

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE TO

Tender Offer Statement Under Section 14(d)(1) or 13(e)(1)
of the Securities Exchange Act of 1934
(Amendment No. 31)

TARO PHARMACEUTICAL INDUSTRIES LTD.

(Name of Subject Company (Issuer))

ALKALOIDA CHEMICAL COMPANY EXCLUSIVE GROUP LTD.

(Name of Filing Person (Offeror))

a subsidiary of

SUN PHARMACEUTICAL INDUSTRIES LTD.

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

(Title of Class of Securities)

M8737E108

(CUSIP Number of Class of Securities)

Mr. Harin P. Mehta

Director

Alkaloida Chemical Company Exclusive Group Ltd.

Kabay János u. 29, H-4440 Tiszavasari, The Republic of Hungary

+36-42-521-005

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

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(972) 3-610-3100

CALCULATION OF FILING FEE

Transaction Valuation*	Amount of Filing Fee**
\$194,554,682.50	\$7,646.00

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

** Calculated as 0.00393% of the transaction value.

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

Amount Previously Paid: \$7,800.00

Filing Party: Alkaloida Chemical Company Exclusive Group Ltd.

Form or Registration No.: Schedule TO

Date Filed: June 30, 2008

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

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

R 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: £

This Amendment No. 31 (this “Amendment”) amends and supplements the Tender Offer Statement on Schedule TO filed on June 30, 2008, as amended by Amendment No. 1 through Amendment No. 30 (as so amended, the “Schedule TO”) by Alkaloida Chemical Company Exclusive Group Ltd. (“Purchaser”), a Hungarian company and a subsidiary of Sun Pharmaceutical Industries Ltd. (“Sun”), an Indian company. This Schedule TO relates to the offer by Purchaser to purchase all outstanding Ordinary Shares, nominal (par) value NIS 0.0001 per share, of Taro Pharmaceutical Industries Ltd. (the “Company”), an Israeli corporation, at a purchase price of \$7.75 per Ordinary Share, net to the seller in cash (subject to applicable withholding taxes), without interest, upon the terms and subject to the conditions set forth in the Offer to Purchase dated June 30, 2008 and in the related Letter of Transmittal. Except as specifically provided herein, this Amendment does not modify any of the information previously reported on the Schedule TO.

Item 11. Additional Information.

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

In connection with the Annual General Meeting of the Company’s shareholders scheduled for December 31, 2009, Sun is having and will continue to have discussions with the Company’s shareholders and certain proxy advisory services. A presentation provided in connection with such discussions is attached hereto as Exhibit (a)(5)(BB).

Item 12. Exhibits.

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

- (a)(1)(A) Offer to Purchase dated June 30, 2008.*
- (a)(1)(B) Form of Letter of Transmittal.*
- (a)(1)(C) Form of Notice of Guaranteed Delivery.*
- (a)(1)(D) Form of Letter to Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees.*
- (a)(1)(E) Form of Letter to Clients for use by Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees.*
- (a)(1)(F) Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9.*
- (a)(1)(G) Declaration of Status for Israeli Income Tax Purposes.*
- (a)(1)(H) Tax Declaration Form for Israeli Financial Institutions.*

* Previously filed.

- (a)(5)(A) Summary Advertisement as published in *The Wall Street Journal* on June 30, 2008.*
- (a)(5)(B) Text of Press Release issued by Sun on June 25, 2008, incorporated by reference to the Statement on Schedule 13D (including exhibits), originally filed by Sun, Sun Pharma Global Inc. and Purchaser, with respect to the Ordinary Shares, par value NIS 0.0001 per share of the Company, with the U.S. Securities and Exchange Commission (the “Original Schedule 13D”); the Amendment No. 1 to the Original Schedule 13D, filed on July 25, 2007 (the “Amendment No. 1”); the Amendment No. 2 to the Original Schedule 13D, filed on August 2, 2007 (the “Amendment No. 2”); the Amendment No. 3 to the Original Schedule 13D, filed on February 19, 2008 (the “Amendment No. 3”); the Amendment No. 4 to the Original Schedule 13D, filed on May 29, 2008 (the “Amendment No. 4”); the Amendment No. 5 to the Original Schedule 13D, filed on June 5, 2008 (the “Amendment No. 5”); the Amendment No. 6 to the Original Schedule 13D, filed on June 24, 2008; the Amendment No. 7 to the Original Schedule 13D, filed on June 25, 2008 (the “Amendment No. 7”, together with the Original Schedule 13D, the Amendment No. 1, the Amendment No. 2, the Amendment No. 3, the Amendment No. 4, the Amendment No. 5 and the Amendment No. 6, the “Schedule 13D”) and by reference to Statement on Schedule TO filed by Purchaser on June 25, 2008.*
- (a)(5)(C) Text of Press Release issued by Purchaser on June 30, 2008.*
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- (a)(5)(L) Text of Press Release issued by Sun on December 19, 2008.*
- (a)(5)(M) Text of letter from Sun’s Chairman and Managing Director, Dilip Shanghvi, to Myron Strober, Chairman of the Audit Committee of the Board of Directors of the Company, dated January 2, 2009, regarding the financial statements of the Company.*
- (a)(5)(N) Text of Press Release issued by Sun on January 7, 2009.*

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- (a)(5)(Y) Complaint filed by the Company on September 30, 2009 in the United States District Court for the Southern District of New York against Sun, Purchaser, Aditya and Caraco.*
- (a)(5)(Z) Position Statement with respect to the Annual General Meeting of the Company's shareholders scheduled for December 31, 2009, submitted by Purchaser to the Company on December 10, 2009 for distribution to the Company's shareholders.*
- (a)(5)(AA) Text of letter, dated December 14, 2009, from counsel to Sun and Purchaser to counsel to the Company.*
- (a)(5)(BB) Presentation regarding the Annual General Meeting of the Company's shareholders scheduled for December 31, 2009.
- (b) Not applicable.
- (d)(A) Agreement of Merger, dated as of May 18, 2007, among Purchaser, Aditya Acquisition Company Ltd. and the Company, incorporated by reference to the Schedule 13D.*
- (d)(B) Amendment No. 1 to Agreement of Merger, dated as of July 23, 2007, among Purchaser, Aditya Acquisition Company Ltd. and the Company, incorporated by reference to the Schedule 13D.*
- (d)(C) Option Letter Agreement, dated as of May 18, 2007, among Taro Development Corporation, Barrie Levitt, Tal Levitt, Daniel Moros, Jacob Levitt and Purchaser, incorporated by reference to the Schedule 13D.*

- (d)(D) Share Purchase Agreement, dated as of May 18, 2007, among Purchaser and the Company, incorporated by reference to the Schedule 13D.*
- (d)(E) Agreement and Plan of Merger, dated as of May 18, 2007, among Sun Pharmaceutical Industries, Inc., Sun Development Corporation I, Taro Development Corporation, Barrie Levitt and Daniel Moros, incorporated by reference to the Schedule 13D.*
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- (g) Not applicable.
- (h) Not applicable.

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

Dated: December 15, 2009

ALKALOIDA CHEMICAL COMPANY
EXCLUSIVE GROUP LTD.

By: /s/ Harin Mehta

Name: Mr. Harin Mehta

Title: Director

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

Dated: December 15, 2009

SUN PHARMACEUTICAL INDUSTRIES LTD.

By: /s/ Sudhir V. Valia

Name: Mr. Sudhir V. Valia

Title: Director

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- (g) Not applicable.
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-

**Taro Pharmaceutical Industries Ltd.
Annual General Meeting of Shareholders
Scheduled for December 31, 2009**

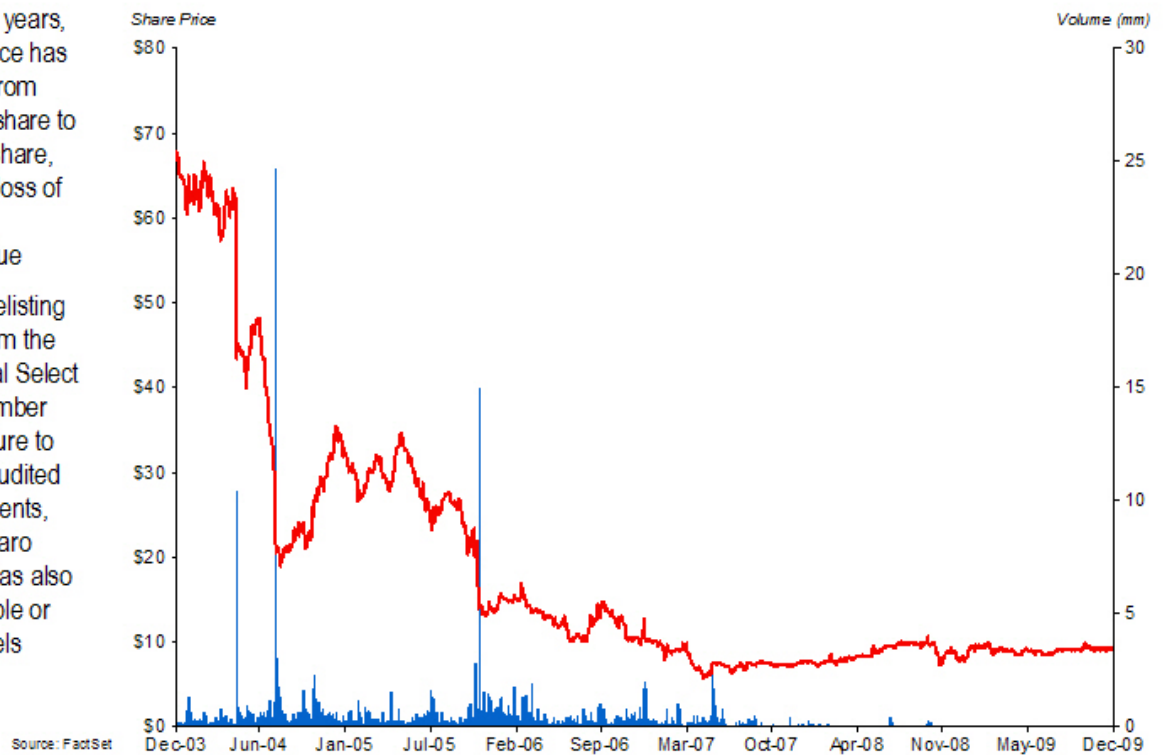


1. Overview
 - ❖ Sun's Position on the Agenda for the Shareholders Meeting
 - ❖ Massive Destruction of Shareholder Value
 - ❖ Taro's Current Share Structure and Ownership
 - ❖ Who We Are: Sun
 - ❖ Relative Share Price Performance
2. How We Got Here: The History Between Taro and Sun
 - ❖ Taro's Excessive Leverage and Financial Troubles Drove it to Seek a Buyer
 - ❖ Sun Agreed to Acquire Taro and Made Immediate Equity Infusions
 - ❖ Taro Postponed the Shareholders Meeting and Refused Sun's Proposed Higher Price
 - ❖ Taro Attempted to Terminate the Merger Agreement and Filed Suit In Israel
 - ❖ Taro Lost its Suit but Continues to Stall in the Israeli Supreme Court
3. The Levitts' Continued Mismanagement of Taro
 - ❖ Three Years without Audited Financial Statements
 - ❖ Wasting the Shareholders' Money
 - ❖ Barrie Levitt's Misinformation Campaign
4. Taro's Shareholders Meeting
 - ❖ The Agenda for the Shareholders Meeting
 - ❖ Sun's Positions on the Meeting Agenda Items
5. Appendix

1. Overview

- Taro's Annual General Meeting of shareholders is scheduled to be held on New Year's Eve, December 31, 2009. The agenda items include:
 1. Election of nine non-external directors, eight of whom are incumbents: Arye Barak, Heather Douglas, Micha Friedman, Eric Johnston, Gad Keren, Barrie Levitt, Tal Levitt, Daniel Moros and Myron Strober
 2. Election of two external directors: Irith Hausner and Yaron Saporta
 3. Ratification of Taro's exemption and indemnification undertakings for the non-Levitt/Moros directors
 4. Approval of exemption and indemnification undertakings for the external directors upon their election
- **SUN URGES SHAREHOLDERS TO VOTE AGAINST THE PROPOSALS IN ITEMS 1, 2, 3, AND 4**
 - ❖ The current Board has and continues to promote the interests of Taro's controlling shareholders, the Levitt/Moros family, to the detriment of all other shareholders, using the shareholders' money to help the Levitt/Moros family to try to renege on its contractual obligations to Sun
 - ❖ The same Board that drove Taro to the brink of bankruptcy in 2007 has also failed to meet its basic legal obligations to publish audited financial statements since 2005 – given the history of Taro and the current motivations of the Levitt/Moros family, shareholders should be very concerned that this Board is hiding something
 - ❖ There is utterly no basis for exempting these directors from any legal responsibility or providing them with expanded indemnification for their performance as directors, including any liability for their failure to produce audited financials
- **Franklin Templeton Investments, Taro's second largest holder of Ordinary Shares, has also publicly stated that it will vote against these proposals.**

- Over the past 6 years, Taro's share price has declined 86%, from nearly \$70 per share to under \$10 per share, resulting in the loss of \$1.6 billion of shareholder value
- Following the delisting of its shares from the NASDAQ Global Select Market in December 2006, for its failure to timely publish audited financial statements, the volume of Taro shares traded has also fallen to negligible or nonexistent levels



- Taro's dual class structure has enabled the Levitt/Moros family to entrench itself despite poor results
 - ❖ The Ordinary Shares are held by the public and have both economic and voting rights
 - ❖ The Founders' Shares, all of which are controlled by the Levitt/Moros family, have no economic rights but control one-third of the voting rights, regardless of the number of outstanding Ordinary Shares
- Although Sun has more than **3x** the Levitt/Moros economic interest, the Founders' Shares have given the Levitt/Moros family virtually unfettered control of Taro
- The following chart, listing the major shareholders of Taro, shows the disproportionate effect of the Founders' Shares on the voting control of Taro:

	Economic Rights	Voting Rights
Sun and its subsidiaries*	41.95%	27.97%
Franklin Templeton Investments	11.93%	7.95%
Levitt/Moros family:	10.96%	40.64%
Founders' Shares	0.00%	33.33%
Ordinary Shares	10.96%	7.31%
Others	35.16%	23.44%
	100.00%	100.00%

* Includes shares from Sun's exercise of a warrant on December 1, 2009.
Taro has so far refused to issue such shares.

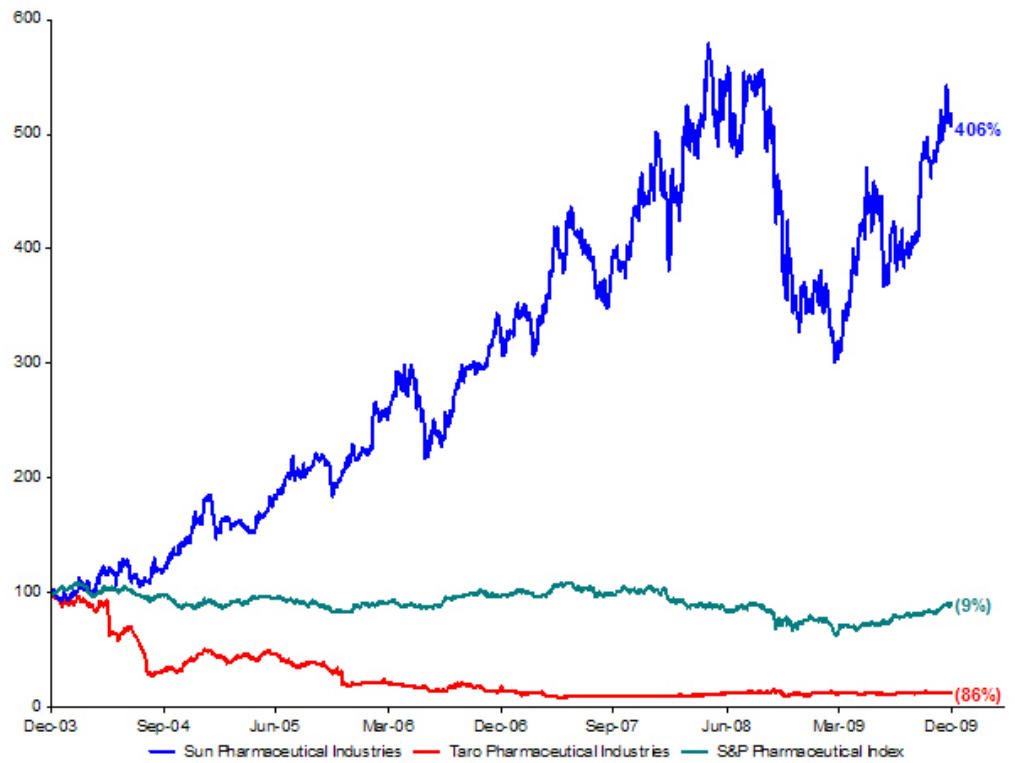
- Established in 1983, listed since 1994 and headquartered in India, Sun Pharmaceutical Industries Ltd. is an international, integrated, specialty pharmaceutical company that manufactures and markets a large basket of pharmaceutical formulations as branded generics as well as generics in India, the U.S. and several other markets across the world
- Sun and its subsidiaries manufacture products at 4 facilities in the United States and 21 facilities worldwide, 8 of which are fully approved by the FDA
- Over the last 6 years, Sun has reported aggregate audited sales of \$2.9 billion, with an audited sales CAGR of 34%, and profits of \$1.2 billion (40%), with a profit CAGR of 42%
 - ❖ Over the same period, Taro had unaudited estimated sales of \$1.7 billion, with an estimated sales CAGR of 4%, but losses of \$4 million, with a profit CAGR of 11%
- Because of Sun's stellar performance, its stock price has risen 406% during the past 6 years
 - ❖ By comparison, Taro's stock price has plummeted 86% over that time

- Over the past 6 years, Sun has significantly outperformed both Taro and the general pharmaceutical market, leading to a \$5.1 billion increase in value for Sun shareholders
- Meanwhile, Taro's share price has decreased 86% over the same period, resulting in the loss of \$1.6 billion of shareholder value

(\$ in m m)

	Market Cap	
	Sun	Taro
12/11/2003	\$1,284	\$1,952
12/11/2009	6,351	365
Value Change	\$5,066	(\$1,587)

Source: FactSet, Capital IQ



2. How We Got Here: The History Between Taro and Sun

- June 22, 2006 – Taro announced a restatement of its 2003 and 2004 financial results
- October 30, 2006 – **Report of independent counsel concluded that Taro made misleading statements to the SEC and Taro's management made misrepresentations to Taro's auditors in connection with the 2005 audit**
- November 2006 – Dramatically over-leveraged and faced with mounting financial woes, Taro hired The Blackstone Group to provide restructuring advice and seek potential buyers
- March 20, 2007 – Taro filed its 2005 audited financial statements a year late and reported a \$31.5 million loss in 2004; **Taro disclosed that if it failed to raise additional equity capital or debt, or restructure or refinance its existing debt, it would likely have to seek bankruptcy relief**
- Between November 2006 and March 2007, The Blackstone Group contacted 20 potential buyers
- May 16, 2007 – After a competitive auction, **Taro's Board concluded that Sun's bid was the most attractive alternative**

- May 18, 2007 – **Taro, Sun and the Levitt/Moros family executed binding transaction documents**
 - ❖ Sun subsidiary Alkaloida Chemical Company Exclusive Group Ltd. and Taro executed a Merger Agreement pursuant to which Sun would acquire Taro for \$7.75 per Ordinary Share
 - ❖ Taro insisted that Sun make an immediate equity investment because Taro needed cash to meet its debt obligations and avoid bankruptcy
 - ✓ Sun agreed to immediately invest \$45 million in exchange for 7,500,000 Ordinary Shares and warrants to purchase an additional 7,500,000 Ordinary Shares at \$6.00 per share (a total commitment of \$90 million)
 - ❖ **Because Sun had no interest in a minority investment in a company controlled by the Levitt/Moros family, Sun insisted that if it was required to make an equity investment, the Levitt/Moros family must enter into an Option Agreement allowing Sun to purchase the Levitts/Moros shares if the merger were not consummated**
 - ✓ To avoid a situation where the exercise of the Option Agreement allowed the Levitt/Moros family to receive a premium while the public shareholders received nothing, the Option Agreement provides that Sun must make a tender offer at the option price of \$7.75 before purchasing shares from the Levitt/Moros family pursuant to the Option Agreement
- May 21 – 30, 2007 – Taro issued 6,787,500 Ordinary Shares to Sun for \$40.7 million
 - ❖ Without this investment, Taro could not have made required payments to its bond holders on May 21
- August 2, 2007 – Barrie Levitt told Sun that Taro needed additional capital; Sun partially exercised its warrant and purchased 3,000,000 additional Ordinary Shares for \$18 million

- July 23, 2007 – **Taro postponed the shareholders meeting** to approve the merger by two months
 - ❖ Sun waived the “no shop” provision in the Merger Agreement to permit Taro to seek other offers. None emerged.
- August 16, 2007 – Taro again postponed the shareholders meeting, indefinitely, allegedly in order to provide audited financials for 2006 (which have to this day never been produced)
- February 2008 – Barrie Levitt urged Alkaloida to bid for 3.7 million Ordinary Shares being sold by Brandes Investment Partners; Alkaloida prevailed in the private auction, paying \$10.25 per Ordinary Share
- March 2008 – **Sun’s Chairman offered to propose to the Boards of Sun and Alkaloida an increase of the Merger Agreement consideration from \$7.75 to \$10.25 per Ordinary Share**
 - ❖ This increase of approximately 32% was proposed to provide to all shareholders the same increased consideration that Sun paid to Brandes Investment Partners, if Taro’s Board would support such a proposal
- April 11, 2008 – **Barrie Levitt and Taro’s other representatives stated their continued unwillingness to conclude the merger, even at the proposed new offer price**

- May 28, 2008 – **Taro claimed to unilaterally terminate the Merger Agreement and preemptively sued Sun and Alkaloida in Israel, attempting to help the Levitt/Moros family renege on its obligations under the Option Agreement**
 - ❖ Taro and 7 of its directors filed litigation in the Tel-Aviv District Court seeking a declaratory ruling that should Sun or Alkaloida pursue a tender offer to purchase the Ordinary Shares of Taro, as required under the Option Agreement, they must comply with the “special tender offer” rules under the Israeli Companies Law (the “STO Litigation”)
- June 25, 2008 – Alkaloida exercised its rights under the Option Agreement
- June 30, 2008 – **Alkaloida launched the tender offer required by the Option Agreement**

- August 26, 2008 – **The Tel-Aviv District Court ruled against Taro in the STO Litigation**
 - ❖ The Court found that a “special tender offer” is not required under Israeli law
 - ❖ The Court contrasted Sun’s “good faith” investment in Taro that saved Taro from insolvency with the “lack of good faith” displayed by the plaintiff directors in their attempt to block the tender offer, stating:

"The shareholders [of Taro] cannot, on the one hand, benefit from Sun's investment and Taro's prosperity, and on the other hand argue that they fear a breach of the provisions of the Companies Law... It can be said that the applicants [Taro and its directors] are silenced or prohibited from bringing up these claims today, and this can be seen as a lack of good faith."
- August 28, 2008 – Taro appealed the decision in the Israeli Supreme Court
- September 1, 2008 – The Israeli Supreme Court issued a temporary order prohibiting the closing of the Offer until it has issued a decision on the appeal
 - ❖ The Court's decision has not yet been issued and the temporary order is still outstanding

3. The Levitts' Continued Mismanagement of Taro

- Taro's directors continue to fail to meet their basic legal obligations to publish audited financial statements; Taro has yet to issue audited financials for 2006, 2007 or 2008
- Shareholders have no reason to rely on the unaudited financial statements released by Taro
 - ❖ Over the last few years, Taro has announced multiple restatements of its previous audited results
 - ❖ In March 2007, Taro restated its 2003 and 2004 financials when it belatedly issued its 2005 figures
 - ❖ But as recently as May 22, 2009, Taro announced it would restate, again, results for 2004 and 2005, and revised its previously announced unaudited and unreviewed estimates for 2006, 2007 and 2008
- Taro has continually assured shareholders that its audits were near completion, only to miss its own deadlines time after time, and sadly now, year after year. Some recent examples:
 - ❖ In February 2009, Taro said it was "hopeful" that they would publish audited financial statements for 2006 in "the near term"
 - ❖ In May 2009, they promised to publish these financial statements "by the end of the current quarter"
 - ❖ Yet at an extraordinary meeting of the shareholders held September 14, 2009 to discuss the status of the audit, a meeting at which Taro's auditors declined to be present, Taro was still unable to predict when audited financials for 2006, 2007 and 2008 would be available
- Taro has the further audacity to claim its financial performance has improved based on its unreviewed, unaudited financial statements
 - ❖ If any improvements have been made, they would not have been possible without Sun's injection of nearly \$60 million of capital to save Taro from imminent bankruptcy in 2007

- Taro continues to spend vast sums of its shareholders' money on its unending audit and litigation intended to benefit the Levitt/Moros family
 - ❖ In just the first nine months of 2009, Taro spent **\$14.5 million on professional and consulting fees**
- Taro and its directors have spent shareholder money on five lawsuits in Israel and the U.S. trying to help the Levitt/Moros family renege on their contractual obligations to Sun and shield the Taro directors from liability, including:
 - ❖ The STO Litigation lost in the Tel-Aviv District Court and the continuing appeal in the Israeli Supreme Court
 - ❖ A suit commenced by Taro in June 2008 in the Tel-Aviv District Court alleging that Sun's exercise of its rights under the Merger Agreement disrupted Taro's plans to divest its Irish subsidiary
 - ❖ A suit commenced in the Southern District of New York in September 2009 alleging disclosure violations in Sun's tender offer
- All of this waste has been largely to protect Barrie Levitt, a man who recently stooped to petty jingoism in his selfish quest to maintain power, saying in an interview: "No Indian army is going to save Israel. The ones who will save Israel are Israeli soldiers, in the Israeli army, who will need jobs when they return home."

- Over the last few months, in anticipation of the Annual Meeting, Barrie Levitt has stepped up his campaign to publicly smear Sun, using Taro shareholders' money to make public filings and send letters providing misleading or false information to Taro's shareholders. Some examples:
- **Claim:** Shareholders rejected the price offered under the Merger Agreement
- **Truth:** Taro shareholders were never given the opportunity to vote on the merger because Taro failed to hold a shareholders meeting
- **Claim:** Sun is trying to coerce shareholders into selling their shares for an inadequate price
- **Truth:** Alkaloida has fulfilled its obligations under the Option Agreement to commence the tender offer at \$7.75 per share, a provision negotiated by Taro and Sun to ensure that minority shareholders had the opportunity to decide whether to accept the price at which the Levitt/Moros family agreed to sell its shares to Sun. No minority shareholder must sell his/her shares to Sun in the tender offer.

- **Claim:** Under Sun's ownership, the value of its subsidiary Caraco "has deteriorated significantly"
- **Truth:** Caraco's shareholders have benefited under Sun's watch; the numbers speak for themselves:
 - ❖ Caraco was established in 1984; by 1997, it had sales of only \$0.9 million and had accumulated losses of \$28.5 million; Caraco was on the verge of bankruptcy
 - ❖ In 1997, when Sun purchased its majority stake, shares of Caraco traded below \$1 per share and the company's aggregate market capitalization was less than \$10 million
 - ❖ As of December 11, 2009, Caraco traded at nearly \$6 per share and, despite the FDA action, its market capitalization was over \$230 million, a CAGR of 27% since Sun acquired control
 - ❖ Since 1997, Caraco's net sales have grown from less than \$1 million per year to over \$300 million per year and its annual net losses of \$5 million or more have turned into net profits of at least \$20 million in each of the last three years
- **Claim:** Sun has "a long concealed history of unwillingness or inability ... to operate a plant in conformity with U.S. law"
- **Truth:** Sun and its subsidiaries operate 8 facilities, both in the U.S. and abroad, that are fully approved by the FDA
 - ❖ Four of Sun's facilities have been inspected in the last 12 months by the FDA without any significant 483 observation

- **Claim:** Sun failed to publicly report or address regulatory actions by the FDA against Caraco
- **Truth:** Sun has reported all FDA actions and is aggressively remedying the situation at Caraco
 - ❖ On November 3, 2008, Caraco reported receipt of a warning letter from the FDA on October 31, 2008
 - ❖ On June 25, 2009, Caraco disclosed the FDA seizure of product at its Michigan plant the same day
 - ❖ Since June 2009, new senior management of Caraco has taken charge
 - ❖ On September 29, 2009, Caraco and the FDA entered into a consent decree, setting forth a remediation plan to address the FDA's concerns
 - ❖ Caraco is aggressively implementing that remediation plan and hopes the Michigan plant will be up and running soon

4. Taro's Shareholders Meeting

- Taro announced the Annual General Meeting of shareholders would be held on New Year's Eve, December 31, 2009. The scheduled agenda for the meeting includes:
 1. Election of nine non-external directors, eight of whom are incumbents: Arye Barak, Heather Douglas, Micha Friedman, Eric Johnston, Gad Keren, Barrie Levitt, Tal Levitt, Daniel Moros and Myron Strober
 2. Election of two external directors: Irith Hausner and Yaron Saporta
 3. Ratification of Taro's past exemption and indemnification undertakings
 4. Approval of exemption and indemnification undertakings for the new external directors upon their election
 5. Re-appointment of Kost Forer Gabbay & Kasierer as the company's independent auditor
 6. Discussion of the current status of the company's financial statements for the years ended December 31, 2006, 2007 and 2008
- **Sun, Taro's largest holder of Ordinary Shares, urges shareholders to vote against the proposals in items 1, 2, 3 and 4**
- **Franklin Templeton Investments, Taro's second largest holder of Ordinary Shares, has also publicly stated that it will vote against these proposals**

- Item 1. Election of nine non-external directors, eight of whom are incumbents
 - ❖ **Sun urges shareholders to vote against Taro's nominees**
 - ❖ These directors have overseen a massive destruction of shareholder value, a staggering loss of \$1.6 billion and 86% of Taro's share price over the last six years
 - ❖ Under the stewardship of these directors, Taro has restated its 2004 and 2005 financials twice and failed to publish audited financial statements for 2006, 2007 and 2008
 - ❖ These directors have demonstrated over and over again their willingness to put the interests of the Levitt/Moros family above the interests of other shareholders
- Item 2. Election of two new statutory external directors
 - ❖ **Sun urges shareholders to vote against Taro's nominees**
 - ❖ Although Israeli law specifically requires external directors to represent the interests of Taro's public shareholders, Taro's directors have not consulted with any public shareholders in the selection process
 - ❖ Instead, Taro has chosen two of Barrie Levitt's old cronies:
 - ✓ Yaron Saporta is a former Taro internal auditor
 - ✓ Irith Hausner previously served on Taro's Board
 - ❖ Taro's shareholders have every reason to believe that these nominees, like Taro's current directors, will be beholden to the Levitt/Moros family

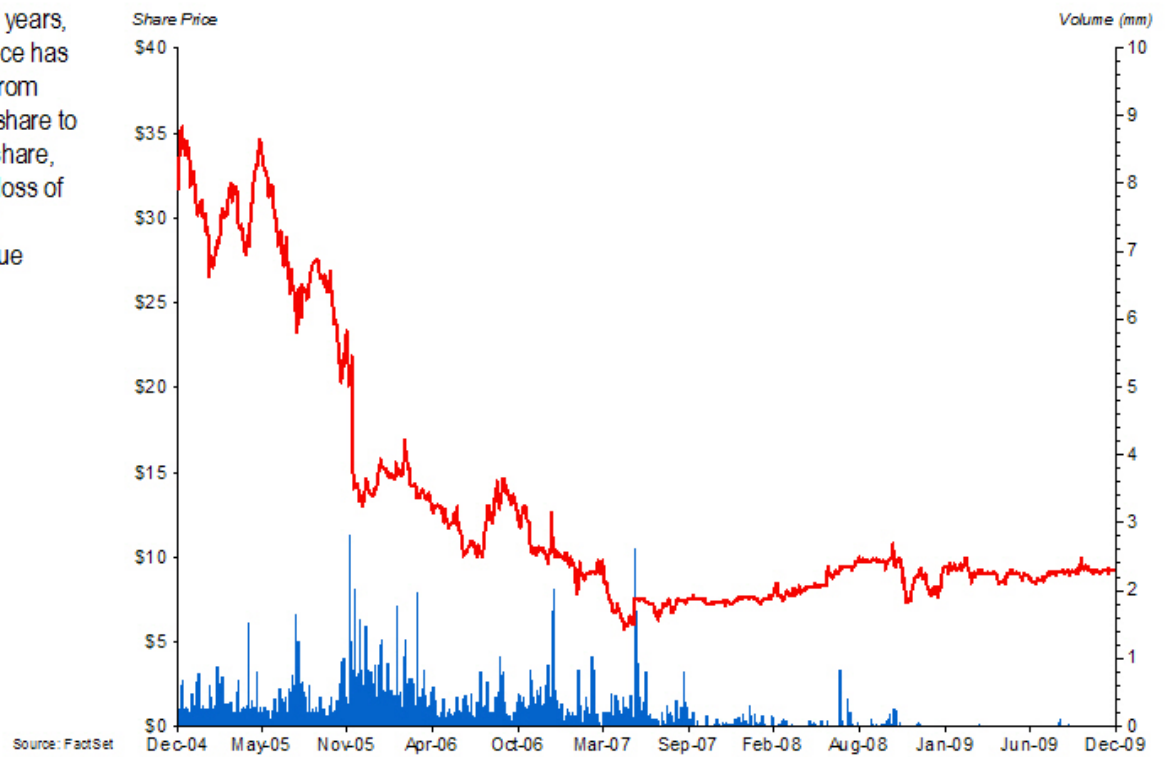
- Items 3 and 4. Indemnification of Taro's directors for past, unspecified acts
 - ❖ **Sun urges shareholders to vote against the indemnification resolutions**
 - ❖ The same directors who have been responsible for massive value destruction for Taro's shareholders and failed to publish audited financial statements for any year since 2005 are now asking shareholders to exempt them from any legal responsibility for their performance as directors
 - ❖ This proposed indemnification agreement is also greatly expanded – it contains 28 additional exclusions when compared to the previous indemnification agreement purportedly entered into with these directors without the requisite shareholder approval
 - ❖ One need not be cynical to conclude that this vastly expanded indemnification is simply a payback from the Levitt/Moros family to these directors for their efforts on the family's behalf
- Sun agrees with Templeton's view, as publicly stated December 11, 2009 by its executive chairman:

“The current board and management of the company have proven unwilling or unable to run the company in the interest of its shareholders; and, in our view, they do not deserve the support of Taro's shareholders. We urge shareholders to block the proposed indemnification requested by Taro's Chairman and to demand the disclosure of audited financial accounts. ... All shareholders should push for full transparency, re-listing of Taro's shares on NASDAQ, and the introduction of a new, professional board that acts in the interest of all shareholders and releases audited accounts.”

5. Appendix

Massive Destruction of Shareholder Value (Last 5 Years)

- Over the past 5 years, Taro's share price has declined 71%, from nearly \$35 per share to under \$10 per share, resulting in the loss of \$553 million of shareholder value



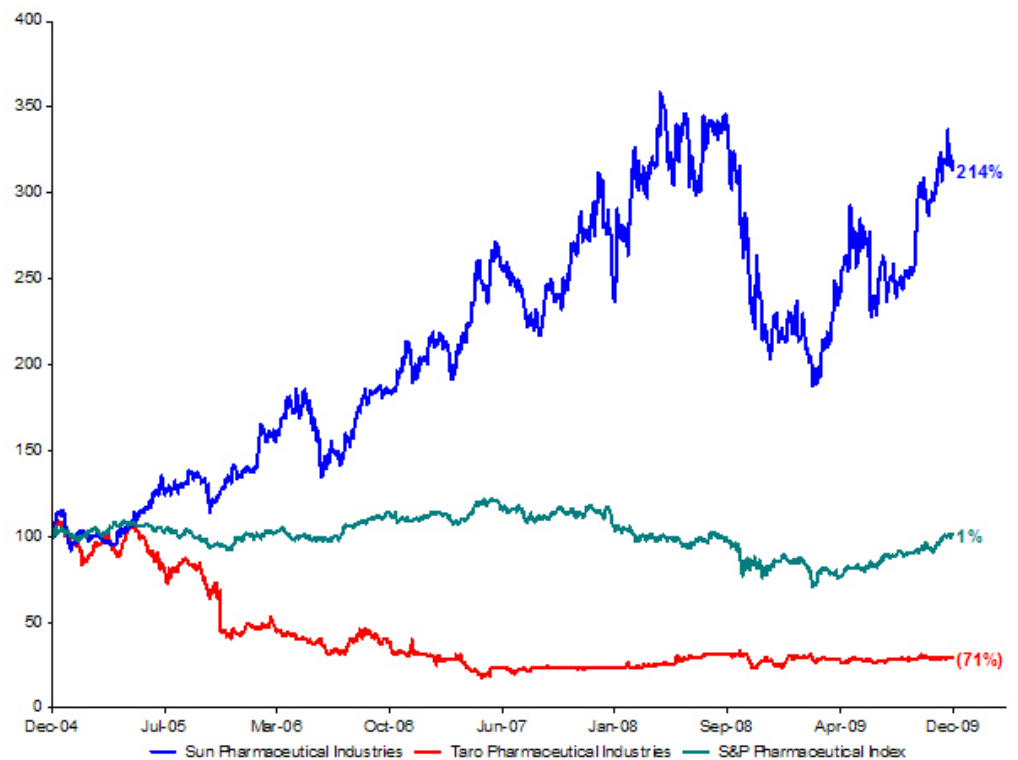
Relative Share Price Performance (Last 5 Years)

- Over the past 5 years, Sun's share price has gone up 214%, leading to a \$4.3 billion increase in value for Sun shareholders

(\$ in mm)

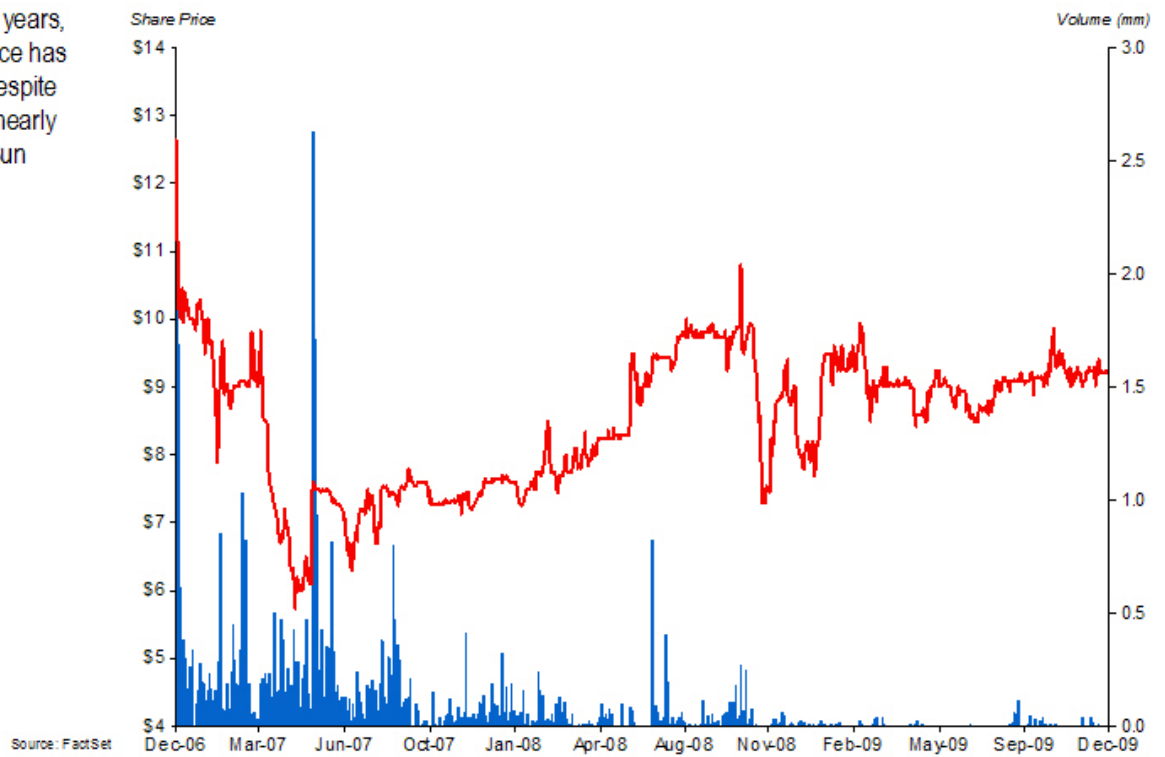
	Market Cap	
	Sun	Taro
12/11/2004	\$2,061	\$918
12/11/2009	6,351	365
Value Change	\$4,289	(\$553)

Source: FactSet, Capital IQ



Massive Destruction of Shareholder Value (Last 3 Years)

- Over the past 3 years, Taro's share price has declined 27% despite the injection of nearly \$60 million by Sun



Relative Share Price Performance (Last 3 Years)

- Over the past 3 years, Sun's share price has gone up 59%, leading to a \$2.3 billion increase in value for Sun shareholders

(\$ in m m)

	Market Cap	
	Sun	Taro
12/11/2006	\$4,052	\$374
12/11/2009	6,351	365
Value Change	\$2,299	(\$9)

Source: FactSet, Capital IQ

