the Offer, or (ii) the U.S. Holder actually owns none of our shares immediately after the sale of shares pursuant to the Offer and, with respect to shares constructively owned by the U.S. Holder immediately after the Offer, the U.S. Holder is eligible to waive, and effectively waives, constructive ownership of all such shares under procedures described in Section 302(c)(2) of the Code and the applicable Treasury regulations. U.S. Holders intending to satisfy the “complete termination” test through waiver of the constructive ownership rules should consult their own tax advisors.

The receipt of cash by a U.S. Holder will be a “substantially disproportionate” redemption if the percentage of our outstanding voting stock (including shares) actually and constructively owned by the U.S. Holder immediately following the sale of shares pursuant to the Offer is less than 80% of the percentage of our outstanding voting stock (including shares) actually and constructively owned by the U.S. Holder immediately before the sale of shares pursuant to the Offer.

Even if the receipt of cash by a U.S. Holder fails to satisfy the “complete termination” test or the “substantially disproportionate” test, a U.S. Holder may nevertheless satisfy the “not essentially equivalent to a dividend” test if the U.S. Holder’s surrender of shares pursuant to the Offer results in a “meaningful reduction” in the U.S. Holder’s interest in us. Whether the receipt of cash by a U.S. Holder will be “not essentially equivalent to a dividend” will depend upon the U.S. Holder’s particular facts and circumstances. The IRS has indicated in published rulings that even a small reduction in the proportionate interest of a small minority shareholder in a publicly held corporation who exercises no control over corporate affairs may constitute a “meaningful reduction.”

Contemporaneous dispositions or acquisitions of shares by a U.S. Holder or related individuals or entities may be deemed to be part of a single integrated transaction and may be taken into account in determining whether the Section 302 Tests have been satisfied. Each U.S. Holder should be aware that, because proration may occur in the Offer, even if all the shares actually and constructively owned by a shareholder are tendered pursuant to the Offer, fewer than all of these shares may be purchased by us. Thus, proration may affect whether the sale of shares by a shareholder pursuant to the Offer will meet any of the Section 302 Tests. See Section 6 for information regarding an option to make a conditional tender of a minimum number of shares. U.S. Holders should consult their own tax advisors regarding whether to make a conditional tender of a minimum number of shares, and the appropriate calculation thereof.

U.S. Holders should consult their own tax advisors regarding the application of the three Section 302 Tests to their particular facts and circumstances, including the effect of the constructive ownership rules on their sale of shares pursuant to the Offer.

Sale or Exchange Treatment. If any of the above three Section 302 Tests is satisfied, and the sale of the shares pursuant to the Offer is therefore treated as a “sale or exchange” for U.S. federal income tax purposes, the

tendering U.S. Holder will recognize gain or loss equal to the difference, if any, between the amount of cash received by the U.S. Holder and such holder's adjusted tax basis in the shares sold pursuant to the Offer. Generally, a U.S. Holder's adjusted tax basis in the shares will be equal to the cost of the shares to the U.S. Holder. Subject to the discussion of the passive foreign investment company rules below, any gain or loss will be capital gain or loss, and generally will be long-term capital gain or loss if the U.S. Holder's holding period for the shares that were sold exceeds one year as of the date of the purchase by us pursuant to Offer. Certain non-corporate U.S. Holders (including individuals) are generally eligible for reduced rates of U.S. federal income tax in respect of long-term capital gain. A U.S. Holder's ability to deduct capital losses is subject to limitations under the Code. A U.S. Holder must calculate gain or loss separately for each block of shares (generally, shares acquired at the same cost in a single transaction) that we purchase from the U.S. Holder pursuant to the Offer. A U.S. Holder tendering its shares in the Offer may be able to designate, generally through its broker, which blocks of shares it wishes to tender in the Offer if less than all of its shares are tendered in the Offer, and the order in which different blocks will be purchased by us in the event of proration under the Offer. U.S. Holders owning more than one block of shares should consult their tax advisors concerning the mechanics and desirability of any such designation and the tax consequences of tendering shares pursuant to the Offer.

In general, amounts treated as gain or loss from a "sale or exchange" of shares will be United States source gain or loss for United States foreign tax credit purposes. Consequently, a U.S. Holder may not be able to credit any Israeli tax imposed on the sale of our shares unless such credit can be applied (subject to applicable limitations) against tax due on other foreign source income.

Distribution Treatment. If none of the Section 302 Tests are satisfied, the tendering U.S. Holder will be treated as having received a distribution by us with respect to the U.S. Holder's shares in an amount equal to the cash received by such U.S. Holder pursuant to the Offer. Subject to the discussion of the passive foreign investment company rules below, the distribution would be treated as a dividend to the extent of such U.S. Holder's pro rata share of our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. Such a dividend would be taxed in its entirety as ordinary income without a reduction for the U.S. Holder's adjusted tax basis of the shares exchanged and the adjusted tax basis of such exchanged shares would be added to the adjusted tax basis of the U.S. Holder's remaining shares, if any (and may be lost if the U.S. Holder does not retain any shares after the Offer). Non-corporate U.S. Holders (including individuals) generally will be subject to U.S. federal income taxation at a preferential rate on amounts treated as dividends; *provided* that (i) the shares are readily tradable on an established securities market in the United States or we are eligible for benefits under a comprehensive United States income tax treaty which the IRS has approved for these purposes, (ii) we are not a "passive foreign investment company", or "PFIC", in the taxable year in which such dividends are paid or in the preceding taxable year and (iii) certain other requirements are met. We believe that the shares are readily tradable on an established securities market in the United States, that we are eligible for benefits under a qualifying treaty and, as discussed below, that we have not been and are not now a PFIC. U.S. Holders should consult their own tax advisors as to the rate of tax that would apply with respect to any amounts received in the Offer that is treated as a dividend. Amounts treated as a dividend will generally not be eligible for the dividends received deduction that might be otherwise available to corporate holders. The amount of any distribution in excess of our current or accumulated earnings and profits would be treated as a return of the U.S. Holder's adjusted tax basis in the shares (with a corresponding reduction in such U.S. Holder's adjusted tax basis until reduced to zero), and thereafter as gain from the sale or exchange of the shares as described above.

We expect to have sufficient earnings and profits at the time of the repurchase such that a U.S. Holder will be treated as receiving a dividend if the repurchase of its shares pursuant to the Offer is not entitled to sale or exchange treatment under Section 302 of the Code.

Amounts treated as a dividend will be treated as foreign source income for U.S. federal income tax purposes. Subject to various limitations, a U.S. Holder may elect to claim a foreign tax credit against its U.S. federal income tax liability for any Israeli income tax paid with respect to such dividend income. The limitation on foreign taxes eligible for credit is calculated separately with respect to specific classes of income. For this

purpose, any amount treated as a dividend will generally be categorized as “passive category income” for United States foreign tax credit purposes. U.S. Holders who do not elect to claim the foreign tax credit may instead claim a deduction for Israeli income tax paid, but only for a year in which the U.S. Holder elects to do so with respect to all foreign income taxes. The rules relating to the foreign tax credit determination are complex. Accordingly, U.S. Holders should consult their own tax advisors to determine whether and to what extent they may be entitled to the credit.

Passive Foreign Investment Company Status. The Company believes that it has not been and it is not currently a “passive foreign investment company” (“PFIC”) for U.S. federal income tax purposes. Generally, a PFIC is a non-U.S. corporation that, in any tax year, receives passive income in an amount equal to 75% or more of its gross income or holds assets for the production of passive income representing 50% or more of the average quarterly value of its assets determined, broadly speaking, on a consolidated basis with its subsidiaries. A company’s status as a PFIC must be determined every year based on the income, assets and operations of the company for that year. The determination of the value of our assets may depend in part upon the value of our goodwill not reflected on our balance sheet (which may depend on the market value of our shares from time to time, which may be volatile). Because the Company’s status as a PFIC is a factual determination that must be determined annually, no assurance can be provided that the Company will not be a PFIC in the current or any future year.

If the Company is treated as a PFIC in any year in which a U.S. Holder has held our shares, certain adverse consequences could apply to payments made with respect to the Offer, including that (i) gain on the disposition of shares could be treated as ordinary income and subject to additional tax in the nature of interest, (ii) amounts treated as distributions on the shares may fail to qualify for the preferential rates of taxation as described above and may be subject to additional tax in the nature of interest and (iii) additional reporting requirements may apply to U.S. Holders. U.S. Holders should consult with their tax advisors as to the effect of these rules on their tender of shares pursuant to the Offer.

Information Reporting and Backup Withholding. Payments made in connection with the Offer may be subject to information reporting to the IRS and possible backup withholding (at a 24% rate). Backup withholding may apply to payments of gross proceeds to a U.S. Holder unless the shareholder provides its correct taxpayer identification number, certifies that it is not subject to backup withholding and otherwise complies with the backup withholding rules. Each U.S. Holder tendering its shares pursuant to the Offer should complete and sign the IRS Form W-9 included with the Letter of Transmittal in order to provide the information and certifications necessary to avoid backup withholding.

Certain shareholders (including, among others, corporations) are not subject to these information reporting and backup withholding tax rules. See Instruction 10 of the Letter of Transmittal for additional information about backup withholding. Backup withholding is not an additional tax. Amounts withheld under the backup withholding rules may be credited against the shareholder’s U.S. federal income tax liability and may entitle the shareholder to a refund of any excess amounts withheld, provided that the required information is timely furnished by the shareholder to the IRS.

The above discussion is not intended to constitute a complete analysis of all U.S. tax consequences relating to participating in the Offer. You should consult your own tax advisor concerning the tax consequences applicable in your particular situation.

Material Israeli Income Tax Consequences

The following discussion summarizes the material Israeli income tax consequences of the Offer applicable to the Company’s shareholders whose ordinary shares are tendered and accepted for payment pursuant to the Offer and the potential implications for shareholders who decide not to tender their shares pursuant to the Offer (in this section, the “Selling Shareholders” and the “Non-Selling Shareholders”, respectively). The following

discussion is based on the Israeli Income Tax Ordinance (New Version), 5721-1961 (the “Ordinance”), the regulations promulgated thereunder, administrative rulings and pronouncements, all of which are subject to change, possibly with retroactive effect. Any such change could alter the tax considerations discussed below. There can be no assurance that the Israeli Tax Authority (the “ITA”) or a court will not take a position contrary to the Israeli income tax considerations discussed herein or that any such contrary position taken by the ITA or a court would not be sustained. This discussion addresses only ordinary shares that are held as capital assets (generally, assets held for investment), the disposition of which is classified as capital gain, within the meaning of the Ordinance. This discussion does not address all of the tax consequences that may be relevant to shareholders in light of their particular circumstances or certain types of shareholders subject to special treatment.

The tax discussion set forth below is based on present law. Because individual circumstances may differ, we recommend that shareholders consult their tax advisors to determine the applicability of the rules discussed below to them and the particular tax effects of the Offer, including the application of Israeli or other tax laws or the availability of relief under any applicable tax treaty.

THE SUMMARY BELOW DOES NOT DISCUSS THE EFFECTS OF ANY NON-ISRAELI TAX LAWS. WE RECOMMEND THAT HOLDERS OF ORDINARY SHARES WHO ARE U.S. HOLDERS CONSULT THEIR TAX ADVISORS REGARDING THE U.S. FEDERAL, STATE AND LOCAL INCOME TAX CONSEQUENCES OF THE OFFER. FOR A DISCUSSION OF MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS, SEE ABOVE UNDER “MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES.”

Characterization of the Purchase. The Ordinance does not address explicitly the issue of share buy-backs and the realization and characterization of income (or lack thereof) by either the Selling Shareholders or the Non-Selling Shareholders. Generally, receipt of cash for the sale of ordinary shares pursuant to the Offer will be treated as a taxable transaction for Israeli income tax purposes, pursuant to which a holder of ordinary shares will be treated as having sold such ordinary shares. However, following recent court cases, the ITA published a circular (the “Circular”) generally re-characterizing a disproportionate share-buyback as: (i) a deemed dividend to the Non-Selling Shareholders and (ii) potentially re-characterizing a portion of the consideration of the Selling Shareholders from sale proceeds into a dividend.

The Circular mentions that in the case of a public company conducting a share buy-back on the market from time to time in an “immaterial percentage”, the ITA “will tend not” to classify the transaction as aforementioned. For the purpose of our discussion, we assume that the share buy-back will be treated in its entirety as a sale for the Selling Shareholders and would not be taxable for the Non-Selling Shareholders.

Because the Circular is relatively new and there is no clear market practice in this regard, there is no guarantee how the share buy-back will be treated by the ITA and the courts.

A re-characterization of the shareholders’ income may have withholding implications for the Company with respect to the component classified as a dividend or deemed dividend.

General. Israeli law generally imposes a capital gains tax on a sale or disposition of any capital assets by Israeli residents, as defined for Israeli tax purposes, and on the sale of assets located in Israel or that represent rights in Israel, including shares in Israeli companies (such as the Company), by non-Israeli residents, unless a specific exemption is available or unless a tax treaty between Israel and the shareholder’s country of residence provides otherwise.

Tax Rates. Pursuant to the Ordinance and the regulations promulgated thereunder, the tax rate applicable to capital gains derived from the sale of ordinary shares listed on a stock market is 25% for Israeli individuals, unless such shareholder claims a deduction for financing expenses in connection with such ordinary shares, in

which case the gain generally will be taxed at a rate of 30%. Additionally, if such shareholder is considered a “significant shareholder” at any time during the 12-month period preceding such sale, *i.e.*, such shareholder holds directly or indirectly, including with others, at least 10% of any “means of control” in the company, the tax rate is 30%. However, the foregoing tax rates will not apply to: (i) dealers in securities or shareholders for whom the shares are not capital assets (who might be subject to tax on the sale as business income); (ii) shareholders who acquired their ordinary shares prior to the Company’s initial public offering (who may be subject to a different tax arrangement); and (iii) in some cases, shareholders who received their ordinary shares through the exercise of employee stock options or otherwise as compensation. Companies are subject to the corporate tax rate on capital gains derived from the sale of ordinary shares (currently 23%). Generally speaking, in the calculation of the capital gain, both the cost base and certain exempt inflationary component need to be extracted.

Non-Israeli Residents. Non-Israeli residents generally will be exempt from capital gains tax on the sale of the ordinary shares, provided that such shareholders did not acquire their shares prior to the Company’s initial public offering and that the gains did not derive from a permanent establishment of such shareholders in Israel. However, non-Israeli corporations will not be entitled to such exemption if Israeli residents (i) have a controlling interest of 25% or more in such non-Israeli corporation, or (ii) are the beneficiaries of, or are entitled to, 25% or more of the revenues or profits of such non-Israeli corporation, whether directly or indirectly.

In addition, pursuant to the Convention between the Government of the United States of America and the Government of Israel with Respect to Taxes on Income, as amended (the “US-Israel Tax Treaty”), the sale, exchange or disposition of ordinary shares by a person who (i) holds the ordinary shares as a capital asset, (ii) qualifies as a resident of the United States within the meaning of the US-Israel Tax Treaty, and (iii) is entitled to claim the benefits afforded to such U.S. resident by the US-Israel Tax Treaty (such person is referred to as a “U.S. Treaty Resident”), generally will not be subject to Israeli capital gains tax unless such U.S. Treaty Resident held, directly or indirectly, ordinary shares representing 10% or more of the voting power of the Company during any part of the 12-month period preceding the sale, exchange or disposition, subject to certain conditions, or the capital gains can be allocated to a permanent establishment of such U.S. Treaty Resident in Israel. If the exemption is not available, such sale, exchange or disposition would be subject to Israeli capital gains tax to the extent applicable. Under the US-Israel Tax Treaty, such U.S. Treaty Resident would be permitted to claim a credit for Israeli income tax against the U.S. federal income tax imposed on the disposition, subject to the limitations in the U.S. tax laws applicable to foreign tax credits.

Israeli Withholding Tax. The gross proceeds payable to a tendering shareholder in the Offer generally will be subject to Israeli withholding tax at the rate of 25% of the purchase price. Notwithstanding the foregoing, should any tendering shareholder present us with (A) a valid approval from the ITA, in customary form and substance satisfactory to us, stating that no withholding, or reduced withholding, of Israeli tax is required with respect to such payment or providing any other instructions regarding tax withholding (a “Valid Tax Certificate”), then we will act in accordance with such Valid Tax Certificate; or (B) a validly executed Declaration of Status for Israeli Income Tax Purposes, in a form which will be attached to the Letter of Transmittal (a “Tax Declaration”), then, unless we are instructed otherwise by the ITA, we will not withhold Israeli tax from the payment made to such tendering shareholder. A Tax Declaration may only be submitted by, or with respect to, the following categories of tendering shareholders:

- (i) tendering shareholders (a) who acquired their ordinary shares after the Company’s initial public offering; (b) who are not “5% shareholders” (as defined below); (c) who certify that they are NOT, and have not been since the purchase of the shares, “residents of Israel” for purposes of the Ordinance; (d) in the case of a corporation, that no Israeli residents (x) hold 25% or more of the “means to control” such corporation or (y) are the beneficiaries of, or entitled to, 25% or more of the revenues or profits of such corporation, whether directly or indirectly; and (e) whose shares are not derived from the exercise of options granted in relation to employment or provision of services or otherwise linked to employment or provision of services.
- (ii) tendering shareholders (a) who acquired their ordinary shares after the Company’s initial public offering, (b) who are not “5% shareholders” (as defined below) and (c) who hold their ordinary shares

through an eligible Israeli broker or Israeli financial institution. **In the case of these tendering shareholders, the eligible Israeli broker or Israeli financial institution must sign and submit the applicable declaration stating that such Israeli broker or Israeli financial institution will be responsible for the Israeli tax withholding.** For this category of shareholders, payment will be made by the Company without any Israeli withholding at source, and the relevant Israeli broker or Israeli financial institution will withhold Israeli tax, if any, as required by Israeli law.

A “5% shareholder” means a holder of the Company’s shares who holds or is entitled to purchase, directly or indirectly, alone or together with a “relative” thereof, one of the following:

1. At least 5% of the issued and outstanding share capital of the Company.
2. At least 5% of the voting rights of the Company.
3. The right to receive at least 5% of the Company’s profits or its assets upon liquidation.
4. The right to appoint a director.

A “relative” of a person means the spouse, brother, sister, parents, grandparents, descendants and the descendants of the spouse of such person, and the spouse of any of the foregoing.

More specifically, the Depositary may be required to withhold tax at the rate of 25% of the gross proceeds payable to a shareholder pursuant to the Offer, unless such shareholder, upon the terms and conditions set forth in the Letter of Transmittal:

- (1) certifies, by completing the Tax Declaration delivered to such shareholder that: such shareholder (A) is NOT, and has not been since the purchase of the shares, a “resident of Israel” for purposes of the Ordinance, and if it is a corporation that is NOT a “resident of Israel”—that Israeli residents are NOT “controlling shareholders” (as defined under Section 68A of the Ordinance) of such corporation, nor are Israeli residents the beneficiaries of, or entitled to, 25% or more of such corporation’s revenues or profits, whether directly or indirectly; (B) holds less than 5% of the issued and outstanding shares of the Company; and (C) acquired his/her/its ordinary shares after the Company’s initial public offering, or
(2) holds its ordinary shares beneficially through an eligible bank, broker or financial institution resident in Israel, so long as the bank, broker or financial institution certifies, by completing the Tax Declaration delivered to it, that it (A) is holding the ordinary shares solely on behalf of a beneficial shareholder (so-called “street name” holder) that holds less than 5% of the issued and outstanding shares of the Company, and (B) is subject to the provisions of the Ordinance and regulations promulgated thereunder relating to the withholding of Israeli tax, including with respect to the gross proceeds (if any) paid by such bank, broker or financial institution to the beneficial shareholder with respect to the ordinary shares tendered on behalf of the beneficial shareholder.
In either such case (under (1) or (2) above), the Depositary will not withhold any Israeli withholding tax from the gross proceeds payable to such shareholder, or its bank, broker or financial institution, pursuant to the Offer; or
- provides the Depositary a Valid Tax Certificate. In such case, the Depositary will withhold Israeli tax (or not withhold, if such shareholder is entitled to an exemption) from the gross proceeds payable to the shareholder pursuant to the Offer in accordance with such Valid Tax Certificate.

WE RECOMMEND THAT YOU CONSULT YOUR TAX ADVISORS REGARDING THE APPLICATION OF ISRAELI INCOME AND WITHHOLDING TAXES (INCLUDING ELIGIBILITY FOR ANY WITHHOLDING TAX REDUCTION OR EXEMPTION, AND THE REFUND PROCEDURE).

PLEASE NOTE THAT IF A SHAREHOLDER TENDERS ITS ORDINARY SHARES TO THE DEPOSITARY AND PROVIDES A TAX DECLARATION, SUCH SHAREHOLDER ALSO CONSENTS TO

THE PROVISION OF SUCH TAX DECLARATION TO US AND TO THE ITA IN THE EVENT THAT THE ITA SO REQUESTS FOR PURPOSES OF AUDIT OR OTHERWISE.

ALL QUESTIONS AS TO THE VALIDITY, FORM OR ELIGIBILITY OF ANY TAX DECLARATION OR VALID TAX CERTIFICATE (INCLUDING TIME OF RECEIPT) AND, SUBJECT TO APPLICABLE LAW, THE WITHHOLDING OF ISRAELI TAXES, WILL BE DETERMINED BY US, IN OUR SOLE DISCRETION. This determination will be final and binding on all parties. We reserve the absolute right to reject any or all Tax Declarations or Valid Tax Certificates that we determine not to be in proper form or pursuant to which the failure to withhold any Israeli taxes may be unlawful. We also reserve, subject to applicable law, the absolute right, in our sole discretion, to waive any defect or irregularity in any Tax Declaration or Valid Tax Certificate of any particular shareholder, whether or not similar defects or irregularities are waived in the case of other shareholders. None of the Company, its affiliates, its assigns, the Dealer Manager, the Information Agent, the Depositary, its Israeli legal counsel or any other person will be under any duty to give notification of any defects or irregularities or incur any liability for failure to give any notification.

The Israeli withholding tax is not an additional tax. Rather, the Israeli income tax liability of shareholders subject to Israeli withholding tax will be reduced by the amount of Israeli tax withheld. If Israeli withholding tax results in an overpayment of Israeli taxes, the holder may apply to the ITA in a specific request or by submission of tax returns in order to obtain a refund. However, no assurance is given as to whether and when the ITA will grant such refund.

FAILURE TO COMPLETE AND RETURN A VALIDLY EXECUTED TAX DECLARATION OR PROVIDE A VALID TAX CERTIFICATE WILL RESULT IN ISRAELI TAX WITHHOLDING OF 25% ON ANY PAYMENTS MADE TO YOU PURSUANT TO THE OFFER.

EACH HOLDER SHOULD CONSULT ITS TAX ADVISOR AS TO THE PARTICULAR TAX CONSEQUENCES TO IT OF THE OFFER, INCLUDING THE APPLICATION AND EFFECT OF U.S. FEDERAL, STATE AND LOCAL, AND ISRAELI AND OTHER NON-U.S. TAX LAWS AND POSSIBLE CHANGES IN TAX LAWS.

15. Extension of the Tender Offer; Termination; Amendment

Notwithstanding anything to the contrary contained herein, we expressly reserve the right, in our sole discretion, at any time and from time to time, and regardless of whether or not any of the events set forth in Section 7 shall have occurred or shall be deemed by us to have occurred, to extend the period of time during which the Offer is open and thereby delay acceptance for payment of, and payment for, any shares by giving oral or written notice of such extension to the Depositary and making a public announcement of such extension. We also expressly reserve the right to terminate the Offer and not accept for payment or pay for any shares not theretofore accepted for payment or paid for or, subject to applicable law, to postpone payment for shares upon the occurrence of any of the conditions specified in Section 7 hereof by giving oral or written notice of such termination or postponement to the Depositary and making a public announcement of such termination or postponement. Our reservation of the right to delay payment for shares which we have accepted for payment is limited by Rule 13e-4(f)(5) promulgated under the Exchange Act, which requires that we pay the consideration offered or return the shares tendered promptly after termination or withdrawal of a tender offer. Subject to compliance with applicable law, we further reserve the right, in our sole discretion, and regardless of whether any of the events set forth in Section 7 shall have occurred or shall be deemed by us to have occurred, to amend the Offer in any respect, including, without limitation, by decreasing or increasing the consideration offered in the Offer to holders of shares or by decreasing or increasing the aggregate value of shares being sought in the Offer. Amendments to the Offer may be made at any time and from time to time effected by public announcement, such announcement, in the case of an extension, to be issued no later than 9:00 a.m., New York City time, on the next business day after the last previously scheduled or announced Expiration Time. Any public announcement made under the Offer will be disseminated promptly to shareholders in a manner reasonably designed to inform

shareholders of such change. Without limiting the manner in which we may choose to make a public announcement, except as required by applicable law, we shall have no obligation to publish, advertise or otherwise communicate any such public announcement other than by making a release through Business Wire or another comparable service. In addition, we would file such press release as an exhibit to the Schedule TO.

If we materially change the terms of the Offer or the information concerning the Offer, we will extend the Offer to the extent required by Rules 13e-4(d)(2), 13e-4(e)(3) and 13e-4(f)(1) promulgated under the Exchange Act. These rules and certain related releases and interpretations of the SEC provide that the minimum period during which a tender offer must remain open following material changes in the terms of the Offer or information concerning the Offer (other than a change in price or a change in percentage of securities sought) will depend on the facts and circumstances, including the relative materiality of such terms or information; however, in no event will the Offer remain open for fewer than five business days following such a material change in the terms of, or information concerning, the Offer. If (1)(a) we change either of the per share purchase price options or add additional per share purchase price options, (b) decrease the aggregate value of shares being sought in the Offer (and thereby decrease the number of shares purchasable in the Offer), or (c) increase the aggregate value of shares being sought in the Offer (and thereby increase the number of shares purchasable in the Offer), and, such increase in the number of shares purchasable in the Offer exceeds 2% of our outstanding shares and (2) the Offer is scheduled to expire at any time earlier than the expiration of a period ending on the tenth business day from, and including, the date on which such notice of an increase or decrease is first published, sent or given to security holders in the manner specified in this Section 15, the Offer will be extended until the expiration of such period of ten business days.

16. Fees and Expenses

We have retained J.P. Morgan Securities LLC to act as Dealer Manager, MacKenzie Partners, Inc. to act as Information Agent and American Stock Transfer & Trust Company, LLC to act as Depositary in connection with the Offer. The Dealer Manager and the Information Agent may contact holders of shares by mail, facsimile and personal interviews and may request brokers, dealers and other nominee shareholders to forward materials relating to the Offer to beneficial owners. The Dealer Manager, the Information Agent and the Depositary will each receive reasonable and customary compensation for their respective services, will be reimbursed by us for reasonable out-of-pocket expenses and will be indemnified against certain liabilities in connection with the Offer, including certain liabilities under the federal securities laws.

J.P. Morgan Securities LLC and its affiliates have provided, and may in the future provide, various investment banking and other services to us for which future services we would expect they would receive customary compensation from us.

In the ordinary course of business, including in their respective trading and brokerage operations and in a fiduciary capacity, J.P. Morgan Securities LLC and its affiliates may hold positions, both long and short, for its own accounts and for those of its customers, in our securities. In addition, J.P. Morgan Securities LLC and its affiliates may tender shares into the Offer for their own account or the accounts of its customers.

We will not pay any fees or commissions to brokers, dealers, commercial banks, trust companies or other persons (other than fees to the Dealer Manager and the Information Agent as described above) for soliciting tenders of shares pursuant to the Offer. Shareholders holding shares through brokers, dealers, commercial banks, trust companies or other nominees are urged to consult such persons to determine whether transaction costs may apply if shareholders tender shares through by them and not directly to the Depositary. We will, however, upon request, reimburse brokers, dealers, commercial banks, trust companies and other nominees for customary mailing and handling expenses incurred by them in forwarding the Offer and related materials to the beneficial owners of shares held by them as a nominee or in a fiduciary capacity. No broker, dealer, commercial bank or trust company has been authorized to act as our agent or the agent of the Dealer Manager, the Information Agent or the Depositary for purposes of the Offer. We will pay or cause to be paid all stock transfer taxes, if any, on our purchase of shares, except as otherwise provided in Instruction 7 in the Letter of Transmittal.

Certain officers and employees of the Company may render services in connection with the Offer but they will not receive any additional compensation for such services.

17. Miscellaneous

We are not aware of any jurisdiction where the making of the Offer is prohibited by administrative or judicial action pursuant to any valid state statute. If we become aware of any valid state statute prohibiting the making of the Offer or the acceptance of the ordinary shares pursuant thereto, we will make a good faith effort to comply with such statute or seek to have such statute declared inapplicable to the Offer. If, after this good faith effort, we cannot comply with the state statute, subject to applicable law, the Offer will not be made to (nor will tenders be accepted from or on behalf of) holders of the ordinary shares in that state. In those jurisdictions where the securities, blue sky or other laws require the Offer to be made by a licensed broker or dealer, we will endeavor to make arrangements to have the Offer made on our behalf by one or more registered brokers or dealers licensed under the laws of such jurisdictions.

Pursuant to Rule 13e-4(c)(2) under the Exchange Act, we have filed with the SEC an Issuer Tender Offer Statement on Schedule TO, which contains additional information with respect to the Offer (the “Schedule TO”). Copies of the Schedule TO, including the exhibits and any amendments and supplements thereto, may be obtained at the same places and in the same manner as is set forth in Section 10 with respect to information concerning us.

You should only rely on the information contained in this document or to which we have referred you. We have not authorized any person to make any recommendation on behalf of us as to whether you should tender or refrain from tendering your shares or as to the price or prices at which you may choose to tender your shares in the Offer. We have not authorized any person to give any information or to make any representation in connection with the Offer other than those contained in this document or in the related Letter of Transmittal. If given or made, any recommendation or any such information or representation must not be relied upon as having been authorized by us, the Dealer Manager, the Information Agent or the Depositary.

November 15, 2019

Facsimile copies of the Letter of Transmittal, properly completed and duly executed, will be accepted. The Letter of Transmittal, certificates for shares and any other required documents should be sent or delivered by each shareholder of the Company or his or her broker, dealer, commercial bank, trust company or other nominee to the Depositary as follows:

The Depositary for the Offer is:



By Mail:
American Stock Transfer & Trust Company, LLC
Operations Center
Attn: Reorganization Department 6201 15th
Avenue
Brooklyn, New York 11219

*By Facsimile Transmission (for eligible
institutions only):*
1-718-234-5001

By Hand or Courier:
American Stock Transfer & Trust Company,
LLC
Operations Center
Attn: Reorganization Department 6201 15th
Avenue
Brooklyn, New York 11219

For Assistance Call: 1-877-248-6417 or 1-718-921-8317

DELIVERY OF THE LETTER OF TRANSMITTAL TO AN ADDRESS OTHER THAN AS SET FORTH ABOVE WILL NOT CONSTITUTE A VALID DELIVERY TO THE DEPOSITARY.

Questions and requests for assistance or for additional copies of this Offer to Purchase, the Letter of Transmittal and the Notice of Guaranteed Delivery may be directed to the Dealer Manager or the Information Agent at the telephone number and location listed below. You may also contact your broker, dealer, commercial bank, trust company or other nominee for assistance concerning the Offer.

The Information Agent for the Offer is:



MacKenzie Partners, Inc.
1407 Broadway
New York, New York 10018
(212) 929-5500
or
Call Toll-Free (800) 322-2885

Email: tenderoffer@mackenziepartners.com

The Dealer Manager for the Offer is:



J.P. Morgan Securities LLC
383 Madison Avenue
New York, New York 10179

Call Toll-Free: 1-877-371-5947

**LETTER OF TRANSMITTAL
TO TENDER ORDINARY SHARES
PURSUANT TO THE OFFER TO PURCHASE
DATED NOVEMBER 15, 2019**

by
TARO PHARMACEUTICAL INDUSTRIES LTD.
of

**UP TO \$225 MILLION IN VALUE OF SHARES OF ITS ORDINARY SHARES
AT A PURCHASE PRICE NOT GREATER THAN \$92.00 PER SHARE NOR LESS THAN \$80.00 PER SHARE**

**THE OFFER, PRORATION PERIOD AND WITHDRAWAL RIGHTS WILL EXPIRE AT 5:00 P.M.,
NEW YORK CITY TIME, ON MONDAY, DECEMBER 16, 2019, UNLESS THE OFFER IS EXTENDED.**

The Depositary for the Offer is:



By Mail:
American Stock Transfer & Trust
Company, LLC
Operations Center
Attn: Reorganization Department
6201 15th Avenue
Brooklyn, New York 11219

*By Facsimile Transmission
(for eligible institutions only):*
1-718-234-5001

By Hand or Courier:
American Stock Transfer & Trust
Company, LLC
Operations Center
Attn: Reorganization Department
6201 15th Avenue
Brooklyn, New York 11219

For Assistance Call: 1-877-248-6417 or 1-718-921-8317

The instructions set forth in this Letter of Transmittal should be read carefully before this Letter of Transmittal is completed.

Indicate below the order (by certificate number) in which shares are to be purchased in the event of proration (attach additional signed list if necessary). If you do not designate an order, if less than all shares tendered are purchased due to proration, shares will be selected for purchase by the Depositary. See Instruction 16.

1st: _____ 2nd: _____ 3rd: _____ 4th: _____ 5th: _____

☐ **Lost Certificates.** I have lost my certificate(s) for _____ shares and require assistance in replacing the shares.
(See Instruction 13).

DESCRIPTION OF SHARES TENDERED (See Instructions 3 and 4)

Name(s) and Address(es) of Registered Holders(s) (Please fill in, if blank, exactly as name(s) appear(s) on certificate(s))	Ordinary Shares Tendered (Attach Additional Signed List if Necessary)		
	Certificate Number(s)*	Total Number of Shares Represented by Certificate(s)*	Number of Shares Tendered**

* Need not be completed if shares are tendered by book-entry transfer.

** Unless otherwise indicated, it will be assumed that all shares described above are being tendered. See Instruction 4.

This Letter of Transmittal is to be used either if certificates for shares (as defined below) are to be forwarded herewith or, unless an agent's message (as defined in Section 3 of the Offer to Purchase (as defined below)) is utilized, if delivery of shares is to be made by book-entry transfer to an account maintained by the Depositary (as defined below) at the book-entry transfer facility (as defined in Section 3 of the Offer to Purchase) pursuant to the procedures set forth in Section 3 of the Offer to Purchase. Tendering stockholders whose certificates for shares are not immediately available or who cannot deliver either the certificates for, or a book-entry confirmation (as defined in Section 3 of the Offer to Purchase) with respect to, their shares and all other documents required hereby to the Depositary prior to the Expiration Time (as defined in Section 1 of the Offer to Purchase) must tender their shares in accordance with the guaranteed delivery procedures set forth in Section 3 of the Offer to Purchase. See Instruction 2.

Your attention is directed in particular to the following:

1. If you want to retain your shares, you do not need to take any action.
2. If you want to participate in the Offer (as defined below) and wish to maximize the chance that the Company (as defined below) will accept for payment the shares you are tendering by this Letter of Transmittal, you should check the box in the section captioned "Shares Tendered At Price Determined Under the Offer" below under the section captioned "Price (in Dollars) Per Share At Which Shares Are Being Tendered" and complete the other portions of this Letter of Transmittal as appropriate. You should understand that this election may effectively lower the Final Purchase Price and could result in your shares being purchased at the minimum price of \$80.00 per share, a price that is above the closing market price for the shares on November 14, 2019, the last full trading day before announcement and commencement of the Offer, when the New York Stock Exchange ("NYSE") closing price was \$76.22 per share.
3. If you wish to select a specific price at which you will be tendering your shares, you should check one of the boxes in the section captioned "Shared Tendered At Price Determined by Stockholder" under the section captioned "Price (in Dollars) Per Share At Which Shares Are Being Tendered" below and complete the other portions of this Letter of Transmittal as appropriate.

DELIVERY OF DOCUMENTS TO THE BOOK-ENTRY TRANSFER FACILITY DOES NOT CONSTITUTE DELIVERY TO THE DEPOSITARY.

- ☐ **CHECK HERE IF TENDERED SHARES ARE BEING DELIVERED BY BOOK-ENTRY TRANSFER MADE TO AN ACCOUNT MAINTAINED BY THE DEPOSITARY WITH THE BOOK-ENTRY TRANSFER FACILITY AND COMPLETE THE FOLLOWING (ONLY PARTICIPANTS IN THE BOOK-ENTRY TRANSFER FACILITY MAY DELIVER SHARES BY BOOK-ENTRY TRANSFER):**

Name of Tendering Institution: _____

Account Number: _____

Transaction Code Number: _____

- ☐ **CHECK HERE IF TENDERED SHARES ARE BEING DELIVERED PURSUANT TO A NOTICE OF GUARANTEED DELIVERY PREVIOUSLY SENT TO THE DEPOSITARY. ENCLOSE A PHOTOCOPY OF THE NOTICE OF GUARANTEED DELIVERY AND COMPLETE THE FOLLOWING:**

Name (s) of Registered Owner (s): _____

Date of Execution of Notice of Guaranteed Delivery: _____

Name of Institution that Guaranteed Delivery: _____

If delivered by book-entry transfer, check box: ☐

PRICE (IN DOLLARS) PER SHARE AT WHICH SHARES ARE BEING TENDERED
(See Instruction 5)

THE UNDERSIGNED IS TENDERING SHARES AS FOLLOWS (CHECK ONLY ONE BOX UNDER (1) OR (2) BELOW):

1. SHARES TENDERED AT PRICE DETERMINED UNDER THE OFFER

By checking the box below INSTEAD OF ONE OF THE BOXES UNDER “Shares Tendered At Price Determined By Stockholder,” the undersigned hereby tenders shares at the purchase price as shall be determined by the Company in accordance with the Offer.

- ☐ The undersigned wants to maximize the chance that the Company will accept for payment the shares the undersigned is tendering (subject to the possibility of proration). Accordingly, by checking this box instead of one of the price boxes below, the undersigned hereby tenders shares at, and is willing to accept, the purchase price determined by Company in accordance with the terms of the Offer. The undersigned understands that this action will result in the undersigned’s shares being deemed to be tendered at the minimum price of \$80.00 per share for purposes of determining the Final Purchase Price (as defined below). This may effectively lower the Final Purchase Price and could result in the undersigned receiving a per share price as low as \$80.00, a price that is above the closing market price for the shares on November 14, 2019, the last full trading day before announcement and commencement of the Offer, when the NYSE closing price was \$76.22 per share.

2. SHARES TENDERED AT PRICE DETERMINED BY STOCKHOLDER

By checking ONE of the following boxes INSTEAD OF THE BOX UNDER “Shares Tendered At Price Determined Under The Offer,” the undersigned hereby tenders shares at the price checked. The undersigned understands that this action could result in the Company purchasing none of the shares tendered hereby if the purchase price determined by the Company for the shares is less than the price checked below.

<input type="checkbox"/> \$80.00	<input type="checkbox"/> \$82.50	<input type="checkbox"/> \$85.00	<input type="checkbox"/> \$87.50	<input type="checkbox"/> \$90.00
<input type="checkbox"/> \$80.50	<input type="checkbox"/> \$83.00	<input type="checkbox"/> \$85.50	<input type="checkbox"/> \$88.00	<input type="checkbox"/> \$90.50
<input type="checkbox"/> \$81.00	<input type="checkbox"/> \$83.50	<input type="checkbox"/> \$86.00	<input type="checkbox"/> \$88.50	<input type="checkbox"/> \$91.00
<input type="checkbox"/> \$81.50	<input type="checkbox"/> \$84.00	<input type="checkbox"/> \$86.50	<input type="checkbox"/> \$89.00	<input type="checkbox"/> \$91.50
<input type="checkbox"/> \$82.00	<input type="checkbox"/> \$84.50	<input type="checkbox"/> \$87.00	<input type="checkbox"/> \$89.50	<input type="checkbox"/> \$92.00

CHECK ONLY ONE BOX UNDER (1) OR (2) ABOVE. IF MORE THAN ONE BOX IS CHECKED ABOVE OR IF NO BOX IS CHECKED, THERE IS NO PROPER TENDER OF SHARES.

A STOCKHOLDER DESIRING TO TENDER SHARES AT MORE THAN ONE PRICE MUST COMPLETE A SEPARATE LETTER OF TRANSMITTAL FOR EACH PRICE AT WHICH SHARES ARE TENDERED. THE SAME SHARES CANNOT BE TENDERED AT MORE THAN ONE PRICE UNLESS PREVIOUSLY PROPERLY WITHDRAWN AS PROVIDED IN SECTION 4 OF THE OFFER TO PURCHASE.

ODD LOTS
(See Instruction 15)

To be completed ONLY if shares are being tendered by or on behalf of a person owning, beneficially or of record, an aggregate of fewer than 100 shares. The undersigned either (check one box):

- ☐ is the beneficial or record owner of an aggregate of fewer than 100 shares, all of which are being tendered; or
- ☐ is a broker, dealer, commercial bank, trust company, or other nominee that (a) is tendering for the beneficial owner(s), shares with respect to which it is the record holder, and (b) believes, based upon representations made to it by the beneficial owner(s), that each such person is the beneficial owner of an aggregate of fewer than 100 shares and is tendering all of the shares.

CONDITIONAL TENDER
(See Instruction 14)

A tendering stockholder may condition the tender of shares upon the Company purchasing a specified minimum number of the shares tendered, all as described in Section 6 of the Offer to Purchase. Unless at least the minimum number of shares you indicate below is purchased by the Company pursuant to the terms of the Offer, none of the shares tendered by you will be purchased. **It is the tendering stockholder's responsibility to calculate the minimum number of shares that must be purchased if any are purchased, and each stockholder is urged to consult his, her or its own tax advisor before completing this section.** Unless this box has been checked and a minimum specified, your tender will be deemed unconditional.

- ☐ The minimum number of shares that must be purchased from me, if any are purchased from me, is: _____ shares.

If, because of proration, the minimum number of shares designated will not be purchased, the Company may accept conditional tenders by random lot, if necessary. However, to be eligible for purchase by random lot, the tendering stockholder must have tendered all of his, her or its shares and checked this box:

- ☐ The tendered shares represent all shares held by the undersigned.

Ladies and Gentlemen:

The undersigned hereby tenders to Taro Pharmaceutical Industries Ltd. (the “Company”) the above-described ordinary shares, New Israeli Shekel (“NIS”) 0.0001 nominal (par) value per share (the “ordinary shares” or “shares”), of the Company, on the terms and subject to the conditions set forth in the Company’s Offer to Purchase dated November 15, 2019 (the “Offer to Purchase”), and this Letter of Transmittal (which, together with any amendments or supplements thereto or hereto, collectively constitute the “Offer”), receipt of which is hereby acknowledged. Capitalized terms used herein without definition have the meanings set forth in the Offer to Purchase.

Subject to and effective on acceptance for payment of, and payment for, the shares tendered with this Letter of Transmittal in accordance with the terms and subject to the conditions of the Offer, the undersigned hereby sells, assigns and transfers to, or upon the order of, the Company, all right, title and interest in and to all the shares that are being tendered hereby and irrevocably constitutes and appoints American Stock Transfer & Trust Company, LLC (the “Depository”), the true and lawful agent and attorney-in-fact of the undersigned (understanding that the Depository is also acting as agent for the Company), with full power of substitution (such power of attorney being deemed to be an irrevocable power coupled with an interest), to the full extent of the undersigned’s rights with respect to such shares, to (a) deliver certificates for such shares or transfer ownership of such shares on the account books maintained by the book-entry transfer facility, together, in any such case, with all accompanying evidences of transfer and authenticity to, or upon the order of the Company, (b) present such shares for cancellation and transfer on the Company’s books and (c) receive all benefits and otherwise exercise all rights of beneficial ownership of such shares, all in accordance with the terms and subject to the conditions of the Offer.

The undersigned hereby represents and warrants that the undersigned has full power and authority to tender, sell, assign and transfer the shares tendered hereby and that, when the same are accepted for purchase by the Company, the Company will acquire good title thereto, free and clear of all security interests, liens, restrictions, claims and encumbrances, and the same will not be subject to any adverse claim or right. The undersigned will, on request by the Depository or the Company, execute and deliver any additional documents deemed by the Depository or the Company to be necessary or desirable to complete the sale, assignment and transfer of the shares tendered hereby, all in accordance with the terms of the Offer.

All authority conferred or agreed to be conferred pursuant to this Letter of Transmittal shall be binding on the successors, assigns, heirs, personal representatives, executors, administrators and other legal representatives of the undersigned and shall not be affected by, and shall survive, the death or incapacity of the undersigned. The valid tender of shares by the undersigned by one of the procedures described in the Offer to Purchase will constitute a binding agreement between the undersigned and the Company on the terms of, and subject to the conditions to, the Offer, which agreement will be governed by the laws of the State of New York.

The undersigned understands that the valid tender of shares pursuant to any of the procedures described in Section 3 of the Offer to Purchase and in the instructions to this Letter of Transmittal will constitute a binding agreement between the undersigned and the Company on the terms and subject to the conditions of the Offer.

It is a violation of Rule 14e-4 promulgated under the Exchange Act (as defined in the Offer to Purchase) for a person acting alone or in concert with others, directly or indirectly, to tender shares for such person’s own account unless at the time of tender and at the Expiration Time such person has a “net long position” in (a) the shares that is equal to or greater than the amount tendered and will deliver or cause to be delivered such shares for the purpose of tender to the Company within the period specified in the Offer, or (b) other securities immediately convertible into, exercisable for or exchangeable into shares (“Equivalent Securities”) that is equal to or greater than the amount tendered and, upon the acceptance of such tender, will acquire such shares by conversion, exchange or exercise of such Equivalent Securities to the extent required by the terms of the Offer and will deliver or cause to be delivered such shares so acquired for the purpose of tender to the Company within the period specified in the Offer. Rule 14e-4 also provides a similar restriction applicable to the tender or guarantee of a tender on behalf of another person. A tender of shares made pursuant to any method of delivery set forth in this Letter of Transmittal will constitute the undersigned’s representation and warranty to the Company that (a) the undersigned has a “net long position” in shares or Equivalent Securities being tendered within the meaning of Rule 14e-4, and (b) such tender of shares complies with Rule 14e-4.

The name(s) and address(es) of the registered holder(s) should be printed, if they are not already printed above, exactly as they appear on the certificates evidencing shares tendered. The certificate numbers, the number of shares evidenced by the certificates, the number of shares that the undersigned wishes to tender, and the price at which the shares are being tendered should be set forth in the appropriate boxes above.

The undersigned understands that the Company will designate a single per share price that the Company will pay for shares properly tendered and not properly withdrawn from the Offer, taking into account the total number of shares tendered and the prices specified by tendering stockholders. The Company will select the lowest purchase price, not greater than \$92.00 per share nor less than \$80.00 per share, that will allow it to purchase ordinary shares having an aggregate purchase price of \$225 million, or a lower amount depending on the number of ordinary shares properly tendered and not properly withdrawn (such purchase price, the “Final Purchase Price”). Only shares validly tendered at prices at or below the Final Purchase Price, and not properly withdrawn, will be eligible for purchase in the Offer. All ordinary shares acquired in the Offer will be acquired at the Final Purchase Price, including those ordinary shares tendered at a price lower than the Final Purchase Price. However, due to the “odd lot” priority, proration and conditional tender offer provisions described in this Offer to Purchase, all of the shares tendered may not be purchased if the number of shares properly tendered at or below the Final Purchase Price and not properly withdrawn have an aggregate value in excess of \$225 million (based on the Final Purchase Price).

The Company will purchase only those shares properly tendered and not properly withdrawn upon the terms and conditions of the Offer. All shares accepted for payment will be paid promptly after the Expiration Time, to the seller in cash, less any applicable withholding taxes and without interest. At the maximum Final Purchase Price of \$92.00 per share, we would purchase 2,445,652 shares if the Offer is fully subscribed, which would represent approximately 6.3% of the issued and outstanding shares as of November 14, 2019. At the minimum Final Purchase Price of \$80.00 per share, we would purchase 2,812,500 shares if the Offer is fully subscribed, which would represent approximately 7.3% of the issued and outstanding shares as of November 14, 2019.

Shares not purchased in the Offer will be returned at the Company’s expense promptly following the expiration of the Offer. The Company reserves the right, in its sole discretion, to change the stockholders’ per share purchase price options and to increase or decrease the aggregate value of shares sought in the Offer, subject to applicable law.

In accordance with the rules of the U.S. Securities and Exchange Commission, the Company may purchase in the Offer up to an additional 2% of the Company’s outstanding shares without amending or extending the Offer.

The Company will not purchase fractional shares, and the total number of shares the Company purchases will be rounded down to the largest number of whole shares that can be purchased for up to \$225 million.

Unless otherwise indicated herein under “Special Payment Instructions,” please issue the check for payment of the purchase price and/or return any certificates for shares not tendered or accepted for payment in the name(s) of the registered holder(s) appearing under “Description of Shares Tendered.” Similarly, unless otherwise indicated under “Special Delivery Instructions,” please mail the check for payment of the purchase price and/or return any certificates for shares not tendered or accepted for payment (and accompanying documents, as appropriate) to the address(es) of the registered holder(s) appearing under “Description of Shares Tendered.” In the event that both the “Special Delivery Instructions” and the “Special Payment Instructions” are completed, please issue the check for payment of the purchase price and/or return any certificates for shares not tendered or accepted for payment (and any accompanying documents, as appropriate) in the name(s) of, and deliver such check and/or return such certificates (and any accompanying documents, as appropriate) to, the person or persons so indicated. Please credit any shares tendered herewith by book-entry transfer that are not accepted for payment by crediting the account at the book-entry transfer facility designated above. The undersigned recognizes that the Company has no obligation pursuant to the “Special Payment Instructions” to transfer any shares from the name of the registered holder(s) thereof if the Company does not accept for payment any of the shares so tendered. The undersigned acknowledges that, as described in Instruction 7, if payment of the purchase price is to be made to, or if shares not tendered or accepted for payment are to be registered in the name of, any person(s) other than the registered owner(s), or if shares tendered hereby are registered in the name(s) of any person(s) other than the person(s) signing this Letter of Transmittal, the amount of any stock

transfer taxes (whether imposed on the registered owner(s) or such person(s)) payable on account of the transfer to such person(s) will be deducted from the purchase price unless satisfactory evidence of the payment of such taxes or exemption therefrom is submitted with this Letter of Transmittal.

NOTE: SIGNATURE MUST BE PROVIDED ON THE NEXT PAGE.

SPECIAL PAYMENT INSTRUCTIONS
(See Instructions 1, 6, 7 and 8)

To be completed ONLY if certificates for shares not tendered or not accepted for payment and/or the check for payment of the purchase price of shares accepted for payment are to be issued in the name of someone other than the undersigned, or if shares tendered hereby and delivered by book-entry transfer which are not purchased are to be returned by crediting them to an account at the book-entry transfer facility other than the account designated above.

Issue: ☐ Check ☐ Certificate(s) to:

Name _____
(Please Print)

Address _____
(Include Zip Code)

(Taxpayer Identification or Social Security Number)

(See Internal Revenue Service ("IRS") Form W-9 Included Herewith)

Check and complete if applicable:

☐ Credit shares delivered by book-entry transfer and not purchased to the account set forth below:

Account Number: _____

SPECIAL DELIVERY INSTRUCTIONS
(See Instructions 1, 6, 7 and 8)

To be completed ONLY if certificates for shares not tendered or not accepted for payment and/or the check for payment of the purchase price of shares accepted for payment are to be sent to someone other than the undersigned or to the undersigned at an address other than that above.

Mail: ☐ Check ☐ Certificate(s) to:

Name _____
(Please Print)

Address _____
(Include Zip Code)

(Taxpayer Identification or Social Security Number)

(See IRS Form W-9 Included Herewith)

SIGN HERE

Dated: _____, 2019

Name(s) _____

Capacity (full title)

Address _____

Daytime Area Code and Telephone Number: _____

Taxpayer Identification or Social Security Number:

GUARANTEE OF SIGNATURE(S)
(If Required—See Instructions 1 and 6)

Authorized Signature: _____

Name(s): _____
(Please Print)

Name of Firm:

Title:

Address

Daytime Area Code and Telephone Number:

Dated: _____, 2019

INSTRUCTIONS
Forming Part of the Terms and Conditions of the Offer

1. *Guarantee of Signatures.* No signature guarantee is required on this Letter of Transmittal if either (a) this Letter of Transmittal is by the registered holder(s) (which term, for purposes of this Instruction 1, includes any participant in the book-entry transfer facility's system whose name appears on a security position listing as the owner of the shares) of shares tendered herewith, unless such registered holder(s) has completed either the box entitled "Special Payment Instructions" or the box entitled "Special Delivery Instructions" on this Letter of Transmittal or (b) such shares are tendered for the account of a firm that is a member in good standing of a recognized Medallion Program approved by the Securities Transfer Association, Inc., including the Securities Transfer Agents Medallion Program, the New York Stock Exchange, Inc. Medallion Signature Program or the Stock Exchange Medallion Program, or is otherwise an "eligible guarantor institution," as that term is defined in Rule 17Ad-15 under the Securities Exchange Act of 1934, as amended (each, an "eligible institution"). In all other cases, all signatures on this Letter of Transmittal must be guaranteed by an eligible institution. Stockholders may also need to have any certificates they deliver endorsed or accompanied by a stock power, and the signatures on these documents also may need to be guaranteed. See Instruction 6.

2. *Requirements of Tender.* This Letter of Transmittal is to be completed by stockholders either if certificates are to be forwarded herewith or, unless an agent's message (as defined below) is utilized, if delivery of shares is to be made pursuant to the procedures for book-entry transfer set forth in Section 3 of the Offer to Purchase. For a stockholder validly to tender shares pursuant to the Offer, either (a) a Letter of Transmittal (a facsimile thereof), properly completed and duly executed, together with any required signature guarantees, or, in the case of a book-entry transfer, an agent's message, and any other required documents, must be received by the Depositary at one of its addresses set forth on the back of this Letter of Transmittal prior to the Expiration Time and either certificates for tendered shares must be received by the Depositary at one of such addresses or shares must be delivered pursuant to the procedures for book-entry transfer set forth herein (and a book-entry confirmation must be received by the Depositary), in each case prior to the Expiration Time, or (b) the tendering stockholder must comply with the guaranteed delivery procedures set forth below and in Section 3 of the Offer to Purchase.

Stockholders whose certificates for shares are not immediately available or who cannot deliver their certificates and all other required documents to the Depositary or complete the procedures for book-entry transfer prior to the Expiration Time may tender their shares by properly completing and duly executing the Notice of Guaranteed Delivery pursuant to the guaranteed delivery procedures set forth in Section 3 of the Offer to Purchase. Pursuant to those procedures, (a) tender must be made by or through an eligible institution, (b) a properly completed and duly executed Notice of Guaranteed Delivery, in the form provided by the Company, must be received by the Depositary prior to the Expiration Time and (c) the certificates for all tendered shares in proper form for transfer (or a book-entry confirmation with respect to all such shares), together with a Letter of Transmittal (or facsimile thereof), properly completed and duly executed, with any required signature guarantees, or, in the case of a book-entry transfer, an agent's message, and any other required documents, must be received by the Depositary, in each case within two trading days after the date of execution of the Notice of Guaranteed Delivery as provided in Section 3 of the Offer to Purchase. A "trading day" is any day on which the NYSE is open for business. The term "agent's message" means a message transmitted by the book-entry transfer facility to, and received by, the Depositary and forming a part of a book-entry confirmation, which states that such book-entry transfer facility has received an express acknowledgment from the participant in the book-entry transfer facility tendering the shares that such participant has received and agrees to be bound by the terms of this Letter of Transmittal and that the Company may enforce such agreement against such participant.

The method of delivery of shares, this Letter of Transmittal and all other required documents, including delivery through the book-entry transfer facility, is at the election and risk of the tendering stockholder. Shares will be deemed delivered only when actually received by the Depositary (including, in the case of a book-entry transfer, by book-entry confirmation). If delivery is by mail, registered mail with return receipt requested, properly insured, is recommended. In all cases, sufficient time should be allowed to ensure timely delivery.

Except as specifically provided by the Offer to Purchase, no alternative, conditional or contingent tenders will be accepted. No fractional shares will be purchased. All tendering stockholders, by execution of this Letter of Transmittal (or a facsimile hereof), waive any right to receive any notice of the acceptance for payment of their shares.

3. *Inadequate Space.* If the space provided in the box entitled “Description of Shares Tendered” in this Letter of Transmittal is inadequate, the certificate numbers and/or the number of shares stock should be listed on a separate signed schedule attached hereto.

4. *Partial Tenders (Not Applicable to Stockholders Who Tender by Book-Entry Transfer).* If fewer than all the shares represented by any certificate submitted to the Depositary are to be tendered, fill in the number of shares that are to be tendered in the box entitled “Number of Shares Tendered.” In that case, if any tendered shares are purchased, new certificate(s) for the remainder of the shares that were evidenced by the old certificate(s) will be sent to the registered holder(s), unless otherwise provided in the appropriate box on this Letter of Transmittal, as soon as practicable after the acceptance for payment of, and payment for, the shares tendered herewith. All shares represented by certificates delivered to the Depositary will be deemed to have been tendered unless otherwise indicated.

5. *Indication of Price at Which Shares Are Being Tendered.* For shares to be properly tendered, the stockholder MUST either (1) check the box in the section captioned “Shares Tendered At Price Determined Under The Offer” in order to maximize the chance of having the Company accept for payment the shares tendered (subject to the possibility of proration) or (2) check the box indicating the price per share at which such stockholder is tendering shares under “Shares Tendered At Price Determined by Stockholder.” Selecting option (1) may effectively lower the Final Purchase Price and could result in the stockholder receiving a price per share as low as \$80.00, a price that is above the closing market price for the shares on November 14, 2019, the last full trading day before announcement and commencement of the Offer, when the NYSE closing price was \$76.22 per share. ONLY ONE BOX UNDER (1) OR (2) MAY BE CHECKED. IF MORE THAN ONE BOX IS CHECKED OR IF NO BOX IS CHECKED, THERE IS NO PROPER TENDER OF SHARES. A STOCKHOLDER WISHING TO TENDER PORTIONS OF SUCH STOCKHOLDER’S SHARE HOLDINGS AT DIFFERENT PRICES MUST COMPLETE A SEPARATE LETTER OF TRANSMITTAL FOR EACH PRICE AT WHICH SUCH STOCKHOLDER WISHES TO TENDER EACH SUCH PORTION OF SUCH STOCKHOLDER’S SHARE HOLDINGS. The same shares cannot be tendered more than once or at more than one price unless previously properly and withdrawn as provided in Section 4 of the Offer to Purchase.

6. *Signatures on Letter of Transmittal, Stock Powers and Endorsements.* If this Letter of Transmittal is signed by the registered holder(s) of the shares tendered hereby, the signature(s) must correspond exactly with the name(s) as written on the face of the certificate(s) without any change whatsoever.

If any of the shares tendered hereby are owned of record by two or more joint owners, all such persons must sign this Letter of Transmittal.

If any shares tendered hereby are registered in different names on several certificates, it will be necessary to complete, sign and submit as many separate Letters of Transmittal as there are different registrations of certificates.

If this Letter of Transmittal or any certificate or stock power is signed by a trustee, executor, administrator, guardian, attorney-in-fact, officer of a corporation or other person acting in a fiduciary or representative capacity, he or she should so indicate when signing, and proper evidence satisfactory to the Company of his or her authority to so act must be submitted with this Letter of Transmittal.

If this Letter of Transmittal is signed by the registered owner(s) of the shares tendered hereby, no endorsements of certificates or separate stock powers are required unless payment of the purchase price is to be made, or certificates for shares not tendered or accepted for payment are to be issued, to a person other than the registered owner(s). Signatures on any such certificates or stock powers must be guaranteed by an eligible institution.

If this Letter of Transmittal is signed by a person other than the registered owner(s) of the shares tendered hereby, or if payment is to be made or certificate(s) for shares not tendered or not purchased are to be issued to a person other than the registered owner(s), the certificate(s) representing such shares must be properly endorsed for transfer or accompanied by appropriate stock powers, in either case signed exactly as the name(s) of the registered owner(s) appear(s) on the certificates(s). The signature(s) on any such certificate(s) or stock power(s) must be guaranteed by an eligible institution. See Instruction 1.

7. *Stock Transfer Taxes.* The Company will pay any stock transfer taxes with respect to the transfer and sale of shares to it pursuant to the Offer. If, however, payment of the purchase price is to be made to, or if shares not tendered or accepted for payment are to be registered in the name of, any person(s) other than the registered owner(s), or if shares tendered hereby are registered in the name(s) of any person(s) other than the person(s) signing this Letter of Transmittal, the amount of any stock transfer taxes (whether imposed on the registered owner(s) or such person(s)) payable on account of the transfer to such person(s) will be deducted from the purchase price unless satisfactory evidence of the payment of such taxes or exemption therefrom is submitted with this Letter of Transmittal.

Except as provided in this Instruction 7, it will not be necessary for transfer tax stamps to be affixed to the certificates listed in this Letter of Transmittal.

8. *Special Payment and Delivery Instructions.* If a check for the purchase price of any shares accepted for payment is to be issued name of, and/or certificates for any shares not accepted for payment or not tendered are to be issued in the name of and/or returned to, a person other than the signer of this Letter of Transmittal or if a check is to be sent, and/or such certificates are to be returned, to a person other than the signer of this Letter of Transmittal or to an address other than that shown above, the appropriate boxes on this Letter of Transmittal should be completed and signatures must be guaranteed as described in Instructions 1 and 6.

9. *Irregularities.* The Company will determine in its sole discretion all questions as to the number of shares to accept, and the validity, eligibility (including time of receipt), and acceptance for payment of any tender of shares. Any such determinations will be final and binding on all parties, subject to a stockholder's right to challenge our determination in a court of competent jurisdiction. The Company reserves the absolute right to reject any or all tenders of shares it determines not to be in proper form or the acceptance of which or payment for which may, in the Company's opinion, be unlawful. The Company also reserves the absolute right to waive any defect or irregularity in the tender of any particular shares, and the Company's interpretation of the terms of the Offer, including these instructions, will be final and binding on all parties. No tender of shares will be deemed to be properly made until all defects and irregularities have been cured or waived. Unless waived, any defects or irregularities in connection with tenders must be cured within such time as the Company shall determine. None of the Company, the Depositary, the Dealer Manager, the Information Agent (as defined in the Offer to Purchase) or any other person is or will be obligated to give notice of any defects or irregularities in tenders and none of them will incur any liability for failure to give any such notice.

10. *U.S. Federal Backup Withholding Tax.* Under the U.S. federal backup withholding tax rules, 24% of the gross proceeds payable to a stockholder or other payee in the Offer generally will be subject to withholding unless (i) the stockholder or other payee provides such person's taxpayer identification number (generally an employer identification number or social security number) to the Depositary or other payor and certifies under penalties of perjury that this number is correct and that such stockholder or payee is not subject to backup withholding or (ii) the stockholder or other payee is otherwise exempt from backup withholding. We understand that the Depositary intends to withhold unless it receives appropriate documentation that backup withholding does not apply to a particular stockholder. In the case of a U.S. Holder (as defined in Section 14 of the Offer to Purchase), such documentation is provided by submitting to the Depositary a properly completed copy of the IRS Form W-9 included with this Letter of Transmittal. See the accompanying instructions to IRS Form W-9 below for guidance on properly completing the form. In the case of a non-U.S. person, the relevant documentation is provided by submitting to the Depositary a properly completed IRS Form W-8, signed under penalties of perjury, attesting to such person's non-U.S. status. An IRS Form W-8 can be obtained from the Depositary or from the IRS website (<http://www.irs.gov>).

For additional information, see the discussion under "Important Tax Information" below and the instructions to IRS Forms W-8 or W-9, as applicable. **Stockholders are urged to consult with their tax advisors regarding possible qualifications for exemption from backup withholding tax and the procedure for obtaining any applicable exemption.**

11. *Declaration of Status for Israeli Income Tax Purposes ("Tax Declaration").* Each (i) stockholder surrendering certificates for payment who is eligible for an exemption from Israeli withholding tax (and who is not holding the shares

through an Israeli bank, broker or financial institution which is responsible for withholding Israeli tax) or (ii) Israeli bank, broker or financial institution, as described in Section 14 of the Offer to Purchase, is required to complete the Tax Declaration delivered to such stockholder or provide a Valid Tax Certificate. See also “Important Tax Information” below and the instructions to the Tax Declaration. Each holder must date and sign the Tax Declaration in the spaces indicated. Failure to provide the information on the form may subject the holder to Israeli income tax withholding at the rate of 25% of the purchase price.

12. *Requests for Assistance or Additional Copies.* Questions and requests for assistance or additional copies of the Offer to Purchase, this Letter of Transmittal, the Notice of Guaranteed Delivery, IRS Form W-9 and the Tax Declaration may be directed to the Information Agent at its address set forth on the last page of this Letter of Transmittal.

13. *Lost, Destroyed or Stolen Certificates.* If your certificate(s) for part or all of your shares has been lost, stolen, destroyed or mutilated you should contact American Stock Transfer & Trust Company, LLC’s Shareholder Service Department at 1-800-937-5449 for information regarding replacement of lost securities. You should also check the box for “Lost Certificates” in the appropriate box on page 1 and promptly send the completed Letter of Transmittal to the Depository. Upon receipt of your request by phone or Letter of Transmittal, the Depository will provide you with instructions on how to obtain a replacement certificate. You may be asked to post a bond to secure against the risk that the certificate may be subsequently recirculated. There may be a fee and additional documents may be required to replace lost certificates. This Letter of Transmittal and related documents cannot be processed until the procedures for replacing lost, stolen, destroyed or mutilated certificates have been followed. You are urged to send the properly completed Letter of Transmittal to the Depository immediately to ensure timely processing of documentation. If you have questions, you may contact the Depository’s Shareholder Service Department at 1-800-937-5449.

14. *Conditional Tenders.* As described in Sections 1 and 6 of the Offer to Purchase, stockholders may condition their tenders on all or a minimum number of their tendered shares being purchased.

If you wish to make a conditional tender, you must indicate this in the box captioned “Conditional Tender” in this Letter of Transmittal and, if applicable, in the Notice of Guaranteed Delivery. In the box in this Letter of Transmittal and, if applicable, in the Notice of Guaranteed Delivery, you must calculate and appropriately indicate the minimum number of shares that must be purchased from you if any are to be purchased from you.

As discussed in Sections 1 and 5 of the Offer to Purchase, proration may affect whether the Company accepts conditional tenders and may result in shares tendered pursuant to a conditional tender being deemed withdrawn if the required minimum number of shares would not be purchased. If, because of proration, the minimum number of shares that you designate will not be purchased, the Company may accept conditional tenders by random lot, if necessary. However, to be eligible for purchase by random lot, you must have tendered all your ordinary shares and checked the box so indicating. Upon selection by lot, if any, the Company will limit its purchase in each case to the designated minimum number of ordinary shares to be purchased.

All tendered ordinary shares will be deemed unconditionally tendered unless the “Conditional Tender” box is completed.

The conditional tender alternative is made available so that a stockholder may seek to structure the purchase of ordinary shares pursuant to the Offer in such a manner that the purchase will be treated as a sale of such ordinary shares by the stockholder, rather than the payment of a distribution to the stockholder, for U.S. federal income tax purposes. If you are an odd lot holder and you tender all of your ordinary shares, you cannot conditionally tender, since your ordinary shares will not be subject to proration. It is the tendering stockholder’s responsibility to calculate the minimum number of ordinary shares that must be purchased from the stockholder in order for the stockholder to qualify for sale (rather than distribution) treatment for U.S. federal income tax purposes. Each stockholder is urged to consult his or her own tax advisor. No assurances can be provided that a conditional tender will achieve the intended U.S. federal income tax results in all cases. See Section 14 of the Offer to Purchase.

15. *Odd Lots*. As described in Section 1 of the Offer to Purchase, if the Company is to purchase fewer than all shares properly tendered before the Expiration Time and not properly withdrawn, the shares purchased first will consist of all shares properly tendered by any stockholder who owned, beneficially or of record, an aggregate of fewer than 100 shares, and who tenders all of the holder's shares. This preference will not be available to you unless you complete the section captioned "Odd Lots" in this Letter of Transmittal and, if applicable, in the Notice of Guaranteed Delivery.

16. *Order of Purchase in Event of Proration*. As described in Section 1 of the Offer to Purchase, stockholders may designate the order in which their shares are to be purchased in the event of proration. The order of purchase may have an effect on the U.S. federal income tax classification of any gain or loss on the shares purchased. See Sections 1 and 14 of the Offer to Purchase.

IMPORTANT. This Letter of Transmittal (or a manually signed facsimile hereof), together with any required signature guarantees, or, in the case of a book-entry transfer, an agent's message, and any other required documents, must be received by the Depositary prior to the Expiration Time and either certificates for tendered shares must be received by the Depositary or shares must be delivered pursuant to the procedures for book-entry transfer, in each case prior to the Expiration Time, or the tendering stockholder must comply with the procedures for guaranteed delivery.

IMPORTANT TAX INFORMATION

United States

Under the U.S. federal backup withholding tax rules, 24% of the gross proceeds payable to a stockholder or other payee in the Offer generally will be subject to withholding unless (i) the stockholder or other payee provides such person's taxpayer identification number (generally an employer identification number or social security number) ("TIN") to the Depositary or other payor and certifies under penalties of perjury that this number is correct and that such stockholder or payee is not subject to backup withholding or (ii) the stockholder or other payee is otherwise exempt from backup withholding. We understand that the Depositary intends to withhold unless it receives appropriate documentation establishing that backup withholding does not apply to a particular stockholder. In the case of a U.S. Holder, such documentation is provided by submitting to the Depositary a properly completed copy of the IRS Form W-9 included with this Letter of Transmittal. See the accompanying instructions to IRS Form W-9 below for guidance on completing the IRS Form W-9. In the case of a non-U.S. person, the relevant documentation is provided by submitting to the Depositary a properly completed IRS Form W-8BEN (or other applicable IRS Form W-8), signed under penalties of perjury, attesting to such person's non-U.S. status. An IRS Form W-8 can be obtained from the Depositary or from the IRS website (<http://www.irs.gov>). If a tendering U.S. Holder has not been issued a TIN, and has applied for a number or intends to apply for a number in the near future, the stockholder should write "Applied For" in the space provided for the TIN in Part I, and sign and date the Form W-9. If "Applied For" is written in Part I of the Form W-9 and the Depositary is not provided with a TIN by the time for payment, the Depositary will withhold 24% of all payments of the purchase price to such stockholder.

Backup withholding is not an additional tax. Rather, the U.S. federal income tax liability of persons subject to backup withholding will be reduced by the amount of tax withheld. If backup withholding results in an overpayment of taxes, a refund may be obtained, provided the required information is furnished to the IRS on a timely basis.

FAILURE TO COMPLETE AND RETURN EITHER THE IRS FORM W-9 OR IRS FORM W-8, AS APPLICABLE, WILL RESULT IN BACKUP WITHHOLDING OF 24% ON ANY PAYMENTS MADE TO YOU PURSUANT TO THE OFFER. PLEASE REVIEW THE ENCLOSED INSTRUCTIONS TO IRS FORM W-9 FOR ADDITIONAL INFORMATION.

Israel

The gross proceeds payable to a tendering stockholder in the Offer will generally be subject to Israeli withholding tax at the rate of 25% of the purchase price.

Notwithstanding the foregoing, should any tendering stockholder present us with (A) a valid approval from the Israeli Tax Authority (the "ITA"), in customary form and substance satisfactory to us, stating that no withholding, or reduced withholding, of Israeli tax is required with respect to such payment or providing any other instructions regarding tax withholding (a "Valid Tax Certificate"), then we will act in accordance with such Valid Tax Certificate; or (B) a validly executed Tax Declaration, then, unless we are otherwise instructed by the ITA, we will not withhold tax from any payment made to such tendering stockholder. Only the following tendering stockholders can sign the Tax Declaration:

- (i) tendering stockholders who acquired their ordinary shares after the Company's initial public offering in 1961, who are not "5% stockholders" (as defined below) and who certify that they are NOT (and have not been since the purchase of the shares) "residents of Israel" for purposes of the Israeli Income Tax Ordinance (New Version), 5721-1961 (the "Ordinance") (and, in the case of a corporation, that no Israeli residents (x) hold 25% or more of the means to control such corporation or (y) are the beneficiaries of, or entitled to, 25% or more of the revenues or profits of such corporation, whether directly or indirectly), in which case their payment will not be subject to Israeli withholding tax, or
- (ii) tendering stockholders who acquired their ordinary shares after the Company's initial public offering in 1961, are not "5% stockholders" (as defined below) and who hold their ordinary shares through an eligible Israeli bank, broker or financial institution. In the case of these tendering stockholders, the eligible Israeli bank, broker or

financial institution must sign and submit the applicable declaration stating that such Israeli bank, broker or financial institution will be responsible for the Israeli tax withholding, in which case payment will be made by the Company without any Israeli withholding at source, and the relevant Israeli bank, broker or financial institution will withhold Israeli tax, if any, as required by Israeli law.

A “5% stockholder” means a holder of the Company’s shares who holds or is entitled to purchase, directly or indirectly, alone or together with a “relative” thereof, one of the following:

1. At least 5% of the issued and outstanding share capital of the Company.
2. At least 5% of the voting rights of the Company.
3. The right to receive at least 5% of the Company’s profits or its assets upon liquidation.
4. The right to appoint a director.

A “relative” of a person means the spouse, brother, sister, parents, grandparents, descendants and the descendants of the spouse of such person, and the spouse of any of the foregoing.

The Israeli withholding tax is not an additional tax. Rather, the Israeli income tax liability of stockholders subject to Israeli withholding will be reduced by the amount of Israeli tax withheld. If Israeli withholding tax results in an overpayment of Israeli taxes, the stockholder may apply to the ITA in order to obtain a refund. However, the Company cannot assure you whether and when the ITA will grant such refund.

Purpose of Tax Declaration and Valid Tax Certificate. To prevent withholding of Israeli income tax or reduce the withholding tax rate on payments that are made to a stockholder with respect to shares purchased in the Offer, each stockholder is required to notify the Depositary of such stockholder’s exemption by completing and signing the Tax Declaration delivered to such stockholder or provide a Valid Tax Certificate. The Tax Declaration should be completed by holders of ordinary shares, who are either: (i) NOT “residents of Israel” for purposes of the Ordinance and NOT “5% stockholders” (as defined above), or (ii) a bank, broker or financial institution that is a “resident of Israel” within the meaning of that term in Section 1 of the Ordinance, holding ordinary shares solely on behalf of beneficial stockholder(s) which are NOT “5% stockholders” (as defined above), and are subject to the provisions of the Ordinance and regulations promulgated thereunder relating to the withholding of Israeli tax, including with respect to the cash payment (if any) made to them with respect to ordinary shares tendered by such beneficial stockholder(s) and accepted for payment by the Company pursuant to the Offer.

FAILURE TO COMPLETE AND RETURN A TAX DECLARATION OR PROVIDE A VALID TAX CERTIFICATE WILL RESULT IN ISRAELI TAX WITHHOLDING OF 25% ON ANY PAYMENTS MADE TO YOU PURSUANT TO THE OFFER.

Form W-9 (Rev. October 2018) Department of the Treasury Internal Revenue Service	Request for Taxpayer Identification Number and Certification		Give Form to the requester. Do not send to the IRS.
	u Go to www.irs.gov/FormW9 for instructions and the latest information.		
	1 Name (as shown on your income tax return). Name is required on this line; do not leave this line blank.		
	2 Business name/disregarded entity name, if different from above		
	3 Check appropriate box for federal tax classification of the person whose name is entered on line 1. Check only one of the following seven boxes. <input type="checkbox"/> Individual/sole proprietor or single-member LLC <input type="checkbox"/> Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=Partnership) u _____ Note: Check the appropriate box in the line above for the tax classification of the single-member owner. Do not check LLC if the LLC is classified as a single-member LLC that is disregarded from the owner unless the owner of the LLC is another LLC that is not disregarded from the owner for U.S. federal tax purposes. Otherwise, a single-member LLC that is disregarded from the owner should check the appropriate box for the tax classification of its owner. <input type="checkbox"/> Other (see instructions) u _____		4 Exemptions (codes apply only to certain entities, not individuals; see instructions on page 3): Exempt payee code (if any) _____ Exemption from FATCA reporting code (if any) _____ <i>(Applies to accounts maintained outside the U.S.)</i>
	5 Address (number, street, and apt. or suite no.) See instructions.	Requester's name and address (optional)	
	6 City, state, and ZIP code		
7 List account number(s) here (optional)			

Part I	Taxpayer Identification Number (TIN)																																																							
Enter your TIN in the appropriate box. The TIN provided must match the name given on line 1 to avoid backup withholding. For individuals, this is generally your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the instructions for Part I, later. For other entities, it is your employer identification number (EIN). If you do not have a number, see <i>How to get a TIN</i> , later.																																																								
Note: If the account is in more than one name, see the instructions for line 1. Also see <i>What Name and Number To Give the Requester</i> for guidelines on whose number to enter.																																																								
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Part II	Certification
Under penalties of perjury, I certify that:	
1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me); and	
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding; and	
3. I am a U.S. citizen or other U.S. person (defined below); and	
4. The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.	
Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions for Part II, later.	

Sign Here	Signature of U.S. person u _____	Date u _____
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General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Future developments. For the latest information about developments related to Form W-9 and its instructions, such as legislation enacted after they were published, go to www.irs.gov/FormW9.

Purpose of Form

An individual or entity (Form W-9 requester) who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) which may be your social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN), to

report on an information return the amount paid to you, or other amount reportable on an information return. Examples of information returns include, but are not limited to, the following.

- Form 1099-INT (interest earned or paid)
- Form 1099-DIV (dividends, including those from stocks or mutual funds)
- Form 1099-MISC (various types of income, prizes, awards, or gross proceeds)
- Form 1099-B (stock or mutual fund sales and certain other transactions by brokers)
- Form 1099-S (proceeds from real estate transactions)
- Form 1099-K (merchant card and third party network transactions)

- Form 1098 (home mortgage interest), 1098-E (student loan interest), 1098-T (tuition)
 - Form 1099-C (canceled debt)
 - Form 1099-A (acquisition or abandonment of secured property)
- Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN.

If you do not return Form W-9 to the requester with a TIN, you might be subject to backup withholding. See What is backup withholding, later.

By signing the filled-out form, you:

1. Certify that the TIN you are giving is correct (or you are waiting for a number to be issued),
2. Certify that you are not subject to backup withholding, or
3. Claim exemption from backup withholding if you are a U.S. exempt payee. If applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the withholding tax on foreign partners' share of effectively connected income, and
4. Certify that FATCA code(s) entered on this form (if any) indicating that you are exempt from the FATCA reporting, is correct. See *What is FATCA reporting*, later, for further information.

Note: If you are a U.S. person and a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.

Definition of a U.S. person. For federal tax purposes, you are considered a U.S. person if you are:

- An individual who is a U.S. citizen or U.S. resident alien;
- A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States;
- An estate (other than a foreign estate); or
- A domestic trust (as defined in Regulations section 301.7701-7).

Special rules for partnerships. Partnerships that conduct a trade or business in the United States are generally required to pay a withholding tax under section 1446 on any foreign partners' share of effectively connected taxable income from such business. Further, in certain cases where a Form W-9 has not been received, the rules under section 1446 require a partnership to presume that a partner is a foreign person, and pay the section 1446 withholding tax. Therefore, if you are a U.S. person that is a partner in a partnership conducting a trade or business in the United States, provide Form W-9 to the partnership to establish your U.S. status and avoid section 1446 withholding on your share of partnership income.

In the cases below, the following person must give Form W-9 to the partnership for purposes of establishing its U.S. status and avoiding withholding on its allocable share of net income from the partnership conducting a trade or business in the United States.

- In the case of a disregarded entity with a U.S. owner, the U.S. owner of the disregarded entity and not the entity;
- In the case of a grantor trust with a U.S. grantor or other U.S. owner, generally, the U.S. grantor or other U.S. owner of the grantor trust and not the trust; and
- In the case of a U.S. trust (other than a grantor trust), the U.S. trust (other than a grantor trust) and not the beneficiaries of the trust.

Foreign person. If you are a foreign person or the U.S. branch of a foreign bank that has elected to be treated as a U.S. person, do not use Form W-9. Instead, use the appropriate Form W-8 or Form 8233 (see Pub. 515, Withholding of Tax on Nonresident Aliens and Foreign Entities).

Nonresident alien who becomes a resident alien. Generally, only a nonresident alien individual may use the terms of a tax treaty to reduce or eliminate U.S. tax on certain types of income. However, most tax treaties contain a provision known as a "saving clause." Exceptions specified in the saving clause may permit an exemption from tax to continue for certain types of income even after the payee has otherwise become a U.S. resident alien for tax purposes.

If you are a U.S. resident alien who is relying on an exception contained in the saving clause of a tax treaty to claim an exemption from U.S. tax on certain types of income, you must attach a statement to Form W-9 that specifies the following five items.

1. The treaty country. Generally, this must be the same treaty under which you claimed exemption from tax as a nonresident alien.
2. The treaty article addressing the income.
3. The article number (or location) in the tax treaty that contains the saving clause and its exceptions.
4. The type and amount of income that qualifies for the exemption from tax.
5. Sufficient facts to justify the exemption from tax under the terms of the treaty article.

Example. Article 20 of the U.S.-China income tax treaty allows an exemption from tax for scholarship income received by a Chinese student temporarily present in the United States. Under U.S. law, this student will become a resident alien for tax purposes if his or her stay in the United States exceeds 5 calendar years. However, paragraph 2 of the first Protocol to the U.S.-China treaty (dated April 30, 1984) allows the provisions of Article 20 to continue to apply even after the Chinese student becomes a resident alien of the United States. A Chinese student who qualifies for this exception (under paragraph 2 of the first protocol) and is relying on this exception to claim an exemption from tax on his or her scholarship or fellowship income would attach to Form W-9 a statement that includes the information described above to support that exemption.

If you are a nonresident alien or a foreign entity, give the requester the appropriate completed Form W-8 or Form 8233.

Backup Withholding

What is backup withholding? Persons making certain payments to you must under certain conditions withhold and pay to the IRS 24% of such payments. This is called "backup withholding." Payments that may be subject to backup withholding include interest, tax-exempt interest, dividends, broker and barter exchange transactions, rents, royalties, nonemployee pay, payments made in settlement of payment card and third party network transactions, and certain payments from fishing boat operators. Real estate transactions are not subject to backup withholding.

You will not be subject to backup withholding on payments you receive if you give the requester your correct TIN, make the proper certifications, and report all your taxable interest and dividends on your tax return.

Payments you receive will be subject to backup withholding if:

1. You do not furnish your TIN to the requester,
2. You do not certify your TIN when required (see the instructions for Part II for details),
3. The IRS tells the requester that you furnished an incorrect TIN,
4. The IRS tells you that you are subject to backup withholding because you did not report all your interest and dividends on your tax return (for reportable interest and dividends only), or
5. You do not certify to the requester that you are not subject to backup withholding under 4 above (for reportable interest and dividend accounts opened after 1983 only).

Certain payees and payments are exempt from backup withholding. See *Exempt payee code*, later, and the separate Instructions for the Requester of Form W-9 for more information.

Also see *Special rules for partnerships*, earlier.

What is FATCA Reporting?

The Foreign Account Tax Compliance Act (FATCA) requires a participating foreign financial institution to report all United States account holders that are specified United States persons. Certain payees are exempt from FATCA reporting. See *Exemption from FATCA reporting code*, later, and the Instructions for the Requester of Form W-9 for more information.

Updating Your Information

You must provide updated information to any person to whom you claimed to be an exempt payee if you are no longer an exempt payee and anticipate receiving reportable payments in the future from this person. For example, you may need to provide updated information if you are a

C corporation that elects to be an S corporation, or if you no longer are tax exempt. In addition, you must furnish a new Form W-9 if the name or TIN changes for the account; for example, if the grantor of a grantor trust dies.

Penalties

Failure to furnish TIN. If you fail to furnish your correct TIN to a requester, you are subject to a penalty of \$50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.

Civil penalty for false information with respect to withholding. If you make a false statement with no reasonable basis that results in no backup withholding, you are subject to a \$500 penalty.

Criminal penalty for falsifying information. Willfully falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment.

Misuse of TINs. If the requester discloses or uses TINs in violation of federal law, the requester may be subject to civil and criminal penalties.

Specific Instructions

Line 1

You must enter one of the following on this line; **do not** leave this line blank. The name should match the name on your tax return.

If this Form W-9 is for a joint account (other than an account maintained by a foreign financial institution (FFI)), list first, and then circle, the name of the person or entity whose number you entered in Part I of Form W-9. If you are providing Form W-9 to an FFI to document a joint account, each holder of the account that is a U.S. person must provide a Form W-9.

a. **Individual.** Generally, enter the name shown on your tax return. If you have changed your last name without informing the Social Security Administration (SSA) of the name change, enter your first name, the last name as shown on your social security card, and your new last name.

Note: ITIN applicant: Enter your individual name as it was entered on your Form W-7 application, line 1a. This should also be the same as the name you entered on the Form 1040/1040A/1040EZ you filed with your application.

b. **Sole proprietor or single-member LLC.** Enter your individual name as shown on your 1040/1040A/1040EZ on line 1. You may enter your business, trade, or “doing business as” (DBA) name on line 2.

c. **Partnership, LLC that is not a single-member LLC, C corporation, or S corporation.** Enter the entity’s name as shown on the entity’s tax return on line 1 and any business, trade, or DBA name on line 2.

d. **Other entities.** Enter your name as shown on required U.S. federal tax documents on line 1. This name should match the name shown on the charter or other legal document creating the entity. You may enter any business, trade, or DBA name on line 2.

e. **Disregarded entity.** For U.S. federal tax purposes, an entity that is disregarded as an entity separate from its owner is treated as a “disregarded entity.” See Regulations section 301.7701-2(c)(2)(iii). Enter the owner’s name on line 1. The name of the entity entered on line 1 should never be a disregarded entity. The name on line 1 should be the name shown on the income tax return on which the income should be reported. For example, if a foreign LLC that is treated as a disregarded entity for U.S. federal tax purposes has a single owner that is a U.S. person, the U.S. owner’s name is required to be provided on line 1. If the direct owner of the entity is also a disregarded entity, enter the first owner that is not disregarded for federal tax purposes. Enter the disregarded entity’s name on line 2, “Business name/disregarded entity name.” If the owner of the disregarded entity is a foreign person, the owner must complete an appropriate Form W-8 instead of a Form W-9. This is the case even if the foreign person has a U.S. TIN.

Line 2

If you have a business name, trade name, DBA name, or disregarded entity name, you may enter it on line 2.

Line 3

Check the appropriate box on line 3 for the U.S. federal tax classification of the person whose name is entered on line 1. Check only one box on line 3.

IF the entity/person on line 1 is a(n) . . .	THEN check the box for . . .
• Corporation	Corporation
• Individual	Individual/sole proprietor or single-member LLC
• Sole proprietorship, or	
• Single-member limited liability company (LLC) owned by an individual and disregarded for U.S. federal tax purposes.	
• LLC treated as a partnership for U.S. federal tax purposes,	Limited liability company and enter the appropriate tax classification. (P= Partnership; C= C corporation; or S= S corporation)
• LLC that has filed Form 8832 or 2553 to be taxed as a corporation, or	
• LLC that is disregarded as an entity separate from its owner but the owner is another LLC that is not disregarded for U.S. federal tax purposes.	
• Partnership	Partnership
• Trust/estate	Trust/estate

Line 4, Exemptions

If you are exempt from backup withholding and/or FATCA reporting, enter in the appropriate space on line 4 any code(s) that may apply to you.

Exempt payee code.

- Generally, individuals (including sole proprietors) are not exempt from backup withholding.
- Except as provided below, corporations are exempt from backup withholding for certain payments, including interest and dividends.
- Corporations are not exempt from backup withholding for payments made in settlement of payment card or third party network transactions.
- Corporations are not exempt from backup withholding with respect to attorneys’ fees or gross proceeds paid to attorneys, and corporations that provide medical or health care services are not exempt with respect to payments reportable on Form 1099-MISC.

The following codes identify payees that are exempt from backup withholding. Enter the appropriate code in the space in line 4.

- 1—An organization exempt from tax under section 501(a), any IRA, or a custodial account under section 403(b)(7) if the account satisfies the requirements of section 401(f)(2)
- 2—The United States or any of its agencies or instrumentalities
- 3—A state, the District of Columbia, a U.S. commonwealth or possession, or any of their political subdivisions or instrumentalities
- 4—A foreign government or any of its political subdivisions, agencies, or instrumentalities
- 5—A corporation
- 6—A dealer in securities or commodities required to register in the United States, the District of Columbia, or a U.S. commonwealth or possession
- 7—A futures commission merchant registered with the Commodity Futures Trading Commission
- 8—A real estate investment trust
- 9—An entity registered at all times during the tax year under the Investment Company Act of 1940
- 10—A common trust fund operated by a bank under section 584(a)
- 11—A financial institution
- 12—A middleman known in the investment community as a nominee or custodian
- 13—A trust exempt from tax under section 664 or described in section 4947

The following chart shows types of payments that may be exempt from backup withholding. The chart applies to the exempt payees listed above, 1 through 13.

IF the payment is for . . .	THEN the payment is exempt for . . .
Interest and dividend payments	All exempt payees except for 7
Broker transactions	Exempt payees 1 through 4 and 6 through 11 and all C corporations. S corporations must not enter an exempt payee code because they are exempt only for sales of noncovered securities acquired prior to 2012.
Barter exchange transactions and patronage dividends	Exempt payees 1 through 4
Payments over \$600 required to be reported and direct sales over \$5,000 ¹	Generally, exempt payees 1 through 52
Payments made in settlement of payment card or third party network transactions	Exempt payees 1 through 4

¹ See Form 1099-MISC, Miscellaneous Income, and its instructions.
² However, the following payments made to a corporation and reportable on Form 1099-MISC are not exempt from backup withholding: medical and health care payments, attorneys’ fees, gross proceeds paid to an attorney reportable under section 6045(f), and payments for services paid by a federal executive agency.

Exemption from FATCA reporting code. The following codes identify payees that are exempt from reporting under FATCA. These codes apply to persons submitting this form for accounts maintained outside of the United States by certain foreign financial institutions. Therefore, if you are only submitting this form for an account you hold in the United States, you may leave this field blank. Consult with the person requesting this form if you are uncertain if the financial institution is subject to these requirements. A requester may indicate that a code is not required by providing you with a Form W-9 with “Not Applicable” (or any similar indication) written or printed on the line for a FATCA exemption code.

- A—An organization exempt from tax under section 501(a) or any individual retirement plan as defined in section 7701(a)(37)
- B—The United States or any of its agencies or instrumentalities
- C—A state, the District of Columbia, a U.S. commonwealth or possession, or any of their political subdivisions or instrumentalities
- D—A corporation the stock of which is regularly traded on one or more established securities markets, as described in Regulations section 1.1472-1(c)(1)(i)
- E—A corporation that is a member of the same expanded affiliated group as a corporation described in Regulations section 1.1472-1(c)(1)(i)
- F—A dealer in securities, commodities, or derivative financial instruments (including notional principal contracts, futures, forwards, and options) that is registered as such under the laws of the United States or any state
- G—A real estate investment trust
- H—A regulated investment company as defined in section 851 or an entity registered at all times during the tax year under the Investment Company Act of 1940
- I—A common trust fund as defined in section 584(a)
- J—A bank as defined in section 581
- K—A broker
- L—A trust exempt from tax under section 664 or described in section 4947(a)(1)
- M—A tax exempt trust under a section 403(b) plan or section 457(g) plan

Note: You may wish to consult with the financial institution requesting this form to determine whether the FATCA code and/or exempt payee code should be completed.

Line 5

Enter your address (number, street, and apartment or suite number). This is where the requester of this Form W-9 will mail your information returns. If this address differs from the one the requester already has on file, write NEW at the top. If a new address is provided, there is still a chance the old address will be used until the payor changes your address in their records.

Line 6

Enter your city, state, and ZIP code.

Part I. Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. If you are a resident alien and you do not have and are not eligible to get an SSN, your TIN is your IRS individual taxpayer identification number (ITIN). Enter it in the social security number box. If you do not have an ITIN, see *How to get a TIN* below.

If you are a sole proprietor and you have an EIN, you may enter either your SSN or EIN. If you are a single-member LLC that is disregarded as an entity separate from its owner, enter the owner’s SSN (or EIN, if the owner has one). Do not enter the disregarded entity’s EIN. If the LLC is classified as a corporation or partnership, enter the entity’s EIN.

Note: See *What Name and Number To Give the Requester*, later, for further clarification of name and TIN combinations.

How to get a TIN. If you do not have a TIN, apply for one immediately. To apply for an SSN, get Form SS-5, Application for a Social Security Card, from your local SSA office or get this form online at www.SSA.gov. You may also get this form by calling 1-800-772-1213. Use Form W-7, Application for IRS Individual Taxpayer Identification Number, to apply for an ITIN, or Form SS-4, Application for Employer Identification Number, to apply for an EIN. You can apply for an EIN online by accessing the IRS website at www.irs.gov/Businesses and clicking on Employer Identification Number (EIN) under Starting a Business. Go to www.irs.gov/Forms to view, download, or print Form W-7 and/or Form SS-4. Or, you can go to www.irs.gov/OrderForms to place an order and have Form W-7 and/or SS-4 mailed to you within 10 business days.

If you are asked to complete Form W-9 but do not have a TIN, apply for a TIN and write “Applied For” in the space for the TIN, sign and date the form, and give it to the requester. For interest and dividend payments, and certain payments made with respect to readily tradable instruments, generally you will have 60 days to get a TIN and give it to the requester before you are subject to backup withholding on payments. The 60-day rule does not apply to other types of payments. You will be subject to backup withholding on all such payments until you provide your TIN to the requester.

Note: Entering “Applied For” means that you have already applied for a TIN or that you intend to apply for one soon.

Caution: A disregarded U.S. entity that has a foreign owner must use the appropriate Form W-8.

Part II. Certification

To establish to the withholding agent that you are a U.S. person, or resident alien, sign Form W-9. You may be requested to sign by the withholding agent even if item 1, 4, or 5 below indicates otherwise.

For a joint account, only the person whose TIN is shown in Part I should sign (when required). In the case of a disregarded entity, the person identified on line 1 must sign. Exempt payees, see *Exempt payee code*, earlier.

Signature requirements. Complete the certification as indicated in items 1 through 5 below.

- 1. Interest, dividend, and barter exchange accounts opened before 1984 and broker accounts considered active during 1983.** You must give your correct TIN, but you do not have to sign the certification.
- 2. Interest, dividend, broker, and barter exchange accounts opened after 1983 and broker accounts considered inactive during 1983.** You must sign the certification or backup withholding will apply. If you are subject to backup withholding and you are merely providing your correct

TIN to the requester, you must cross out item 2 in the certification before signing the form.

3. Real estate transactions. You must sign the certification. You may cross out item 2 of the certification.

4. Other payments. You must give your correct TIN, but you do not have to sign the certification unless you have been notified that you have previously given an incorrect TIN. "Other payments" include payments made in the course of the requester's trade or business for rents, royalties, goods (other than bills for merchandise), medical and health care services (including payments to corporations), payments to a nonemployee for services, payments made in settlement of payment card and third party network transactions, payments to certain fishing boat crew members and fishermen, and gross proceeds paid to attorneys (including payments to corporations).

5. Mortgage interest paid by you, acquisition or abandonment of secured property, cancellation of debt, qualified tuition program payments (under section 529), ABLE accounts (under section 529A), IRA, Coverdell ESA, Archer MSA or HSA contributions or distributions, and pension distributions. You must give your correct TIN, but you do not have to sign the certification.

What Name and Number To Give the Requester

For this type of account:	Give name and SSN of:
1. Individual	The individual
2. Two or more individuals (joint account) other than an account maintained by an FFI	The actual owner of the account or, if combined funds, the first individual on the account ¹
3. Two or more U.S. persons (joint account maintained by an FFI)	Each holder of the account
4. Custodial account of a minor (Uniform Gift to Minors Act)	The minor ²
5. a. The usual revocable savings trust (grantor is also trustee)	The grantor-trustee ¹
b. So-called trust account that is not a legal or valid trust under state law	The actual owner ¹
6. Sole proprietorship or disregarded entity owned by an individual	The owner ³
7. Grantor trust filing under Optional Form 1099 Filing Method 1 (see Regulations section 1.671-4(b)(2)(i)(A))	The grantor [*]
For this type of account:	Give name and EIN of:
8. Disregarded entity not owned by an individual	The owner
9. A valid trust, estate, or pension trust	Legal entity ⁴
10. Corporation or LLC electing corporate status on Form 8832 or Form 2553	The corporation
11. Association, club, religious, charitable, educational, or other tax-exempt organization	The organization
12. Partnership or multi-member LLC	The partnership
13. A broker or registered nominee	The broker or nominee
14. Account with the Department of Agriculture in the name of a public entity (such as a state or local government, school district, or prison) that receives agricultural program payments	The public entity
15. Grantor trust filing under the Form 1041 Filing Method or the Optional Form 1099 Filing Method 2 (see Regulations section 1.671-4(b)(2)(i)(B))	The trust

1 List first and circle the name of the person whose number you furnish. If only one person on a joint account has an SSN, that person's number must be furnished.

2 Circle the minor's name and furnish the minor's SSN.

3 You must show your individual name and you may also enter your business or DBA name on the "Business name/disregarded entity" name line. You may use either your SSN or EIN (if you have one), but the IRS encourages you to use your SSN.

4 List first and circle the name of the trust, estate, or pension trust. (Do not furnish the TIN of the personal representative or trustee unless the legal entity itself is not designated in the account title.) Also see *Special rules for partnerships*, earlier.

***Note:** The grantor also must provide a Form W-9 to trustee of trust.

Note: If no name is circled when more than one name is listed, the number will be considered to be that of the first name listed.

Secure Your Tax Records From Identity Theft

Identity theft occurs when someone uses your personal information such as your name, SSN, or other identifying information, without your permission, to commit fraud or other crimes. An identity thief may use your SSN to get a job or may file a tax return using your SSN to receive a refund.

To reduce your risk:

- Protect your SSN,
- Ensure your employer is protecting your SSN, and
- Be careful when choosing a tax preparer.

If your tax records are affected by identity theft and you receive a notice from the IRS, respond right away to the name and phone number printed on the IRS notice or letter.

If your tax records are not currently affected by identity theft but you think you are at risk due to a lost or stolen purse or wallet, questionable credit card activity or credit report, contact the IRS Identity Theft Hotline at 1-800-908-4490 or submit Form 14039.

For more information, see Pub. 5027, Identity Theft Information for Taxpayers.

Victims of identity theft who are experiencing economic harm or a systemic problem, or are seeking help in resolving tax problems that have not been resolved through normal channels, may be eligible for Taxpayer Advocate Service (TAS) assistance. You can reach TAS by calling the TAS toll-free case intake line at 1-877-777-4778 or TTY/TDD 1-800-829-4059.

Protect yourself from suspicious emails or phishing schemes. Phishing is the creation and use of email and websites designed to mimic legitimate business emails and websites. The most common act is sending an email to a user falsely claiming to be an established legitimate enterprise in an attempt to scam the user into surrendering private information that will be used for identity theft.

The IRS does not initiate contacts with taxpayers via emails. Also, the IRS does not request personal detailed information through email or ask taxpayers for the PIN numbers, passwords, or similar secret access information for their credit card, bank, or other financial accounts.

If you receive an unsolicited email claiming to be from the IRS, forward this message to phishing@irs.gov. You may also report misuse of the IRS name, logo, or other IRS property to the Treasury Inspector General for Tax Administration (TIGTA) at 1-800-366-4484. You can forward suspicious emails to the Federal Trade Commission at spam@uce.gov or report them at www.ftc.gov/complaint. You can contact the FTC at www.ftc.gov/idtheft or 877-IDTHEFT (877-438-4338). If you have been the victim of identity theft, see www.IdentityTheft.gov and Pub. 5027.

Visit www.irs.gov/IdentityTheft to learn more about identity theft and how to reduce your risk.

Privacy Act Notice

Section 6109 of the Internal Revenue Code requires you to provide your correct TIN to persons (including federal agencies) who are required to file information returns with the IRS to report interest, dividends, or certain other income paid to you; mortgage interest you paid; the acquisition or abandonment of secured property; the cancellation of debt; or contributions you made to an IRA, Archer MSA, or HSA. The person collecting this form uses the information on the form to file information returns with the IRS, reporting the above information. Routine uses of this information include giving it to the Department of Justice for civil and

criminal litigation and to cities, states, the District of Columbia, and U.S. commonwealths and possessions for use in administering their laws. The information also may be disclosed to other countries under a treaty, to federal and state agencies to enforce civil and criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism. You must provide your TIN whether or not you are required to file a tax return. Under section 3406, payers must generally withhold a percentage of taxable interest, dividend, and certain other payments to a payee who does not give a TIN to the payer. Certain penalties may also apply for providing false or fraudulent information.

DECLARATION OF STATUS FOR ISRAELI INCOME TAX PURPOSES

You are receiving this form “Declaration of Status For Israeli Income Tax Purposes” as a holder of ordinary shares, nominal (par) value NIS 0.0001 per share (the “**Shares**”) of Taro Pharmaceutical Industries Ltd. (“**Taro**”), in connection with Taro’s commencement of a modified “Dutch auction” tender offer to repurchase up to \$225 million in value of its ordinary shares at a price not greater than \$92.00 per share nor less than \$80.00 per share (the “**Offer**”), on the terms and subject to the conditions set forth in Taro’s Offer to Purchase dated November 15, 2019.

By completing this form in a manner that would substantiate your eligibility for an exemption from Israeli withholding tax, you will allow Taro, the Depositary, your broker or any other withholding agent, or their authorized representatives to exempt you from Israeli withholding tax.

This form is relevant to you only if (i) you are an Israeli bank, broker or financial institution; or (ii) all of the following conditions are met in full:

- The purchase of Shares was made after the date of the initial public offering of Taro in 1961 (“**Date of Initial Public Offering**”);
- You are the beneficial owner (directly or indirectly) of less than 5% of Taro’s outstanding shares; and
- You are NOT, and since the date of purchase of your Shares have not been, a “resident of Israel” for tax purposes.

PART I Identification and details of Shareholder (including Eligible Israeli Brokers) (see instructions)**1. Name:**

(please print full name)

2. Type of Shareholder (more than one box may be applicable):

- | | |
|--|--|
| <input type="checkbox"/> Corporation (or
Limited Liability Company) | <input type="checkbox"/> Bank |
| <input type="checkbox"/> Individual | <input type="checkbox"/> Broker |
| <input type="checkbox"/> Trust | <input type="checkbox"/> Financial Institution |
| <input type="checkbox"/> Partnership | |
| <input type="checkbox"/> Other: | |

3. For individuals only:

Date of birth: ____/____/____
month / day / year

Country of residence:

Countries of citizenship (name all citizenships):

Taxpayer Identification or Social Security No. (if applicable):

5. Permanent Address (state, city, zip or postal code, street, house number, apartment number):

6. Mailing Address (if different from above):

4. For all other Shareholders

Country of incorporation or organization:

Registration number of corporation (if applicable):

Country of residence:

7. Contact Details:

Name: _____

Capacity: _____

Telephone Number _____

(country code, area code and number):

8. I hold the Shares of Taro (mark X in the appropriate place):

☐ directly, as a Registered Holder

☐ through a bank/broker or other financial intermediary. If you marked this box, please state the name of your financial intermediary:_____

9. Mark X in all appropriate places:

☐ I am the beneficial owner (directly or indirectly) of less than 5% of the outstanding Shares.

☐ I hold (directly or indirectly) less than 5% of Taro's voting rights.

☐ I am entitled (directly or indirectly) to receive less than 5% of Taro's profits and/or assets upon dissolution.

☐ I do not have any right to appoint a director of Taro.

PART II Declaration by Non-Israeli Residents (see instructions) **Eligible Israeli Banks /Brokers/Financial Institutions should NOT complete this Part II**

A. To be completed only by Individuals. I hereby declare that: (if the statement is correct, mark X in the following boxes)

A.1 ☐ I am NOT, and since the date of purchase of my Shares have not been, a "resident of Israel" for tax purposes, as defined under Israeli law and provided in the Instructions attached hereto, which means, among other things that:

- The State of Israel is not my permanent place of residence,
- The State of Israel is neither my place of residence nor that of my family,
- My ordinary or permanent place of activity/business is NOT in the State of Israel and I do NOT have a permanent establishment in the State of Israel,
- I do NOT engage in an occupation in the State of Israel,
- I do NOT have any ownership rights in any business or part of a business in the State of Israel,
- I am NOT insured by the Israeli National Insurance Institution,
- I was NOT present (nor am I planning to be present) in Israel for 145 days or more during any tax year, and
- I was NOT present (nor am I planning to be present) in Israel for 30 days or more during this tax year, and the total period of my presence in Israel during this tax year and the two previous tax years is less than 425 days in total; and

A.2 ☐ I acquired the Shares on or after the initial public offering of Taro on the New York Stock Exchange (i.e., 1961).

B. To be completed by Corporations (except Partnerships and Trusts). I hereby declare that: (if correct, mark X in the following boxes)

B.1 ☐ The corporation is NOT, and has not been since the date of purchase of its Shares, a “resident of Israel” for tax purposes, as defined under Israeli law and provided in the Instructions attached hereto, which means, among other things, that:

- The corporation is NOT registered with the Registrar of Companies in Israel,
- The corporation is NOT registered with the Registrar of “Amutot” (non-profit organizations) in Israel,
- The control of the corporation is NOT located in Israel,
- The management of the corporation is NOT located in Israel,
- The corporation does NOT have a premanent establishment in Israel, and
 - The corporation has no representatives present in Israel
 - The corporations organs (i.e. directors, management, etc.) are not engaged in the corporation’s activities directly or indirectly in Israel, and
- No Israeli resident holds, directly or indirectly via shares or through a trust or in any other manner or with another who is an Israeli resident, 25% or more of any “means of control” in the corporation as specified below:
 - The right to participate in profits;
 - The right to appoint a director;
 - The right to vote;
 - The right to share in the assets of the corporations at the time of its liquidation; and
 - The right to direct the manner of exercising one of the rights specified above; and

B.2 ☐ The corporation acquired the Shares on or after the initial public offering of Taro on the New York Stock Exchange (i.e., 1961).

C. To be completed by Partnerships. I hereby declare that: (if correct, mark X in the following boxes)

C.1 ☐ The partnership is NOT, and has not been since the date of purchase of its Shares, a “resident of Israel” for tax purposes as defined under Israeli law, which means, among other things, that:

- The partnership is NOT registered with the Registrar of Parnterships in Israel,
- The control of the partnership is NOT located in Israel,
- The management of the partnership is NOT located in Israel,
- The partnership does NOT have a premanent establishment in Israel,
- No Israeli resident holds, directly or indirectly via shares or through a trust or in any other manner or with another who is an Israeli resident, 25% or more of the rights in the partnership, or, of the right to direct the manner of exercising any of the rights in the partnership, and
- No partner in the partnership is an Israeli resident; and

C.2 ☐ The partnership acquired the Shares on or after the initial public offering of Taro on the New York Stock Exchange (i.e., 1961).

D. To be completed by Trusts. I hereby declare that: (if correct, mark X in the following boxes)

- D.1 ☐ The trust is NOT and, and has not been since the date of purchase of its Shares, an Israeli resident for tax purposes as defined under Israeli law, which means, among other things, that:
- The trust is NOT registered in Israel,
 - All settlors of the trust are NOT Israeli residents,
 - All beneficiaries of the trust are NOT Israeli residents, and
 - All trustees of the trust (or protectors of the trust, if any) are NOT Israeli residents; and
- D.2 ☐ The trust acquired the Shares on or after the initial public offering of Taro on the New York Stock Exchange (i.e., 1961).

PART III Declaration by Israeli Bank, Broker or Financial Institution (see instructions) **Non-Israeli Residents should NOT complete this Part III**

I hereby declare that: (if correct, mark X in the following box)

- ☐ I am a bank, broker or financial institution that is a “resident of Israel” within the meaning of that term in Section 1 of the Israeli Income Tax Ordinance (New Version), 5721-1961 (the “**Ordinance**”), I am holding the Shares solely on behalf of beneficial shareholders(s) and I am subject to the provisions of the Ordinance and the regulations promulgated thereunder relating to the withholding of Israeli tax, including with respect to the cash payment (if any) made by me to such beneficial shareholder(s) with respect to Shares in connection with the Offer.

PART IV Certification. By signing this form, I also declare that:

- I understood this form and completed it correctly and pursuant to the instructions.
- I provided accurate, full and complete details in this form.
- I am aware that providing false details might constitute a criminal offense.
- I am aware that this form may be provided to the Israeli Tax Authority, in case the Israeli Tax Authority so requests, for purposes of audit or otherwise.

SIGN HERE

Signature of Shareholder

Date

Capacity in which acting
(or individual authorized to sign on your behalf)

Number of Shares _____

Bank/Broker Name _____

DTC Participant # _____

VOI # _____

INSTRUCTIONS
Forming Part of the Declaration of Status for Israeli Income Tax Purposes

General Instructions. This Declaration Form (Declaration of Status for Israeli Income Tax Purposes), should be completed by a holder of Shares who wishes to tender its Shares pursuant to the Offer, and who is either:

(i) A Non-Israeli Resident: (1) that (a) holds less than 5% of the outstanding Shares of Taro, (b) holds less than 5% of the voting rights of Taro, (c) holds less than 5% of the right to receive Taro's profits or assets upon liquidation, and (d) has no right to appoint a director of Taro; (2) that is NOT a "resident of Israel" for purposes of the Ordinance, and (3) that acquired the Shares tendered on or after Taro's initial public offering; or

(ii) A Bank, Broker or Financial Institution Resident in Israel: a bank, broker or financial institution that is a "resident of Israel" within the meaning of that term in Section 1 of the Ordinance, that (1) is holding Shares solely on behalf of beneficial shareholder(s), and (2) is subject to the provisions of the Ordinance and the regulations promulgated thereunder relating to the withholding of Israeli tax, including with respect to the cash payment (if any) made by them to such beneficial shareholder(s) with respect to Shares tendered by them and accepted for payment by Taro pursuant to the Offer (an "**Eligible Israeli Broker**").

NOTE: AN ELIGIBLE ISRAELI BROKER MAY COMPLETE THIS FORM IF IT IS HOLDING THE SHARES SOLELY ON BEHALF OF ITS CLIENTS, WHO ARE BENEFICIAL SHAREHOLDERS.

Determination of Validity. All questions as to the validity, form or eligibility (including time of receipt) of this form will be, subject to applicable law, determined by Taro, in its sole discretion. None of Taro, the Depositary or any other person will be under any duty to provide notification of any defects or irregularities in any Form or incur any liability for failure to give any such notification.

Questions and Requests for Assistance or Additional Copies. Questions and requests for assistance may be directed to: I.B.I Trust Management; Email: Tzvika@102trust.com; Phone No. + 972 506 209 410.

The method of delivery of this form is at your option and risk, and the delivery will be deemed made only when actually received. If delivery is by mail, registered mail with return receipt requested, is recommended. In all cases, sufficient time should be allowed to ensure timely delivery. No alternative, conditional or contingent Forms will be accepted.

I. Definition of Resident of Israel for Israeli Tax Purposes

The following is an excerpt of Section 1 of the Israeli Income Tax Ordinance [New Version], 1961, as amended, which defines a "resident of Israel" or a "resident" as follows:

“(A) with respect to an individual—a person whose center of life is in Israel; for this purpose the following provisions will apply:

(1) in order to determine the center of life of an individual, account will be taken of the individual's family, economic and social connections, including, among others:

- (a) place of permanent home;
- (b) place of residential dwelling of the individual and the individual's family;
- (c) place of the individual's regular or permanent occupation or the place of his permanent employment;
- (d) place of the individual's active and substantial economic interests;
- (e) place of the individual's activities in organizations, associations and other institutions;

(2) the center of vital interests of an individual will be presumed to be in Israel:

- (a) if the individual was present in Israel for 183 days or more in the tax year;

(b) if the individual was present in Israel for 30 days or more in the tax year, and the total period of the individual's presence in Israel in that tax year and the two previous tax years is 425 days or more.

For the purposes of this provision, "day" includes a part of a day;

(3) the presumption in subparagraph (2) may be rebutted either by the individual or by the assessing officer;

(4) ...;

(B) with respect to a body of persons—a body of persons which meets one of the following:

(1) it was incorporated in Israel;

(2) the control over its business and its management are exercised in Israel,...."

The above is an unofficial English translation of the Ordinance from the Hebrew language, and is provided for convenience purposes only. Please consult your own tax advisors to determine the applicability of these definitions to you.

This Letter of Transmittal, certificates for shares and any other required documents should be sent or delivered by each stockholder of the Company or such stockholder's bank, broker, dealer, trust company or other nominee to the Depositary at one of its addresses set forth below.

The Depositary for the Offer is:



By Mail:
American Stock Transfer & Trust
Company, LLC
Operations Center
Attn: Reorganization Department
6201 15th Avenue
Brooklyn, New York 11219

*By Facsimile Transmission
(for eligible institutions only):*
1-718-234-5001

By Hand or Courier:
American Stock Transfer & Trust
Company, LLC
Operations Center
Attn: Reorganization Department
6201 15th Avenue
Brooklyn, New York 11219

For Assistance Call: 1-877-248-6417 or 1-718-921-8317

Delivery of this Letter of Transmittal to an address other than as set forth above will not constitute a valid delivery to the Depositary.

Questions and requests for assistance may be directed to the Dealer Manager or the Information Agent at their respective addresses set forth below. Additional copies of the Offer to Purchase, this Letter of Transmittal and the Notice of Guaranteed Delivery may be obtained from the Information Agent. You may also contact your bank, broker, dealer, trust company or other nominee for assistance concerning the Offer.

The Dealer Manager for the Offer is:

J.P.Morgan

J.P. Morgan Securities LLC
383 Madison Avenue
New York, New York 10179

Call toll-free: 1-877-371-5947

The Information Agent for the Offer is:

**MACKENZIE
PARTNERS, INC.**

MacKenzie Partners, Inc.
1407 Broadway
New York, New York 10018
(212) 929-5500

or

Call Toll-Free (800) 322-2885

Email: tenderoffer@mackenziepartners.com

NOTICE OF GUARANTEED DELIVERY
(Not to be used for Signature Guarantee)
for
Tender of Ordinary Shares
of
TARO PHARMACEUTICAL INDUSTRIES LTD.

**THE OFFER, PRORATION PERIOD AND WITHDRAWAL RIGHTS WILL EXPIRE AT 5:00 P.M.,
NEW YORK CITY TIME, ON MONDAY, DECEMBER 16, 2019, UNLESS THE
OFFER IS EXTENDED.**

As set forth in Section 3 of the Offer to Purchase (as defined below) this form must be used to accept the Offer (as defined below) if (1) certificates representing your shares of ordinary shares, New Israeli Shekel ("NIS") 0.0001 nominal (par) value per share, of Taro Pharmaceutical Industries Ltd., a company incorporated under the laws of the State of Israel, are not immediately available or cannot be delivered to the Depositary prior to the Expiration Time (as defined in the Offer to Purchase), (2) the procedures for book-entry transfer cannot be completed before the Expiration Time or (3) time will not permit all required documents to reach the Depositary prior to the Expiration Time. This form may be delivered by hand or transmitted by facsimile transmission or mail to the Depositary. See Section 3 of the Offer to Purchase. Capitalized terms used herein without definition have the meanings set forth in the Offer to Purchase.

The Depositary for the Offer is:



By Mail:
American Stock Transfer & Trust
Company, LLC
Operations Center
Attn: Reorganization Department
6201 15th Avenue
Brooklyn, New York 11219

*By Facsimile Transmission
(for eligible institutions only):
1-718-234-5001*

By Hand or Courier:
American Stock Transfer & Trust
Company, LLC
Operations Center
Attn: Reorganization Department
6201 15th Avenue
Brooklyn, New York 11219

For Assistance Call: 1-877-248-6417 or 1-718-921-8317

**DELIVERY OF THIS NOTICE OF GUARANTEED DELIVERY TO AN ADDRESS, OR
TRANSMISSION OF INSTRUCTIONS VIA A FACSIMILE NUMBER, OTHER THAN AS SET
FORTH ABOVE WILL NOT CONSTITUTE A VALID DELIVERY.**

This Notice is not to be used to guarantee signatures. If a signature on a Letter of Transmittal is required to be guaranteed by an eligible institution under the instructions in the Letter of Transmittal, the signature guarantee must appear in the applicable space provided in the signature box on the Letter of Transmittal.

Ladies and Gentlemen:

The undersigned hereby tenders to Taro Pharmaceutical Industries Ltd., a company incorporated under the laws of the State of Israel (the "Company"), on the terms and subject to the conditions set forth in the Offer to Purchase dated November 15, 2019 (the "Offer to Purchase"), and the related Letter of Transmittal (which, together with any amendments or supplements thereto, collectively constitute the "Offer"), receipt of which is hereby acknowledged, the number of shares set forth below, all pursuant to the guaranteed delivery procedures set forth in Section 3 of the Offer to Purchase. Unless the context otherwise requires, all references to the shares shall refer to the ordinary shares of the Company.

Number of shares to be tendered: _____ shares*

* Unless otherwise indicated, it will be assumed that all shares held by the undersigned are to be tendered.

PRICE (IN DOLLARS) PER SHARE AT WHICH SHARES ARE BEING TENDERED
(See Instruction 5)

THE UNDERSIGNED IS TENDERING SHARES AS FOLLOWS (CHECK ONLY ONE BOX UNDER (1) OR (2) BELOW):

1. SHARES TENDERED AT PRICE DETERMINED UNDER THE OFFER

By checking the box below INSTEAD OF ONE OF THE BOXES UNDER "Shares Tendered At Price Determined By Stockholder," the undersigned hereby tenders shares at the purchase price as shall be determined by the Company in accordance with the Offer.

- ☐ The undersigned wants to maximize the chance that the Company will accept for payment the shares the undersigned is tendering (subject to the possibility of proration). Accordingly, by checking this box instead of one of the price boxes below, the undersigned hereby tenders shares at, and is willing to accept, the purchase price determined by Company in accordance with the terms of the Offer. The undersigned understands that this action will result in the undersigned's shares being deemed to be tendered at the minimum price of \$80.00 per share for purposes of determining the Final Purchase Price (as defined below). This may effectively lower the Final Purchase Price and could result in the undersigned receiving a per share price as low as \$80.00, a price that is above the closing market price for the shares on November 14, 2019, the last full trading day before announcement and commencement of the Offer, when the New York Stock Exchange closing price was \$76.22 per share.

2. SHARES TENDERED AT PRICE DETERMINED BY STOCKHOLDER

By checking ONE of the following boxes INSTEAD OF THE BOX UNDER "Shares Tendered At Price Determined Under The Offer," the undersigned hereby tenders shares at the price checked. The undersigned understands that this action could result in the Company purchasing none of the shares tendered hereby if the purchase price determined by the Company for the shares is less than the price checked below.

- | | | | | |
|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| <input type="checkbox"/> \$80.00 | <input type="checkbox"/> \$82.50 | <input type="checkbox"/> \$85.00 | <input type="checkbox"/> \$87.50 | <input type="checkbox"/> \$90.00 |
| <input type="checkbox"/> \$80.50 | <input type="checkbox"/> \$83.00 | <input type="checkbox"/> \$85.50 | <input type="checkbox"/> \$88.00 | <input type="checkbox"/> \$90.50 |
| <input type="checkbox"/> \$81.00 | <input type="checkbox"/> \$83.50 | <input type="checkbox"/> \$86.00 | <input type="checkbox"/> \$88.50 | <input type="checkbox"/> \$91.00 |
| <input type="checkbox"/> \$81.50 | <input type="checkbox"/> \$84.00 | <input type="checkbox"/> \$86.50 | <input type="checkbox"/> \$89.00 | <input type="checkbox"/> \$91.50 |
| <input type="checkbox"/> \$82.00 | <input type="checkbox"/> \$84.50 | <input type="checkbox"/> \$87.00 | <input type="checkbox"/> \$89.50 | <input type="checkbox"/> \$92.00 |

CHECK ONLY ONE BOX UNDER (1) OR (2) ABOVE. IF MORE THAN ONE BOX IS CHECKED ABOVE OR IF NO BOX IS CHECKED, THERE IS NO PROPER TENDER OF SHARES.

A STOCKHOLDER DESIRING TO TENDER SHARES AT MORE THAN ONE PRICE MUST COMPLETE A SEPARATE LETTER OF TRANSMITTAL FOR EACH PRICE AT WHICH SHARES ARE TENDERED. THE SAME SHARES CANNOT BE TENDERED AT MORE THAN ONE PRICE UNLESS PREVIOUSLY PROPERLY WITHDRAWN AS PROVIDED IN SECTION 4 OF THE OFFER TO PURCHASE.

ODD LOTS
(See Instruction 15 of the Letter of Transmittal)

To be completed only if shares are being tendered by or on behalf of a person owning, beneficially or of record, an aggregate of fewer than 100 shares. The undersigned either (check one box):

- ☐ is the beneficial or record owner of an aggregate of fewer than 100 shares, all of which are being tendered; or
- ☐ is a broker, dealer, commercial bank, trust company, or other nominee that (a) is tendering for the beneficial owner(s), shares with respect to which it is the record holder, and (b) believes, based upon representations made to it by the beneficial owner(s), that each such person is the beneficial owner of an aggregate of fewer than 100 shares and is tendering all of the shares.

CONDITIONAL TENDER
(See Instruction 14 of the Letter of Transmittal)

A tendering stockholder may condition the tender of shares upon the Company purchasing a specified minimum number of the shares tendered, all as described in Section 6 of the Offer to Purchase. Unless at least the minimum number of shares you indicate below is purchased by the Company pursuant to the terms of the Offer, none of the shares tendered by you will be purchased. **It is the tendering stockholder's responsibility to calculate the minimum number of shares that must be purchased if any are purchased, and each stockholder is urged to consult his, her or its own tax advisor before completing this section.** Unless this box has been checked and a minimum specified, your tender will be deemed unconditional.

- ☐ The minimum number of shares that must be purchased from me, if any are purchased from me, is: _____ shares.

If, because of proration, the minimum number of shares designated will not be purchased, the Company may accept conditional tenders by random lot, if necessary. However, to be eligible for purchase by random lot, the tendering stockholder must have tendered all of his, her or its shares and checked this box:

- ☐ The tendered shares represent all shares held by the undersigned.

Certificate Nos. (if available):

Name(s) of Record Holder(s):

(Please Type or Print)

Address(es):

Zip Code:

Daytime Area Code and Telephone Number:

Signature(s):

Dated: _____, 2019

If shares will be tendered by book-entry transfer, check this box ☐ and provide the following information:

Name of Tendering Institution:

Account Number at Book-
Entry Transfer Facility:

THE GUARANTEE SET FORTH BELOW MUST BE COMPLETED.

GUARANTEE
(Not To Be Used For Signature Guarantee)

The undersigned, a firm that is a member in good standing of a recognized Medallion Program approved by the Securities Transfer Association, Inc., including the Securities Transfer Agents Medallion Program, the New York Stock Exchange, Inc. Medallion Signature Program or the Stock Exchange Medallion Program, or is otherwise an "eligible guarantor institution," as that term is defined in Rule 17Ad-15 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), hereby guarantees (1) that the above named person(s) "own (s)" the shares tendered hereby within the meaning of Rule 14e-4 under the Exchange Act, (2) that such tender of shares complies with Rule 14e-4 under the Exchange Act and (3) to deliver to the Depositary either the certificates representing the shares tendered hereby, in proper form for transfer, or a book-entry confirmation (as defined in the Offer to Purchase) with respect to such shares, in any such case together with a properly completed and duly executed Letter of Transmittal (or a facsimile thereof), with any required signature guarantees, or an agent's message (as defined in the Offer to Purchase) in the case of a book-entry delivery, and any other required documents, within two trading days (as defined in the Offer to Purchase) after the date hereof.

The eligible institution that completes this form must communicate the guarantee to the Depositary and must deliver the Letter of Transmittal and certificates for shares to the Depositary within the time period shown herein. Failure to do so could result in financial loss to such eligible institution.

Name of Firm:

Authorized Signature:

Name:

(Please Type or Print)

Title:

Address:

Zip Code:

Area Code and Telephone Number:

Dated: _____, 2019

Note: Do not send certificates for shares with this Notice.
Certificates for shares should be sent with your Letter of Transmittal.

**OFFER TO PURCHASE FOR CASH
BY
TARO PHARMACEUTICAL INDUSTRIES LTD.
OF
UP TO \$225 MILLION IN VALUE OF SHARES OF ITS ORDINARY SHARES AT A PURCHASE PRICE NOT
GREATER THAN \$92.00 PER SHARE NOR LESS THAN \$80.00 PER SHARE**

**THE OFFER, PRORATION PERIOD AND WITHDRAWAL RIGHTS WILL EXPIRE AT 5:00 P.M.,
NEW YORK CITY TIME, ON MONDAY, DECEMBER 16, 2019, UNLESS THE OFFER IS
EXTENDED (SUCH DATE AND TIME, AS THEY MAY BE EXTENDED THE “EXPIRATION TIME”).**

November 15, 2019

To Brokers, Dealers, Commercial Banks,
Trust Companies and Other Nominees:

We have been appointed by Taro Pharmaceutical Industries Ltd., a company incorporated under the laws of the State of Israel (the “Company”), to act as Information Agent in connection with its offer to purchase for cash its ordinary shares, New Israeli Shekel (“NIS”) 0.0001 nominal (par) value per share (the “ordinary shares” or “shares”), having an aggregate purchase price of up to \$225 million at a price not greater than \$92.00 per share nor less than \$80.00 per share, to the seller in cash, less any applicable withholding taxes and without interest, through a modified “Dutch auction” tender offer upon the terms and subject to the conditions set forth in the Offer to Purchase dated November 15, 2019 (the “Offer to Purchase”) and the related Letter of Transmittal (which, together with any supplements or amendments thereto, collectively constitute the “Offer”). Please furnish copies of the enclosed materials to those of your clients for whom you hold shares registered in your name or in the name of your nominee. Capitalized terms used herein without definition have the meanings set forth in the Offer to Purchase.

Tendering stockholders may specify a price not greater than \$92.00 per share nor less than \$80.00 per share (in increments of \$0.50) at which they are willing to sell their shares pursuant to the Offer. On the terms and subject to the conditions of the Offer, the Company will designate a single per share price that the Company will pay for shares properly tendered and not properly withdrawn from the Offer, taking into account the total number of shares tendered and the prices specified by tendering stockholders. The Company will select the lowest purchase price, not greater than \$92.00 per share nor less than \$80.00 per share, that will allow it to purchase ordinary shares having an aggregate purchase price of \$225 million, or a lower amount depending on the number of ordinary shares properly tendered and not properly withdrawn (such purchase price, the “Final Purchase Price”). Only shares validly tendered at prices at or below the Final Purchase Price, and not properly withdrawn, will be eligible for purchase in the Offer. All ordinary shares acquired in the Offer will be acquired at the Final Purchase Price, including those ordinary shares tendered at a price lower than the Final Purchase Price. However, due to the “odd lot” priority, proration and conditional tender offer provisions described in the Offer to Purchase, all of the shares tendered may not be purchased if the number of shares properly tendered at or below the Final Purchase Price and not properly withdrawn have an aggregate value in excess of \$225 million (based on the Final Purchase Price). The Company reserves the right, in its sole discretion, to change the purchase price range per share and to increase or decrease the aggregate value of shares sought in the Offer, subject to applicable law. In accordance with the rules of the U.S. Securities and Exchange Commission (“SEC”), the Company may purchase in the Offer up to an additional 2% of its outstanding shares without amending or extending the Offer.

The Company will purchase only those shares properly tendered and not properly withdrawn upon the terms and conditions of the Offer. All shares accepted for payment will be paid promptly after the Expiration Time, to the seller in cash, less any applicable withholding taxes and without interest. At the maximum Final Purchase Price of \$92.00 per share, the Company would purchase 2,445,652 shares if the Offer is fully subscribed, which would represent approximately 6.3% of the issued and outstanding shares as of November 14, 2019. At the minimum Final Purchase Price of \$80.00 per share, the Company would purchase 2,812,500 shares if the Offer is fully subscribed, which would represent approximately 7.3% of the issued and outstanding shares as of November 14, 2019.

Shares not purchased in the Offer will be returned at the Company's expense promptly following the expiration of the Offer. See Section 3 of the Offer to Purchase. The Company reserves the right, in its sole discretion, to change the per share purchase price options and to increase or decrease the aggregate value of shares sought in the Offer, subject to applicable law. See Sections 1 and 15 of the Offer to Purchase.

If the conditions of the Offer have been satisfied or waived and shares having an aggregate value (based on the Final Purchase Price) in excess of \$225 million (or such greater amount as the Company may elect to purchase, subject to applicable law) have been properly tendered at or below the Final Purchase Price and not properly withdrawn prior to the Expiration Time, the Company will purchase shares:

- *first*, from all holders of "odd lots" of fewer than 100 shares who properly tender all of their shares at or below the Final Purchase Price and do not properly withdraw them before the Expiration Time;
- *second*, from all other stockholders who properly tender shares at or below the Final Purchase Price, on a pro rata basis (except for stockholders who tendered shares conditionally for which the condition was not satisfied); and
- *third*, only if necessary to permit us to purchase shares having an aggregate purchase price of \$225 million (or such greater amount as we may elect, subject to applicable law), from holders who have tendered shares conditionally at or below the Final Purchase Price (for which the condition was not initially satisfied) by random lot, to the extent feasible. To be eligible for purchase by random lot, stockholders whose shares are conditionally tendered must have tendered all of their shares.

Because of the "odd lot" priority, proration and conditional tender provisions described above, the Company may not purchase all of the shares that you tender. See Sections 1, 3 and 6 of the Offer to Purchase.

Enclosed with this letter are copies of the following documents:

1. Offer to Purchase dated November 15, 2019;
2. Letter of Transmittal, for your use in accepting the Offer and tendering shares of and for the information of your clients;
3. A form of letter that may be sent to your clients for whose account you hold shares registered in your name or in the name of a nominee, with an Instruction Form provided for obtaining such client's instructions with regard to the Offer, which includes a Declaration of Status for Israeli Income Tax Purposes;
4. Notice of Guaranteed Delivery with respect to shares, to be used to accept the Offer in the event you are unable to deliver the share certificates, together with all other required documents, to the Depositary before the Expiration Time, or if the procedure for book-entry transfer cannot be completed before the Expiration Time; and
5. IRS Form W-9 (including instructions).

The Offer is not conditioned on any minimum number of shares being tendered. The Offer is, however, subject to certain other conditions described in Section 7 of the Offer to Purchase.

We urge you to contact your clients as promptly as possible. Please note that the Offer, proration period and withdrawal rights will expire at 5:00 P.M., New York City time, on Monday, December 16, 2019, unless the Offer is extended.

Under no circumstances will interest be paid on the purchase price of the shares regardless of any extension of, or amendment to, the Offer or any delay in paying for such shares.

The Company will not pay any fees or commissions to any broker, dealer, commercial bank, trust company or other person (other than the Information Agent and the Depositary, as described in the Offer to Purchase) in connection with the solicitation of tenders of shares pursuant to the Offer. However, the Company will, on request, reimburse you for customary mailing and handling expenses incurred by you in forwarding copies of the enclosed Offer materials to your clients. The Company will pay or cause to be paid any stock transfer taxes applicable to its purchase of shares pursuant to the Offer, except as otherwise provided in the Offer to Purchase and Letter of Transmittal (see Instruction 7 of the Letter of Transmittal).

Questions and requests for additional copies of the enclosed material may be directed to us at our address and telephone number set forth on the back cover of the Offer to Purchase.

Very truly yours,

MacKenzie Partners, Inc.

Nothing contained in this letter or in the enclosed documents shall render you or any other person the agent of the Company, the Depositary, the Dealer Manager, the Information Agent or any affiliate of any of them or authorize you or any other person to give any information or use any document or make any statement on behalf of any of them with respect to the Offer other than the enclosed documents and the statements contained therein.

**OFFER TO PURCHASE FOR CASH
BY
TARO PHARMACEUTICAL INDUSTRIES LTD.
OF
UP TO \$225 MILLION IN VALUE OF SHARES OF ITS ORDINARY SHARES AT A PURCHASE PRICE NOT GREATER THAN \$92.00
PER SHARE NOR LESS THAN \$80.00 PER SHARE**

**THE OFFER, PRORATION PERIOD AND WITHDRAWAL RIGHTS WILL EXPIRE AT 5:00 P.M., NEW YORK CITY TIME, ON
MONDAY, DECEMBER 16, 2019, UNLESS THE OFFER IS EXTENDED (SUCH DATE AND TIME, AS THEY MAY BE EXTENDED, THE
“EXPIRATION TIME”).**

To Our Clients:

Enclosed for your consideration are the Offer to Purchase, dated November 15, 2019 (the “Offer to Purchase”), and the related Letter of Transmittal (which, together with any amendments or supplements thereto, collectively constitute the “Offer”), in connection with the offer by Taro Pharmaceutical Industries Ltd., a company incorporated under the laws of the State of Israel (the “Company”), to purchase for cash shares of its ordinary shares, New Israeli Shekel (“NIS”) 0.0001 nominal (par) value per share (the “ordinary shares” or “shares”), having an aggregate purchase price of up to \$225 million, at a price not greater than \$92.00 per share nor less than \$80.00 per share, to the seller in cash, less any applicable withholding taxes and without interest, through a modified “Dutch auction” tender offer upon the terms and subject to the conditions of the Offer. Capitalized terms used herein without definition have the meanings set forth in the Offer to Purchase.

Tendering stockholders may specify a price not greater than \$92.00 per share nor less than \$80.00 per share (in increments of \$.50) at which they are willing to sell their shares pursuant to the Offer. On the terms and subject to the conditions of the Offer, the Company will designate a single per share price that the Company will pay for shares properly tendered and not properly withdrawn from the Offer, taking into account the total number of shares tendered and the prices specified by tendering stockholders. The Company will select the lowest purchase price, not greater than \$92.00 per share nor less than \$80.00 per share, that will allow it to purchase ordinary shares having an aggregate purchase price of \$225 million, or a lower amount depending on the number of ordinary shares properly tendered and not properly withdrawn (such purchase price, the “Final Purchase Price”). Only shares validly tendered at prices at or below the Final Purchase Price, and not properly withdrawn, will be eligible for purchase in the Offer. All ordinary shares acquired in the Offer will be acquired at the Final Purchase Price, including those ordinary shares tendered at a price lower than the Final Purchase Price. However, due to the “odd lot” priority, proration and conditional tender offer provisions described in this Offer to Purchase, all of the shares tendered may not be purchased if the number of shares properly tendered at or below the Final Purchase Price and not properly withdrawn have an aggregate value in excess of \$225 million (based on the Final Purchase Price). The Company reserves the right, in its sole discretion, to change the purchase price range per share and to increase or decrease the aggregate value of shares sought in the Offer, subject to applicable law. In accordance with the rules of the U.S. Securities and Exchange Commission (“SEC”), the Company may purchase in the Offer up to an additional 2% of its outstanding shares without amending or extending the Offer.

The Company will purchase only those shares properly tendered and not properly withdrawn upon the terms and conditions of the Offer. All shares accepted for payment will be paid promptly after the Expiration Time, to the seller in cash, less any applicable withholding taxes and without interest. At the maximum Final Purchase Price of \$92.00 per share, the Company would purchase 2,445,652 shares if the Offer is fully subscribed, which would represent approximately 6.3% of the issued and outstanding shares as of November 14, 2019. At the minimum Final Purchase Price of \$80.00 per share, the Company would purchase 2,812,500 shares if the Offer is fully subscribed, which would represent approximately 7.3% of the issued and outstanding shares as of November 14, 2019.

Shares not purchased in the Offer will be returned at the Company’s expense promptly following the expiration of the Offer. See Section 3 of the Offer to Purchase. The Company reserves the right, in its sole discretion, to change the stockholders’ per share purchase price options and to increase or decrease the aggregate value of shares sought in the Offer, subject to applicable law. See Sections 1 and 15 of the Offer to Purchase.

If the conditions of the Offer have been satisfied or waived and shares having an aggregate value (based on the Final Purchase Price) in excess of \$225 million (or such greater amount as the Company may elect to purchase, subject to applicable law) have been properly tendered at or below the Final Purchase Price and not properly withdrawn prior to the Expiration Time, the Company will purchase shares:

- *first*, from all holders of “odd lots” of fewer than 100 shares who properly tender all of their shares at or below the Final Purchase Price and do not properly withdraw them before the Expiration Time;
- *second*, from all other stockholders who properly tender shares at or below the Final Purchase Price, on a pro rata basis (except for stockholders who tendered shares conditionally for which the condition was not satisfied); and
- *third*, only if necessary to permit us to purchase shares having an aggregate purchase price of \$225 million (or such greater amount as we may elect, subject to applicable law), from holders who have tendered shares conditionally at or below the Final Purchase Price (for which the condition was not initially satisfied) by random lot, to the extent feasible. To be eligible for purchase by random lot, stockholders whose shares are conditionally tendered must have tendered all of their shares.

Because of the “odd lot” priority, proration and conditional tender provisions described above, the Company may not purchase all of the shares that you tender. See Sections 1, 3 and 6 of the Offer to Purchase.

We are the owner of record of shares held for your account. As such, we are the only ones who can tender your shares, and then only pursuant to your instructions. **We are sending you the Letter of Transmittal for your information only; you cannot use it to tender shares we hold for your account.**

Please instruct us as to whether you wish us to tender any or all of the shares we hold for your account on the terms and subject to the conditions of the Offer.

Please note the following:

1. You may tender your shares at a price (in increments of \$0.50) not greater than \$92.00 per share nor less than \$80.00 per share, as indicated in the attached Instruction Form, less an applicable withholding taxes and without interest.

2. You should consult with your broker or other financial or tax advisor on the possibility of designating the priority in which you shares will be purchased in the event of proration.

3. The Offer is not conditioned on any minimum number of shares being tendered. The Offer is, however, subject to certain other conditions described in Section 7 of the Offer to Purchase.

4. The Offer, withdrawal rights and proration period will expire at 5:00 P.M., New York City time, on Monday, December 16, 2019, unless the Company extends the Offer.

5. The Offer is for ordinary shares having an aggregate purchase price of \$225 million (based on the Final Purchase Price), unless the Offer is undersubscribed. At \$80.00 per share, the Company would repurchase a maximum of 2,812,500 shares and at \$92.00 per share, the Company would repurchase a maximum of 2,445,652 shares, which represent approximately 7.3% and 6.3%, respectively, of the Company’s currently outstanding ordinary shares.

6. Tendering stockholders who are registered stockholders or who tender their shares directly to American Stock Transfer & Trust Company, LLC will not be obligated to pay any brokerage commissions or fees to the Company, solicitation fees, or, except as set forth in the Offer to Purchase and the Letter of Transmittal, stock transfer taxes on the Company’s purchase of shares under the Offer.

7. If you wish to tender portions of your shares at different prices, you must complete a separate Instruction Form for each price which you wish to tender each portion of your shares. We must submit separate Letters of Transmittal on your behalf for each price you will accept.

8. If you are an Odd Lot Holder and you instruct us to tender on your behalf all of the shares that you own before the expiration of the Offer and check the box captioned “Odd Lots” on the attached Instruction Form, the Company, on

the terms and subject to the conditions of the Offer, will accept all such shares for purchase before proration, if any, of the purchase of other shares properly tendered at or below the Final Purchase Price and not properly withdrawn.

9. If you wish to condition your tender upon the purchase of all shares tendered or upon the Company's purchase of a specified minimum number of the shares which you tender, you may elect to do so and thereby avoid possible proration of your tender. The Company's purchase of shares from all tenders which are so conditioned, to the extent necessary, will be determined by random lot. To elect such a condition, complete the section captioned "Conditional Tender" in the attached Instruction Form.

10. Each stockholder surrendering certificates for payment who is eligible for an exemption from Israeli withholding tax, and who is not holding the shares through an Israeli bank, broker or financial institution which is responsible for withholding Israeli tax, is required to complete a Declaration of Status for Israeli Income Tax Purposes or otherwise provide a Valid Tax Certificate. Failure to provide the information on the form may subject the holder to Israeli income tax withholding at the rate of 25% of the purchase price.

If you wish to have us tender any or all of your shares, please so instruct us by completing, executing, detaching and returning to us the attached Instruction Form. If you authorize us to tender your shares, we will tender all your shares unless you specify otherwise on the attached Instruction Form.

Your prompt action is requested. Your Instruction Form should be forwarded to us in ample time to permit us to submit a tender on your behalf before the Expiration Time of the Offer. Please note that the Offer, proration period and withdrawal rights will expire at 5:00 P.M., New York City time, on Monday, December 16, 2019, unless the Offer is extended.

The Offer is being made solely under the Offer to Purchase and the related Letter of Transmittal and is being made to all record holders of shares of the Company's ordinary shares. The Offer is not being made to, nor will tenders be accepted from or on behalf of, holders of shares residing in any jurisdiction in which the making of the Offer or acceptance thereof would not be in compliance with the securities, blue sky or other laws of such jurisdiction.

The Company's Board of Directors has approved the Offer. However, neither the Company nor any member of its Board of Directors, J.P. Morgan Securities LLC, the Dealer Manager, MacKenzie Partners Inc., the Information Agent, or American Stock Transfer & Trust Company, LLC, the Depositary, makes any recommendation to stockholders as to whether they should tender or refrain from tendering their shares or as to the price or prices at which shares may be tendered. Stockholders must make their own decision as to whether to tender their shares and, if so, how many shares to tender and at what price or prices to tender. In doing so, stockholders should read carefully the information in the Offer to Purchase and in the related Letter of Transmittal, including the Company's reasons for making the Offer. See Sections 2 and 11 of the Offer to Purchase. Stockholders should discuss whether to tender their shares with their broker or other financial or tax advisor.

As of November 14, 2019, Sun Pharmaceutical Industries Ltd. ("Sun Pharma") beneficially owned approximately 76.5% of the outstanding ordinary shares and 100% of the Company's founders shares, representing in the aggregate approximately 84.4% of the voting power in the Company. Dilip Shanghvi, along with entities controlled by him and members of his family, controls 54.6% of Sun Pharma. Sun Pharma has informed us that it will not participate in the Offer. Of the Company's directors and executive officers that hold shares, one has indicated that she intends to tender all 258 of her shares.

**INSTRUCTION FORM WITH RESPECT TO
OFFER TO PURCHASE FOR CASH**

BY

TARO PHARMACEUTICAL INDUSTRIES LTD.

OF

**UP TO \$225 MILLION IN VALUE OF SHARES OF ITS ORDINARY SHARES AT A PURCHASE PRICE NOT GREATER THAN \$92.00
PER SHARE NOR LESS THAN \$80.00 PER SHARE**

The undersigned acknowledge(s) receipt of your letter and the enclosed Offer to Purchase, dated November 15, 2019 (the “Offer to Purchase”), and the related Letter of Transmittal (which, together with any amendments or supplements thereto, collectively constitute the “Offer”), in connection with the offer by Taro Pharmaceutical Industries Ltd., a company incorporated under the laws of the State of Israel (the “Company”), to purchase for cash shares of its ordinary shares, New Israeli Shekel (“NIS”) 0.0001 nominal (par) value per share, having an aggregate purchase price of up to \$225 million at a price not greater than \$92.00 per share nor less than \$80.00 per share, to the seller in cash, less any applicable withholding taxes and without interest, on the terms and subject to the conditions of the Offer. Capitalized terms used herein without definition have the meanings set forth in the Offer to Purchase.

The undersigned hereby instruct(s) you to tender to the Company the number of shares indicated below or, if no number is indicated, all shares you hold for the account of the undersigned, on the terms and subject to the conditions of the Offer.

Number of shares to be tendered by you for the account of the undersigned: _____ shares*

* Unless otherwise indicated, it will be assumed that all shares held by us for your account are to be tendered.

PRICE (IN DOLLARS) PER SHARE AT WHICH SHARES ARE BEING TENDERED

(See Instruction 5)

THE UNDERSIGNED IS TENDERING SHARES AS FOLLOWS (CHECK ONLY ONE BOX UNDER (1) OR (2) BELOW):

1. SHARES TENDERED AT PRICE DETERMINED UNDER THE OFFER

By checking the box below INSTEAD OF ONE OF THE BOXES UNDER “Shares Tendered At Price Determined By Stockholder,” the undersigned hereby tenders shares at the purchase price as shall be determined by the Company in accordance with the Offer.

- ☐ The undersigned wants to maximize the chance that the Company will accept for payment the shares the undersigned is tendering (subject to the possibility of proration). Accordingly, by checking this box instead of one of the price boxes below, the undersigned hereby tenders shares at, and is willing to accept, the purchase price determined by Company in accordance with the terms of the Offer. The undersigned understands that this action will result in the undersigned’s shares being deemed to be tendered at the minimum price of \$80.00 per share for purposes of determining the Final Purchase Price (as defined below). This may effectively lower the Final Purchase Price and could result in the undersigned receiving a per share price as low as \$80.00, a price that is above the closing market price for the shares on November 14, 2019, the last full trading day before announcement and commencement of the Offer, when the New York Stock Exchange closing price was \$76.22 per share.

2. SHARES TENDERED AT PRICE DETERMINED BY STOCKHOLDER

By checking ONE of the following boxes INSTEAD OF THE BOX UNDER “Shares Tendered At Price Determined Under The Offer,” the undersigned hereby tenders shares at the price checked. The undersigned understands that this action could result in the Company purchasing none of the shares tendered hereby if the purchase price determined by the Company for the shares is less than the price checked below.

<input type="checkbox"/> \$80.00	<input type="checkbox"/> \$82.50	<input type="checkbox"/> \$85.00	<input type="checkbox"/> \$87.50	<input type="checkbox"/> \$90.00
<input type="checkbox"/> \$80.50	<input type="checkbox"/> \$83.00	<input type="checkbox"/> \$85.50	<input type="checkbox"/> \$88.00	<input type="checkbox"/> \$90.50
<input type="checkbox"/> \$81.00	<input type="checkbox"/> \$83.50	<input type="checkbox"/> \$86.00	<input type="checkbox"/> \$88.50	<input type="checkbox"/> \$91.00
<input type="checkbox"/> \$81.50	<input type="checkbox"/> \$84.00	<input type="checkbox"/> \$86.50	<input type="checkbox"/> \$89.00	<input type="checkbox"/> \$91.50
<input type="checkbox"/> \$82.00	<input type="checkbox"/> \$84.50	<input type="checkbox"/> \$87.00	<input type="checkbox"/> \$89.50	<input type="checkbox"/> \$92.00

CHECK ONLY ONE BOX UNDER (1) OR (2) ABOVE. IF MORE THAN ONE BOX IS CHECKED ABOVE OR IF NO BOX IS CHECKED, THERE IS NO PROPER TENDER OF SHARES.

A STOCKHOLDER DESIRING TO TENDER SHARES AT MORE THAN ONE PRICE MUST COMPLETE A SEPARATE LETTER OF TRANSMITTAL FOR EACH PRICE AT WHICH SHARES ARE TENDERED. THE SAME SHARES CANNOT BE TENDERED AT MORE THAN ONE PRICE UNLESS PREVIOUSLY PROPERLY WITHDRAWN AS PROVIDED IN SECTION 4 OF THE OFFER TO PURCHASE.

ODD LOTS
(See Instruction 15 of the Letter of Transmittal)

To be completed only if shares are being tendered by or on behalf of a person owning, beneficially or of record, an aggregate of fewer than 100 shares.

☐ **By checking this box, the undersigned represents that the undersigned owns, beneficially or of record, an aggregate of fewer than 100 shares and is tendering all of those shares.**

CONDITIONAL TENDER
(See Instruction 14 of the Letter of Transmittal)

A tendering stockholder may condition the tender of shares upon the Company purchasing a specified minimum number of the shares tendered, all as described in Section 6 of the Offer to Purchase. Unless at least the minimum number of shares you indicate below is purchased by the Company pursuant to the terms of the Offer, none of the shares tendered by you will be purchased. **It is the tendering stockholder's responsibility to calculate the minimum number of shares that must be purchased if any are purchased, and each stockholder is urged to consult his, her or its own tax advisor before completing this section.** Unless this box has been checked and a minimum specified, the tender will be deemed unconditional.

☐ The minimum number of shares that must be purchased from me, if any are purchased from me, is: _____ shares.

If, because of proration, the minimum number of shares designated will not be purchased, the Company may accept conditional tenders by random lot, if necessary. However, to be eligible for purchase by random lot, the tendering stockholder must have tendered all of his, her or its shares and checked this box:

☐ The tendered shares represent all shares held by the undersigned.

The method of delivery of this document is at the election and risk of the tendering stockholder. If delivery is by mail, then registered mail with return receipt requested, properly insured, is recommended. In all cases, sufficient time should be allowed to ensure timely delivery.

Signature(s):	_____
Name(s):	_____
	(Please Print)
Taxpayer Identification or Social Security Number:	_____
Address(es):	_____
	(Including Zip Code)
Area Code/Phone Number:	_____
Date:	_____

DECLARATION OF STATUS FOR ISRAELI INCOME TAX PURPOSES

You are receiving this form “Declaration of Status For Israeli Income Tax Purposes” as a holder of ordinary shares, nominal (par) value NIS 0.0001 per share (the “**Shares**”) of Taro Pharmaceutical Industries Ltd. (“**Taro**”), in connection with Taro’s commencement of a modified “Dutch auction” tender offer to repurchase up to \$225 million in value of its ordinary shares at a price not greater than \$92.00 per share nor less than \$80.00 per share (the “**Offer**”), on the terms and subject to the conditions set forth in Taro’s Offer to Purchase dated November 15, 2019.

By completing this form in a manner that would substantiate your eligibility for an exemption from Israeli withholding tax, you will allow Taro, the Depositary, your broker or any other withholding agent, or their authorized representatives to exempt you from Israeli withholding tax.

This form is relevant to you only if (i) you are an Israeli bank, broker or financial institution; or (ii) all of the following conditions are met in full:

- The purchase of Shares was made after the date of the initial public offering of Taro in 1961 (“**Date of Initial Public Offering**”);
- You are the beneficial owner (directly or indirectly) of less than 5% of Taro’s outstanding shares; and
- You are NOT, and since the date of purchase of your Shares have not been, a “resident of Israel” for tax purposes.

PART I Identification and details of Shareholder (including Eligible Israeli Brokers) (see instructions)**1. Name:**

(please print full name)

2. Type of Shareholder (more than one box may be applicable):

- | | |
|--|--|
| <input type="checkbox"/> Corporation (or
Limited Liability Company) | <input type="checkbox"/> Bank |
| <input type="checkbox"/> Individual | <input type="checkbox"/> Broker |
| <input type="checkbox"/> Trust | <input type="checkbox"/> Financial Institution |
| <input type="checkbox"/> Partnership | |
| <input type="checkbox"/> Other: | |

3. For individuals only:

Date of birth: ____/____/____
month / day / year

Country of residence:

Countries of citizenship (name all citizenships):

Taxpayer Identification or Social Security No. (if applicable):

5. Permanent Address (state, city, zip or postal code, street, house number, apartment number):**6. Mailing Address** (if different from above):**4. For all other Shareholders**

Country of incorporation or organization:

Registration number of corporation (if applicable):

Country of residence:

7. Contact Details:

Name: _____

Capacity: _____

Telephone Number _____
(country code, area code and number):

8. I hold the Shares of Taro (mark X in the appropriate place):

☐ directly, as a Registered Holder

☐ through a bank/broker or other financial intermediary. If you marked this box, please state the name of your financial intermediary:_____

9. Mark X in all appropriate places:

☐ I am the beneficial owner (directly or indirectly) of less than 5% of the outstanding Shares.

☐ I hold (directly or indirectly) less than 5% of Taro's voting rights.

☐ I am entitled (directly or indirectly) to receive less than 5% of Taro's profits and/or assets upon dissolution.

☐ I do not have any right to appoint a director of Taro.

PART II Declaration by Non-Israeli Residents (see instructions) **Eligible Israeli Banks/Brokers/Financial Institutions should NOT complete this Part II**

A. To be completed only by Individuals. I hereby declare that: (if the statement is correct, mark X in the following boxes)

A.1 ☐ I am NOT, and since the date of purchase of my Shares have not been, a "resident of Israel" for tax purposes, as defined under Israeli law and provided in the Instructions attached hereto, which means, among other things that:

- The State of Israel is not my permanent place of residence,
- The State of Israel is neither my place of residence nor that of my family,
- My ordinary or permanent place of activity/business is NOT in the State of Israel and I do NOT have a permanent establishment in the State of Israel,
- I do NOT engage in an occupation in the State of Israel,
- I do NOT have any ownership rights in any business or part of a business in the State of Israel,
- I am NOT insured by the Israeli National Insurance Institution,
- I was NOT present (nor am I planning to be present) in Israel for 145 days or more during any tax year, and
- I was NOT present (nor am I planning to be present) in Israel for 30 days or more during this tax year, and the total period of my presence in Israel during this tax year and the two previous tax years is less than 425 days in total; and

A.2 ☐ I acquired the Shares on or after the initial public offering of Taro on the New York Stock Exchange (i.e., 1961).

B. To be completed by Corporations (except Partnerships and Trusts). I hereby declare that: (if correct, mark X in the following boxes)

B.1 ☐ The corporation is NOT, and has not been since the date of purchase of its Shares, a “resident of Israel” for tax purposes, as defined under Israeli law and provided in the Instructions attached hereto, which means, among other things, that:

- The corporation is NOT registered with the Registrar of Companies in Israel,
- The corporation is NOT registered with the Registrar of “Amutot” (non-profit organizations) in Israel,
- The control of the corporation is NOT located in Israel,
- The management of the corporation is NOT located in Israel,
- The corporation does NOT have a premanent establishment in Israel, and
 - The corporation has no representatives present in Israel
 - The corporations organs (i.e. directors, management, etc.) are not engaged in the corporation’s activities directly or indirectly in Israel, and
- No Israeli resident holds, directly or indirectly via shares or through a trust or in any other manner or with another who is an Israeli resident, 25% or more of any “means of control” in the corporation as specified below:
 - The right to participate in profits;
 - The right to appoint a director;
 - The right to vote;
 - The right to share in the assets of the corporations at the time of its liquidation; and
 - The right to direct the manner of exercising one of the rights specified above; and

B.2 ☐ The corporation acquired the Shares on or after the initial public offering of Taro on the New York Stock Exchange (i.e., 1961).

C. To be completed by Partnerships. I hereby declare that: (if correct, mark X in the following boxes)

C.1 ☐ The partnership is NOT, and has not been since the date of purchase of its Shares, a “resident of Israel” for tax purposes as defined under Israeli law, which means, among other things, that:

- The partnership is NOT registered with the Registrar of Parnterships in Israel,
- The control of the partnership is NOT located in Israel,
- The management of the partnership is NOT located in Israel,
- The partnership does NOT have a premanent establishment in Israel,
- No Israeli resident holds, directly or indirectly via shares or through a trust or in any other manner or with another who is an Israeli resident, 25% or more of the rights in the partnership, or, of the right to direct the manner of exercising any of the rights in the partnership, and
- No partner in the partnership is an Israeli resident; and

C.2 ☐ The partnership acquired the Shares on or after the initial public offering of Taro on the New York Stock Exchange (i.e., 1961).

D. To be completed by Trusts. I hereby declare that: (if correct, mark X in the following boxes)

- D.1 ☐ The trust is NOT and, and has not been since the date of purchase of its Shares, an Israeli resident for tax purposes as defined under Israeli law, which means, among other things, that:
- The trust is NOT registered in Israel,
 - All settlors of the trust are NOT Israeli residents,
 - All beneficiaries of the trust are NOT Israeli residents, and
 - All trustees of the trust (or protectors of the trust, if any) are NOT Israeli residents; and
- D.2 ☐ The trust acquired the Shares on or after the initial public offering of Taro on the New York Stock Exchange (i.e., 1961).

PART III Declaration by Israeli Bank, Broker or Financial Institution (see instructions) **Non-Israeli Residents should NOT complete this Part III**

I hereby declare that: (if correct, mark X in the following box)

- ☐ I am a bank, broker or financial institution that is a “resident of Israel” within the meaning of that term in Section 1 of the Israeli Income Tax Ordinance (New Version), 5721-1961 (the “**Ordinance**”), I am holding the Shares solely on behalf of beneficial shareholders(s) and I am subject to the provisions of the Ordinance and the regulations promulgated thereunder relating to the withholding of Israeli tax, including with respect to the cash payment (if any) made by me to such beneficial shareholder(s) with respect to Shares in connection with the Offer.

PART IV Certification. By signing this form, I also declare that:

- I understood this form and completed it correctly and pursuant to the instructions.
- I provided accurate, full and complete details in this form.
- I am aware that providing false details might constitute a criminal offense.
- I am aware that this form may be provided to the Israeli Tax Authority, in case the Israeli Tax Authority so requests, for purposes of audit or otherwise.

SIGN HERE

Signature of Shareholder

Date

Capacity in which acting
(or individual authorized to sign on your behalf)

Number of Shares _____

Bank/Broker Name _____

DTC Participant # _____

VOI # _____

INSTRUCTIONS
Forming Part of the Declaration of Status for Israeli Income Tax Purposes

General Instructions. This Declaration Form (Declaration of Status for Israeli Income Tax Purposes), should be completed by a holder of Shares who wishes to tender its Shares pursuant to the Offer, and who is either:

(i) A Non-Israeli Resident: (1) that (a) holds less than 5% of the outstanding Shares of Taro, (b) holds less than 5% of the voting rights of Taro, (c) holds less than 5% of the right to receive Taro's profits or assets upon liquidation, and (d) has no right to appoint a director of Taro; (2) that is NOT a "resident of Israel" for purposes of the Ordinance, and (3) that acquired the Shares tendered on or after Taro's initial public offering; or

(ii) A Bank, Broker or Financial Institution Resident in Israel: a bank, broker or financial institution that is a "resident of Israel" within the meaning of that term in Section 1 of the Ordinance, that (1) is holding Shares solely on behalf of beneficial shareholder(s), and (2) is subject to the provisions of the Ordinance and the regulations promulgated thereunder relating to the withholding of Israeli tax, including with respect to the cash payment (if any) made by them to such beneficial shareholder(s) with respect to Shares tendered by them and accepted for payment by Taro pursuant to the Offer (an "**Eligible Israeli Broker**").

NOTE: AN ELIGIBLE ISRAELI BROKER MAY COMPLETE THIS FORM IF IT IS HOLDING THE SHARES SOLELY ON BEHALF OF ITS CLIENTS, WHO ARE BENEFICIAL SHAREHOLDERS.

Determination of Validity. All questions as to the validity, form or eligibility (including time of receipt) of this form will be, subject to applicable law, determined by Taro, in its sole discretion. None of Taro, the Depositary or any other person will be under any duty to provide notification of any defects or irregularities in any Form or incur any liability for failure to give any such notification.

Questions and Requests for Assistance or Additional Copies. Questions and requests for assistance may be directed to: I.B.I Trust Management; Email: Tzvika@102trust.com; Phone No. + 972 506 209 410.

The method of delivery of this form is at your option and risk, and the delivery will be deemed made only when actually received. If delivery is by mail, registered mail with return receipt requested, is recommended. In all cases, sufficient time should be allowed to ensure timely delivery. No alternative, conditional or contingent Forms will be accepted.

I. Definition of Resident of Israel for Israeli Tax Purposes

The following is an excerpt of Section 1 of the Israeli Income Tax Ordinance [New Version], 1961, as amended, which defines a "resident of Israel" or a "resident" as follows:

"(A) with respect to an individual—a person whose center of life is in Israel; for this purpose the following provisions will apply:

(1) in order to determine the center of life of an individual, account will be taken of the individual's family, economic and social connections, including, among others:

- (a) place of permanent home;
- (b) place of residential dwelling of the individual and the individual's family;
- (c) place of the individual's regular or permanent occupation or the place of his permanent employment;
- (d) place of the individual's active and substantial economic interests;
- (e) place of the individual's activities in organizations, associations and other institutions;

(2) the center of vital interests of an individual will be presumed to be in Israel:

- (a) if the individual was present in Israel for 183 days or more in the tax year;

(b) if the individual was present in Israel for 30 days or more in the tax year, and the total period of the individual's presence in Israel in that tax year and the two previous tax years is 425 days or more.

For the purposes of this provision, "day" includes a part of a day;

(3) the presumption in subparagraph (2) may be rebutted either by the individual or by the assessing officer;

(4) ...;

(B) with respect to a body of persons—a body of persons which meets one of the following:

(1) it was incorporated in Israel;

(2) the control over its business and its management are exercised in Israel,...."

The above is an unofficial English translation of the Ordinance from the Hebrew language, and is provided for convenience purposes only. Please consult your own tax advisors to determine the applicability of these definitions to you.

Contacts:
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**TARO ANNOUNCES COMMENCEMENT OF TENDER OFFER
TO REPURCHASE UP TO \$225 MILLION IN VALUE
OF ITS ORDINARY SHARES**

HAWTHORNE, NY, November 15, 2019—Taro Pharmaceutical Industries Ltd. (NYSE: TARO) (“Taro” or the “Company”) announced today that it has commenced a modified “Dutch auction” tender offer to repurchase up to \$225 million in value of its ordinary shares at a price not greater than \$92.00 per share nor less than \$80.00 per share, to the seller in cash, less any applicable withholding taxes and without interest, upon the terms and subject to the conditions set forth in the Offer to Purchase and Letter of Transmittal that are being distributed to shareholders (the “Offer”). If the Offer is fully subscribed, the number of shares to be purchased in the Offer represents approximately 6.3% to 7.3% of Taro’s currently issued and outstanding shares depending on the purchase price payable for those shares pursuant to the Offer. The NYSE closing price of the shares on November 14, 2019, the last full trading day before today’s announcement and commencement of this Offer, was \$76.22 per share.

The Offer will expire at 5:00 p.m., New York City time, on Monday, December 16, 2019, unless extended by Taro. Tenders of shares must be made prior to the expiration of the Offer and may be withdrawn at any time prior to the expiration of the Offer. The Offer will not be conditioned upon any minimum number of shares being tendered; however, the Offer is subject to a number of terms and conditions described in the Offer to Purchase.

Tendering shareholders may specify a price not greater than \$92.00 per share nor less than \$80.00 per share (in increments of \$0.50) at which they are willing to sell their shares pursuant to the Offer. On the terms and subject to the conditions of the Offer, the Company will designate a single per share price that the Company will pay for shares properly tendered and not properly withdrawn from the Offer, taking into account the total number of shares tendered and the prices specified by tendering shareholders. The Company will select the lowest purchase price, not greater than \$92.00 per share nor less than \$80.00 per share, that will allow it to purchase shares having an aggregate purchase price of \$225 million, or a lower amount depending on the number of shares properly tendered and not properly withdrawn (such purchase price, the “Final Purchase Price”). Only shares validly tendered at prices at or below the Final Purchase Price, and not properly withdrawn, will be eligible for purchase in the Offer. All shares acquired in the Offer will be acquired at the Final Purchase Price, including those shares tendered at a price lower than the Final Purchase Price. However, due to the “odd lot” priority, proration and conditional tender offer provisions described in the Offer to Purchase, all of the shares tendered may not be purchased if the number of shares properly tendered at or below the Final Purchase Price and not properly withdrawn have an aggregate value in excess of \$225 million (based on the Final Purchase Price).

The Company will purchase only those shares properly tendered and not properly withdrawn upon the terms and conditions of the Offer. All shares accepted for payment will be paid promptly after the expiration of the Offer period, to the seller in cash, less any applicable withholding taxes and without interest. At the maximum Final Purchase Price of \$92.00 per share, the Company would purchase 2,445,652 shares if the Offer is fully subscribed, which would represent approximately 6.3% of the issued and outstanding shares as of November 14, 2019. At the minimum Final Purchase Price of \$80.00 per share, the Company would purchase 2,812,500 shares if the Offer is fully subscribed, which would represent approximately 7.3% of the issued and outstanding shares as of November 14, 2019.

Shares not purchased in the Offer will be returned at the Company’s expense promptly following the expiration of the Offer. The Company reserves the right, in its sole discretion, to change the per share purchase price

options and to increase or decrease the aggregate value of shares sought in the Offer, subject to applicable law. In accordance with the rules of the U.S. Securities and Exchange Commission (“SEC”), the Company may purchase in the Offer up to an additional 2% of its outstanding shares without amending or extending the Offer.

As of October 31, 2019, Taro had approximately \$1.5 billion in cash and cash equivalents and short-term and long-term marketable securities, a portion of which will be used to fund the Offer.

The Dealer Manager for the Offer is J.P. Morgan Securities LLC, and the Information Agent is MacKenzie Partners Inc. The Depositary is American Stock Transfer & Trust Company, LLC. The Offer to Purchase, Letter of Transmittal and related documents are being mailed to shareholders of record and also will be made available for distribution to beneficial owners of shares. For questions and information, please call the Dealer Manager or the Information Agent toll free at 1-877-371-5947 or 1-800-322-2885, respectively.

Taro’s Board of Directors has approved the Offer. However, none of Taro, its Board of Directors, the Dealer Manager, the Information Agent or the Depositary is making any recommendations to shareholders as to whether to tender or refrain from tendering their shares or as to the purchase price or the purchase prices at which shares may be tendered into the Offer. Shareholders must make their own decisions as to how many shares they will tender, if any. In so doing, shareholders should read and evaluate carefully the information in the Offer to Purchase and in the related Letter of Transmittal.

THIS PRESS RELEASE IS FOR INFORMATIONAL PURPOSES ONLY AND DOES NOT CONSTITUTE AN OFFER TO BUY OR THE SOLICITATION OF AN OFFER TO SELL SHARES OF TARO PHARMACEUTICAL INDUSTRIES LTD. ORDINARY SHARES. THE OFFER IS BEING MADE ONLY PURSUANT TO THE OFFER TO PURCHASE, LETTER OF TRANSMITTAL AND RELATED MATERIALS THAT TARO WILL SHORTLY BE DISTRIBUTING TO ITS SHAREHOLDERS AND FILING WITH THE SEC. SHAREHOLDERS AND INVESTORS SHOULD READ CAREFULLY THE OFFER TO PURCHASE, LETTER OF TRANSMITTAL AND RELATED MATERIALS BECAUSE THEY CONTAIN IMPORTANT INFORMATION, INCLUDING THE VARIOUS TERMS OF, AND CONDITIONS TO, THE OFFER. SHAREHOLDERS AND INVESTORS MAY OBTAIN A FREE COPY OF THE TENDER OFFER STATEMENT ON SCHEDULE TO, THE OFFER TO PURCHASE, LETTER OF TRANSMITTAL AND OTHER DOCUMENTS THAT TARO WILL SHORTLY BE FILING WITH THE SEC AT THE SEC’S WEBSITE AT WWW.SEC.GOV OR BY CALLING MACKENZIE PARTNERS, INC., THE INFORMATION AGENT FOR THE OFFER, TOLL-FREE AT 1-800-322-2885. SHAREHOLDERS ARE URGED TO CAREFULLY READ THESE MATERIALS PRIOR TO MAKING ANY DECISION WITH RESPECT TO THE OFFER.

About Taro

Taro Pharmaceutical Industries Ltd. is a multinational, science-based pharmaceutical company, dedicated to meeting the needs of its customers through the discovery, development, manufacturing and marketing of the highest quality healthcare products. For further information on Taro Pharmaceutical Industries Ltd., please visit the Company’s website at www.taro.com

SAFE HARBOR STATEMENT

Certain statements in this release are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements include, but are not limited to, statements that do not describe historical facts or that refer or relate to events or circumstances the Company “estimates,” “believes,” or “expects” to happen or similar language, and statements with respect to the Company’s financial performance, availability of financial information, and estimates of financial results and information for fiscal year 2020. Although the Company believes the expectations reflected in such forward-looking statements to be based on reasonable assumptions, it can give no assurances that its expectations will be attained. Factors that could cause actual results to differ include general domestic and international economic conditions, industry and market conditions, changes in the Company’s financial position, litigation brought by any party in any court in Israel,

the United States, or any country in which Taro operates, regulatory and legislative actions in the countries in which Taro operates, and other risks detailed from time to time in the Company's SEC reports, including its Annual Reports on Form 20-F. Forward-looking statements are applicable only as of the date on which they are made. The Company undertakes no obligations to update, change or revise any forward-looking statement, whether as a result of new information, additional or subsequent developments or otherwise.

This announcement is neither an offer to purchase nor a solicitation of an offer to sell shares. The Offer (as defined below) is made solely by the Offer to Purchase, dated November 15, 2019, and the related Letter of Transmittal, and any amendments or supplements thereto. The Offer is not being made to, nor will tenders be accepted from or on behalf of, holders of ordinary shares in any jurisdiction in which the making or acceptance or offers to sell shares would not be in compliance with the laws of that jurisdiction.

Notice of Offer to Purchase for Cash
by
Taro Pharmaceutical Industries Ltd.
of
Up to \$225 Million in Value of Shares of its Ordinary Shares
at a Purchase Price
Not Greater Than \$92.00 Per Share Nor Less Than \$80.00 Per Share

Taro Pharmaceutical Industries Ltd., a company incorporated under the laws of the State of Israel (the “Company”), is offering to purchase for cash up to \$225 million in value of shares of its ordinary shares, nominal (par) value NIS 0.0001 per share (the “ordinary shares” or “shares”), through a modified “Dutch auction” tender offer, upon the terms and subject to the conditions set forth in the Offer to Purchase, dated November 15, 2019 (the “Offer to Purchase”), and in the related Letter of Transmittal (which together, as they may be amended and supplemented from time to time, constitute the “Offer”). The Company is inviting its shareholders to tender their shares at a price not greater than \$92.00 per share nor less than \$80.00 per share, to the seller in cash, less any applicable withholding taxes and without interest, upon the terms and subject to the conditions of the Offer.

The Offer is not conditioned on any minimum number of shares being tendered. The Offer is, however, subject to certain other conditions set forth in the Offer to Purchase and the related Letter of Transmittal.

THE OFFER, PRORATION PERIOD AND WITHDRAWAL RIGHTS WILL EXPIRE AT 5:00 P.M., NEW YORK CITY TIME, ON MONDAY, DECEMBER 16, 2019, UNLESS THE OFFER IS EXTENDED (SUCH DATE AND TIME, AS THEY MAY BE EXTENDED, THE “EXPIRATION TIME”).

The Board of Directors of the Company has approved the Offer. However, none of the Company, its Board of Directors, the Dealer Manager, the Information Agent or the Depositary is making any recommendation to any shareholder as to whether to tender or refrain from tendering shares or as to the price or prices at which shares may be tendered, and the Company has not authorized any person to make any such recommendation. Shareholders must make their own decisions as to whether to tender their shares and, if so, how many shares to tender and at what price or prices to tender. In so doing, shareholders should read and evaluate carefully the information in the Offer to Purchase and in the related Letter of Transmittal, including the Company’s reasons for making the Offer, and should consult with their own investment and tax advisors.

The Company’s shareholders will have the opportunity to tender some or all of their shares at a price not greater than \$92.00 per share nor less than \$80.00 per share. Tendering shareholders must either elect to accept the price determined in the Offer or specify a price not greater than \$92.00 per share nor less than \$80.00 per share (in increments of \$0.50) at which they are willing to sell their shares pursuant to the Offer. On the terms and subject to the conditions of the Offer, the Company will designate a single per share price that the Company will pay for shares properly tendered and not properly withdrawn from the Offer, taking into account the total number of shares tendered and the prices specified by tendering shareholders. The Company will select the lowest purchase price, not greater than \$92.00 per share nor less than \$80.00 per share (in increments of \$0.50), that will allow it to purchase ordinary shares having an aggregate purchase price of \$225 million, or a lower amount depending on the number of ordinary shares properly tendered and not properly withdrawn (such purchase price, the “Final Purchase Price”). Only shares validly tendered at prices at or below the Final Purchase Price, and not properly withdrawn, will be eligible for purchase in the Offer. All ordinary shares acquired in the Offer will be acquired at the Final Purchase Price, including those ordinary shares tendered at a price lower than the Final Purchase Price. However, due to the “odd lot” priority, proration and conditional tender offer provisions described in this Offer to Purchase, all of the shares tendered may not be purchased if the number of shares

properly tendered at or below the Final Purchase Price and not properly withdrawn have an aggregate value in excess of \$225 million (based on the Final Purchase Price).

The Company will purchase only those shares properly tendered and not properly withdrawn upon the terms and conditions of the Offer. All shares accepted for payment will be paid promptly after the Expiration Time, to the seller in cash, less any applicable withholding taxes and without interest. At the maximum Final Purchase Price of \$92.00 per share, the Company would purchase 2,445,652 shares if the Offer is fully subscribed, which would represent approximately 6.3% of the issued and outstanding shares as of November 14, 2019. At the minimum Final Purchase Price of \$80.00 per share, the Company would purchase 2,812,500 shares if the Offer is fully subscribed, which would represent approximately 7.3% of the issued and outstanding shares as of November 14, 2019.

The Company reserves the right, in its sole discretion, to change the shareholders' per share purchase price options and to increase or decrease the aggregate value of shares sought in the Offer, subject to applicable law. In addition, in the event that shares are properly tendered at or below the Final Purchase Price (and not properly withdrawn) having an aggregate purchase price of more than \$225 million, the Company may exercise its right to purchase up to an additional 2% of its outstanding shares without extending the Expiration Time.

For purposes of the Offer, the Company will be deemed to have accepted for payment, and therefore purchased, shares properly tendered (and not properly withdrawn), subject to the "odd lot," priority, proration and conditional tender provisions of the Offer, only when, as and if the Company gives oral or written notice to American Stock Transfer & Trust Company, LLC, the depositary for the Offer (the "Depositary"), of its acceptance of such shares for payment under the Offer. The Company will make payment for shares tendered and accepted for payment under the Offer only after timely receipt by the Depositary of certificates for such shares or of timely confirmation of a book-entry transfer of such shares into the Depositary's account at the "book-entry transfer facility" (as defined in the Offer to Purchase), a properly completed and duly executed Letter of Transmittal or a manually signed facsimile thereof or, in the case of a book-entry transfer, an "agent's message" (as defined in the Offer to Purchase), and any other documents required by the Letter of Transmittal.

If the conditions of the Offer have been satisfied or waived and shares having an aggregate value (based on the Final Purchase Price) in excess of \$225 million (or such greater amount as the Company may elect to purchase, subject to applicable law) have been properly tendered at or below the Final Purchase Price and not properly withdrawn on or prior to the Expiration Time, the Company will purchase shares:

- *first*, from all holders of "odd lots" of fewer than 100 shares who properly tender all of their shares at or below the Final Purchase Price and do not properly withdraw them before the Expiration Time;
- *second*, from all other shareholders who properly tender shares at or below the Final Purchase Price, on a *pro rata* basis (except for shareholders who tendered shares conditionally for which the condition was not satisfied); and
- *third*, only if necessary to permit us to purchase shares having an aggregate purchase price of \$225 million (or such greater amount as we may elect, subject to applicable law), from holders who have tendered shares conditionally at or below the Final Purchase Price (for which the condition was not initially satisfied) by random lot, to the extent feasible. To be eligible for purchase by random lot, shareholders whose shares are conditionally tendered must have tendered all of their shares.

Because of the "odd lot," priority, proration and conditional tender provisions described above, the Company may not purchase all of the shares that a shareholder tenders.

The Company will return all tendered shares that it has not purchased in the Offer to the tendering shareholders or, in the case of shares delivered by book-entry transfer, will credit the account at the book-entry facility from which the transfer has been previously made, at the Company's expense promptly after the Expiration Time.

The Company expressly reserves the right, in its sole discretion, at any time and from time to time, to extend the period of time during which the Offer is open and thereby delay acceptance for payment of, and payment for,

any shares by giving oral or written notice of such extension to the Depositary and making a public announcement thereof no later than 9:00 a.m., New York City time, on the next business day after the last previously scheduled or announced Expiration Time. During any such extension, all shares previously tendered and not properly withdrawn will remain subject to the Offer and to the right of a tendering shareholder to withdraw such shareholder's shares. The Company also expressly reserves the right to terminate the Offer, as described in the Offer to Purchase. Subject to compliance with applicable laws, the Company further reserves the right, regardless of whether any of the circumstances described in the Offer to Purchase shall have occurred or shall be deemed by the Company to have occurred, to amend the Offer in any respect, including, without limitation, by increasing or decreasing the consideration offered. The Company will announce any such termination or amendment to the Offer by making a public announcement of the termination or amendment in accordance with applicable law.

As of October 31, 2019, the Company had approximately \$1.5 billion in cash and cash equivalents and short-term and long-term marketable securities, a portion of which will be used to fund the Offer. On November 4, 2019, the Company's Board of Directors approved a \$300 million share repurchase of ordinary shares. The Company's Board of Directors, after evaluating various alternatives and expected capital requirements of the Company's operations and other expected cash commitments, believes that purchasing shares in the Offer represents a prudent use of the funds required for the Offer. The Offer represents an opportunity for the Company to return capital to its shareholders who elect to tender their shares subject to the terms and conditions of the Offer. Additionally, shareholders who do not participate in the Offer will automatically increase their relative percentage interest in the Company at no additional cost to them.

Generally, the receipt of cash from the Company in exchange for the shares in the Offer by a U.S. Holder (as defined in the Offer to Purchase) will be a taxable event for U.S. federal income tax purposes. Non-U.S. persons generally should not be subject to U.S. federal income tax on amounts received in the Offer although backup withholding may still apply. The receipt of cash for ordinary shares accepted for payment by the Company from tendering shareholders will generally be a taxable transaction for Israeli income tax purposes for both Israeli residents and non-Israeli residents, unless a specific exemption is available or a tax treaty between Israel and the shareholder's country of residence provides otherwise. Shareholders are strongly encouraged to read the Offer to Purchase, including Section 14, for additional information regarding the U.S. federal income tax and Israeli income tax consequences of participating in the Offer and to consult their tax advisors.

Shareholders who desire to tender their shares but (a) whose certificates for those shares are not immediately available, (b) cannot complete the procedure for book-entry transfer on a timely basis or (c) cannot deliver all required documents to reach the Depositary at or prior to the Expiration Time may still tender their shares by following the procedure for guaranteed delivery set forth in the Offer to Purchase and Letter of Transmittal.

Shareholders may withdraw their tendered shares at any time prior to the Expiration Time, and, unless previously accepted for payment by the Company under the Offer, may also be withdrawn at any time after 12:00 midnight, New York City Time, on January 14, 2020. For such withdrawal to be effective, the Depositary must timely receive a written, telegraphic or facsimile transmission notice of withdrawal at the respective addresses or facsimile number specified for such manner of delivery set forth on the back cover page of the Offer to Purchase. Any such notice of withdrawal must specify the name of the tendering shareholder, the number of shares to be withdrawn and the name of the registered holder of such shares. If the certificates for shares to be withdrawn have been delivered or otherwise identified to the Depositary, then, prior to the physical release of such certificates, the serial numbers shown on such certificates must be submitted to the Depositary and the signature(s) on the notice of withdrawal must be guaranteed by an "eligible institution" (as defined in the Offer to Purchase), unless such shares have been tendered for the account of an eligible institution. If more than one Letter of Transmittal has been used or shares have been otherwise tendered by a shareholder in more than one group of shares, shares may be withdrawn by such shareholder using either separate notices of withdrawal or a combined notice of withdrawal, so long as the information specified above is included. If shares have been tendered pursuant to the procedure for book-entry transfer set forth in the Offer to Purchase, any notice of withdrawal also must specify the name and the number of the account at the book-entry transfer facility to be credited with the withdrawn shares and must otherwise comply with such book-entry transfer facility's procedures.

The Company will determine, in its sole discretion, all questions as to the form and validity of any notice of withdrawal, including the time of receipt, and such determination will be final and binding, subject to a shareholder's right to challenge the Company's determination in a court of competent jurisdiction. None of the Company, J.P. Morgan Securities LLC, as the Dealer Manager, MacKenzie Partners, Inc., as the Information Agent, American Stock Transfer & Trust Company, LLC, as the Depositary, or any other person will be under any duty to give notification of any defects or irregularities in any tender or notice of withdrawal or incur any liability for failure to give any such notification. The information required to be disclosed by Rule 13e-4(d)(1) under the Securities Exchange Act of 1934, as amended, is contained in the Offer to Purchase and the Schedule TO, both of which are incorporated herein by reference.

The Offer to Purchase and the related Letter of Transmittal contain important information that shareholders should read carefully before making any decision with respect to the Offer. Copies of the Offer to Purchase and the related Letter of Transmittal will be mailed to record holders of shares whose names appear on the Company's shareholder list and will be furnished to brokers, dealers, commercial banks, trust companies and similar persons whose names, or the names of whose nominees, appear on the shareholder list or, if applicable, who are listed as participants in a clearing agency's security position listing for subsequent transmittal to beneficial owners of shares.

Please direct any questions or requests for assistance to the Dealer Manager or Information Agent at their respective telephone numbers and addresses set forth below. Please direct requests for additional copies of the Offer to Purchase, the Letter of Transmittal or the Notice of Guaranteed Delivery to the Information Agent at the telephone numbers and address set forth below. The Information Agent will promptly furnish to shareholders additional copies of these materials at the Company's expense. Shareholders may also contact their broker, dealer, commercial bank, trust company or nominee for assistance concerning the Offer.

The Information Agent for the Offer is:

**MACKENZIE
PARTNERS, INC.**

1407 Broadway
New York, New York 10018
(212) 929-5500

or

CALL TOLL-FREE (800) 322-2885

Email: tenderoffer@mackenziepartners.com

The Dealer Manager for the Offer is:

J.P.Morgan

J.P. Morgan Securities LLC

383 Madison Avenue
New York, New York 10179
Call toll-free: 1-877-371-5947

November 15, 2019