

FOREST LABORATORIES INC

Form 425

February 18, 2014

Creating a New Model in Specialty Pharmaceutical Leadership

Filed by Forest Laboratories, Inc.

Pursuant to Rule 425 under the Securities Act of 1933

and deemed filed pursuant to Rule 14a-12

of the Securities Exchange Act of 1934

Subject Company: Forest Laboratories, Inc

Commission File No.: 1-5438

Important Information For Investors and Shareholders

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This communication does not constitute an offer to sell or the solicitation of an offer to buy any securities or a solicitation of a vote or approval, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. In connection with the proposed merger between Actavis and Forest, Actavis will file with the Securities and Exchange Commission (the "SEC") a registration statement on Form S-4 that will include a joint proxy statement of Actavis and Forest that also constitutes a prospectus of Actavis.

The
definitive
joint
proxy
statement/prospectus
will
be
delivered
to
shareholders

of
Actavis
and
Forest.

INVESTORS
AND
SECURITY
HOLDERS
OF
ACTAVIS
AND
FOREST
ARE
URGED
TO
READ
THE
DEFINITIVE
JOINT
PROXY
STATEMENT/PROSPECTUS
AND
OTHER
DOCUMENTS
THAT
WILL
BE
FILED
WITH
THE
SEC
CAREFULLY
AND
IN

THEIR ENTIRETY WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION.

Investors and security holders will be able to obtain free copies of the registration statement and the definitive joint proxy statement/prospectus (when available) and other documents filed with the SEC by Actavis and Forest through the website maintained

by
the

SEC
at
<http://www.sec.gov>.

Copies
of
the
documents
filed
with
the
SEC
by
Actavis
will
be
available
free
of
charge
on
Actavis
internet
website
at
www.actavis.com

or
by
contacting
Actavis
Investor
Relations
Department
at
(862)
261-

7488. Copies of the documents filed with the SEC by Forest will be available free of charge on Forest's internet website at www.frx.com or by contacting Forest's Investor Relations Department at (212) 224-6713.

Participants in the Merger Solicitation

Actavis,
Forest,
their
respective
directors
and
certain
of
their
executive
officers
and

employees

may

be

considered

participants

in the solicitation of proxies in connection with the proposed transaction. Information regarding the persons who may, under the rules of the SEC, be deemed participants in the solicitation of the Actavis and Forest shareholders in connection with the proposed merger will be set forth in the joint proxy statement/prospectus when it is filed with the SEC. Information about the directors and executive officers of Forest is set forth in its proxy statement for its 2013 annual meeting of stockholders, which was filed with the SEC on July 8, 2013 and certain of its Current Reports on Form 8-K. Information about the directors and executive officers of Actavis is set forth in its proxy statement for its 2013 annual meeting of stockholders, which was filed with the SEC on March 29, 2013 and certain of its Current Reports on Form 8-K. Additional information regarding the participants in the proxy solicitations and a description of their direct and indirect interests, by security holdings or otherwise, will be contained in the joint proxy statement/prospectus filed with the above-referenced registration statement on Form S-4 and other relevant materials to be filed with the SEC when they become available.

completion of the transaction. It is important to note that Actavis' goals and expectations are not predictions of actual performance and may differ materially from Actavis' current expectations depending upon a number of factors affecting Actavis' business, Forest Laboratories' business, and the transaction, all of which are associated with acquisition transactions. These factors include, among others, the inherent uncertainty associated with financial restructuring in connection with, and successful closing of, the Forest acquisition; subsequent integration of the Forest acquisition; the ability to recognize the anticipated synergies and benefits of the Forest acquisition; the ability to obtain required regulatory approvals for the transaction (including the approval of antitrust authorities necessary to complete the acquisition), the timing of obtaining such approvals and the fact that such approvals may result in the imposition of conditions that could adversely affect the combined company or the expected benefits of the transaction; the ability to obtain the requisite Forest and Actavis shareholder approvals; the risk that a condition to closing of the Forest acquisition is not satisfied on a timely basis or at all; the failure of the proposed transaction to close for any other reason; risks relating to the valuation of the shares to be issued in the transaction; the anticipated size of the markets and continued demand for Actavis' and Forest Laboratories' products; competitive products and pricing; access to available financing (including financing for the acquisition or refinancing of Actavis' debt) on a timely basis and on reasonable terms; the risks of fluctuations in foreign currency exchange rates; the risks and uncertainties not unique to the pharmaceutical industry, including product liability claims and the availability of product liability insurance on reasonable terms; the difficulty of predicting the timing or outcome of pending or future litigation or government investigations; periodic dependence on a small number of products as a material source of net revenue or income; variability of trade buying patterns; changes in generally accepted accounting principles; the carrying values of assets may be negatively impacted by future events and circumstances; the timing and success of product launches; the difficulty of predicting the timing or outcome of product development efforts and regulatory agency approvals or actions, if any; market competition; continued demand for Actavis' and Forest Laboratories' products; costs and efforts to defend or enforce intellectual property rights; difficulties in manufacturing; the availability and pricing of third party sourced products and materials; successful compliance with government regulations applicable to Actavis' and Forest Laboratories' facilities, products and/or businesses; changes in the laws and regulations affecting, among other things, the sale and reimbursement of pharmaceutical products; changes in tax laws or interpretations that could increase Actavis' consolidated tax liability; loss of key senior management or scientific staff; and such other risks and uncertainties detailed in Actavis' periodic public filings with the Securities and Exchange Commission, including but not limited to Actavis' Annual Report on form 10-K for the year ended December 31, 2014, and to time in Actavis' other investor communications. Except as expressly required by law, Actavis disclaims any intent or obligation to update these forward-looking statements.

Forest Cautionary Statement Regarding Forward-Looking Statements

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This release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements include, but are not limited to, statements about the benefits of the acquisition of Forest by Actavis, including future financial and operating results, Forest's or Actavis' plans, objectives, expectations and intentions and the expected timing of completion of the transaction. It is important to note that Forest's goals and expectations are not predictions of actual performance. Actual results may differ materially from Forest's current expectations depending

upon a number of factors affecting Forest's business, Actavis' business and risks associated with acquisition transactions. These factors include, among others, the inherent uncertainty associated with financial projections; restructuring in connection with, and successful closing of, the acquisition; subsequent integration of the companies and the ability to recognize the anticipated synergies and benefits of the acquisition; the ability to obtain required regulatory approvals for the transaction (including the approval of antitrust authorities necessary to complete the acquisition), the timing of obtaining such approvals and the risk that such approvals may result in the imposition of conditions that could adversely affect the combined company or the expected benefits of the transaction; the ability to obtain the requisite Forest and Actavis shareholder approvals; the risk that a condition to closing of the acquisition may not be satisfied on a timely basis or at all; the failure of the proposed transaction to close for any other reason; risks relating to the value of the Actavis shares to be issued in the transaction; access to available financing (including financing for the acquisition or refinancing of Forest or Actavis debt) on a timely basis and on reasonable terms; 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, and the risk factors listed from time to time in Forest Laboratories' Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and any subsequent SEC filings. Forest assumes no obligation to update forward-looking statements contained in this release to reflect new information or future events or developments.

Presentation Overview

Transaction Overview

An Innovative New Model in Specialty Pharmaceutical
Leadership

Forest Overview

Summary

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Proposed Transaction Terms

Equity and Cash transaction valued at approximately \$25 B

-

25% Premium to Forest closing price as of 2/14/2014

-

70/30 equity and cash split

-

\$26.04 in cash + 0.3306 share of ACT/share of FRX

Pro Forma Forest ownership of ~35% shares of Actavis

Cash portion funded through existing cash and new debt

Anticipated to close by mid-year 2014 subject to:

-

Subject to approval of both Actavis and Forest shareholders

-

Customary conditions including legal and regulatory approval (HSR)

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Creating an Innovative New Model in
Specialty Pharmaceutical Leadership
Enhanced size and scale
Broad & diverse portfolio with multiple blockbuster
therapeutic franchises
Balanced portfolio of branded and generic pharmaceuticals
Exceptionally strong global commercial capabilities create
high value to customers

More than \$1 billion investment in R&D driving strong organic growth

Strong free cash flow generation

Efficient tax structure and solid balance sheet

Drive robust organic growth accelerated by smart business development

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Balanced Revenue Portfolio of North American Brand,
North American Generic, International and Distribution
Based on 2014 proforma combined revenue

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Financially Compelling Combination

Approximately \$15 billion annual revenue generation

Approximately 50/50 brand/generic

Expected double-digit accretion to non-GAAP earnings, including synergies, in 2015 and 2016

Greater than \$4 billion annual free cash flow in 2015

Expect to maintain investment grade credit ratings

Estimated ~\$1 billion in annual pre-tax operational and tax synergies within three years of transaction close

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Strong cash flow drives rapid deleveraging to under 3.5x debt to pro forma adjusted EBITDA by the end of 2014

Broad & Diverse Portfolio with
Multiple Blockbuster Therapeutic Franchises
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Emerging and Sustainable Portfolios in New Categories

CARDIOVASCULAR

DERM

INFECTIOUS DISEASE

RESPIRATORY

Added from combination

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CYSTIC FIBROSIS

Exceptionally Strong Commercial
Capabilities Create High Value to Customers

Enhanced profile: size, scale and product diversification
bring high value to customers

physicians, hospitals, health plans and distribution channels
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World-class global commercial organization competing across multiple market segments

Brands, generics, biosimilars, and OTCs

Better positioned with Forest's strong primary care sales force to drive increased sales of Actavis Specialty Brands

Strong global operations providing high-quality reliable supply

Continued Strong Investment in R&D with over \$1 Billion
Expected in Year One

Continued investment in strong pipeline assets across all
therapeutic categories

Continued strong investment in generic R&D to maintain
strong global pipeline

-
Continue to invest in differentiated products including respiratory, injectables and ophthalmics for all markets

-
Continued focus on important FTF assets in the US

-
Continued commitment to the development of biosimilars

Forest will add more than a half dozen near- and mid-term

R&D products to Actavis robust development portfolio.

-
Five products at the NDA stage of development, including treatments for Alzheimer's disease, cardiovascular disease, infectious disease, as well as Schizophrenia and bipolar disorders and, and treatments for COPD

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Combined Specialty Brands Pipeline

Actavis

Biologic

Forest

Colvir

Albaconazole

VVC

Esmya®-Fibroids

(US)
Diafert
WC3011
E2 Vaginal Cream
Metronidazole 1.3%
Vaginal Gel
E4/Progestin OC
Levosert
Contraception
Progestin Only Patch
Amg/Act
Herceptin®
WC3043
Udenafil ED
WC3055
Udenafil BPH
Rapaflo®
NextGen
WC3035
Sarecycline
WC2055
Doxycycline NextGen
Oxybutynin
Hyperhidrosis
Albaconazole
Onychomycosis
WC3079
Delzicol®
NextGen
WC3046
Delzicol®
800mg
Cariprazine
(Bipolar Depression)
Cebranopadol
(Pain Management)
TRV027
(Acute Heart Failure)
TUDORZA®-formoterol
(COPD)
Ceftazidime-avibactam
(Infectious Disease)
BYSTOLIC®-valsartan
(Hypertension)
NAMENDA XR®-donepezil
(Alzheimer's Disease)
Cariprazine (CRL)
(Schizophrenia, BP Mania)
Amg/Act
Avastin®

rFSH
VIIBRYD®
(GAD)

NOTE: Additional important
products in preclinical
development including
biosimilars to **Rituxin**

®

and

Erbitux

®

through Actavis

collaboration with Amgen

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Overview
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BUSINESS
development
DRUG
Marketed Drugs
NDA
EXECUTION
AN
EXCEPTIONAL

COMPANY

ENGINE

commercial

Specialty pharmaceutical company focused on large primary care and subspecialty markets

Key strategy building blockbuster therapeutic line calls to create economies and relevance

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Forest

Overview and Strategy

development

Recent Strategic Initiatives Have Rejuvenated Forest
Commenced Project Rejuvenate to achieve \$500 M in cost reductions
Acquired Saphris for \$240 M
Leveraged balance sheet with \$1.2 B in first ever bond offering in
December and \$1.8 B offering in January for Aptalis acquisition
Achieved NAMENDA XR
®
Coverage at 9 of Top 10 Part D Plans

Launched FETZIMA
for Depression
Filed NAMENDA

®

Pediatric Written Request (PWR)
Completed \$2.9 B acquisition of Aptalis
Notified FDA of intent to discontinue NAMENDA

®

, Focus on NAMENDA

17

XR

®

Forest Has Strong Drug Development Capabilities and is Focused on Commercial Execution

Next 9 strategy executed well

7 regulatory approvals since 2009

History of first cycle approvals

New products contributed 44% of sales and grew 59% year-over-year in most recent quarter

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Recent Acquisition of Aptalis

Aptalis is an excellent strategic fit
Diversifies Forest offerings in key therapeutic areas
GI franchise in
the
US
complements

Linzess

business

CF franchise in Europe complements Colobreathe business

Significantly improves Forest profitability in Canada

Aptalis products are growing and expected to contribute ~\$700 M to Forest sales

Forest expects to realize significant synergies

\$125 million in pre-tax synergies

Deal closed January 31, 2014

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Deal is immediately & highly accretive to Forest non-GAAP EPS

Summary of a Transformational Combination
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~\$1 Billion in Annual Synergies

~\$1 Billion Pre-Tax Operational and Tax Synergies

Majority of the synergies are expected to take place in first 12 months following close

Total synergies realized in first 3 years after acquisition

close

Excludes any manufacturing and revenue synergies

Tax synergies approximately 10% of total

Pro forma combined tax rate is expected to be slightly below
16% for 2015

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Next Steps

Successful Completion of Transaction Requires:

Approval by shareholders of both companies

Regulatory review and approval including Hart-Scott-Rodino review

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Anticipated close mid-year 2014

Management teams from both companies to immediately begin pre-integration activities to maximize potential at close

