

FOREST LABORATORIES INC
Form DEFA14A
August 08, 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 x
Filed by a party other than the Registrant o

Check the appropriate box:

- o Preliminary Proxy Statement
- o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- o Definitive Proxy Statement
- x Definitive Additional Materials
- o 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)

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(3) Filing Party:

(4) Date Filed:

FOREST LABORATORIES SENDS LETTER TO SHAREHOLDERS
Highlights Forest's Strong Performance and Recommends Shareholders Vote in Favor of
Highly Qualified Slate of Ten Director Nominees

Asks Shareholders to Vote the WHITE Proxy Card Today

NEW YORK, August 8, 2011 Forest Laboratories, Inc. (NYSE: FRX) (Forest) today announced that its Board of Directors has sent a letter to all Forest shareholders in connection with the Company's Annual Meeting on August 18, 2011. The letter highlights Forest's strong performance, track record of delivering value to shareholders, robust and diversified product pipeline and highly-qualified slate of director nominees, which includes seven incumbent directors and three new candidates. **Forest's Board of Directors recommends shareholders vote for Forest's nominees on the WHITE proxy card.**

For information about Forest's 2011 Annual Meeting of Shareholders, please visit:

www.FRX2011annualmeeting.com.

The text of the August 5th letter follows:

[Inserted Letter Follows]

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. Copies are also available at no charge at Forest Laboratories' website at www.frx.com or by writing to Forest Laboratories at 909 Third Avenue, New York, New York 10022.

*If you have any questions, require assistance with voting your WHITE proxy card,
or need additional copies of the proxy materials, please contact:*

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[Forest Laboratories Letterhead]

August 5, 2011

Dear Fellow Shareholders,

You have the opportunity to cast a very important vote to protect your investment in Forest Laboratories. Our company's Annual Meeting will be held on August 18, and we are writing to ask for your support. We have nominated a slate of ten talented, experienced and extremely well qualified individuals to our Board, who are all committed to delivering value for you, our shareholders. **Your Board recommends that you support all ten of our nominees and reject the alternative slate of hand-picked designees nominated by shareholder Carl Icahn at the Annual Meeting.**

Breaking News!

Late afternoon on Friday, August 5th, 2011, Forest Laboratories announced that the Office of the Inspector General, Department of Health and Human Services (HHS-OIG) has dropped its action against Howard Solomon, our Chairman and CEO. The Company is gratified by the HHS-OIG's decision and would like to thank our shareholders for their consistent support throughout this process.

**PLEASE VOTE THE WHITE CARD TO SUPPORT FOREST'S
TEN HIGHLY QUALIFIED NOMINEES
Forest Has Strong Track Record of Delivering Value for Shareholders
and Continues to Perform Well**

The Forest Board and management team have a long track record of outperformance and continue to drive positive financial and operational results.

Forest share price has outperformed a relative benchmark, the S&P 500, over both the short-term (1-year and 3-year) and long-term (20-year) time periods.

The Company has also outperformed its relevant peer index, the AMEX Pharmaceutical Index (DRG), over both the short-term (1-year) and long-term (5-year) time periods.

Forest shares gained approximately 23% in the first six months of 2011 and 43% in the prior twelve months.

Since 2005, the Company has returned \$4.4 billion in capital to shareholders through repurchases, including two \$500 million Accelerated Share Repurchases in the last 14 months.

Over the last 10 years, Forest has increased revenue at a compound annual growth rate of 12.1% and grown earnings per share (EPS) at a compound annual growth rate of 16.5%.

In addition, the Company recently reported strong fiscal 2012 first quarter results, highlighted by an 8.2% increase in net sales and a 9.5% increase in adjusted non-GAAP earnings per share.¹ **These achievements are a testament to our team and our strategy we are proud of what we have achieved and are committed to building on this momentum in the years ahead.**

We Have One of the Strongest and Most Diversified Pipelines in the Industry

From a small-scale producer of vitamin pills in the 1940s, we have evolved into a dynamic, innovative and fully integrated pharmaceutical company with one of the strongest and most exciting product portfolios in the industry. Over the years, Forest's Board and management have worked diligently to diversify the Company's product portfolio, pursuing new, high-potential products in key therapeutic areas with significant unmet medical needs. **In fact, Forest's track record of developing new products is one of the strongest in the industry including the world's largest pharmaceutical companies.** As a result of our continued business development efforts and successful R&D investments, we expect to have launched nine new products between 2008 and 2013, all with patents that do not begin to expire until 2020, and with some extending to 2027.

¹ Please see Forest's Q1 2012 earnings release for additional information concerning first quarter results, including a GAAP reconciliation of non-GAAP measures and associated disclosures at:
<http://ir.frx.com/phoenix.zhtml?c=83198&p=irol-newsArticle&ID=1586374&highlight=>

We are very excited about these new products **which demonstrate management's success in creating a sustainable specialty pharmaceutical business** and expect them to drive growth and diversify revenue over the long term. With these products coming to market, Forest expects to exceed its fiscal 2011 revenues by fiscal 2016 and broaden our product portfolio, resulting in greater revenue diversification in the years ahead. **Specifically, from fiscal 2013 to 2017, these products are expected to increase revenues and earnings per share by a compound annual growth rate of 10% and 30%, respectively.**²

**Our Leadership Team is Uniquely Qualified and Committed to Serving
the Best Interests of All Shareholders**

Our talented leadership team including a strong and independent board is focused on continuing to build sustainable momentum and value for all shareholders. We have nominated an exceptionally strong slate of experienced, independent healthcare industry, legal and financial experts who are extremely well qualified to lead the Company through its future growth and development. In addition to our seven highly qualified incumbent directors, we have nominated three outstanding new independent candidates with strong executive experience, no prior relationships with the Company, and no conflicts with Forest who will bring fresh eyes and valuable experience to the Forest Board. We believe all ten Forest candidates will work on behalf of all investors and ensure board-level focus on maximizing the potential of our robust pipeline.

In contrast, Mr. Icahn has offered only unfounded criticisms to support his four, hand-picked nominees, who are neither qualified nor experienced enough to serve on your Board. They have offered no plan or strategy that would justify the four board seats that Icahn seeks. **Instead, they bring clear conflicts of interest that will make them unable to fulfill their duties to shareholders, as two of Icahn's nominees serve on the Boards of companies that actively seek new product opportunities in the same therapeutic areas as Forest.**

Forest is currently at an important juncture as we transition beyond the successes of Lexapro and Namenda through the successful launch our new products. We believe that the Forest leadership team that identified and developed these products is best suited to bring them to market successfully and build value for you over the long term.

² For additional context and details regarding Forest's next nine products and the associated growth expectations, please see slides 11 and 12 of the July 28, 2011 presentation, *Forest Labs - A Leading Pharma Company*, available at: <http://www.frx2011annualmeeting.com/wp-content/uploads/2011/07/Forest-Labs-A-Leading-Pharma-Company.pdf>

YOUR VOTE IS IMPORTANT PLEASE SIGN AND SEND THE WHITE PROXY CARD TODAY

Your Board unanimously recommends that you vote for our entire slate of highly qualified, talented and experienced director nominees. Your vote is very important, no matter how many shares you own. Support your Board by voting the **WHITE** proxy card **TODAY**. You may vote by telephone, internet or by signing, dating and returning the enclosed **WHITE** proxy card in the postage-paid envelope. We also urge you to **DISCARD ANY GOLD PROXY CARD** sent to you by Mr. Icahn or his affiliates. If you have already returned a gold proxy card, you can change your vote by signing, dating and returning a **WHITE** proxy card. Only your latest dated proxy card will be counted.

On behalf of the board of directors, we thank you for your continued support of your Company.

Sincerely,

Howard Solomon

Chairman of the Board and Chief Executive Officer

Kenneth Goodman

Presiding Independent Director

Forward Looking Information

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