

June 10, 2013

**To the Creditors of Allon Therapeutics Inc.**

**Re: In the Matter of the Proposal of Allon Therapeutics Inc. (“Allon” or the “Company”)  
Trustee’s Preliminary Report to Creditors - ADDENDUM**

We write with reference to our letter dated June 6, 2013 regarding the unsolicited offer received by Deloitte & Touche Inc. (the “Proposal Trustee”) from Taro Pharmaceuticals Inc. (“Taro”) in connection with the proposal made by Allon (the “Proposal”) to its creditors pursuant to the *Bankruptcy and Insolvency Act*.

The Proposal Trustee has conducted further investigation of the unsolicited offer submitted by Taro (the “Unsolicited Offer”). We have been advised by Allon of an exclusivity provision in its term sheet with Paladin Labs Inc. (“Paladin”) dated May 28, 2013 which prevents Allon from negotiating any potential transaction with a third party.

**Based on our investigation of the Unsolicited Offer and the above information, the Proposal Trustee is of the view that the Unsolicited Offer may result in a higher realization for creditors than the Paladin transaction considered in the Proposal.**

We note that should the Proposal be rejected by creditors at the First Meeting of Creditors on June 12, 2013, there will be a deemed automatic assignment into bankruptcy. The Proposal Trustee remains of the view that a successful proposal (which either includes the Paladin offer, the Unsolicited Offer, or any other offer on the same terms with a higher purchase price) would provide a higher realization for creditors than would be expected in a bankruptcy scenario.

We will continue to provide updates with respect to these proceedings on our website at [www.deloitte.com/ca/allontherapeutics](http://www.deloitte.com/ca/allontherapeutics).

Should you have any questions regarding these proceedings, please do not hesitate to contact Mr. Ilya Margulis at (604) 640-3044.

Yours truly,

**DELOITTE & TOUCHE INC.**

In its capacity as the Trustee in the Proposal of  
Allon Therapeutics Inc.  
and not in its personal capacity.



Per: Huey Lee, MBA, CMA, CIRP  
Trustee