

FOREST LABORATORIES INC  
Form DEFA14A  
August 05, 2011

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a) of the Securities  
Exchange Act of 1934  
(Amendment No. )**

Filed by the Registrant    
Filed by a party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to § 240.14a-12

FOREST LABORATORIES, INC.  
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

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(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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- Fee paid previously with preliminary materials.

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

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Forest Labs A Leading Pharmaceutical Company August 5, 2011 1

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Forest: A Leading Pharmaceutical Company Forest has increased revenue at a compound annual growth (CAGR) rate of 12.1% over last 10 years <sup>(1)</sup> Strong Financial \$4.4Bn in revenue in FY11 vs. \$1.6Bn in FY06 Performance 16.5% CAGR in GAAP Earnings Per Share over the same time period <sup>(1)</sup> Four blockbuster products successfully marketed: CELEXA, LEXAPRO, BENICAR<sup>®</sup> and NAMENDA Operational Success Forest has double the new product approvals over the last 5 years Over Time as business peers, despite their larger size <sup>(2)</sup> These products are a result of our business development, scientific development, and regulatory expertise Outperformed relevant market benchmark, S&P 500, over both the short-term (1 year & 3 year) and long-term (20 year) time periods <sup>(3)</sup> Delivering Strong Shareholder Returns Outperformed relevant peer index, DRG, over both the short-term (1 year) and long-term (5 year) time periods <sup>(3)</sup> At the time of our latest quarter end, Forest's stock was up 23% in the prior six months and 43% in the prior twelve months <sup>(3)</sup> Notes 1. For 10 Year period ending FY11 2. Includes NCEs, new BLAs, vaccines BLAs, chiral enantiomers- does not include approvals granted to other licensor prior to in-licensing by peer company or approvals granted to other companies prior to acquisition by peer company 2 3. As of June 30<sup>th</sup>, 2011

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Forest is Poised For Sustainable Growth Developed and launched LEXAPRO well in advance of CELEXA Management and BOD Loss of Exclusivity Have Overcome Past Grew overall franchise- LEXAPRO FY11 sales of \$2.3Bn LOE Cycles <sup>(3)</sup> surpassed CELEXA peak sales of \$1.45Bn <sup>(1)</sup> Direct result of effort of Forest current management and directors Five new products launched, including three this year: Next-Nine Products BYSTOLIC, SAVELLA, TEFLARO, DALIRESP, VIIBRYD are Already Being Deepest relative late stage pipeline vs. peers <sup>(2)</sup> Realized Four more products expected to launch by 2013: two product filings in 2011 and two product filings expected in 2012 New products drive expected 10% sales CAGR and 30% adjusted EPS CAGR <sup>(3)</sup> over FY13-FY17 period Next-Nine Products FY16 sales expected to be above FY11 with significantly less Drive Growth & product concentration-diversification across therapeutic areas Strategically Diversify while leveraging Forest's primary care strength Revenue Next-Nine products have patents that do not begin to expire until 2020 with some extending to 2027 Notes 1. FY03 CELEXA sales 2. 2011 Product Launches + NDAs Filed + Phase III Products / Most Recent Fiscal Year Sales (\$Bn). Includes new chemical entities and new biologics only 3 3. See Additional Information pg 9 for important disclaimer re: Loss of Exclusivity and a GAAP reconciliation of non-GAAP financial measures

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Forest Has Demonstrated Prudent Financial Management R&D spend increased while remaining in line with peers as a Continuous percentage of sales <sup>(1)</sup> Reinvestment in \$2.8Bn invested in business development since 2007 Business While 24 partnership agreements signed in last the seven years with only Maintaining Strong five terminations- an enviable track record Balance Sheet Balance sheet remains strong with \$3.3Bn in cash Revenue / Employee is well above the median of peers <sup>(1)</sup> SG&A spend in line with peers as a percentage of sales <sup>(1)</sup> Sales Force Focused Eight out of Next-Nine products to be marketed by Forest s on Productivity primary care force to a common group of physicians Successful launch of new products: five new products in market \$4.4Bn in share repurchases since 2004 including two \$500MM Accelerated Share Repurchases in last 14 months Shareholder Friendly Share repurchases funded through free cash flow and cash Return of Capital balances 27MM shares remaining under Forest s 2010 Share Repurchase Authorization Note 1. FY11. Figures as per company filings. 4

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Forest Nominees: The Right Directors for All Shareholders Strong and independent proposed Board of Directors with six out of ten nominees new within last five years Forest's three new nominees all have strong executive experience, no prior relationships with Forest, and no conflicts Chris Coughlin, former CFO of Tyco and Pharmacia; Gerald Lieberman, former President and COO of AllianceBernstein; and, Brenton Saunders, current CEO and Director of Bausch + Lomb Incumbent directors have driven Forest operational success, bring critical skills, experience, and expertise to Board, and are free of conflicts Three independent medical experts: Nesli Basgoz M.D., from Massachusetts General Hospital, is an expert in Infectious Diseases where we have recently launched TEFLARO; Peter Zimetbaum M.D., from Beth Israel Deaconess Medical Center in Boston, is an expert in Cardiology where we promote BYSTOLIC; and, Lester Salans M.D., a former Director of the NIH and a Clinical Professor at Mount Sinai Medical School, is an expert in diabetes Audit and legal expertise from Dan Goldwasser who has served on the Auditing Standards Board of the American Institute of Certified Public Accountants and as Chairman of the American Bar Associations Business Law Section's Committee on Law and Accounting Three additional strong nominees with executive leadership experience: Larry Olanoff M.D., Ph.D., our former COO and Chief Scientific Officer, who oversaw the successful development and approval of CELEXA, LEXAPRO and NAMENDA, among other drugs; Ken Goodman, our former President, who oversaw the launch of all four of our blockbuster products; and, Howard Solomon, our CEO and Chairman, who has led our Company through its evolution into a leading pharmaceutical company with \$4.4Bn in FY11 sales 5

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Reject Icahn's Conflicted and Unqualified Nominees, Icahn Offers No Specific Plan for Forest Icahn's proposed directors, Denner and Mulligan, have real conflicts with Forest that will make them unable to fulfill their duties to shareholders Business development overlap with Biogen Idec and Amylin is a significant problem Icahn's proposed directors: Denner, Mulligan, Ende, and Bebchuk, have no experience in the approval and launch of new pharmaceutical products None of Icahn's nominees have been on the board of any company when it has received a New Chemical Entity (NCE) or Biological License Application (BLA) approval in the U.S. Icahn's Denner and Mulligan have a poor track record in CEO succession planning Both on Board of Enzon where no CEO has been in place since February 2010-Denner is Chair of Executive Committee in charge of finding a new CEO Icahn's Denner and Mulligan do not have positive experience in working with business development partners Amylin is in new litigation with partner Eli Lilly during their Board tenure and Bristol Myers started a hostile transaction to acquire ImClone during Denner's tenure on Board Icahn's Mulligan, Ende, and Bebchuk have no executive operating experience Have not served senior leadership roles in corporations Icahn does not offer concrete recommendations for Forest-just his same standard playbook. Reject Icahn's nominees 6

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Vote the White Proxy Card Today. Reject Icahn's Nominees! 7

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Important Additional Information Forward Looking Information Except for the historical information contained herein, this document contains forward- looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements involve a number of risks and uncertainties, including the difficulty of predicting FDA approvals, the acceptance and demand for new pharmaceutical products, the impact of competitive products and pricing, the timely development and launch of new products, changes in laws and regulations affecting the healthcare industry and the risk factors listed from time to time in Forest Laboratories' Annual Reports on Form 10- K (including the Annual Report on form 10- K for the fiscal year ended March 31, 2011), Quarterly Reports on Form 10- Q, and any subsequent SEC filings. Important Additional Information Forest Laboratories, its directors, director nominees and certain of its executive officers may be deemed to be participants in the solicitation of proxies from Forest shareholders in connection with the matters to be considered at Forest Laboratories' 2011 Annual Meeting. On July 18, 2011, Forest Laboratories filed its definitive proxy statement (as it may be amended, the Proxy Statement ) with the U.S. Securities and Exchange Commission (the SEC ) in connection with such solicitation of proxies from Forest shareholders. **FOREST SHAREHOLDERS ARE STRONGLY ENCOURAGED TO READ THE PROXY STATEMENT AND ACCOMPANYING PROXY CARD AS THEY CONTAIN IMPORTANT INFORMATION.** Detailed information regarding the identity of participants, and their direct or indirect interests, by security holdings or otherwise, is set forth in the Proxy Statement, including Appendix B thereto. Shareholders can obtain the Proxy Statement, any amendments or supplements to the Proxy Statement and other documents filed by Forest Laboratories with the SEC for no charge at the SEC's website at [www.sec.gov](http://www.sec.gov). Copies are also available at no charge at Forest Laboratories' website at [www.frx.com](http://www.frx.com) or by writing to Forest Laboratories at 909 Third Avenue, New York, New York 10022. This document contains quotes and excerpts from certain previously published material. Consent of the author and publication has not been obtained to use the material as proxy soliciting material. 8

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Important Additional Information Disclaimer re: Exclusivity Loss Management The Company's successful management of the CELEXA loss of exclusivity does not guarantee successful management of future loss of exclusivity cycles (such as with respect to LEXAPRO and NAMENDA) or ability to replicate such results under current or future conditions. Use of Non-GAAP Financial Information Non-GAAP earnings per share information adjusted to exclude certain costs, expenses and other specified items as summarized in the table below. This information is intended to enhance an investor's overall understanding of the Company's past financial performance and prospects for the future. This information is not intended to be considered in isolation or as a substitute for earnings per share prepared in accordance with GAAP. FOREST LABORATORIES, INC. AND SUBSIDIARIES SUPPLEMENTAL FINANCIAL INFORMATION THREE MONTHS ENDED JUNE 30 2011 2010 Reported earnings per share: \$0.90 \$0.39 Specified items, per share, net of tax: DOJ investigations 0.39 Licensing payment to TransTech for glucose-lowering agents 0.17 Licensing payment to Blue Ash for azimilide 0.14 Adjusted Non-GAAP earnings per share: \$1.04 \$0.95 9 6