

EXECUTION COPY

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK**

CHRISTOPHER SPEAKES, Individually and on Behalf of
All Others Similarly Situated,

Plaintiff,

vs.

TARO PHARMACEUTICAL INDUSTRIES, LTD.,
MICHAEL KALB, AND KALYANASUNDARAM
SUBRAMANIAN,

Defendants.

Case No. 16-cv-08318-ALC-OTW

Hon. Andrew L. Carter Jr., U.S.D.J.

Hon. Ona T. Wang, U.S.M.J.

STIPULATION AND AGREEMENT OF SETTLEMENT

This Stipulation and Agreement of Settlement (the “Stipulation” or “Settlement Agreement”) is made and entered into by and between (a) Court-appointed Lead Plaintiff City of Atlanta Firefighters’ Pension Fund (“Lead Plaintiff” or “Atlanta Firefighters”), on behalf of itself and all other members of the Class (defined below), on the one hand, and (b) Defendants Taro Pharmaceutical Industries Ltd. (“Taro” or the “Company”), Michael Kalb, and Kalyanasundaram Subramanian (collectively, “Individual Defendants,” and, together with Taro, “Defendants,” and, together with both Taro and Lead Plaintiff, the “Parties”), on the other, by and through their counsel of record in the above-captioned litigation pending in the United States District Court for the Southern District of New York (the “Court”). This Stipulation is intended by the Parties to fully, finally, and forever resolve, discharge, and settle the Released Claims (defined below) as against Defendants and the other Released Defendant Parties (defined below), and the Released Defendants’ Claims (defined below) as against the Released Plaintiff Parties (defined below), upon and subject to the terms and conditions hereof and subject to the Court’s approval.

WHEREAS:

A. All words or terms used herein that are capitalized shall have the meanings ascribed to those words or terms herein and in ¶ 1 hereof entitled “Definitions.”

B. This Action (defined below) was commenced with the filing of a complaint on October 25, 2016.

C. On December 27, 2016, Atlanta Firefighters moved to be appointed as lead plaintiff pursuant to the Private Securities Litigation Reform Act of 1995 (“PSLRA”) (ECF No. 13) and was so appointed on January 23, 2017 (ECF No. 24).

D. Lead Plaintiff, through Lead Counsel, maintains that prior to filing its amended complaint, it conducted a thorough investigation relating to the claims, defenses, and underlying events and transactions that are the subject of the Action.¹ Lead Plaintiff, through Lead Counsel, further maintains that this process included reviewing and analyzing: (i) documents filed publicly by the Company with the U.S. Securities and Exchange Commission (“SEC”); (ii) publicly available information, including press releases, news articles, and other public statements issued by or concerning the Company and Defendants; (iii) research reports issued by financial analysts concerning the Company; (iv) other publicly available information and data concerning the Company; (v) interviewing former employees; (vi) consulting with experts concerning antitrust violations and economic issues; and (viii) the applicable law governing the claims and potential defenses.

E. On June 19, 2017, Lead Plaintiff filed and served the Corrected Amended Class Action Complaint (the “Complaint”) asserting claims against all Defendants under Section 10(b)

¹ As set forth below, Defendants have denied and continue to deny any and all allegations of fault, liability, wrongdoing, or damages.

of the Securities Exchange Act of 1934 (the “Exchange Act”) and Rule 10b-5 promulgated thereunder, and against Individual Defendants under Section 20(a) of the Exchange Act. ECF No. 36.

F. On August 2, 2017, Defendants Taro and Kalb sent a letter requesting a pre-motion to dismiss conference to the Court. ECF No. 39. On August 7, 2017, Lead Plaintiff responded to that letter. ECF No. 40. On September 13, 2017, the Court held a conference to discuss Defendants’ request to file a motion to dismiss. ECF No. 41. On October 11, 2017, Defendants Taro and Kalb filed and served their motion to dismiss the Complaint. ECF No. 45. On December 11, 2017, Lead Plaintiff filed and served its memorandum of law in opposition to the motion to dismiss. ECF No. 50. On January 10, 2018, Defendants Taro and Kalb filed and served their reply papers. ECF No. 51. On May 24, 2018, Defendant Subramanian filed and served his motion to dismiss. ECF No. 56. On June 7, 2018, Lead Plaintiff filed and served its memorandum of law in opposition to Defendant Subramanian’s motion to dismiss. ECF No. 58. On September 24, 2018, the Court denied in part Defendants’ motions to dismiss, finding that the Complaint sufficiently alleged certain claims for violations of Sections 10(b) and 20(a) of the Exchange Act. ECF No. 61.

G. On November 6, 2018, Defendants filed and served their answer to the Complaint and put forth affirmative defenses to the Action. ECF No. 64. On February 21, 2019, the Parties updated the Court about ongoing discussions between the Parties to manage the Action efficiently in light of relevant parallel proceedings. ECF No. 68. Specifically, the Parties discussed the prospect of Defendants producing to Lead Plaintiff certain discovery produced in concurrent multi-district litigation involving civil antitrust cases against various generic pharmaceutical companies (the “MDL”), including Taro’s affiliate, to avoid duplicative and inefficient discovery. *Id.* On February 28, 2019, the Parties participated in an initial case management conference in accordance

with Rule 16(b) of the Federal Rules of Civil Procedure and presented the prospect of limited coordination of discovery with respect to the MDL. ECF No. 69. On March 29, 2019, April 12, 2019, and April 16, 2019, the Parties provided the Court with updates on their progress in reaching a discovery agreement. ECF Nos. 70, 72, 74. As detailed in the April 17, 2019 Stipulated Discovery Order (ECF No. 76), Lead Plaintiff agreed to track its discovery to certain discovery in the MDL. Lead Plaintiff, through Lead Counsel, maintains that since then it engaged in over four-and-half years of discovery, including reviewing millions of pages of documents, as well as several deposition transcripts.

H. On August 2, 2023, the Parties participated in an all-day private mediation with David Murphy of Phillips ADR. In advance of the session, the Parties provided detailed mediation statements and exhibits to the mediator, which addressed issues of liability, scienter, causation, and damages. The mediation session ended without a settlement. In the weeks that followed, the Parties continued their negotiations. During these negotiations, Mr. Murphy made a mediator's proposal of \$36,000,000 to resolve the Action. On September 26, 2023, the Parties agreed in principle to settle the Action for \$36,000,000, subject to the execution of a customary stipulation and agreement of settlement and related papers. This Stipulation (together with the exhibits hereto) constitutes the final and binding agreement between the Parties, subject to the approval of the Court.

I. Lead Plaintiff believes that the claims and allegations in the Action have merit and that the information developed to date supports the claims and allegations asserted. However, Lead Plaintiff and Lead Counsel have taken into account the uncertain outcome and the risk of any litigation, especially in complex actions such as the Action, as well as the difficulties inherent in such litigation. Lead Counsel is mindful of the inherent problems of proof and the defenses to the

claims alleged in the Action. Based upon their investigation, prosecution, and mediation of the case, Lead Plaintiff and Lead Counsel have concluded that the terms and conditions of this Stipulation are fair, reasonable, and adequate to Lead Plaintiff and the other members of the Class, and in their best interests. Based on Lead Plaintiff's oversight of the prosecution of this matter, and with the advice of its counsel, Lead Plaintiff, on behalf of itself and the Class (defined below), has agreed to settle, release and dismiss with prejudice all claims asserted in the Action pursuant to the terms and provisions of this Stipulation, after considering, among other things: (a) the substantial financial benefit that Lead Plaintiff and the other members of the Class will receive under the proposed Settlement; and (b) the significant risks and costs of continued litigation and trial.

J. Defendants have denied and continue to deny any and all allegations against them of fault, liability, wrongdoing, or damages whatsoever and deny that they have committed any act or omission giving rise to any liability or violation of law, including the U.S. securities laws, and are entering into this Stipulation to avoid and eliminate the burden, expense, uncertainty, and risk of further litigation, as well as the business disruption associated therewith. Each Defendant has expressly denied and continues to deny all allegations of wrongdoing or liability against such Defendant arising out of any of the conduct, statements, acts or omissions alleged, or that could have been alleged, in the Action, including, but not limited to, all contentions concerning Defendants' business, conduct, and public statements, as well as contentions that any such conduct or events constitute wrongdoing or give rise to legal liability. Defendants also have denied and continue to deny, *inter alia*, the allegations that Lead Plaintiff or Class Members have suffered damages or were otherwise harmed in any way by any Defendants or by the conduct alleged in the Action. Defendants further have asserted and continue to assert that, at all times, they acted in

good faith and in a manner they reasonably believed to be in accordance with applicable rules, regulations, and laws. Nonetheless, Defendants have determined that it is desirable and beneficial to them that the Action be settled in the manner and upon the terms and conditions set forth in this Stipulation to avoid the further expense, uncertainties, inconvenience, and burden of this Action, the distraction and diversion of personnel and resources, and to obtain the conclusive and final dismissal of this Action and release of the Released Claims. Further, this Stipulation, whether or not consummated, together with any proceedings related to settlement, whether or not consummated, shall in no event be construed as or deemed to be evidence supporting, or an admission or concession on the part of any Defendant or Released Defendant Party with respect to, any claim or of any fault or liability or wrongdoing or damage whatsoever, or any infirmity in any of the defenses that any Defendants have or could have asserted.

NOW THEREFORE, without any concession by Lead Plaintiff that the Action lacks merit, and without any concession by Defendants of any liability or wrongdoing or lack of merit in their defenses, it is hereby **STIPULATED AND AGREED**, by and among the Parties to this Stipulation, through their respective attorneys, subject to approval by the Court pursuant to Rule 23(e) of the Federal Rules of Civil Procedure, that, in consideration of the benefits flowing to the Parties hereto, all Released Claims and all Released Defendants' Claims, as against all Released Parties, shall be fully, finally, and forever compromised, settled, released, waived, discharged, and dismissed with prejudice, and without costs, upon and subject to the following terms and conditions:

DEFINITIONS

1. As used in this Stipulation, the following terms shall have the meanings set forth below. In the event of any inconsistency between any definition set forth below and any definition in any other document related to the Settlement, the definition set forth below shall control.

(a) “Action” means the civil action captioned *Speakes v. Taro Pharmaceutical Industries, Ltd., et al.*, Case No. 16-cv-08318-ALC-OTW, pending in the United States District Court for the Southern District of New York before the Honorable Andrew L. Carter, Jr., United States District Judge, or any judge subsequently assigned.

(b) “Alternative Judgment” means a form of final judgment that may be entered by the Court but in a form other than the form of Judgment provided for in this Stipulation and where none of the Parties hereto elects to terminate this Settlement by reason of such variance.

(c) “Authorized Claimant” means a Class Member who submits a valid Claim Form to the Claims Administrator that is approved for payment from the Net Settlement Fund.

(d) “Claimant” means a person or entity who or which submits a Claim Form to the Claims Administrator seeking to be eligible to share in the proceeds of the Net Settlement Fund.

(e) “Claims Administrator” means JND Legal Administration, which is to be retained by Lead Counsel, subject to Court approval, to provide all notices approved by the Court to Class Members, to process Claim Forms, and to administer the Settlement.

(f) “Class” means all Persons who purchased Taro common stock on the open market on a United States stock exchange from July 2, 2014 through November 3, 2016, both dates inclusive, and who were damaged thereby. Excluded from the Class are Defendants, Taro Pharmaceuticals USA, Inc., Sun Pharmaceutical Industries Ltd., and Defendants’ officers, directors, Immediate Family members, predecessors, successors and assigns, and any entity in which any of them have a majority ownership interest. Also excluded from the Class are any Persons who or which exclude themselves by submitting a timely and valid request for exclusion that is accepted by the Court.

(g) “Class Member” means any one of, and “Class Members” means all of, the members of the Class.

(h) “Class Period” means the period from July 2, 2014 through November 3, 2016, both dates inclusive.

(i) “Defendants” means Taro Pharmaceutical Industries Ltd., Michael Kalb, and Kalyanasundaram Subramanian.

(j) “Defendants’ Counsel” means any of Defendants’ counsel in this Action, including the law firm of Shearman & Sterling LLP or any successor thereto.

(k) “Effective Date” means the date upon which the Settlement shall have become effective, as set forth in ¶ 40 below.

(l) “Escrow Account” means the separate escrow account at Flagstar Bank that has been or will be established to receive the Settlement Amount for the benefit of the Class pursuant to this Stipulation and subject to the jurisdiction of the Court.

(m) “Escrow Agent” means Bernstein Liebhard LLP and any successor(s).

(n) “Fee and Expense Application” means Lead Counsel’s application, for an award of attorneys’ fees and payment of Litigation Expenses incurred in prosecuting the case, including any award to Lead Plaintiff pursuant to the PSLRA, 15 U.S.C. § 78u-4(a)(4).

(o) “Final,” with respect to a court order, including without limitation the proposed Judgment or Alternative Judgment, means the later of: (i) the expiration of the time to file a motion to alter or amend the Judgment or Alternative Judgment under Federal Rule of Civil Procedure 59(e) without any such motion having been filed; (ii) the expiration of the time provided for filing or noticing any appeal under the Federal Rules of Appellate Procedure, i.e., currently thirty (30) days after entry of the court order, with no appeal being filed; or (iii) if there is an appeal

from a court order or a motion to alter or amend the order under Federal Rule of Civil Procedure 59(e), (a) the date of final dismissal of all such motions or appeals, or the final dismissal of any proceeding on certiorari or otherwise, such that no further judicial review or appeal is permitted, whether by reason of affirmation by a court of last resort, lapse of time, voluntary dismissal of the appeal or otherwise in such a manner as to permit the consummation of the Settlement, substantially in accordance with the terms and conditions of this Stipulation, or (b) the date the judgment or order is finally affirmed on an appeal, the expiration of the time to file a petition for a writ of certiorari or other form of review with no such petition or other form of review being sought, or the denial of a writ of certiorari or other form of review, and, if certiorari or other form of review is granted or further review is sought, the date of final affirmance following review pursuant to that grant. However, any appeal or proceeding seeking subsequent judicial review pertaining solely to the Plan of Allocation, or to the Court's award of attorneys' fees or expenses, shall not in any way delay or affect the time set forth above for the Judgment or Alternative Judgment to become Final or otherwise preclude the Judgment or Alternative Judgment from becoming Final.

(p) "Immediate Family" means children, stepchildren, parents, stepparents, spouses, siblings, mothers-in-law, fathers-in-law, sons-in-law, daughters-in-law, brothers-in-law, and sisters-in-law. As used in this paragraph, "spouse" shall mean a husband, a wife, or a partner in a state-recognized domestic relationship or civil union.

(q) "Individual Defendants" means Michael Kalb, and Kalyanasundaram Subramanian.

(r) "Insurers" means insurers under director and officer, company securities, or similar liability policies that cover or covered Defendants or other Released Defendant Parties.

(s) “Judgment” means the proposed final order and judgment to be entered by the Court approving the Settlement, substantially in the form attached hereto as Exhibit B.

(t) “Lead Counsel” means Bernstein Liebhard LLP.

(u) “Litigation Expenses” means the costs and expenses incurred in connection with commencing, prosecuting, and settling the Action (which may include the costs and expenses of Lead Plaintiff directly related to their representation of the Class), for which Lead Counsel intend to apply to the Court for payment or reimbursement from the Settlement Fund.

(v) “Mediator” means David Murphy of Phillips ADR Enterprises.

(w) “Net Settlement Fund” means the Settlement Fund less: (i) Court-awarded attorneys’ fees and Litigation Expenses; (ii) Notice and Administration Expenses; (iii) Taxes; and (iv) any other fees or expenses approved by the Court.

(x) “Notice” means the long-form Notice of Pendency and Proposed Settlement of Class Action and Motion for Attorneys’ Fees and Expenses to be sent to Class Members, which, subject to approval of the Court, shall be substantially in the form attached hereto as Exhibit A-1.

(y) “Notice and Administration Expenses” means all costs, fees, and expenses reasonably incurred in connection with providing notice to the Class and the administration of the Settlement, including but not limited to: (i) providing notice of the proposed Settlement by mail, publication, and other means to Class Members; (ii) receiving and reviewing claims; (iii) applying the Plan of Allocation; (iv) communicating with Persons regarding the proposed Settlement and claims administration process; (v) distributing the proceeds of the Settlement; and (vi) fees related to the Escrow Account and investment of the Settlement Fund.

(z) “Person(s)” means any individual, corporation (including all divisions and subsidiaries), general or limited partnership, association, joint stock company, joint venture,

limited liability company, professional corporation, estate, legal representative, trust, unincorporated association, government or any political subdivision or agency thereof, and any other business or legal entity.

(aa) “Plan of Allocation” means any plan or proposed plan for the distribution of the Net Settlement Fund. No Plan of Allocation is part of the Stipulation and the Released Defendant Parties shall have no responsibility or liability with respect thereto.

(bb) “Preliminary Approval Order” means the proposed Order Granting Preliminary Approval of Class Action Settlement, which, subject to the approval of the Court, shall be substantially in the form attached hereto as Exhibit A.

(cc) “Proof of Claim” or “Claim Form” means the Proof of Claim and Release form for submitting a claim, which, subject to approval of the Court, shall be substantially in the form attached as Exhibit A-2.

(dd) “Released Claims” means any and all claims and causes of action of every nature and description, whether known or Unknown Claims (as defined below), contingent or absolute, mature or not mature, liquidated or unliquidated, accrued or not accrued, concealed or hidden, regardless of legal or equitable theory and whether arising under federal, state, common, or foreign law, or any other law, rule, or regulation, whether class or individual in nature that: (i) Lead Plaintiff or any other Class Member asserted in the Action or in any complaint filed in the Action; (ii) Lead Plaintiff or any other Class Member could have asserted in the Action or in any other action or in any other forum that arise out of, are based upon, are related to, or are in consequence of, both (a) the allegations, transactions, facts, matters, events, occurrences, representations, disclosures, non-disclosures, statements, acts or omissions or failures to act that were involved, set forth, alleged, could have been alleged, or referred to in any of the complaints

or documents and other discovery in the Action, or that otherwise would have been barred by *res judicata* had the Action been fully litigated to a final judgment, and (b) the purchase, acquisition, holding, or sale of Taro common stock during the Class Period; or (iii) arise out of, are based upon, or relate in any way to the Settlement, except claims to enforce the Settlement.

(ee) “Released Defendant Parties” means Defendants, Insurers, Defendants’ Counsel, and each of their respective former, present, or future predecessors, successors, parent corporations, sister corporations, subsidiaries, affiliates, as well as each of the respective former, present, or future principals, assigns, assignees, assignors, legatees, devisees, executors, administrators, estates, heirs, Immediate Family members, receivers, trustees, trusts, settlors, beneficiaries, officers, directors, members, shareholders, employees, independent contractors, agents, partners, partnerships, joint ventures, insurers, reinsurers, personal representatives, attorneys, legal representatives, auditors, accountants, advisors, underwriters, and successors-in-interest in their capacities as such, of each and all of the foregoing.

(ff) “Released Defendants’ Claims” means any and all claims and causes of action of every nature and description, including both known claims and Unknown Claims (as defined below), whether arising under federal, state, common or foreign law, or any other law, that Defendants could have asserted against any of the Released Plaintiff Parties that arise out of or relate in any way to the institution, prosecution, or settlement of the claims against Defendants in the Action, except claims relating to enforcement of the Settlement. For the avoidance of doubt, Released Defendants’ Claims do not include: (i) any claims relating to the enforcement of the Settlement; and (ii) any claims against any Person who or which submits a request for exclusion from the Class that is accepted by the Court.

(gg) “Released Parties” means the Released Defendant Parties and the Released Plaintiff Parties.

(hh) “Released Plaintiff Parties” means each and every Class Member, Lead Plaintiff, Lead Counsel, and each of their respective past or present or future trustees, officers, directors, partners, employees, affiliates, contractors, auditors, principals, agents, attorneys, advisors, predecessors, successors, assigns, insurers, parents, subsidiaries, general or limited partners or partnerships, and limited liability companies; and the spouses, Immediate Family, representatives, and heirs of any Released Plaintiff Party who is an individual, in their capacities as such, as well as any trust of which any Released Plaintiff Party is the settlor or that is for the benefit of any of their Immediate Family. Released Plaintiff Parties does not include any Person excluded from the definition of the Class or Class Member, including any Person who timely and validly seeks exclusion from the Class.

(ii) “Settlement” means the resolution of the Action in accordance with the terms and provisions of this Stipulation.

(jj) “Settlement Amount” means the total amount of thirty-six million U.S. dollars (\$36,000,000) in cash.

(kk) “Settlement Fund” means the Settlement Amount and any interest or income earned thereon.

(ll) “Settlement Hearing” means the hearing to be held by the Court to determine, *inter alia*, whether the proposed Settlement is fair, reasonable, and adequate and should be approved.

(mm) “Stipulation” means this Stipulation and Agreement of Settlement.

(nn) “Summary Notice” means the Summary Notice of Pendency and Proposed Settlement of Class Action and Motion for Attorneys’ Fees and Expenses for publication, which, subject to approval of the Court, shall be substantially in the form attached as Exhibit A-3.

(oo) “Taxes” means all federal, state, or local taxes of any kind on any income earned by the Settlement Fund and the expenses and costs incurred in connection with the taxation of the Settlement Fund (including, without limitation, interest, penalties and the reasonable expenses of tax attorneys and accountants).

(pp) “Unknown Claims” means any and all claims that Lead Plaintiff or any other member of the Class does not know or suspect to exist in his, her, or its favor at the time of the release of the Released Defendant Parties, and any and all Released Defendants’ Claims that any Defendant does not know or suspect to exist in his, her, or its favor at the time of the release of the Released Plaintiff Parties, which if known by him, her, or it might have affected his, her, or its decision(s) with respect to the Settlement, including the decision to object to the terms of the Settlement or to exclude himself, herself, or itself from the Class. With respect to any and all Released Claims and Released Defendants’ Claims, the Parties stipulate and agree that, upon the Effective Date, Lead Plaintiff and Defendants shall expressly, and each Class Member shall be deemed to have, and by operation of the Judgment or Alternative Judgment shall have expressly waived and relinquished any and all provisions, rights and benefits conferred by any law of any state or territory of the United States or any other jurisdiction, or principle of common law, which is similar, comparable, or equivalent to Cal. Civ. Code § 1542, which provides:

A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.

Lead Plaintiff, other Class Members, or Defendants may hereafter discover facts, legal theories, or authorities in addition to or different from those which any of them now knows, suspects, or believes to be true with respect to the Action, the Released Claims, or the Released Defendants' Claims, but Lead Plaintiff and Defendants expressly, fully, finally, and forever settle and release, and each Class Member shall be deemed to have fully, finally, and forever settled and released, and upon the Effective Date and by operation of the Judgment or Alternative Judgment shall have settled and released, fully, finally, and forever, any and all Released Claims and Released Defendants' Claims as applicable, without regard to the subsequent discovery or existence of such different or additional facts, legal theories, or authorities. Lead Plaintiff and Defendants acknowledge, and all Class Members by operation of law shall be deemed to have acknowledged, that the inclusion of "Unknown Claims" in the definition of Released Claims and Released Defendants' Claims was separately bargained for and was a material element of the Settlement.

SCOPE AND EFFECT OF SETTLEMENT

2. The obligations incurred pursuant to this Stipulation are (a) subject to approval by the Court and the Judgment, or Alternative Judgment, reflecting such approval becoming Final; and (b) in full and final disposition of the Action with respect to the Released Parties and any and all Released Claims and Released Defendants' Claims.

3. By operation of the Judgment or Alternative Judgment, as of the Effective Date, Lead Plaintiff, and each of the other Class Members, and any other Person claiming (now or in the future) through or on behalf of them (regardless of whether any such Person ever seeks or obtains by any means, including, without limitation, by submitting a Proof of Claim, any disbursement from the Settlement Fund), shall be deemed to have, and by operation of the Judgment or Alternative Judgment shall have, on behalf of themselves and each of their respective heirs, executors, trustees, administrators, legal representatives, predecessors, successors, and assigns, in

their capacities as such, (i) fully, finally, and forever compromised, settled, released, relinquished, waived, and discharged any and all of the Released Claims against each of the Released Defendant Parties, (ii) covenanted not to sue any Defendants or Released Defendant Parties with respect to all such Released Claims, and (iii) shall forever be barred and enjoined from commencing, prosecuting, instituting, instigating, or participating in the commencement or prosecution of any action or other proceeding, in any forum, asserting any and all of the Released Claims against any of the Released Defendant Parties.

4. By operation of the Judgment or Alternative Judgment, as of the Effective Date, Defendants, on behalf of themselves and each of their respective heirs, executors, trustees, administrators, legal representatives, predecessors, successors, and assigns, in their capacities as such, (i) shall have fully, finally, and forever compromised, settled, released, relinquished, waived, and discharged any and all of the Released Defendants' Claims against each of the Released Plaintiff Parties, and covenanted not to sue any Released Plaintiff Parties with respect to all such Released Claims and (ii) shall forever be barred and enjoined from commencing, prosecuting, instituting, instigating, or participating in the commencement or prosecution of any action or other proceeding, in any forum, asserting any and all of the Released Defendants' Claims against any of the Released Plaintiff Parties.

THE SETTLEMENT CONSIDERATION

5. In full and final release, settlement, and discharge of all claims asserted in the Action against Defendants and in consideration of the release of the Released Claims against the Released Defendant Parties, all of which the Parties agree are good and valuable consideration, Taro shall pay or cause Insurers to pay the Settlement Amount into the Escrow Account (subject to ¶ 48) within thirty (30) calendar days following the later of (i) the entry of the Preliminary Approval Order granting preliminary approval of the proposed settlement by the Court and (ii)

receipt by Taro and Insurers from Lead Counsel of complete payment and wire transfer instructions necessary to effectuate a transfer of funds (including an executed Form W-9) for the Escrow Account, which Lead Counsel shall provide no later than three (3) business days following entry of the Preliminary Approval Order to Taro (in accordance with ¶ 73). For the avoidance of doubt, other than Taro or Insurers, none of the Released Defendant Parties shall be obligated to pay any amount pursuant to this Stipulation or otherwise in connection with the Settlement.

6. Lead Plaintiff and each of the Class Members shall look solely to the Settlement Fund as satisfaction of all claims that are released hereunder. With the sole exception of Taro's or Insurers' obligation to pay or cause the payment of the Settlement Amount into the Escrow Account as provided for in ¶ 5 (and interest in the refund or return of such payment in accordance with this Stipulation), the Released Defendant Parties shall have no obligation to pay any amounts, nor any responsibility for, interest in, or liability whatsoever with respect to the Escrow Account or the monies maintained in the Escrow Account or the administration of the Settlement, including, without limitation: (i) fees, expenses, costs, Taxes, liability or damages whatsoever alleged or incurred by Lead Plaintiff or any Class Member, or by any of their attorneys, experts, advisors, agents or representatives with respect to the Action and Released Claims; (ii) any act, omission, or determination by Lead Counsel or the Claims Administrator, or any of their respective designees or agents, in connection with the administration of the Settlement or otherwise; (iii) the management, investment, distribution, or allocation of the Settlement Fund; (iv) any Plan of Allocation; (v) the determination, administration, calculation, or payment of any claims asserted against the Settlement Fund; (vi) any loss suffered by, or fluctuation in value of, the Settlement Fund; or (vii) the payment or withholding of any Taxes, expenses, and/or costs incurred in

connection with the taxation of the Settlement Fund, distributions or other payments from the Escrow Account, or the filing of any federal, state, or local tax returns.

7. Other than the obligation of Taro or Insurers to pay or cause the payment of the Settlement Amount pursuant to ¶ 5, the Released Defendant Parties shall have no obligation to make or cause to be made any other payments into the Escrow Account or to any Class Member or Lead Counsel in settlement of the Action or pursuant to this Stipulation. Under no circumstances will Taro or its Insurers be required to pay, or cause payment of, more than the Settlement Amount pursuant to this Stipulation and the Settlement for any reason whatsoever.

USE AND TAX TREATMENT OF SETTLEMENT FUND

8. The Settlement Fund shall be used: (i) to pay any Taxes; (ii) to pay Notice and Administration Expenses; (iii) to pay any attorneys' fees and Litigation Expenses of Lead Counsel awarded by the Court and any award to Lead Plaintiff; (iv) to pay any other fees and expenses awarded by the Court; and (v) to pay the claims of Authorized Claimants. The Escrow Agent shall not disburse the Settlement Fund, or any portion thereof, except as provided in this Stipulation, or upon Order of the Court. No monies may be disbursed from the Settlement Fund absent written agreement of Defendants' Counsel or by order of the Court until after the Effective Date except as provided herein in ¶¶ 10, 13, 22, and 48.

9. The Net Settlement Fund shall be distributed to Authorized Claimants as provided in ¶¶ 23-35 hereof. The Net Settlement Fund shall remain in the Escrow Account prior to the Effective Date. All funds held in the Escrow Account, and all interest and earnings thereon, shall be deemed to be in the custody of the Court and shall remain subject to the jurisdiction of the Court until such time as the funds shall have been disbursed or returned, pursuant to the terms of this Stipulation, and/or further order of the Court. The Escrow Agent shall invest funds in the Escrow Account in instruments backed by the full faith and credit of the United States Government (or a

mutual fund invested solely in such instruments), or deposit some or all of the funds in account(s) that are fully insured by the Federal Deposit Insurance Corporation (“FDIC”) in amounts that are up to the limit of FDIC insurance, or in a bank with at least \$50 billion in assets. Defendants, Insurers, Defendants’ Counsel, and the other Released Defendant Parties shall have no responsibility for, or liability whatsoever with respect to, investment decisions executed by the Escrow Agent. All investment risks of the Settlement Fund shall be borne solely by the Settlement Fund.

10. After the Settlement Amount has been paid into the Escrow Account, the Parties agree to treat the Settlement Fund as a “qualified settlement fund” within the meaning of Treasury Regulation § 1.468B-1. All provisions of this Stipulation shall be interpreted in a manner that is consistent with the Settlement Fund being a “qualified settlement fund” within the meaning of Treasury Regulation § 1.468B-1. In addition, the Escrow Agent shall timely make, or cause to be made, such elections as necessary or advisable to carry out the provisions of this ¶ 10, including the “relation-back election” (as defined in Treasury Regulation § 1.468B-1) back to the earliest permitted date. Such election shall be made in compliance with the procedures and requirements contained in such regulations. It shall be the responsibility of the Escrow Agent to timely and properly prepare and deliver, or cause to be prepared and delivered, the necessary documentation for signature by all necessary parties, and thereafter take all such actions as may be necessary or appropriate to cause the appropriate filing(s) to timely occur. Consistent with the foregoing:

(a) For the purposes of Section 468B of the Internal Revenue Code of 1986, as amended, and Treasury Regulation § 1.468B promulgated thereunder, the “administrator” shall be the Escrow Agent or its successors, who shall timely and properly file, or cause to be filed, all federal, state, or local tax returns and information returns (together, “Tax Returns”) necessary or

advisable with respect to the earnings on the funds deposited in the Escrow Account (including without limitation the returns described in Treasury Regulation § 1.468B-2(k)). Such Tax Returns (as well as the election described above) shall be consistent with this subparagraph and in all events shall reflect that all Taxes (including any estimated taxes, earnings, or penalties) on the income earned on the funds deposited in the Escrow Account shall be paid out of such funds as provided in subparagraph (c) of this ¶ 10.

(b) All Taxes shall be paid out of the Settlement Fund. In all events, Defendants, Insurers, Defendants' Counsel, and the other Released Defendant Parties shall have no liability or responsibility whatsoever for the Taxes or the filing of any Tax Return or other document with the Internal Revenue Service or any other state or local taxing authority or any expenses associated therewith. Defendants, Insurers, Defendants' Counsel, and the other Released Defendant Parties shall have no liability or responsibility for the Taxes of the Escrow Account with respect to the Settlement Amount (or otherwise) nor the filing of any Tax Returns or other documents with the Internal Revenue Service or any other taxing authority. In the event any Taxes are owed by any Defendants, Insurers, or any other Released Defendants Parties on any earnings on the funds on deposit in the Escrow Account, such amounts shall also be paid out of the Settlement Fund.

(c) Taxes with respect to the Settlement Fund and the Escrow Account shall be treated as, and considered to be, a cost of administration of the Settlement and shall be timely paid, or caused to be paid, by the Escrow Agent out of the Settlement Fund without prior order from the Court or approval by Defendants. The Escrow Agent shall be obligated (notwithstanding anything herein to the contrary) to withhold from distribution to Authorized Claimants any funds necessary

to pay such amounts (as well as any amounts that may be required to be withheld under Treasury Regulation §1.468B-2(1)(2)).

(d) The Parties agree to cooperate with each other, and their tax attorneys and accountants to the extent reasonably necessary, to carry out the provisions of this ¶ 10. For the avoidance of doubt, however, Defendants, Insurers, Defendants' Counsel, and the other Released Defendant Parties shall have no responsibility for, or any liability whatsoever with respect to, the foregoing provided in this ¶ 10.

11. This is not a claims-made settlement. Except as otherwise provided herein, as of the Effective Date, Defendants, Insurers, and/or any other Person funding the Settlement on a Defendant's behalf shall not have any right to the return of the Settlement Fund or any portion thereof for any reason.

ATTORNEYS' FEES AND EXPENSES

12. Lead Counsel will file the Fee and Expense Application applying to the Court for an award from the Settlement Fund of attorneys' fees and payment of Litigation Expenses incurred in prosecuting the Action, including any earnings on such amounts at the same rate and for the same periods as earned by the Settlement Fund.

13. Any attorneys' fees and Litigation Expenses awarded by the Court shall be paid by the Escrow Agent from the Settlement Fund to Lead Counsel immediately after entry of the order awarding such attorneys' fees and Litigation Expenses and entry of the Judgment or Alternative Judgment, or as otherwise ordered by the Court, notwithstanding the existence of any timely filed objections thereto or to the Settlement, or potential for appeal therefrom, or collateral attack on the Fee and Expense Application, the Settlement, or any part thereof.

14. Any payment of attorneys' fees and Litigation Expenses pursuant to ¶¶ 12-13 above shall be subject to Lead Counsel's obligation to make refunds or repayments to the Settlement

Fund of any paid amounts, plus accrued earnings at the same rate as is earned by the Settlement Fund, if any, if the Settlement is terminated pursuant to the terms of this Stipulation or fails to become effective for any reason, or if, as a result of any appeal or further proceedings on remand or successful collateral attack, the award of attorneys' fees and/or expenses is reduced or reversed by court order. In the event that (i) the Effective Date does not occur, (ii) the Judgment or Alternative Judgment is reversed, (iii) the Judgment, Alternative Judgment, or any other court order is modified in any way that affects the award of attorneys' fees and/or expenses, or (iv) the Stipulation is terminated for any other reason, then Lead Counsel shall be jointly and severally obligated to refund either the full amount of the fees and expenses or an amount consistent with any modification of the Judgment, Alternative Judgment, or any other court order with respect to the award of attorneys' fees and/or expenses, including accrued interest at the same rate as is earned by the Settlement Fund.

15. Lead Counsel shall make the appropriate refund or repayment no later than ten (10) business days after receiving notice of the termination of the Settlement pursuant to this Stipulation, notice from a court of appropriate jurisdiction of the disapproval of the Settlement by court order, or notice of any reduction or reversal of the award of attorneys' fees and/or Litigation Expenses by court order.

16. Lead Counsel agrees that it and its partners are subject to the jurisdiction of the Court for the purpose of enforcing the provisions of this Stipulation relating to any award of attorneys' fees and/or expenses and shall be jointly and severally liable for repayment of all attorneys' fees expenses awarded by the Court. Furthermore, without limitation, Lead Counsel agrees that the Court may, upon application of Defendants or Defendants' Counsel, summarily issue orders, including, without limitation, judgments and attachment orders, and may make

appropriate findings of, or impose sanctions for, contempt against Lead Counsel or its partners should they fail timely to refund or repay fees and expenses as required pursuant to this Stipulation.

17. Other than the obligation of Taro or Insurers to pay or cause the payment of the Settlement Amount pursuant to ¶ 5, the Released Defendant Parties shall have no responsibility for, and no liability whatsoever with respect to, any payment whatsoever to Lead Counsel in the Action that may occur at any time.

18. Defendants, Insurers, Defendants' Counsel, and the other Released Defendant Parties shall have no responsibility for, and no liability whatsoever with respect to, any allocation of any attorneys' fees or expenses to any other Person who may assert some claim thereto, or any fee or expense awards the Court may make in the Action.

19. Defendants, Insurers, Defendants' Counsel, and the other Released Defendant Parties shall have no responsibility for, and no liability whatsoever with respect to any attorneys' fees, costs, or expenses incurred by or on behalf of Class Members, whether or not paid from the Escrow Account. The Settlement Fund will be the sole source of payment from Defendants, or Insurers on their behalf, for any award of attorneys' fees and expenses ordered by the Court.

20. The procedure for and the allowance or disallowance by the Court of any Fee and Expense Application are not part of the Settlement set forth in this Stipulation, and any order or proceeding relating to any Fee and Expense Application, including without limitation an award of attorneys' fees or Litigation Expenses in an amount less than the amount requested by Lead Counsel, or any appeal from any order relating thereto or reversal or modification thereof, (i) is not a necessary term of this Stipulation and is not a condition of the Settlement embodied herein; and (ii) shall not operate to terminate or cancel the Stipulation or Settlement, or affect or delay the finality of the Judgment or Alternative Judgment approving the Stipulation and the Settlement set

forth herein, including, but not limited to, the release, discharge, and relinquishment of the Released Claims against the Released Defendant Parties, or any other orders entered pursuant to the Stipulation. Lead Plaintiff and/or Lead Counsel may not cancel or terminate the Stipulation or the Settlement in accordance with ¶ 41 or otherwise based on any objection or appeal with respect to fees or expenses awarded or not awarded in the Action or the Court's or an appellate court's ruling with respect to fees and expenses awarded or not awarded in the Action.

NOTICE AND ADMINISTRATION EXPENSES

21. Except as otherwise provided herein, the Net Settlement Fund shall be held in the Escrow Account until the Effective Date.

22. Prior to the Effective Date, and after the Court enters the Preliminary Approval Order, without further approval from Defendants or further order of the Court, Lead Counsel may pay from the Settlement Fund reasonable Notice and Administration Expenses actually incurred of up to two hundred fifty thousand U.S. dollars (\$250,000). Additional amounts may be paid before the Effective Date upon approval from Defendants or order of the Court. Taxes may be paid as incurred without further order of the Court or approval of Defendants. After the Effective Date of the Settlement, without further approval of Defendants or further order of the Court, Notice and Administration Expenses of up to seven hundred fifty thousand U.S. dollars (\$750,000) may be paid as incurred. Other than with respect to any obligation Taro may have pursuant to the Class Action Fairness Act of 2005 ("CAFA"), Defendants, Insurers, Defendants' Counsel, and the other Released Defendant Parties shall have no responsibility for, and no liability whatsoever with respect to, notice to the Class or any Notice and Administrative Expenses.

DISTRIBUTION TO AUTHORIZED CLAIMANTS

23. The Claims Administrator, subject to such supervision and direction of Lead Counsel and/or the Court as may be necessary or as circumstances may require, shall administer

the Settlement in accordance with the terms of this Stipulation, the Court-approved Plan of Allocation, and subject to the jurisdiction of the Court. Defendants, Insurers, Defendants' Counsel, and the other Released Defendant Parties shall have no responsibility for, or liability whatsoever with respect to, the administration of the Settlement or the actions or decisions of the Claims Administrator and shall have no liability to the Class in connection with such administration.

24. The Claims Administrator shall determine each Authorized Claimant's *pro rata* share of the Net Settlement Fund based upon each Authorized Claimant's recognized loss, as defined in the Plan of Allocation included in the Notice, or in such other Plan of Allocation as the Court may approve.

25. Defendants have no role in the development of, and will take no position with respect to, the Plan of Allocation. The Plan of Allocation is a matter separate and apart from the proposed Settlement, and any decision by the Court concerning the Plan of Allocation shall not affect the validity or finality of the proposed Settlement. The Plan of Allocation is not a necessary term of this Stipulation, and it is not a condition of this Stipulation that any particular Plan of Allocation be approved by the Court. Neither Lead Plaintiff nor Lead Counsel may cancel or terminate the Stipulation or the Settlement in accordance with ¶ 41 or otherwise based on the Court's or any appellate court's ruling with respect to the Plan of Allocation or any Plan of Allocation in the Action. None of Defendants, Insurers, Defendants' Counsel, or the other Released Defendant Parties shall have any responsibility or liability for reviewing or challenging claims, the allocation of the Net Settlement Fund, or the distribution of the Net Settlement Fund.

26. Upon the Effective Date and thereafter, and in accordance with the terms of the Stipulation, the Plan of Allocation, or such further approval and further order(s) of the Court as may be necessary or as circumstances may require, the Net Settlement Fund shall be distributed to

each Authorized Claimant whose recognized claim computes to \$10.00 or more.

27. If there is any balance remaining in the Net Settlement Fund (whether by reason of tax refunds, uncashed checks or otherwise) after a reasonable amount of time from the date of initial distribution of the Net Settlement Fund, and after payment of outstanding Notice and Administration Expenses, Taxes, attorneys' fees and expenses, and any awards to Lead Plaintiff, the Claims Administrator shall, if economically feasible, reallocate (which reallocation may occur on multiple occasions) such balance among Authorized Claimants who have cashed their checks in an equitable and economic fashion. Thereafter, any balance that still remains in the Net Settlement Fund after re-distribution(s) and after payment of outstanding Notice and Administration Expenses, Taxes, and attorneys' fees and expenses and any awards to Lead Plaintiff, shall be donated to the Consumer Federation of America, or a non-profit and non-sectarian organization(s) chosen by the Court.

ADMINISTRATION OF THE SETTLEMENT

28. Any Class Member who fails to submit a valid Claim Form (substantially in the form of Exhibit A-2) will not be entitled to receive any of the proceeds from the Net Settlement Fund, except as otherwise ordered by the Court. For the avoidance of doubt, any such Class Member will be bound by all of the terms of this Stipulation and the Settlement, including the terms of the Judgment or Alternative Judgment to be entered in the Action and all releases provided for herein, and will be permanently barred and enjoined from commencing, prosecuting, instituting, instigating, or participating in the commencement or prosecution of any action or other proceeding, in any forum, asserting any and all of the Released Claims against any of the Released Defendant Parties.

29. Lead Counsel shall be responsible for supervising the administration of the Settlement and disbursement of the Net Settlement Fund by the Claims Administrator. Lead

Counsel shall have the discretion, but not the obligation, to advise the Claims Administrator to waive what Lead Counsel deems to be *de minimis* or formal or technical defects in any Claim Form submitted, or to accept untimely claims if distribution of the Net Settlement Fund will not be materially delayed thereby. Lead Counsel shall bear no responsibility for the exercise or non-exercise of this discretion. Defendants, Insurers, Defendants' Counsel, and the other Released Defendant Parties shall have no liability, obligation or responsibility for the administration of the Settlement, the allocation of the Net Settlement Fund, or the reviewing or challenging of claims. Lead Counsel shall be solely responsible for designating the Claims Administrator, subject to approval by the Court.

30. For purposes of determining the extent, if any, to which a Claimant shall be entitled to be treated as an Authorized Claimant, the following conditions shall apply:

(a) Each Claimant shall be required to submit a Claim Form, substantially in the form attached hereto as Exhibit A-2, supported by such documents as are designated therein, including proof of the Claimant's loss, or such other documents or proof as the Claims Administrator or Lead Counsel, in their discretion, may deem acceptable;

(b) All Claim Forms must be submitted by the date set by the Court in the Preliminary Approval Order and specified in the notices, unless such deadline is extended by Lead Counsel in their discretion or by Order of the Court. Any Class Member who fails to submit a Claim Form by such date shall be barred from receiving any distribution from the Net Settlement Fund or payment pursuant to this Stipulation (unless, by Order of the Court or the discretion of Lead Counsel, late-filed Claim Forms are accepted), but shall in all other respects be bound by all of the terms of this Stipulation and the Settlement, including the terms of the Judgment or Alternative Judgment and all releases provided for herein, and will be permanently barred and

enjoined from commencing, prosecuting, instituting, instigating, or participating in the commencement or prosecution of any action or other proceeding, in any forum, asserting any and all of the Released Claims against any of the Released Defendant Parties. A Claim Form shall be deemed to be submitted when mailed, if received with a postmark on the envelope and if mailed by first-class or overnight U.S. Mail and addressed in accordance with the instructions thereon. In all other cases, the Claim Form shall be deemed to have been submitted when actually received by the Claims Administrator;

(c) Each Claim Form shall be submitted to and reviewed by the Claims Administrator, under the supervision of Lead Counsel, which shall determine in accordance with this Stipulation the extent, if any, to which each claim shall be allowed;

(d) Claim Forms that do not meet the submission requirements may be rejected. Prior to rejecting a Claim Form in whole or in part, the Claims Administrator shall communicate with the Claimant in writing to give the Claimant the chance to remedy any curable deficiencies in the Claim Form submitted. The Claims Administrator, under supervision of Lead Counsel, shall notify, in writing, all Claimants whose claims the Claims Administrator proposes to reject in whole or in part, setting forth the reasons therefor, and shall indicate in such notice that the claimant whose claim is to be rejected has the right to a review by the Court if the Claimant so desires and complies with the requirements of subparagraph (e) below; and

(e) If any Claimant whose timely claim has been rejected in whole or in part desires to contest such rejection, the Claimant must, within twenty (20) calendar days after the date of mailing of the notice required in subparagraph (d) above, or a lesser period of time if the claim was untimely, serve upon the Claims Administrator a notice and statement of reasons indicating the Claimant's grounds for contesting the rejection along with any supporting

documentation, and requesting a review thereof by the Court. If a dispute concerning a claim cannot be otherwise resolved, Lead Counsel shall thereafter present the request for review to the Court.

31. Each Claimant who submits a Claim Form shall be deemed to have submitted to the jurisdiction of the Court with respect to the Claimant's claim, including but not limited to, all releases provided for herein and in the Judgment or Alternative Judgment, and the claim will be subject to investigation and discovery under the Federal Rules of Civil Procedure, provided that such investigation and discovery shall be limited to the Claimant's status as a Class Member and the validity and amount of the Claimant's claim. In connection with processing the Claim Forms, no discovery shall be allowed on the merits of the Action or the Settlement.

32. Payment pursuant to the Stipulation and Court-approved Plan of Allocation shall be deemed final and conclusive against any and all Claimants. All Class Members whose claims are not approved shall be barred from participating in distributions from the Net Settlement Fund, but otherwise shall be bound by all of the terms of this Stipulation and the Settlement, including the terms of the Judgment or Alternative Judgment to be entered in the Action and the releases provided for herein and therein, and will be permanently barred and enjoined from commencing, prosecuting, instituting, instigating, or participating in the commencement or prosecution of any action or other proceeding, in any forum, asserting any and all of the Released Claims against any of the Released Defendant Parties.

33. All proceedings with respect to the administration, processing and determination of claims described by this Stipulation and the determination of all controversies relating thereto, including disputed questions of law and fact with respect to the validity of claims, shall be subject

to the jurisdiction of the Court, but shall not in any event delay or affect the finality of the Judgment or Alternative Judgment.

34. No Person shall have any claim of any kind against Defendants, Insurers, Defendants' Counsel, or the other Released Defendant Parties with respect to the matters set forth in this section (i.e., ¶¶ 28-35) or any of its subsections, or otherwise related in any way to the administration of the Settlement, including without limitation the processing of claims and distributions.

35. No Person shall have any claim against Lead Plaintiff, Lead Counsel, or the Claims Administrator, or other agent designated by Lead Counsel, based on the distributions made substantially in accordance with this Stipulation and the Settlement contained herein, the Plan of Allocation, or further order(s) of the Court.

TERMS OF THE PRELIMINARY APPROVAL ORDER

36. In conjunction with their application for preliminary approval by the Court of the Settlement contemplated by this Stipulation and promptly upon execution of this Stipulation, Lead Counsel shall apply to the Court for entry of the Preliminary Approval Order, which shall be substantially in the form annexed hereto as Exhibit A. The Preliminary Approval Order will, *inter alia*, preliminarily approve the Settlement, set the date for the Settlement Hearing, approve the form of notice, and prescribe the method for giving notice of the Settlement to the Class.

37. Taro shall make a reasonable good faith effort to provide and/or to facilitate provision by its transfer agent to Lead Counsel or the Claims Administrator, at no cost to Lead Plaintiff or the Class, its transfer records in electronic searchable form (such as Excel) of the names and addresses, to the extent reasonably and readily available in such records, of Persons who purchased Taro common stock on the open market on a United States stock exchange during the Class Period. The Parties acknowledge that any information provided to Lead Counsel by Taro or

any transfer agent pursuant to this paragraph shall be treated as confidential by Lead Counsel and the Claims Administrator and used solely to deliver the Notice and/or implement the Settlement, including the Plan of Allocation.

TERMS OF THE JUDGMENT

38. If the Settlement contemplated by this Stipulation is approved by the Court, Lead Counsel shall request that the Court enter a Judgment substantially in the form annexed hereto as Exhibit B.

39. Pursuant to the Judgment or the Alternative Judgment, the Class shall be certified for purposes of this Settlement, but in the event that the Judgment or Alternative Judgment does not become Final or the Settlement fails to become effective for any reason in accordance with this Stipulation, all Parties reserve all their rights on all issues, including class certification.

EFFECTIVE DATE OF SETTLEMENT

40. The Effective Date of this Settlement shall be the date upon which the last in time of the following events occurs or has been waived:

(a) entry of the Preliminary Approval Order in all material respects in the form annexed hereto as Exhibit A;

(b) payment of the Settlement Amount into the Escrow Account;

(c) elapse of the time permitted for Defendants to exercise their option to terminate the Settlement under ¶¶ 41-42, without their having done so;

(d) approval by the Court of the Settlement, following notice to the Class; and

(e) a Judgment, substantially in the form set forth in Exhibit B annexed hereto, has been entered by the Court and has become Final; or in the event that an Alternative Judgment has been entered, the Alternative Judgment has become Final.

WAIVER OR TERMINATION

41. Defendants and Lead Plaintiff shall each have the right to terminate the Settlement and this Stipulation by providing written notice of their election to do so (“Termination Notice”), through counsel, to all other Parties hereto, within fourteen (14) calendar days following: (i) the entry of a court order declining to enter the Preliminary Approval Order in any material respect; (ii) the entry of a court order declining to approve this Stipulation or any material part of it; (iii) the entry of a court order declining to enter (a) the Judgment in any material respect or (b) an Alternative Judgment that is acceptable to the Parties; (iv) the entry of a court order refusing to dismiss the Action with prejudice; or (v) the entry of a court order by which the Judgment or Alternative Judgment is modified or reversed in any material respect. For the avoidance of doubt, Lead Plaintiff shall not have the right to terminate the Settlement due to any decision, ruling, or order respecting the Fee and Expense Application or any Plan of Allocation.

42. In addition to the foregoing, Defendants shall also have the right, each in his, her, or its sole and absolute discretion, to terminate the Settlement and this Stipulation in accordance with the requirements and procedures set forth in the Supplemental Agreement (defined below).

(a) Simultaneously herewith, the Parties, through counsel, are executing a confidential Supplemental Agreement Regarding Requests for Exclusion (“Supplemental Agreement”). The Supplemental Agreement sets forth certain conditions under which Defendants shall have the right to terminate the Settlement and render this Stipulation null and void in the event that requests for exclusion from the Class exceed certain agreed-upon criteria (the “Termination Threshold”).

(b) The Parties agree to maintain the confidentiality of the Supplemental Agreement, which shall not be filed with the Court unless a dispute arises as to its terms, or as otherwise ordered by the Court. The Supplemental Agreement shall not otherwise be disclosed

unless ordered by the Court. If submission of the Supplemental Agreement is required for resolution of a dispute or is otherwise ordered by the Court, the Parties will undertake to have the Termination Threshold submitted to the Court *in camera* or under seal. In the event of a termination of this Settlement pursuant to the Supplemental Agreement, this Stipulation shall become null and void and of no further force and effect, with the exception of the provisions of ¶¶ 46-48 which shall continue to apply.

43. The Preliminary Approval Order, attached hereto as Exhibit A, shall provide that requests for exclusion shall be received no later than twenty-one (21) calendar days prior to the Settlement Hearing. Upon receiving any request for exclusion or a written retraction of such a request, Lead Counsel shall promptly, and certainly no later than five (5) calendar days after receiving a request for exclusion or a written retraction of such a request, notify Defendants' Counsel of such request for exclusion, or written retraction of a request for exclusion, and provide copies of such requests for exclusion or retractions and any documentation accompanying them by email.

44. In addition to all of the rights and remedies that Lead Plaintiff has under the terms of this Stipulation, Lead Plaintiff shall also have the right to terminate the Settlement in the event that the Settlement Amount has not been paid in the time period provided for in ¶ 5 above, but only if Lead Plaintiff has first provided written notice of the election to terminate to all other Parties and, thereafter, there is a failure to pay the Settlement Amount within fifteen (15) business days of such written notice.

45. If, before the Effective Date, a court of competent jurisdiction enters a final order determining that the transfer of money or any portion thereof to the Settlement Fund by or on behalf of Defendants was a preference, voidable transfer, fraudulent transfer, or similar

transaction; and any portion thereof is required to be returned, and such amount is not promptly deposited into the Settlement Fund by others, then, Lead Plaintiff may move the Court before the Effective Date to vacate and set aside any releases given and the Judgment or Alternative Judgment. In such event, the entirety of the Settlement Amount shall be returned in accordance with ¶ 48 and the Parties shall be restored to their litigation positions as of September 25, 2023.

46. If a right to withdraw from and terminate this Stipulation and Settlement arises under any provision of this Stipulation: (i) neither Defendants nor Lead Plaintiff (as applicable) will be required for any reason or under any circumstance to exercise that option; and (ii) any exercise of that option shall be made in good faith, but in the sole and unfettered discretion of Defendants or Lead Plaintiff, as applicable.

47. With the exception of the provisions of this paragraph and ¶ 48 which shall continue to apply, in the event the Settlement is terminated as set forth herein or cannot become effective for any reason, then the Settlement shall be without prejudice, and none of its terms shall be effective or enforceable except as specifically provided herein; the Parties shall be deemed to have reverted to their respective litigation positions in the Action as of September 25, 2023; and, except as specifically provided herein, the Parties shall proceed in all respects as if this Stipulation and any related order had not been entered. In such event, this Stipulation, and any aspect of the discussions or negotiations leading to this Stipulation shall not be admissible in this Action and shall not be used against or to the prejudice of Defendants or against or to the prejudice of Lead Plaintiff, in any court filing, deposition, at trial, or otherwise.

48. In the event the Settlement is terminated or fails to become effective for any reason, any portion of the Settlement Amount previously paid with accrued interest attributable to that amount, including without limitation any attorneys' fees and expenses advanced or paid to Lead

Counsel in accordance with ¶¶ 12-14, together with any earnings thereon, less any Taxes paid or due, less Notice and Administration Expenses actually incurred and paid or payable from the Settlement Amount, shall be returned to those Persons (i.e., Taro or Insurers) who funded the Settlement Amount within ten (10) business days after written notification of such event in accordance with instructions provided by Defendants' Counsel to Lead Counsel. The Escrow Agent or its designees shall apply for any tax refund owed on the amounts in the Escrow Account and pay the proceeds, after any deduction of any fees or expenses incurred in connection with such application(s), of such refund to the Person(s) that made the deposits or as otherwise directed by Defendants' Counsel.

NO ADMISSION

49. Except as set forth in ¶ 50 below, this Stipulation, whether or not consummated, and whether or not approved by the Court, and any discussion, negotiation, proceeding, or agreement relating to the mediation, the Stipulation, the Settlement, the Supplemental Agreement, and any matter arising in connection with settlement discussions or negotiations, proceedings, or agreements, shall not be offered or received against or to the prejudice of any of the Parties or their respective counsel, for any purpose other than in an action to enforce the terms hereof, and in particular:

(a) do not constitute, and shall not be offered or received against or to the prejudice of any Defendants or the Released Defendant Parties as evidence of, or construed as, or deemed to be evidence of any presumption, concession, or admission by any Defendants or the Released Defendant Parties with respect to the truth of any allegation by Lead Plaintiff and the Class, or the validity of any claim that has been or could have been asserted in the Action or in any litigation, including but not limited to the Released Claims, or of any liability, damages,

negligence, fault or wrongdoing of Defendants, the Released Defendant Parties, or any Person whatsoever, or of any infirmity in any defenses of Defendants;

(b) do not constitute, and shall not be offered or received against or to the prejudice of any Defendants or the Released Defendant Parties as evidence of a presumption, concession, or admission of any fault, misrepresentation, or omission with respect to any statement or written document approved or made by any Defendants or the Released Defendant Parties, or against or to the prejudice of Lead Plaintiff, or any other member of the Class, as evidence of any infirmity in the claims of Lead Plaintiff, or the other members of the Class;

(c) do not constitute, and shall not be offered or received against or to the prejudice of any Defendants or the Released Defendant Parties, Lead Plaintiff, any other member of the Class, or their respective counsel, as evidence of a presumption, concession, or admission with respect to any liability, damages, negligence, fault, infirmity, or wrongdoing, or in any way referred to for any other reason against or to the prejudice of any Defendants or the Released Defendant Parties, Lead Plaintiff, other members of the Class, or their respective counsel, in any other civil, criminal, or administrative action or proceeding, other than such proceedings as may be necessary to effectuate the provisions of this Stipulation;

(d) do not constitute, and shall not be construed against any Defendants or the Released Defendant Parties, Lead Plaintiff, or any other member of the Class, as an admission or concession that the consideration to be given hereunder represents the amount that could be or would have been recovered after trial; and

(e) do not constitute and shall not be construed as or received in evidence as an admission, concession, or presumption against Lead Plaintiff, or any other member of the Class,

that any of their claims are without merit or infirm or that damages recoverable under the Complaint would not have exceeded the Settlement Amount.

50. Notwithstanding ¶ 49 above, the Parties, their respective counsel, and the other Released Parties may file this Stipulation and/or the Judgment or Alternative Judgment in any action that may be brought against them in order to support a defense or counterclaim based on principles of *res judicata*, estoppel, collateral estoppel, release, statute of limitations, statute of repose, good-faith settlement, judgment bar or reduction, or any theory of claim preclusion or issue preclusion or similar defense or counterclaim, or to effectuate any liability protection granted them hereunder or under any applicable insurance policy. The Parties may file this Stipulation and/or the Judgment or Alternative Judgment in any action that may be brought to enforce the terms of this Stipulation and/or the Judgment or Alternative Judgment. All Parties and Class Members submit to the jurisdiction of the Court for purposes of implementing and enforcing the Settlement.

MISCELLANEOUS PROVISIONS

51. Nothing contained herein shall bar the Parties from bringing any action or claim to enforce the terms of this Stipulation, the Judgment, or the Alternative Judgment.

52. The Supplemental Agreement and all of the exhibits to the Stipulation, except any Plan of Allocation to the extent incorporated in those exhibits, are material and integral parts of this Stipulation and are fully incorporated herein by this reference.

53. Lead Plaintiff and Lead Counsel agree that (a) they will not intentionally assist or cooperate with any Person to publicly disparage Defendants or the Released Defendant Parties with respect to any matter relating to the subject matter of this Action, (b) they will not discuss publicly any materials or information designated as Confidential, Highly Confidential, or Outside Counsel Eyes Only by Defendants related to this Action or Settlement with anyone, except as specifically permitted under this Stipulation or if unsealed by a court, and (c) they will, within

thirty (30) calendar days from the Effective Date, destroy all documents and other materials in their possession, custody, or control concerning the Action that reflect or constitute information designated as Confidential, Highly Confidential, or Outside Counsel Eyes Only by Defendants, other than documents that have been publicly filed in the Action prior to the entry of the Judgment or Alternative Judgment, and confirm such destruction to Defendants' Counsel in writing.

54. The Parties intend the Settlement to be the full, final, and complete resolution of all claims asserted or that could have been asserted by the Parties and any other member of the Class with respect to the Released Claims and Released Defendants' Claims. Accordingly, the Parties agree not to make any application for sanctions, pursuant to Fed. R. Civ. P. 11 or other court rule or statute, with respect to any claim or defense in this Action. The Judgment or Alternative Judgment, as the case may be, shall contain a finding that the Parties and their counsel at all times complied with the requirements of Fed. R. Civ. P. 11. The Parties agree that the amount paid and the other terms of the Settlement, with the facilitation of a mediator, were negotiated at arm's length and in good faith by the Parties and their respective counsel and reflect a settlement that was reached voluntarily based upon adequate information and after consultation with experienced legal counsel.

55. This Stipulation, along with its exhibits and the Supplemental Agreement, may not be modified or amended, nor may any of its provisions be waived, except by a writing signed by counsel for the Parties hereto, or their successors.

56. The headings herein are used for the purpose of convenience only and are not meant to have legal effect.

57. The administration and consummation of the Settlement as embodied in this Stipulation shall be under the authority of the Court, and the Court shall retain jurisdiction for the

purpose of entering orders providing for awards of attorneys' fees and any expenses and implementing and enforcing the terms of this Stipulation, including any Plan of Allocation and the distribution of the Net Settlement Fund to Authorized Claimants. All Parties submit to the jurisdiction of the Court for purposes of implementing and enforcing the Settlement embodied in this Stipulation and matters related to the Settlement.

58. The waiver by one Party of any breach of this Stipulation by any other Party shall not be deemed a waiver by any other Party, or a waiver by any Party of any other prior or subsequent breach of this Stipulation.

59. This Stipulation, its exhibits, and the Supplemental Agreement constitute the entire agreement among the Parties concerning the Settlement and this Stipulation and its exhibits and supersede any prior or contemporaneous written or oral agreements or understandings between the Parties. All Parties acknowledge that no other agreements, representations, warranties, or inducements have been made by any Party concerning this Stipulation, its exhibits, or the Supplemental Agreement other than those contained and memorialized in such documents.

60. Nothing in the Stipulation, or the negotiations relating thereto, is intended to or shall be deemed to constitute a waiver of any applicable privilege or immunity, including, without limitation, attorney-client privilege, joint defense privilege, or work product protection.

61. Without further order of the Court, the Parties may agree to reasonable extensions of time to carry out any of the provisions of this Stipulation.

62. All designations, agreements made, and orders entered during the course of the Action relating to the confidentiality of documents or information shall survive this Stipulation.

63. This Stipulation may be executed in one or more counterparts. All executed counterparts and each of them shall be deemed to be one and the same instrument. Signatures sent by facsimile or via email in pdf format shall be deemed originals.

64. The Released Parties who do not appear on the signature lines below are acknowledged and agreed to be third-party beneficiaries with respect to the releases in this Stipulation and Settlement.

65. This Stipulation shall be binding when signed, but the Settlement shall be effective upon the entry of the Judgment or Alternative Judgment and the payment in full of the Settlement Amount, subject only to the condition that the Effective Date will have occurred.

66. This Stipulation shall be binding upon, and inure to the benefit of, the successors and assigns of the Parties, including the Released Parties and any corporation, partnership, or other entity into or with which any Party hereto may merge, consolidate, or reorganize.

67. The construction, interpretation, operation, effect, and validity of this Stipulation, including the Supplemental Agreement, and all documents necessary to effectuate it, shall be governed by the laws of the State of New York without regard to conflicts of laws, except to the extent that federal law requires that federal law govern.

68. The Court shall retain jurisdiction with respect to the implementation and enforcement of the terms of this Stipulation, and all Parties submit to the jurisdiction of the Court for purposes of implementing and enforcing the Settlement embodied in this Stipulation.

69. This Stipulation shall not be construed more strictly against one Party than another merely by virtue of the fact that it, or any part of it, may have been prepared by counsel for one of the Parties, it being recognized that it is the result of arm's-length negotiations among the Parties, and all Parties have contributed substantially and materially to the preparation of this Stipulation.

70. All counsel and any other person executing this Stipulation and any of the exhibits hereto, or any related Settlement documents, warrant and represent that they have the full authority to do so, and that they have the authority to take appropriate action required or permitted to be taken pursuant to the Stipulation to effectuate its terms.

71. Lead Plaintiff and Lead Counsel represent and warrant that Lead Plaintiff is a Class Member and that none of Lead Plaintiff's claims or causes of action against one or more Defendants in the Action, or referred to in this Stipulation, or that could have been alleged against one or more Defendants in the Action, have been assigned, encumbered or in any manner transferred in whole or in part.

72. Except in the event of a termination as otherwise provided in this Stipulation, the Parties and their respective counsel agree to cooperate fully with one another in seeking Court approval of the Preliminary Approval Order and the Settlement, as embodied in this Stipulation, and to use reasonable best efforts to promptly agree upon and execute all such other documentation as reasonably may be required to obtain Final approval by the Court of the Settlement.

73. If any Party is required to give notice to another Party under this Stipulation, such notice shall be in writing and shall be deemed to have been duly given upon receipt of hand delivery or email transmission, with confirmation of receipt. Notice shall be provided as follows:

If to Lead Plaintiff:

Bernstein Liebhard LLP
Attn: Stanley D. Bernstein
Michael S. Bigin
10 East 40th Street
New York, NY 10005
Telephone: (212) 779-1414
Email: bernstein@bernlieb.com
bigin@bernlieb.com

If to Defendants:

Shearman & Sterling LLP
Attn: Jeffrey D. Hoschander
Joshua T. Ebersole
599 Lexington Avenue
New York, NY 10022
Telephone: (212) 848-4000
Email: jeff.hoschander@shearman.com
joshua.ebersole@shearman.com

74. Except as otherwise provided herein, each Party shall bear its own fees and costs.

75. Whether or not the Stipulation is approved by the Court and whether or not the Stipulation is consummated, or the Effective Date occurs, the Parties and their counsel shall use reasonable best efforts to maintain the confidentiality of the negotiations, discussions, acts performed, drafts, documents signed, and proceedings in connection with the Stipulation, other than this Stipulation and the Settlement (except as otherwise provided herein, including in particular with respect to the Supplemental Agreement, which shall remain confidential).

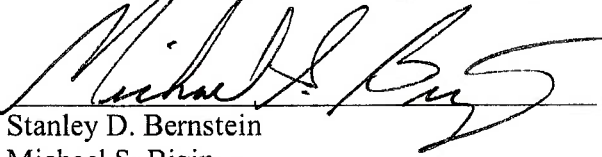
76. All agreements made and orders entered during the course of this Action relating to the confidentiality of information shall survive this Settlement.

77. No opinion or advice concerning the tax consequences of the proposed Settlement to individual members of the Class is being given or will be given by the Parties or their counsel; nor is any representation or warranty in this regard made by virtue of this Stipulation. The tax obligations of each member of the Class, and the determination thereof, are the sole responsibility of the members of the Class, and it is understood that the tax consequences may vary depending on the particular circumstances of each individual member of the Class.

78. Pending final determination of whether the Settlement should be approved, the Parties shall seek to stay all proceedings in this Action that are unrelated to the Settlement and agree that they shall not prosecute any of the Released Claims against Defendants or any of the Released Defendant Parties.

IN WITNESS WHEREOF, the Parties have caused this Stipulation to be executed, by their duly authorized attorneys, as of April 10, 2024.

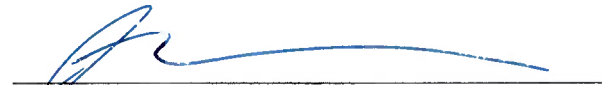
BERNSTEIN LIEBHARD LLP

By: 

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Lead Counsel for Lead Plaintiff and the Class

SHEARMAN & STERLING LLP

By: 

Jeffrey D. Hoschander
Joshua T. Ebersole
599 Lexington Avenue
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jeff.hoschander@shearman.com
joshua.ebersole@shearman.com

Counsel for Defendants