FOREST LABORATORIES INC
Form 10-K
May 27, 2011

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

(Mark one)

x ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Fiscal Year Ended March 31, 2011

oTRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File No. 1-5438

FOREST LABORATORIES, INC.
(Exact name of registrant as specified in its charter)

Delaware	11-1798614
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
909 Third Avenue New York, New York	10022-4731
(Address of principal executive offices)	(Zip code)

(212) 421-7850
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, $.10 par value	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

None

1

Table of Contents

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes X No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No X

Note-Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Exchange Act from their obligations under those Sections.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes X No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by a check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer”, “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer x	Accelerated filer o	Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No X

The aggregate market value of the voting stock held by non-affiliates of the registrant as of September 30, 2010 was $8,916,016,005.

Number of shares outstanding of the registrant's Common Stock as of May 25, 2011: 286,162,661.

The following documents are incorporated by reference herein:

Portions of the definitive proxy statement to be filed pursuant to Regulation 14A promulgated under the Securities Exchange Act of 1934 in connection with the 2011 Annual Meeting of Stockholders of registrant have been incorporated by reference into Part III of this Form 10-K.

Portions of the registrant's Annual Report to Stockholders for the fiscal year ended March 31, 2011 have been incorporated by reference into Parts II and IV of this Form 10-K.

Table of Contents

TABLE OF CONTENTS
(Quick Links)

EXHIBIT 13
EXHIBIT 21
EXHIBIT 23
EXHIBIT 31.1
EXHIBIT 31.2
EXHIBIT 32.1
EXHIBIT 32.2
EXHIBIT 101.INS
EXHIBIT 101.SCH
EXHIBIT 101.PRE
EXHIBIT 101.CAL
EXHIBIT 101.LAB
EXHIBIT 101.DEF

Table of Contents

PART I

ITEM 1. BUSINESS

General

Forest Laboratories, Inc. and its subsidiaries ("the Company" or "Forest") develop, manufacture and sell branded forms of ethical drug products most of which require a physician's prescription. Our most important United States products are marketed directly, or "detailed," to physicians by our salesforces. We emphasize detailing to physicians of those branded ethical drugs which we believe have the most benefit to patients and potential for growth. We also focus on the development and introduction of new products, including products developed in collaboration with licensing partners.

Our products include those developed by us and those acquired from other pharmaceutical companies and integrated into our marketing and distribution systems.

We are a Delaware corporation organized in 1956, our principal executive offices are located at 909 Third Avenue, New York, New York 10022 (telephone number 212-421-7850) and our corporate website address is http://www.frx.com. We make all electronic filings with the Securities and Exchange Commission (SEC), including Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those Reports available on our corporate website free of charge as soon as practicable after filing with or furnishing to the SEC.

Cautionary Statement Regarding Forward-Looking Statements

Except for the historical information contained herein, this report contains forward looking statements that involve a number of risks and uncertainties, including the difficulty of predicting U.S. Food and Drug Administration (FDA) approvals, acceptance and demand for new pharmaceutical products, the impact of competitive products and pricing, challenges to our intellectual property, the impact of legislative and regulatory developments on the manufacture and marketing of pharmaceutical products and the uncertainty and timing of the development and launch of new pharmaceutical products. This report contains forward-looking statements that are based on Management's current expectations, estimates, and projections. Words such as "expects," "anticipates," "intends," "plans," "believes," "seeks," "estim "forecasts," variations of these words and similar expressions are intended to identify these forward-looking statements. Certain factors, including but not limited to those identified under "Item 1A. Risk Factors" of this report, may cause actual results to differ materially from current expectations, estimates, projections, forecasts and past results. No assurance can be made that any expectation, estimate or projection contained in a forward-looking statement will be achieved or will not be affected by the factors cited above or other future events. Forest undertakes no obligation to release publicly any revisions to forward-looking statements as the result of subsequent events or developments. We disclaim any obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

Table of Contents

Developments

The following is a summary of selected key developments during the fiscal year ended March 31, 2011, that affected or will affect our business, including developments regarding our marketed products and products in various stages of development.

Clinical Data, Inc.: In February 2011, we entered into a definitive merger agreement with Clinical Data, Inc. (Clinical Data), pursuant to which we acquired Clinical Data, a specialty pharmaceutical company focused on the development of first-in-class and best-in-category therapeutics, for $1.3 billion net of cash received for all outstanding shares of Clinical Data common stock, warrants and convertible notes that were exercisable for, or convertible into shares of Clinical Data common stock, including the fair value of the contingent consideration of up to $6.00 per share if certain milestones related to Viibryd™ (vilazodone HCl) are achieved. This transaction, which closed on April 13, 2011, will allow us to leverage our existing presence in the antidepressant category through the launch of Viibryd for the treatment of adults with major depressive disorder (MDD). Viibryd is a selective serotonin reuptake inhibitor and a 5-HT1A receptor partial agonist developed by Clinical Data and approved by the FDA on January 21, 2011. The efficacy of Viibryd was established in two 8-week, multi-center, randomized, double-blind, placebo-controlled studies in adult (18-80 years of age) outpatients who met the Diagnostic and Statistical Manual of Mental Disorders (DSM-IV-TR) criteria for MDD. We plan to launch Viibryd in the U.S. during the second half of 2011. Viibryd is expected to retain market exclusivity until March 2019 including full patent term extension of its U.S. composition of matter patent and anticipated pediatric exclusivity. Other patents may further extend this period. In addition, the transaction brings us Clinical Data's development pipeline including Stedivaze™ (apadenoson), a potent agonist of the adenosine A2A receptor subtype with improved selectivity for this receptor over other subtypes (A1 and A2B). Stedivaze is a coronary vasodilator in Phase III development as a pharmacologic stress agent for radionuclide myocardial perfusion imaging (MPI).

Daliresp™: In February 2011, we received approval from the FDA for the marketing of Daliresp (roflumilast). Daliresp is a novel first in-class, once-daily, orally administered, selective phosphodiesterase 4 (PDE4) enzyme inhibitor, developed by our partner Nycomed GmbH (Nycomed) as a treatment to reduce the risk of exacerbations in patients with severe chronic obstructive pulmonary disease (COPD) associated with chronic bronchitis and a history of exacerbations.

While the specific mechanism by which Daliresp exerts its therapeutic action in COPD patients is not well defined, it is thought to be related to the effects of increased intracellular cyclic adenosine monophosphate (AMP) in lung cells. Daliresp is the first oral treatment for COPD patients to reduce the risk of exacerbations. Current treatment for COPD patients includes the use of bronchodilators alone and in combination with inhaled corticosteroids. We plan to launch Daliresp in the U.S. in the second half of calendar 2011.

Pursuant to our agreement with Nycomed, upon FDA approval, we paid Nycomed approximately $182 million. We are also obligated to make payments to Nycomed for milestones and royalties on Daliresp sales. Daliresp is covered by a U.S. composition of matter patent that expires in 2015 and is eligible for patent term extension which should provide an additional five years of exclusivity beyond the life of the patent. In addition, as a new chemical entity not previously approved by the FDA, Daliresp will qualify for five years of marketing exclusivity under the Drug Price Competition and Patent Restoration Act of 1984, commonly known as the Hatch-Waxman Act.

Table of Contents

Teflaro®: In October 2010, we received marketing approval from the FDA for Teflaro (ceftaroline) for the treatment of adults with community-acquired bacterial pneumonia, including cases caused by Streptococcus pneumoniae bacteremia and with acute bacterial skin and skin structure infections, including cases caused by methicillin-resistant Staphylococcus aureus. Teflaro is a broad-spectrum, hospital-based injectable cephalosporin antibiotic with activity against Gram-positive bacteria and common Gram-negative bacteria. Teflaro is a member of the cephalosporin class of antibiotics, the most frequently prescribed class of antibiotics in the world. FDA approval was based on positive results from two Phase III studies of ceftaroline for complicated skin and skin structure infections and two Phase III studies for community-acquired bacterial pneumonia. Teflaro became available to trade channels in January 2011.

The worldwide rights (excluding Japan) to Teflaro are in-licensed on an exclusive basis from Takeda Pharmaceutical Company (Takeda). Pursuant to the agreement, upon FDA approval, we made a milestone payment of $8 million to Takeda. In addition to five years of Hatch-Waxman exclusivity, Teflaro is covered by a U.S. composition of matter patent that expires in 2018, subject to possible patent term extension. Teflaro is also covered by two U.S. patents that relate to the ceftaroline formulation that expire in 2021 and that may provide additional exclusivity.

In August 2009, we entered into a license agreement with AstraZeneca AB (AstraZeneca) pursuant to which AstraZeneca will co-develop and commercialize Teflaro worldwide, excluding the United States, Canada and Japan. Under the terms of the agreement AstraZeneca is obligated to pay us milestones and royalties based on sales of Teflaro.

Lexapro®: Lexapro (escitalopram oxalate), our single isomer version of citalopram HBr, for the treatment of MDD in adults and adolescents and generalized anxiety disorder (GAD) in adults, achieved sales of $2.3 billion in fiscal 2011. According to data published by IMS, an independent prescription audit firm, as of April 30, 2011, Lexapro's market share was 12.9% of total prescriptions for antidepressants in the selective serotonin reuptake inhibitor/selective serotonin and norepinephrine reuptake inhibitor (SSRI/SNRI) category.

Lexapro was developed by Forest and H. Lundbeck A/S (Lundbeck), a Danish pharmaceutical firm which licensed to us the exclusive United States marketing rights to this compound, as well as Celexa®. Lexapro is covered by a U.S. composition of matter patent which expires in March 2012.

Namenda®: Namenda (memantine HCl), our moderate-affinity, uncompetitive N-methyl-D-Aspartate (NMDA) receptor agonist for the treatment of moderate and severe Alzheimer's disease achieved sales of $1.3 billion during our 2011 fiscal year and, according to data published by IMS, as of April 30, 2011, Namenda achieved a 35.8% share of total prescriptions in the Alzheimer's market.

In June 2010, Namenda XR™ was approved by the FDA for the treatment of moderate to severe dementia of the Alzheimer's type. Namenda XR is a 28mg once-daily extended-release formulation of Namenda. We will launch the product at the appropriate time to assure the continued success of this growing franchise.

We obtained the exclusive rights to develop and market memantine in the United States by license agreement with Merz Pharma GmbH & Co. KgaA (Merz) of Germany, the originator of the product. Namenda and Namenda XR are covered by a U.S. method of use patent which is due to expire in April 2015.

Table of Contents

Bystolic®: Bystolic, our beta-1 selective beta-blocker with vasodilating properties, achieved sales of $264 million in fiscal 2011 and according to data published by IMS, as of April 30, 2011, Bystolic's market share was 3.4% of total prescriptions in the beta-blocker category. Like other beta-blockers, Bystolic decreases heart rate and myocardial contractility and suppresses rennin activity. Bystolic has received five years of marketing exclusivity under the Hatch-Waxman Act and is also covered by a U.S. pharmaceutical composition of matter patent set to expire in 2020. We have filed for patent term extension until 2021.

We licensed exclusive United States and Canadian rights to Bystolic from Mylan Inc. (Mylan). In February 2008, we amended our license agreement with Mylan to terminate Mylan's further commercial rights for Bystolic in the United States and Canada and to reduce future payment obligations to Mylan. Pursuant to the amendment, we made a one-time cash payment of $370 million to Mylan and remained obligated to pay Mylan its original contractual royalties for a period of three years, through calendar 2010, after which our royalty rate was substantially reduced.

Savella®: Savella (milnacipran HCl) our SNRI for the management of fibromyalgia achieved sales of $90 million in fiscal 2011 and according to data published by IMS, as of April 30, 2011, Savella's market share was 6.2% of total prescriptions in the fibromyalgia category. Fibromyalgia is a chronic condition characterized by widespread pain and decreased physical function.

We licensed the United States and Canadian rights to develop and commercialize Savella from Cypress Bioscience, Inc. (Cypress). Pursuant to our collaboration agreement with Cypress, we are obligated to pay them royalties based on net sales of Savella. Our license agreement includes two patents covering the use of Savella for the management of fibromyalgia. These patents expire in 2021 and Cypress filed for a patent term extension until 2023. In addition, Savella qualifies for five years of Hatch-Waxman exclusivity.

Canada: In November 2010, we entered into a collaboration and distribution agreement with Janssen Pharmaceutica, NV (Janssen) for the commercialization of Bystolic and Savella in Canada where we will also have the opportunity to co-promote these products three years after Janssen's commercial launch. In addition, Janssen will assume responsibility for the Canadian regulatory approval and commercialization of Bystolic and Savella in Canada. Over the next few years, we plan to establish a wholly-owned Canadian affiliate that will exercise the co-promotion rights for Bystolic and Savella and that will also take responsibility for the future regulatory filings and commercialization of our pipeline products in Canada.

Colistin and Colobreathe: In December 2010, we entered into an agreement with Grünenthal GmbH (Grünenthal) pursuant to which we acquired certain businesses and rights previously held by Grünenthal for colistin and all rights previously licensed by us to Grünenthal for Colobreathe. Nebulized colistin is an antibiotic used in the treatment of cystic fibrosis, currently being marketed by Forest in the United Kingdom and Ireland as Colomycin®. Colobreathe is a novel dry powder inhaler containing colistin, developed by Forest and currently being reviewed by the European Medicines Agency.

Colistin belongs to a class of antibiotics called polymyxins. It can be used to treat chest infections in people with cystic fibrosis when they are caused by bacterium Pseudomonas aeruginosa. Colistin is usually administered to these patients by inhalation.

Under the terms of the agreement, we are obligated to pay Grünenthal approximately $100 million, of which approximately $70 million was paid in December 2010, with the balance to be paid in fiscal 2012.

Table of Contents

Linaclotide: In September 2007, we entered into a 50/50 partnership in the United States with Ironwood Pharmaceuticals, Inc. (Ironwood) to co-develop and co-market Ironwood's first-in-class compound linaclotide. Linaclotide is currently being investigated for the treatment of constipation-predominant irritable bowel syndrome (IBS-C) and chronic constipation (CC).

Under the terms of the agreement, we and Ironwood will jointly and equally fund development and commercialization of linaclotide in the United States, sharing profits and losses equally. Additionally, we will have exclusive rights in Canada and Mexico and will pay Ironwood a royalty on net sales in these countries.

Linaclotide is an agonist of the guanylate cyclase type-C receptor found in the intestine and acts by a mechanism distinct from previously developed products for IBS-C and CC. Data collected from the studies described below indicate that linaclotide increases fluid secretions leading to increased bowel movement frequency and reduces abdominal pain. Linaclotide is administered orally but acts locally in the intestine with no measurable systemic exposure at therapeutic doses and is intended for once-daily administration.

In November 2009, we reported positive top-line data from two Phase III trials in CC and in October 2010, we reported positive top-line results from the second of two Phase III trials in IBS-C. Data from these studies in both indications showed clinically meaningful and statistically significant symptom improvement in linaclotide-treated patients compared to placebo on all four primary efficacy endpoints. We anticipate filing a New Drug Application (NDA) for both indications in the third quarter of calendar 2011. Upon NDA acceptance by the FDA, we will be required to make a $20 million milestone payment to Ironwood. In addition to five years of Hatch-Waxman exclusivity that would be granted upon approval, linaclotide is covered by a U.S. composition of matter patent that expires in 2025, with potential for patent term extension.

Aclidinium: In April 2006, we entered into a collaboration and license agreement with Almirall, S.A. (Almirall), a pharmaceutical company headquartered in Barcelona, Spain, for the development and exclusive United States marketing rights to aclidinium (aclidinium bromide). Aclidinium is Almirall's novel long-acting muscarinic antagonist being developed as an inhaled therapy for the treatment of COPD. Aclidinium is designed to have specific bronchodilation action in the lungs and is rapidly metabolized with limited systemic exposure. The product is being developed in a Multi-Dose Dry Powder Inhaler (MDPI) which we believe can offer patients an easy to use administration device.

In October 2010, we reported results from the ACCORD COPD II study. While the results from this study showed statistically significant improvement from baseline in the 200ug and the 400ug BID (twice-daily) groups, the magnitude of effect compared to placebo for the 400ug therapeutic dose was less than observed in other studies. In January 2011, we reported positive top-line results from a Phase III ATTAIN (Aclidinium To Treat Airway obstruction In COPD patieNts) study. The ATTAIN study is the last of three Phase III clinical studies investigating the BID administration of aclidinium. The results from this study showed that aclidinium achieved statistically significant improvement from baseline and confirmed the efficacy reported in the ACCORD COPD I study which we reported in January 2010. The data from the ACCORD COPD I and the ATTAIN study will serve as the core for the monotherapy U.S. NDA filing anticipated in mid-2011.

Table of Contents

Under the terms of the agreement, we may be obligated to pay Almirall future milestone payments. In addition, Almirall will receive royalty payments based on aclidinium sales. We and Almirall will jointly oversee the development and regulatory approval of aclidinium and share all expenses for current and future development programs. Almirall has granted us certain rights of first negotiation for other Almirall respiratory products that could involve combinations with aclidinium. Pursuant to such rights, we commenced the development of a fixed-dose combination of aclidinium and the beta-agonist formoterol. In January 2011, we also reported positive top-line results from two Phase II(b) dose-ranging studies comparing different fixed-dose combinations of aclidinium and formoterol to aclidinium alone, formoterol alone and placebo administered BID in patients with moderate to severe COPD. Both studies showed statistically significant differences for the fixed-dose combination on the primary endpoint versus placebo. The fixed-dose combinations also provided a numerically higher bronchodilation effect compared to aclidinium alone and formoterol alone. Following regulatory consultations, we will commence Phase III testing with the fixed-dose combination in the second half of calendar 2011.

We will be responsible for sales and marketing of aclidinium in the United States and Almirall has retained an option to co-promote the product in the United States in the future, while retaining commercialization rights for the rest of the world. In addition to five years of Hatch-Waxman exclusivity that would be granted upon approval, aclidinium is protected by an issued U.S. composition of matter patent expiring in 2020, subject to possible patent term extension.

Cariprazine: In November 2004, we entered into a collaboration and license agreement with Gedeon Richter Ltd. (Richter), based in Budapest, Hungary, for the development of and exclusive United States rights to Richter's cariprazine and related compounds, being developed as an atypical antipsychotic for the treatment of schizophrenia, bipolar mania and other psychiatric conditions. Cariprazine is an oral D2/D3 partial agonist.

In August 2010 we reported top-line results from a Phase II trial for the treatment of bipolar depression and in February 2011 we reported top-line results from an 8-week Phase II proof of concept study of cariprazine as adjunctive therapy for MDD in patients not responsive to SRI antidepressants. The primary endpoint in both studies was the Montgomery-Asberg Depression Rating Scale (MADRS) score. These studies were designed to be exploratory. Although the overall difference observed between the drug-treated and placebo treated groups was not statistically significant, over the course of the trials there was evidence of a treatment effect in the high-dose arm of the study compared to placebo. In addition, the tolerability results for cariprazine support further investigation in these patient populations. Cariprazine is also undergoing Phase III trials for schizophrenia and acute bipolar mania and we expect to report top-line results from both programs during the second half of calendar 2011 and the first quarter of calendar 2012. If successful, we expect to file an NDA for cariprazine with the FDA in calendar 2012.

Under the terms of the agreement with Richter, we will be obligated to pay future milestone payments if development and commercialization are successfully completed. We may also be obligated to pay Richter a royalty based on net sales. Our license grants us exclusive development and commercialization rights in the United States and Canada. We will collaborate with Richter in product development and will jointly fund such development activities.

In addition to five years of Hatch-Waxman exclusivity which would be granted upon approval, Richter owns a U.S. composition of matter patent covering the cariprazine compound that will expire in 2027, subject to patent term extension.

Table of Contents

F2695: In December 2008, we entered into a collaboration agreement with Pierre Fabre Médicament (Pierre Fabre) for the development and commercialization of F2695 (levomilnacipran) in the United States and Canada. F2695 is a once-daily, selective norepinephrine and serotonin reuptake inhibitor, two neurotransmitters known to play an essential role in regulating mood, and is being developed for the treatment of depression.

In January 2011, we reported preliminary top-line results from a Phase III study of levomilnacipran for the treatment of MDD. The primary endpoint was the Montgomery-Asberg Depression Rating Scale-Clinician Rated. Although the overall difference observed between the drug-treated and placebo-treated patients was not statistically significant, levomilnacipran consistently demonstrated improvement relative to placebo over the course of the trial and was well tolerated. These top-line results differ from the results of a previous Phase II study which demonstrated statistically significant improvement compared to placebo ($p<0.0001$) on the primary endpoint, change from baseline in total score on the MADRS. This Phase III study is part of an ongoing development program for levomilnacipran. Two additional placebo-controlled Phase III studies of levomilnacipran in patients with MDD are currently underway and results are expected to be available in the second half of calendar 2011. If successful we plan on filing an NDA with the FDA in calendar 2012.

Under the terms of our agreement, we will be obligated to pay Pierre Fabre future milestone payments upon successful development of F2695. We have assumed responsibility for the clinical development and commercialization of F2695 in the United States and Canada, while Pierre Fabre will fund all pre-clinical development and drug substance manufacturing activities.

F2695 is an isomer of milnacipran and is protected by a U.S. method of use patent that extends through June 2023, subject to patent term extension. We also anticipate that under the Food and Drug Administration Amendments Acts of 2007 (the FDAAA), F2695 will qualify for five years of Hatch-Waxman exclusivity upon approval.

Avibactam: In January 2008, we entered into an agreement with Novexel, S.A. (Novexel) for the development, manufacture and commercialization of Novexel's novel intravenous beta-lactamase inhibitor, avibactam (the International Nonproprietary Name for NXL104 as approved by the World Health Organization), in combination with our ceftaroline compound. Avibactam is designed to be co-administered with select antibiotics to enhance their spectrum of activity. Under the terms of the agreement, we received the exclusive rights to administer avibactam with ceftaroline as a combination product in North America. We also received a first negotiation right in North America to an additional avibactam combination with ceftazidime (ceftazidime/avibactam). Ceftazidime is a cephalosporin antibiotic having a different spectrum of activity compared to ceftaroline.

In December 2009, we entered into an agreement with AstraZeneca, which was executed contemporaneously with their acquisition of Novexel, to acquire additional rights to avibactam. The agreement amended our prior agreement with Novexel discussed above. Pursuant to the amended agreement, we acquired full worldwide rights to the ceftaroline/avibactam combination while simultaneously licensing rights outside the United States, Canada and Japan to AstraZeneca. AstraZeneca will pay us royalties on their international sales of the ceftaroline/avibactam combination. We also acquired co-development and exclusive commercialization rights in the United States and Canada to all other products containing avibactam, including the ceftazidime/avibactam combination which is currently being studied in Phase II clinical trials conducted by Novexel. Data from two Phase II trials for ceftazidime/avibactam in patients with complicated intra-abdominal infections and complicated urinary tract infections was presented at the European Congress of Clinical Microbiology and Infectious Diseases (ECCMID) conference in May 2011.

Table of Contents

Under the terms of the agreement, we may be obligated to pay half of certain future development milestones in connection with AstraZeneca's acquisition of Novexel. The transaction eliminated all future milestone payments and royalty payments which we would have owed Novexel under the January 2008 agreement.

Avibactam inhibits several classes of bacterial enzymes called beta-lactamases that break down and inactivate beta-lactam antibiotics (in particular penicillins and cephalosporins) making the pathogens producing these enzymes resistant to these antibiotics. Beta-lactamase inhibition represents a mechanism for counteracting this resistance and enhancing the broad-spectrum activity of beta-lactam antibiotics. A U.S. composition of matter patent which claims avibactam would provide protection for the ceftaroline/avibactam combination product until 2022, subject to possible patent term extension.

GRT 6005: In December 2010, we entered into a license agreement with Grünenthal for the co-development and commercialization of GRT 6005 and its follow-on compound GRT 6006, small molecule analgesic compounds being developed by Grünenthal for the treatment of moderate to severe chronic pain.

GRT 6005 and GRT 6006 are novel first in-class compounds with unique pharmacological and pharmacokinetic profiles that may enhance their effect in certain pain conditions. The unique mode of action of these compounds builds on the ORL-1 receptor and, supported by the established mu opioid receptor, is particularly suitable for the treatment of moderate to severe chronic pain. GRT 6005 has successfully completed initial proof-of-concept studies in nociceptive and neuropathic pain with further Phase II studies planned prior to initiation of Phase III studies. The compounds are covered by a U.S. composition of matter patent that will expire in November 2023 and may qualify for patent term extension.

Under the terms of the agreement, we made an upfront payment to Grünenthal of $66.1 million, and may be obligated to pay additional development and commercialization milestones and royalties on net sales. Pursuant to the agreement we will have exclusive rights in the United States and Canada with an option to co-promote in Europe. Grünenthal will have an option to co-promote in the United States and Canada.

TTP399: In June 2010, we entered into a license agreement with TransTech Pharma, Inc. (TransTech) for the development and commercialization of TTP399, a functionally liver selective glucokinase activator (GKA) discovered and developed by TransTech for the treatment of Type II diabetes. Early Phase I testing suggests that pharmacological enhancement of glucokinase activity may lower blood glucose in diabetic patients. We expect to initiate a Phase II clinical program during calendar 2011.

Under the terms of the agreement, we made an upfront payment of $50 million to TransTech and will also be obligated to pay TransTech additional milestone payments upon the successful development and commercialization of TTP399. We will pay TransTech royalties on worldwide product sales and will be responsible for development and commercialization costs. We received exclusive worldwide rights excluding the Middle East and North Africa to TTP399. TTP399 is covered by a U.S. composition of matter patent that expires in 2025 and may qualify for possible patent term extension.

Table of Contents

mGLuR1/5 Compounds: In November 2005, we entered into a collaboration agreement for the development of mGLuR1/5 compounds with Richter, with whom we are also developing cariprazine for the treatment of schizophrenia and bipolar mania. The mGLuR1/5 compounds involve a series of novel compounds that target metabotropic glutamate receptors and are agonists which represent novel potential agents for the treatment of anxiety, depression and other central nervous system (CNS) conditions. Pursuant to the agreement, we made an upfront payment to Richter and may be obligated to make milestone payments based upon the achievement of development objectives in addition to sales based royalties. Investigational New Drug (IND)-enabling toxicology studies are ongoing in preparation of the filing of the IND by the end of calendar year 2011. We will have exclusive marketing rights in North America while Richter will retain exclusive rights in Europe and countries comprising the former Soviet Union. The two companies will share rights in other countries.

LAS100977: In December 2009, we entered into an additional license agreement with Almirall to develop, market and distribute LAS100977 in the United States. LAS100977 is Almirall's highly potent, inhaled, once-daily administered, long-acting beta-2 agonist being developed in combination with an undisclosed corticosteroid as a treatment of asthma and COPD. In Phase II testing, LAS100977 administered once-daily, demonstrated that it has a fast onset of action and long-lasting efficacy and was well tolerated in patients with stable asthma. Additional Phase II studies are planned to begin in calendar 2011.

Under the terms of the agreement, if successful, we will be obligated to pay Almirall future milestones and sales based royalties. We will assume responsibility for the United States regulatory approval and commercialization. LAS100977 is covered by a U.S. composition of matter patent that expires in 2026 and may qualify for possible patent term extension.

Share Repurchase Program: On May 18, 2010, our Board of Directors (the Board) authorized a 2010 Repurchase Program for up to 50 million shares of common stock. All of the authorizations became effective immediately and have no set expiration dates. On June 8, 2010, we entered into an agreement with Morgan Stanley & Co. Incorporated (MSCO) to repurchase $500 million of our common stock utilizing an accelerated share repurchase (ASR) transaction. Pursuant to the ASR transaction, MSCO delivered to us 16.9 million shares in the June 2010 quarter (the remaining 5.7 million shares from the 2007 Repurchase Program and 11.2 million shares from the 2010 Repurchase Program). No additional shares were repurchased during fiscal 2011. As of May 25, 2011, 38.8 million shares were available for repurchase under the 2010 Repurchase Program. We expect to make share repurchases from time to time in the open market or through private transactions, including accelerated share repurchase programs.

Table of Contents

Executive Management: Effective December 31, 2010, Lawrence S. Olanoff, MD, Ph.D. retired as President and Chief Operating Officer of the Company, but continues to serve as a member of the Board. Howard Solomon, Chairman and Chief Executive Officer assumed the role of President. Elaine Hochberg our Senior Vice President Marketing and Chief Commercial Officer was promoted to Executive Vice President Marketing and Chief Commercial Officer. Prior to joining the Company in June of 1997, Ms. Hochberg was Assistant Vice President Marketing at Wyeth-Lederle Laboratories. Frank Perier, Jr., our Senior Vice President Finance and Chief Financial Officer was promoted to Executive Vice President Finance and Administration and Chief Financial Officer. Prior to joining the Company in September of 2004, Mr. Perier served in various financial positions at Bristol-Myers Squibb including Vice President, Americas Medicine and Vice President Finance, Planning and Business Development and Information Technology at its ConvaTec Division. Marco Taglietti, M.D. our Vice President Research and Development and President of Forest Research Institute (FRI) was promoted to Senior Vice President Research and Development and President FRI. Prior to joining the Company in August of 2007, Dr. Taglietti was Senior Vice President and Head of Global Research and Development at Stiefel Laboratories. David Solomon, our Vice President Business Development and Strategic Planning, was promoted to Senior Vice President Corporate Development and Strategic Planning. Mr. Solomon joined the Company in 2001.

Principal Products

We actively promote in the United States those branded products which we believe have the most patient benefit and potential for growth, and which enable our salesforces to concentrate on groups of physicians who are high prescribers of our products. Such products include: Lexapro, our SSRI for the treatment of MDD in adults and adolescents and GAD in adults; Namenda, our NMDA antagonist for the treatment of moderate and severe Alzheimer's disease; Bystolic, our beta-blocker for the treatment of hypertension; Savella, our SNRI for the management of fibromyalgia and our newest marketed product Teflaro, a broad-spectrum hospital-based injectable cephalosporin antibiotic for the treatment of adults with community-acquired bacterial pneumonia. We will also begin actively promoting Daliresp, our PDE4 inhibitor for the treatment to reduce the risk of COPD exacerbations and Viibryd a SSRI and a 5-HT1A receptor partial agonist for the treatment of adults with MDD during mid-2011.

Sales of Lexapro, launched in September 2002, accounted for 55% of our sales for the fiscal year ended March 31, 2011 and 58% and 63% of our sales for fiscal years ended 2010 and 2009, respectively.

Sales of Namenda, launched in December 2003, accounted for 30% of our sales for the fiscal year ended March 31, 2011 and 29% and 26%, of our sales for fiscal years ended 2010 and 2009, respectively.

Marketing

In the United States, we directly market our products through our domestic salesforces, currently numbering approximately 2,750 personnel, which detail products directly to physicians, pharmacies, hospitals, managed care and other healthcare organizations. In the United Kingdom, our Forest Laboratories U.K. subsidiary’s salesforce, currently 43 personnel, markets its products directly. Our products are sold elsewhere through independent distributors.

Table of Contents

Competition

The pharmaceutical industry is highly competitive as to the sale of products, research for new or improved products and the development and application of competitive drug formulation and delivery technologies. There are numerous companies in the United States and abroad engaged in the manufacture and sale of both proprietary and generic drugs of the kind which we sell, many of which have substantially greater financial resources than we do. We also face competition for the acquisition or licensing of new product opportunities from other companies. In addition, the marketing of pharmaceutical products is increasingly affected by the growing role of managed care organizations in the provision of health services. Such organizations negotiate with pharmaceutical manufacturers for highly competitive prices for pharmaceutical products in equivalent therapeutic categories, including certain of our principal promoted products. Failure to be included or to have a preferred position in a managed care organization's drug formulary could result in decreased prescriptions of a manufacturer's products.

Another competitive challenge that we face is from generic pharmaceutical manufacturers. Upon the expiration or loss of patent protection for a product, we may lose a major portion of sales of such product in a very short period. Generic pharmaceutical manufacturers also challenge product patents before their expiry. Generic competitors operate without our large research and development expenses and our costs of conveying medical information about our novel products to the medical community. In addition, the FDA approval process generally exempts generics from costly and time-consuming clinical trials to demonstrate their safety and efficacy, allowing generic manufacturers to rely on the safety and efficacy data of the innovator product. This means that generic competitors can market a competing version of our product after the expiration or loss of our patent protection and charge much less for their product. In addition, many governments also encourage the use of generics as alternatives to brand-name drugs in their healthcare programs, including Medicaid. Laws in the United States generally allow, and in some cases require, pharmacists to substitute generic drugs that have been rated under government procedures to be therapeutically equivalent to brand-name drugs. The substitution must be made unless the prescribing physician expressly forbids it.

Government Regulation

The pharmaceutical industry is subject to comprehensive government regulation which substantially increases the difficulty and cost incurred in obtaining the approval to market newly proposed drug products and maintaining the approval to market existing drugs. In the United States, products which we develop, manufacture or sell are subject to regulation by the FDA, principally under the Federal Food, Drug and Cosmetic Act, as well as by other federal and state agencies. The FDA regulates all aspects of the testing, manufacture, safety, labeling, storage, record keeping, advertising and promotion of new and established drugs, including the monitoring of compliance with good manufacturing practice regulations. Non-compliance with applicable requirements can result in fines and other sanctions, including the initiation of product seizures, injunction actions and criminal prosecutions based on practices that violate statutory requirements. In addition, administrative remedies can involve voluntary recall of products as well as the withdrawal of approval of products in accordance with due process procedures. Similar regulations exist in most foreign countries in which our products are manufactured or sold. In many foreign countries, such as the United Kingdom, reimbursement under national health insurance programs frequently require that manufacturers and sellers of pharmaceutical products obtain government approval of initial prices and increases if the ultimate consumer is to be eligible for reimbursement for the cost of such products.

Table of Contents

On March 23, 2010, President Obama signed the Patient Protection and Affordable Care Act (which was subsequently amended on March 30, 2010 by the Health Care and Education Reconciliation Act of 2010), which is more commonly known as the Healthcare Reform Bill. The stated goals of this legislation include reducing the number of uninsured Americans, improving the quality of healthcare delivery and reducing projected healthcare costs. Many of the strategies included in this law will impact manufacturers of branded pharmaceutical products.

Forest is paying particular attention to two categories of provisions in the law: those which will impact rebates paid to public and private payers and those which might impact patient access to pharmaceutical products. The former category, containing provisions which took effect in 2010, includes an increase in the Medicaid mandatory rebate (from 15.1% to 23.1% for branded pharmaceutical products), provision of Medicaid Fee-for-Service rebates to drugs adjudicated through Medicaid Managed Care Plans, changes in the calculation of certain pricing information reported to the government and extension of favorable government pricing to additional entities. This category also includes manufacturer rebates to certain patients in the Medicare Part D coverage gap and a non-deductible annual fee payable to the federal government based on a company's prior calendar year share of branded prescription drug sales to specified government programs, both of which have been implemented in 2011. The Company expects the increase in the Medicaid mandatory rebate to impact our gross to net calculation, potentially reducing net revenue in the range of $12.6 million to $15.4 million for fiscal 2012. Further, the manufacturer rebates in respect of patients in the Medicare Part D coverage gap is expected to reduce net revenues in the range of $86.4 million to $101.1 million for fiscal 2012. The latter category includes a Centers for Medicare and Medicaid Services (CMS) ruling on protected drug classes in 2012 in addition to certain expansions of the Medicaid program and the creation of "Health Insurance Exchanges" in 2014.

During the past several years, the FDA, in accordance with its standard practice, has conducted a number of inspections of our manufacturing facilities, our development facilities, our contracted investigator sites and our contract research organizations. Following these inspections, the FDA called our attention to certain "Good Manufacturing, Laboratory and Clinical Practices" compliance and record keeping deficiencies. We have responded to the FDA's comments and modified our procedures to comply with the requests made by the FDA.

The cost of human healthcare products continues to be a subject of investigation and action by governmental agencies, legislative bodies and private organizations in the United States and other countries. In the United States, most states have enacted generic substitution legislation requiring or permitting a dispensing pharmacist to substitute a different manufacturer's version of a drug for the one prescribed. Federal and state governments continue to press efforts to reduce costs of Medicare and Medicaid programs, including restrictions on amounts agencies will reimburse for the use of products. In addition, several states have adopted prescription drug benefit programs which supplement Medicaid programs and are seeking discounts or rebates from pharmaceutical manufacturers to subsidize such programs. Failure to provide such discounts or rebates may lead to restrictions upon the availability of a manufacturer's products in health programs, including Medicaid, run by such states. Under the Omnibus Budget Reconciliation Act of 1990 (OBRA), manufacturers must pay certain statutorily-prescribed rebates on Medicaid purchases for reimbursement of prescription drugs under state Medicaid plans. Federal Medicaid reimbursement for drug products of original NDA-holders is denied if less expensive generic versions are available from other manufacturers. In addition, the Federal government follows a diagnosis related group (DRG) payment system for certain institutional services provided under Medicare or Medicaid. The DRG system entitles a healthcare facility to a fixed reimbursement based on discharge diagnoses rather than actual costs incurred in patient treatment, thereby increasing the incentive for the facility to limit or control expenditures for many healthcare products. Under the Prescription Drug User Fee Act of 1992, the FDA has imposed fees on various aspects of the approval, manufacture and sale of prescription drugs.

15

Table of Contents

In April 2003, the Federal Office of the Inspector General published guidance for pharmaceutical manufacturers with respect to compliance programs to assure manufacturer compliance with Federal laws and programs relating to healthcare. In addition, several states have adopted laws and regulations requiring certain specific disclosures with respect to our compliance program and our practices relating to interactions with physicians and other healthcare providers. We maintain a company-wide compliance program to assure compliance with applicable laws and regulations, as well as the standards of professional bodies governing interactions between pharmaceutical manufacturers and physicians, and believe we are in compliance with all legal requirements and standards.

A prescription-drug benefit for Medicare beneficiaries was established pursuant to the Medicare Prescription Drug, Improvement and Modernization Act of 2003. Under the program, pharmaceutical benefit managers and health programs offer discounted prices on prescription drugs to qualified Medicare recipients reflecting discounts negotiated with manufacturers where applicable. The failure of a manufacturer to offer discounts to these programs could result in reduced use of the manufacturer’s products.

From time to time, we have implemented revised product labeling in accordance with FDA requirements. There can be no assurance that such labeling changes or changes which may be required by subsequent rulemaking will not have an adverse effect upon the marketing of our products. In addition, the FDA continues to review various aspects of our NDAs and product labeling for approved products as we submit supplements seeking approval for new indications or dosage forms, labeling changes or to comply with FDA requests, and at the agency’s own initiative in light of post-marketing experience. In connection with such reviews, the FDA may request labeling changes based on the data submitted by us or from other sources, including post-marketing experience data. Sometimes those requested changes may apply to an entire class of drugs which includes one of our products, and sometimes the changes requested may apply only to our product. In some cases, the labeling changes requested, if implemented, might adversely affect the prescribing of our products by physicians. If we believe changes requested by the FDA are not correct, we may submit further data and analyses to the FDA which may modify the agency’s position. There can be no assurance, however, that the FDA will ultimately agree with our position or that post-marketing clinical experience will not require labeling changes, either initiated by us or by the FDA, which may adversely affect our products’ acceptance and utilization.

In connection with the finalization of a previously reported settlement resolving all aspects of the investigations led by the U.S. Department of Justice (DOJ) and the United States Attorney's Office for the District of Massachusetts (USAO) that began in January 2004 relating to past marketing and sales activities in connection with Celexa, Lexapro, and Levothroid®, we entered into a Corporate Integrity Agreement (CIA) with the Office of Inspector General of Health and Human Services (OIG-HHS) in September 2010. The CIA requires us to maintain our current compliance program and to undertake a set of defined corporate integrity obligations for a period of five years. The CIA also provides for an independent third-party review organization to assess and report on our compliance program. Failure to comply with the terms of the CIA could result in substantial penalties and potential exclusion from government health care programs.

Table of Contents

Principal Customers

The following sets forth information with respect to the percentage of net sales accounted for by our principal customers:

Customer	2011	2010	2009
McKesson Drug Company	37%	36%	37%
Cardinal Health, Inc.	32%	33%	33%
AmeriSource Bergen Corporation	20%	20%	19%

No other customer accounted for 10% or more of our net sales for the fiscal years presented.

Financial Information About Segments and Geographic Area

The Company and its subsidiaries, which are primarily located in the United States and Europe, operate in only one segment: the manufacture and marketing of ethical and other pharmaceutical products. Data regarding revenues from principal customers, net sales and long-lived assets for each of the last three fiscal years, where applicable, and information concerning the geographic areas in which we operate is presented in “Note 3 – Business Operations” in the accompanying “Notes to Consolidated Financial Statements” incorporated by reference herein.

Environmental Standards

We anticipate that the effects of compliance with federal, state and local laws and regulations relating to the discharge of materials into the environment will not have any material effect on our capital expenditures, earnings or competitive position.

Raw Materials

The active pharmaceutical ingredients in our principal promoted products, including Lexapro, Namenda, Bystolic, Savella and Teflaro, are patented or otherwise available to us only pursuant to our contractual arrangements with our licensing partners. Other raw materials used by us are purchased in the open market. We have not experienced any significant shortage in supplies of active pharmaceutical ingredients or other raw materials.

Product Liability Insurance

We currently maintain $140 million of product liability coverage per “occurrence” and in the aggregate. Although in the past there have been product liability claims asserted against us, none for which we have been found liable, there can be no assurance that all potential claims which may be asserted against us in the future would be covered by our present insurance. See “Item 3. Legal Proceedings” and “Item 1A. Risk Factors”.

Table of Contents

Research and Development

During the fiscal year ended March 31, 2011, we spent $715.9 million for research and development, as compared to $1,053.6 million and $661.3 million in the fiscal years ended March 31, 2010 and 2009, respectively. Included in research and development expense are payments made pursuant to licensing and acquisition agreements for new product opportunities where FDA approval has not yet been received and accordingly payments made in connection with acquiring the product rights are charged to research and development expense. Research and development expense for 2011 included an upfront payment of $66.1 million to Grünenthal for the co-development and commercialization of GRT 6005 and its follow-on compound GRT 6006 and a $50.0 million upfront license payment to TransTech for the development and commercialization of TTP399. Research and development expense for fiscal 2010 included a licensing payment of $229.0 million to AstraZeneca for additional rights to avibactam and the United States and Canadian rights to products containing avibactam, including ceftazidime/avibactam, a $100.0 million licensing payment to Nycomed for the United States rights to Daliresp, and a $75.0 million licensing payment to Almirall for the United States rights to LAS100977. Research and development expense for fiscal 2009 included a licensing payment of $75.0 million to Phenomix in connection with a collaboration agreement for dutogliptin, which has subsequently been terminated, and a licensing payment of $75.0 million paid to Pierre Fabre in connection with acquiring product rights to F2695. Other research and development expenditures consist primarily of the conduct of pre-clinical and clinical studies required to obtain approval of new products, as well as clinical studies designed to further differentiate our products from those of our competitors or to obtain additional labeling indications.

Employees

At March 31, 2011, we had a total of approximately 5,600 employees.

Patents and Trademarks

Forest seeks to obtain, where possible, patents and trademarks for Forest’s products in the United States and all countries of major marketing interest to Forest. Forest owns or has licenses to a substantial number of patents and patent applications. Several of these patents, which expire during the period 2012 to 2021, are believed to be of material importance in the operation of Forest’s business. We believe that patents, licenses and trademarks (or related groups of patents, licenses, or trademarks) covering our marketed products are material in relation to our business as a whole.

Table of Contents

The following patents, licenses and trademarks are significant for our business: those related to Lexapro (escitalopram oxalate), those related to Namenda (memantine hydrochloride), those related to Benicar (olmesartan medoxomil) and Benicar HCT (olmesartan medoxomil and hydrochlorothiazide), those related to Bystolic (nebivolol hydrochloride), those related to Savella (milnacipran hydrochloride), those related to Teflaro (ceftaroline fosamil), those related to Daliresp (roflumilast), and those related to Viibryd (vilazodone hydrochloride). The U.S. composition of matter patent covering Lexapro is licensed from Lundbeck and expires in 2012. The principal U.S. method of use patent covering Namenda is licensed from Merz and expires in 2015. The U.S. composition of matter patent covering Benicar and Benicar HCT is owned by Daiichi Sankyo Co., Ltd. (Sankyo) and expires in 2016. A U.S. method of use patent related to Benicar HCT expires in 2021. Forest and Sankyo are parties to a co-promotion agreement with respect to Benicar and Benicar HCT pursuant to which Forest will continue to receive contract revenues through March 2014. The U.S. pharmaceutical composition of matter patent covering Bystolic is licensed from Mylan (which in turn licensed the patent from Janssen) and expires in 2020 (Forest has submitted a patent term extension application to extend this patent until 2021). The principal method of use patent covering Savella is licensed from Cypress and expires in 2021 (Cypress has submitted a patent term extension application to extend this patent until 2023). The U.S. composition of matter patent covering Teflaro is licensed from Takeda and expires in 2018 (Takeda has submitted a patent term extension application to extend this patent until 2022). The U.S. composition of matter patent covering Daliresp is licensed from Nycomed and expires in 2015 (Nycomed has filed a patent term extension application to extend this patent until 2020). The U.S. composition of matter patent covering Viibryd is licensed from Merck and expires in 2014 (Trovis Pharmaceuticals, LLC, a subsidiary of Clinical Data, has filed a patent term extension application to extend this patent until 2019). Litigation involving Forest's patents covering Namenda is discussed in "Item 3. Legal Proceedings".

When a product patent expires, the patent holder often loses effective market exclusivity for the product. This can result in a severe and rapid decline in sales of the formerly patented product, particularly in the United States. However, in some cases the innovator company may achieve exclusivity beyond the expiry of the product patent through manufacturing trade secrets, later-expiring patents on methods of use or formulations, or data-based exclusivity that may be available under pharmaceutical regulatory laws.

We own or exclusively license various trademarks and trade names which we believe are of significant benefit to our business.

Backlog - Seasonality

Backlog of orders is not considered material to our business prospects. Our business is not seasonal in nature.

Table of Contents

ITEM 1A. RISK FACTORS

We operate in an industry which involves a number of significant risks, some of which are beyond our control. The following discussion highlights some of these risks and others are discussed elsewhere in this Form 10-K. The risks discussed herein and other risks could have a material adverse effect on our business, prospects, results of operations, financial condition and cash flows. Additional risks not currently known to us or that we presently deem immaterial may also impair our business operations. You should carefully consider all of the information set forth in this Form 10-K, including the following risk factors, before making an investment decision with respect to our securities. This Form 10-K also contains forward-looking statements that involve risks and uncertainties. Our results could materially differ from those anticipated in these forward-looking statements as a result of certain factors, including the risks it faces as described below and elsewhere. See “Item 1. Business” Cautionary Statement Regarding Forward-Looking Statements.

We are Substantially Dependent on Sales of Two of Our Principal Products.

For the 2011 fiscal year, sales of Lexapro and Namenda accounted for 55% and 30%, respectively, of our net sales. Any unexpected negative development with respect to such products (for example, an unexpected safety or efficacy concern) would have a material adverse effect on our results of operations, financial condition and liquidity. With the expiration of the patent for Lexapro in March 2012, the Company will face generic competition, which we expect will immediately and significantly erode sales of Lexapro going forward.

If We Are Unable to Successfully Develop or Commercialize New Products, Our Operating Results May Suffer.

Our future results of operations will depend to a significant degree upon our ability to successfully develop and commercialize new products. New product development is subject to a great deal of uncertainty, risk and expense. Promising pharmaceutical candidates may fail at various stages of the research and development process, often after a great deal of financial and other resources have been invested in their exploration and development. Even where pharmaceutical development is successfully completed, a product may fail to reach the market or have limited commercial success because the safety and efficacy profile achieved during the course of development is not as favorable as originally anticipated or is viewed by the marketplace as less favorable in comparison to new and competing therapies which may become available during the lengthy period of drug development. In addition, decisions by regulatory authorities regarding labeling and other matters could adversely affect the availability or commercial potential of our products.

We cannot state with certainty when or whether any of our products now under development will be approved or launched; whether we will be able to develop, license or otherwise acquire compounds, product candidates or products; or whether any products, once launched, will be commercially successful. We must maintain a continuous flow of successful new products and successful new indications or brand extensions for existing products sufficient both to cover our substantial research and development costs and to replace sales that are lost as profitable products lose patent protection or are displaced by competing products or therapies. Failure to do so in the short-term or long-term would have a material adverse effect on our business, results of operations, cash flows, financial position and prospects.

Table of Contents

Regulatory Compliance Issues Could Materially Affect Our Financial Position and Results of Operations.

The marketing and promotional practices of pharmaceutical manufacturers, as well as the manner in which manufacturers interact with prescribers of pharmaceutical products and other healthcare decision makers, are subject to extensive regulation by numerous federal, state and local governmental authorities in the United States, including the FDA, and by foreign regulatory authorities. Such regulation takes the form of explicit governmental regulation and guidance, as well as practices established by healthcare and industry codes of conduct. In addition, federal, state, local and foreign governmental authorities actively seek to enforce such regulations and can assert both civil and criminal theories of enforcement not specifically prescribed by published regulations or standards and accordingly with little objective guidance to permit voluntary industry compliance. Such enforcement can include actions initially commenced by "whistleblowers" under the Federal False Claims Act which provides incentives to whistleblowers based upon penalties successfully imposed as a result of the investigation or related legal proceedings or settlements. There can be no assurance that the resolution of pending or future claims, as well as the resolution of private party (such as consumers or third-party payer) litigation which may be associated with any such claims or their resolution, will not entail material fines, penalties or settlement payments. See "Item 3. Legal Proceedings" for information about pending government investigations and litigation concerning our marketing and promotional practices and certain third-party payer litigation pending against the Company. We are now operating under a CIA with the OIG-HHS that requires us to maintain our current compliance program and to undertake a set of defined corporate integrity obligations for a period of five years. The CIA also provides for an independent third-party review organization to assess and report on our compliance program. While we expect to fully and timely comply with all of our obligations under the CIA, the failure to do so could result in substantial penalties and our being excluded from government healthcare programs. In addition, the manufacturing, testing, storage and shipment of pharmaceutical products are highly regulated and the failure to comply with regulatory standards can lead to product withdrawals or seizures or to delays in FDA approval of products pending resolution of such issues. Moreover, even when a manufacturer has fully complied with applicable regulatory standards, products manufactured and distributed may ultimately fail to comply with applicable specifications, leading to product withdrawals or recalls.

Table of Contents

Post-Approval Clinical Trials and Developments Could Adversely Affect the Sales of our Products.

As a condition to granting marketing approval of a product, the FDA may require a company to conduct additional clinical trials. The results generated in these Phase IV trials could result in loss of marketing approval, changes in product labeling, and/or new or increased concerns about side effects or efficacy of a product. The FDAAA gives the FDA enhanced post-market authority, including the explicit authority to require post-market studies and clinical trials, labeling changes based on new safety information and compliance with FDA-approved risk evaluation and mitigation strategies. The FDA's exercise of its authority under the FDAAA could result in delays or increased costs during product development, clinical trials and regulatory review, increased costs to comply with additional post-approval regulatory requirements and potential restrictions on sales of approved products. Post-marketing studies, whether conducted by us or by others and whether mandated by regulatory agencies or voluntary, and other emerging data about marketed products, such as adverse event reports, may also adversely affect sales of our products. Further, the discovery of significant problems with a product similar to one of our products that implicate (or are perceived to implicate) an entire class of products could have an adverse effect on sales of the affected products. Accordingly, new data about our products, or products similar to our products, could negatively impact demand for our products due to real or perceived side effects or uncertainty regarding efficacy and, in some cases, could result in product withdrawal. Furthermore, new data and information, including information about product misuse, may lead government agencies, professional societies, practice management groups or organizations involved with various diseases to publish guidelines or recommendations related to the use of our products or the use of related therapies or place restrictions on sales. Such guidelines or recommendations may lead to lower sales of our products.

Our Business Depends on Intellectual Property Protection.

Our ability to generate the revenue necessary to support our investment in acquiring and developing new product opportunities, as well as the commitment of resources to successfully market our products, greatly depends on effective intellectual property protection to ensure we can take advantage of lawful market exclusivity. Manufacturers of generic products have strong incentives to challenge the patents which cover our principal products. While we believe that our patent portfolio, together with market exclusivity periods granted by the Hatch-Waxman Act, offers adequate exclusivity protection for our current products, there can be no assurance that some of our patents will not be determined to be invalid or unenforceable, resulting in unanticipated early generic competition for the affected product.

We also rely on trade secrets and proprietary know-how that we seek to protect, in part, through confidentiality agreements with our partners, customers, employees and consultants. It is possible that these agreements will be breached or that they will not be enforceable in every instance, and that we will not have adequate remedies for any such breach. It is also possible that our trade secrets will become known or independently developed by our competitors.

Loss of patent protection for a product typically is followed promptly by generic substitutes, reducing the Company's sales of that product. Availability of generic substitutes for the Company's drugs may adversely affect its results of operations and cash flows. In addition, proposals emerge from time to time in the United States and other countries for legislation to further encourage the early and rapid approval of generic drugs.

If we are unable to adequately protect our technology, trade secrets or proprietary know-how, or enforce our patents, our results of operations, financial condition and cash flows could suffer.

Table of Contents

Our Business Model Currently Depends on the Successful In-Licensing or Acquisition of New Product Opportunities.

In order to remain competitive, we must continue to develop and launch new pharmaceutical products. Our pipeline of new products is currently dependent on the licensing and acquisition of new product opportunities. To successfully accomplish these transactions, we commit substantial effort and expense to seeking out, evaluating and negotiating collaboration arrangements and acquisitions. The competition for attractive product opportunities may require us to devote substantial resources to an opportunity with no assurance that such efforts will result in a commercially successful product.

Our Business Could be Negatively Affected by the Performance of Our Collaboration Partners.

Our principal products, as well as certain of our principal product development opportunities, involve strategic alliances with other companies. Our alliance partners typically possess significant patents or other technology which are licensed to us and remain significantly involved in product research and development activities and in the exclusive manufacture and supply of active pharmaceutical ingredients upon which our products are based. While some of our collaboration partners are large well-established companies, others are smaller companies, often in the "start-up" stage. A failure or inability of our partners to perform their collaboration obligations could materially negatively affect our operations or business plans. In addition, while our relationships with our strategic partners have been good, differences of opinion upon significant matters arise from time to time. Any such differences of opinion, as well as disputes or conflicting corporate priorities, could be a source of delay or uncertainty as to the expected benefits of the alliance.

Pharmaceutical Cost-Containment Initiatives May Negatively Affect Our Net Income.

The Medicare Prescription Drug Improvement and Modernization Act of 2003 included a prescription drug benefit for Medicare participants. Companies that negotiate prices on behalf of Medicare drug plans will have a significant degree of purchasing power and we expect pricing pressure as a result. Our net income also continues to be impacted by cost-containment initiatives adopted by managed care organizations and pharmaceutical benefit managers which negotiate discounted prices from pharmaceutical manufacturers in order to secure placement on formularies adopted by such organizations or their health-plan or employer customers. Failure to be included in such formularies or to achieve favorable formulary status may negatively impact the utilization of our products. In addition, some states have implemented, and other states are considering, price controls or patient-access constraints under the Medicaid program and some states are considering price-control regimes that would apply to broader segments of their populations that are not Medicaid eligible.

Healthcare Reform in the United States May Adversely Affect our Revenues.

The United States healthcare industry has been, and will likely continue to be, subject to increasing regulation as well as political and legal action. Recently, major United States healthcare reform has been adopted into law which, in addition to other measures, will impact rebates paid to public and private payers and affect patient access to pharmaceutical products. The reform measures call for, among other things, an increase in certain Medicare drug rebates paid by pharmaceutical manufacturers and an industry fee imposed on pharmaceutical manufacturers according to the individual manufacturer's relative percentage of total industry sales to specified government programs. At this time no assurances can be given that these measures, or any other measures included in the reform acts, will not have an adverse effect on our revenues in the future.

Table of Contents

We Face Substantial Competition from Other Pharmaceutical Manufacturers and Generic Product Distributors.

Our industry is characterized by significant technological innovation and change. Many of our competitors are conducting research and development activities in therapeutic areas served by our products and our product-development candidates. The introduction of novel therapies as alternatives to our products may negatively impact our revenues or reduce the value of specific product development programs. In addition, generic alternatives to branded products, including alternatives to brands of other manufacturers in therapeutic categories where we market products, may be preferred by doctors, patients or third-party payers.

Our Business, and in Particular the Treatment of CNS Disorders, Presents Risk of Product Liability Claims.

As more fully discussed in “Item 3. Legal Proceedings”, we are subject to approximately 56 legal actions asserting product liability claims relating to the use of Celexa or Lexapro. These cases include claims for wrongful death from suicide or injury from suicide attempts while using Celexa or Lexapro as well as claims that Celexa or Lexapro caused birth defects or persistent pulmonary hypertension in newborns. Further, while we believe there is no merit to the cases which have been brought against us, litigation is inherently subject to uncertainties and there can be no assurance that we will not be required to expend substantial amounts in the defense or resolution of some of these matters.

The Effective Rate of Taxation upon Our Results of Operations is Dependent on Multi-National Tax Considerations.

A portion of our earnings is taxed at more favorable rates applicable to the activities undertaken by our subsidiaries based or incorporated in the Republic of Ireland. Changes in tax laws or in their application or interpretation, such as to the transfer pricing between Forest’s non-U.S. operations and the U.S., could increase our effective tax rate and negatively affect our results of operations. Our transfer pricing is the subject of an ongoing audit by the U.S. Internal Revenue Service (IRS) for fiscal years 2004, 2005 and 2006. This audit is in the early stages and no substantive transfer pricing discussions for the years under audit have occurred. If the IRS prevails in a position that increases the U.S. tax liability in excess of the established reserves, it is likely that the IRS could make similar claims for years subsequent to fiscal 2006 which could be material. See Note 14 to our Consolidated Financial Statements incorporated by reference herein.

Many of Our Principal Products and Active Pharmaceutical Ingredients are Only Available From a Single Manufacturing Source.

As described immediately above, many of the proprietary active ingredients in our principal products are available to us only pursuant to contractual supply arrangements with our collaboration partners. In addition, our manufacturing facilities in the Republic of Ireland are the exclusive qualified manufacturing facilities for finished dosage forms of our principal products, including Lexapro, Namenda, Bystolic and Savella. Difficulties or delays in the product supply chain, both within and outside of our control, or the inability to locate and qualify third party alternative sources, if necessary, in a timely manner, could lead to shortages or long-term product unavailability, which could have a material adverse effect on our results of operations, financial condition and cash flows.

Table of Contents

We Could be Adversely Affected by Violations of the U.S. Foreign Corrupt Practices Act and Similar Worldwide Anti-Bribery Laws.

The U.S. Foreign Corrupt Practices Act (FCPA) prohibits certain individuals and entities, including U.S. publicly traded companies, from promising, offering, or giving anything of value to foreign officials with the corrupt intent of influencing the foreign official for the purpose of helping the company obtain or retain business or gain any improper advantage. The FCPA also imposes specific recordkeeping and internal controls requirements on U.S. publicly traded companies. As noted above, our business is heavily regulated and therefore involves significant interaction with government officials, including officials of foreign governments. Additionally, in many countries outside the U.S., the health care providers who prescribe pharmaceuticals are employed by the government and the purchasers of pharmaceuticals are government entities; therefore, our payments to these prescribers and purchasers are subject to regulation under the FCPA. Recently the SEC and DOJ have increased their FCPA enforcement activities with respect to pharmaceutical companies.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

We currently own four facilities in Commack, New York, consisting of a 387,000 square foot building on 28 acres of land used for administration and sales training, 100,000 and 20,000 square foot facilities which are part of our research and development complex and a 180,000 square foot facility on 11 acres of land which is currently sub-leased to tenants through fiscal 2014. We also own 105,000 and 28,000 square foot facilities in Hauppauge, New York which are used for warehousing, administrative offices and clinical packaging. In Cincinnati, Ohio, we own two facilities aggregating approximately 150,000 square feet used for manufacturing, warehousing and administration. In St. Louis, Missouri we own a 495,000 square foot facility on 26 acres of land that is being used for manufacturing, warehousing, distribution and administration and a 40,000 square foot facility that is being used for administration and a data center. We also own two plants in Clonshaugh, Ireland totaling 220,000 square feet which are used principally for manufacturing and distribution. In addition, we own a 33,000 square foot manufacturing and distribution facility located in an industrial park in Dublin, Ireland.

Our executive office space, which we lease, is approximately 180,000 square feet and is located at 909 Third Avenue, New York, New York. The lease expires in 2026. We also lease approximately 215,000 square feet of office space in Jersey City, New Jersey, which is used by certain of our medical, scientific and regulatory personnel. The lease expires in 2017. Further, we lease a 57,000 square foot facility in Commack, New York for our information technology departments and 59,000 square feet for laboratory testing in Farmingdale, New York. These leases expire in 2014 and 2013, respectively. In addition, we lease a portion of a hotel facility in Hauppauge, New York, for the purpose of housing sales representatives during sales training. In Oakland, California, we lease approximately 38,000 square feet of office space and 3,200 square feet in Emeryville, California which is primarily used as a microbiology lab. Both leases expire in 2016. We also lease approximately 7,500 square feet of office space in Dartford Crossing, a suburb of London. This lease expires in 2015.

We believe that our current facilities will adequately meet our operating needs for the foreseeable future.

25

Table of Contents

ITEM 3. LEGAL PROCEEDINGS

We remain a defendant in actions filed in various federal district courts alleging certain violations of the federal anti-trust laws in the marketing of pharmaceutical products. In each case, the actions were filed against many pharmaceutical manufacturers and suppliers and allege price discrimination and conspiracy to fix prices in the sale of pharmaceutical products. The actions were brought by various pharmacies (both individually and, with respect to certain claims, as a class action) and seek injunctive relief and monetary damages. The Judicial Panel on Multi-District Litigation ordered these actions coordinated (and, with respect to those actions brought as class actions, consolidated) in the Federal District Court for the Northern District of Illinois (Chicago) under the caption "In re Brand Name Prescription Drugs Antitrust Litigation."

On November 30, 1998, the defendants remaining in the consolidated federal class action (which proceeded to trial beginning in September 1998), including Forest, were granted a directed verdict by the trial court after the plaintiffs had concluded their case. In ruling in favor of the defendants, the trial judge held that no reasonable jury could reach a verdict in favor of the plaintiffs and stated "the evidence of conspiracy is meager, and the evidence as to individual defendants paltry or non-existent." The Court of Appeals for the Seventh Circuit subsequently affirmed the granting of the directed verdict in the federal class case in our favor.

Following the Seventh Circuit's affirmation of the directed verdict in our favor, we have secured the voluntary dismissal of the conspiracy allegations contained in all of the federal cases brought by individual plaintiffs who elected to "opt-out" of the federal class action, which cases were included in the coordinated proceedings, as well as the dismissal of similar conspiracy and price discrimination claims pending in various state courts. We remain a defendant, together with other manufacturers, in many of the federal opt-out cases included in the coordinated proceedings to the extent of claims alleging price discrimination in violation of the Robinson-Patman Act. While no discovery or other significant proceedings with respect to us have been taken to date in respect of such claims, there can be no assurance that we will not be required to actively defend such claims or to pay substantial amounts to dispose of such claims. However, by way of a decision dated January 25, 2007, the judge handling the Robinson-Patman Act cases for certain of a smaller group of designated defendants whose claims are being litigated on a test basis, granted summary judgment to those designated defendants against a group of designated plaintiffs due to those plaintiffs' failure to demonstrate any antitrust injury. Subsequently, the Court also granted the designated defendants' motion for summary judgment with respect to the designated plaintiffs' effort to obtain injunctive relief. The litigation is continuing with discovery regarding the claims of other plaintiffs. At this time, the Company believes an unfavorable outcome is less than probable and is unable to estimate the reasonably possible loss or range of possible loss, but does not believe losses, if any, would have a material effect on the results of operations or financial position taken as a whole.

Table of Contents

In March 2011, we entered into a Stipulation of Settlement to resolve two derivative actions brought against our directors and certain of our officers and consolidated under the caption "In re Forest Laboratories, Inc. Derivative Litigation." The Stipulation of Settlement also resolves a similar action captioned Arnold Wandel, derivatively, Plaintiff vs. Howard Solomon, Lawrence Olanoff, et al., Defendants and Forest Laboratories, Inc. and Forest Pharmaceuticals, Inc., Nominal Defendants. These derivative actions alleged that our directors and certain officers breached their fiduciary duties to the Company in connection with various matters relating to the marketing of Celexa and Lexapro which were in part the subject of a securities class action lawsuit which we settled in 2009 and the subject of legal actions taken by the United States Government and resolved by us in 2010. The Stipulation of Settlement provides for the implementation of certain corporate governance measures, including procedures for the review of press releases concerning the results of clinical trials and the maintenance of various compliance policies and procedures relating to sales and promotional activities, as well as the payment of certain agreed legal fees of the plaintiffs. The settlement does not require any other payment by us. The settlement remains subject to certain confirmatory discovery and court approval.

Forest Laboratories, Inc. (FLI) and Forest Pharmaceuticals, Inc. (FPI) are named, in one capacity or another, as defendants, along with numerous other manufacturers of pharmaceutical products in various actions which allege that the plaintiffs (all governmental entities) were overcharged for their share of Medicaid drug reimbursement costs as a result of reporting by manufacturers of "average wholesale prices" (AWP) which did not correspond to actual provider costs of prescription drugs. Actions brought by nearly all of the counties of the State of New York (first action commenced January 14, 2003) and by the State of Iowa (commenced October 9, 2007) are pending in the United States District Court for the District of Massachusetts under the caption "In re Pharmaceutical Industry AWP Litigations" for coordinated treatment. In addition, various state court actions are pending in actions brought by the States of Alabama (commenced January 26, 2005), Alaska (commenced October 6, 2006), Hawaii (commenced April 27, 2006), Idaho (commenced June 8, 2007), Illinois (commenced February 7, 2005), Mississippi (commenced October 20, 2005) and Kansas (commenced November 3, 2008), as well as actions brought by the Commonwealth of Kentucky (commenced November 4, 2004) and the State of Utah (commenced in May 2008). Furthermore, state court actions pending in the State Court of New York were brought by three of the New York counties, Erie (commenced March 8, 2005), Schenectady (commenced May 10, 2006) and Oswego (commenced May 11, 2006). An additional action was filed by the State of Mississippi on behalf of the State and School Employees' Life and Health Insurance Plan (commenced July 27, 2009).

Motions to dismiss have been filed with respect to most of the actions. While the motions to dismiss largely have been denied, some claims have been dismissed, including the federal Racketeering Influenced and Corrupt Organizations (RICO) claims brought by various New York counties whose remaining claims are pending in the multi-district proceeding (MDL) in Massachusetts. The Utah motion was granted, and Plaintiff is pursuing an appeal of that dismissal. Discovery is ongoing. In May 2009, several defendants, including Forest, reached an agreement in principle to settle the action brought by the State of Alabama, and Forest has recently reached settlements in principle with the States of Hawaii and Iowa, as well as the New York Counties whose claims are pending in the MDL proceeding in Massachusetts. Our settlement payments are not material to our financial condition or results of operations and are fully covered by established reserves. It is not anticipated that any trials involving Forest in these matters will take place before 2012.

Table of Contents

Mr. Howard Solomon, our Chairman, Chief Executive Officer and President, has received a notice from the OIG-HHS indicating its intent to consider excluding Mr. Solomon from participating in federal healthcare programs. This potential action by the OIG-HHS emanates from matters that we settled in 2010 with no finding of knowledge or wrongdoing by Mr. Solomon. Mr. Solomon has until June 13, 2011 to respond to this notice explaining why he should not be so excluded. Should the OIG-HHS determine after such response that Mr. Solomon should be excluded, Mr. Solomon would be required to step down from his present executive positions unless the effectiveness of such exclusion is enjoined by legal proceedings. Mr. Solomon plans to commence litigation to prevent such exclusion from taking effect if OIG-HHS determines to proceed. We do not believe any such exclusion of Mr. Solomon is warranted and will support legal actions to challenge any such exclusion.

FLI and FPI are defendants in three federal actions filed on behalf of entities or individuals who purchased or reimbursed certain purchases of Celexa or Lexapro for pediatric use, all of which have been consolidated for pretrial purposes in a multidistrict litigation proceeding in the United States District Court for the District of Massachusetts under the caption “In re Celexa and Lexapro Marketing and Sales Practices Litigation.” These actions, two of which are purported nationwide class actions, and one of which is a purported California-wide class action, allege that FLI and FPI marketed Celexa and/or Lexapro for off-label pediatric use and paid illegal kickbacks to physicians to induce prescriptions of Celexa and Lexapro. The complaints assert various similar claims, including claims under a number of state consumer protection statutes and state common laws. Discovery currently is ongoing. FLI and FPI intend to continue to vigorously defend against these cases. At this time, the Company believes an unfavorable outcome is less than probable and is unable to estimate the reasonably possible loss or range of possible loss, but does not believe losses, if any, would have a material effect on the results of operations or financial position taken as a whole.

FLI and/or FPI are also named as defendants in two similar actions pending in the Missouri Circuit Court, Twenty-Second Judicial Circuit, arising from nearly identical allegations as those contained in the federal actions described in the immediately preceding paragraph. The first action, filed on July 22, 2009 under the caption “Crawford v. Forest Pharmaceuticals, Inc.,” is a putative class action on behalf of a class of Missouri citizens who purchased Celexa for pediatric use. Only FPI, which is headquartered in Missouri, is named as a defendant. The complaint asserts claims under the Missouri consumer protection statute and Missouri common law, and seeks unspecified damages and attorneys’ fees. In October 2010, the court certified a class of Missouri domiciliary citizens who purchased Celexa for pediatric use at any time prior to the date of the class certification order, but who do not have a claim for personal injury. Discovery is currently ongoing. The second action, filed on November 6, 2009 under the caption “St. Louis Labor Healthcare Network et al. v. Forest Pharmaceuticals, Inc. and Forest Laboratories, Inc.,” is brought by two entities that purchased or reimbursed certain purchases of Celexa or Lexapro. The complaint asserts claims under the Missouri consumer protection statute and Missouri common law, and seeks unspecified damages and attorneys’ fees. FLI and FPI intend to continue to vigorously defend against both of these actions. At this time, the Company believes an unfavorable outcome is less than probable and is unable to estimate the reasonably possible loss or range of possible loss, but does not believe losses, if any, would have a material effect on the results of operations or financial position taken as a whole.

We received a subpoena dated April 20, 2011 from the Office of the United States Attorney for the District of Massachusetts. The subpoena requests documents relating to Benicar, Benicar HCT (collectively Benicar) and Azor, prescription medications approved for the treatment of hypertension. We co-marketed Benicar from 2002 to 2008 together with the drug’s originator Daiichi Sankyo, Inc. pursuant to co-promotion agreements. We intend to cooperate in responding to the subpoena.

Table of Contents

We received a subpoena dated January 26, 2006 from the United States Attorney's Office for the District of Massachusetts requesting documents related to our commercial relationship with Omnicare, Inc. (Omnicare), a long-term care pharmacy provider, including but not limited to documents concerning our contracts with Omnicare, and rebates and other payments made by us to Omnicare. We understand that the subpoena was issued in connection with that office's investigation of potential criminal violations of federal healthcare laws by Omnicare and potentially others. We are cooperating in this investigation.

On January 10, 2011, Apotex Inc. (Apotex) filed a two-count declaratory judgment action against Forest and H. Lundbeck A/S (Lundbeck) in the U.S. District Court for the Eastern District of Michigan for non-infringement of U.S. Patent Nos. 6,916,941 (the '941 Patent) and 7,420,069 (the '069 Patent), which are listed in the FDA's Orange Book for Lexapro. The '941 Patent relates to escitalopram oxalate crystals of particular sizes and to methods for manufacturing escitalopram oxalate crystals, and the '069 Patent relates to tablets prepared from crystalline escitalopram oxalate particles of particular sizes. This case does not impact the Company's exclusive rights to escitalopram (Lexapro) under U.S. Patent No. RE34,712, which expires in March 2012. On March 4, 2011, we filed a motion to dismiss for lack of subject matter jurisdiction. That same day, Apotex filed a motion for summary judgment of non-infringement. Briefing on both motions is complete. A hearing on these pending motions will likely be held in July 2011. At this time, the Company believes an unfavorable outcome is less than probable and is unable to estimate the reasonably possible loss or range of possible loss, but does not believe losses, if any, would have a material effect on the results of operations or financial position taken as a whole.

In April 2006, an action was commenced in the United States District Court for the Southern District of New York against us and Lundbeck under the caption Infosint S.A. v. H. Lundbeck A/S, Lundbeck Inc. and Forest Laboratories, Inc. On October 15, 2009, a jury reached a verdict finding that a claim of Infosint's manufacturing process patent is valid and infringed by Forest's importation and sale in the United States of certain "citalopram products," and to the extent infringement was found, that our licensing partner Lundbeck induced any such infringement. As part of this verdict, the jury awarded Infosint S.A. (Infosint) $15 million in damages. On June 17, 2010, Judge Kaplan granted Forest and Lundbeck's motion for judgment as a matter of law that Infosint's patent is invalid for obviousness, which eliminated the jury's damages award. On March 11, 2011, the Federal Circuit affirmed Judge Kaplan's decision without opinion.

During the quarter ended December 31, 2009, Infosint commenced comparable litigation against our subsidiary in the Republic of Ireland. On November 24, 2010, Forest and Lundbeck reached an agreement with Infosint to stay the Irish proceedings until the counterpart UK proceedings between Lundbeck and Infosint (Forest is not a party to this action) were decided in the first instance. Under this agreement, rulings in the UK regarding validity and infringement would also apply in Ireland. The English trial was held from March 16-25, 2011. On April 14, 2011, the trial court rendered judgment that Infosint's UK patent is invalid. At this time, the Company believes an unfavorable outcome is less than probable and is unable to estimate the reasonably possible loss or range of possible loss, but does not believe losses, if any, would have a material effect on the results of operations or financial position taken as a whole.

Table of Contents

We currently are defending approximately fifty-six product liability lawsuits. Seventeen of the lawsuits allege that Celexa or Lexapro caused or contributed to individuals committing or attempting suicide, or caused a violent event. Thirty-eight of these lawsuits allege that Celexa or Lexapro caused birth defects or persistent pulmonary hypertension in newborns (PPHN). We also have been named in a lawsuit alleging Lexapro induced renal failure. Each lawsuit seeks substantial compensatory and punitive damages. We are vigorously defending these suits.

A multi-district proceeding (MDL) has been established for the suicidality-related litigation, with the federal court cases being transferred to Judge Rodney Sippel in the United States District Court for the Eastern District of Missouri. We have reached an agreement in principle to settle three of the suicidality lawsuits and we continue to work to remove contingencies and finalize the agreements in principle. The settlements in those three cases remain subject to several conditions. Until the remaining proposed settlements are finalized, there is no guarantee that those cases will be resolved by the agreement in principle. The amounts to be paid by us in connection with these settlements will not have a material effect upon our results of operations or financial condition.

Except for one case in New York, the birth defect/PPHN cases have been consolidated in Cole County Circuit Court in Missouri. We expect the federal court MDL and the state court consolidation will ease the burden of defending these cases. We hope that the consolidated proceedings will promote the economical and efficient resolution of these lawsuits and provide us with a meaningful opportunity to vindicate our products. However, litigation is inherently subject to uncertainty and we cannot predict or determine the outcome of this litigation. We generally maintain $140 million of product liability coverage (annually, per “occurrence” on a claims-made basis, and in the aggregate).

We received two subpoenas dated April 27, 2007 from the Office of the Attorney General of the State of Delaware requesting documents relating to our use of the “nominal price” exception to the Medicaid program’s “Best Price” rules. We understand that comparable subpoenas have been or will be issued to other pharmaceutical manufacturers as part of that office’s investigation of the use of the “nominal price” exception. We have complied with the subpoenas.

On August 11, 2010, we were named as a defendant (along with FPI), in an action brought by Elmaria Martinez, a Company Sales Representative, in the United States District Court for the Southern District of New York under the caption Elmaria Martinez v. Forest Laboratories Inc. and Forest Pharmaceuticals Inc.. The action is a putative class and collective action brought on behalf of all current and former sales representatives employed by us throughout the United States over the past three years and all current and former sales representatives employed anywhere in the State of New York over the past six years. The action alleges that we failed to pay our sales representatives overtime pay as purportedly required by the Fair Labor Standards Act and the New York Labor Law. We believe there is no merit to Plaintiff’s claims and intend to vigorously defend this matter. The action is currently in the initial stages of discovery. At this time, the Company believes an unfavorable outcome is less than probable and is unable to estimate the reasonably possible loss or range of possible loss, but does not believe losses, if any, would have a material effect on the results of operations or financial position taken as a whole.

We are also subject to various legal proceedings that arise from time to time in the ordinary course of our business. Although we believe that the proceedings brought against us, including the product liability cases described above, are without merit and we have product liability and other insurance, litigation is subject to many factors which are difficult to predict and there can be no assurance that we will not incur material costs in the resolution of these matters.

Table of Contents

ITEM 4. REMOVED AND RESERVED

Not Applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information, Holders and Performance Graph

The information required by this item is incorporated by reference to the information under the heading Stock Market Data in our Annual Report to Stockholders for the fiscal year ended March 31, 2011 (2011 Annual Report).

Dividends

We have never paid cash dividends on our common stock. We presently intend to retain all available funds for the development of our business, for use as working capital and for share repurchase programs. Future dividend policy will depend upon our earnings, capital requirements, financial condition and other relevant factors.

Issuer Repurchases of Equity Securities

On May 18, 2010, the Board authorized a 2010 Repurchase Program for up to 50 million shares of common stock. All of the authorizations became effective immediately and have no set expiration dates. On June 8, 2010, we entered into an agreement with Morgan Stanley & Co. Incorporated (MSCO) to repurchase $500 million of our common stock utilizing an accelerated share repurchase (ASR) transaction. Pursuant to the ASR transaction, MSCO delivered to us 16.9 million shares in the June 2010 quarter (the remaining 5.7 million shares from the 2007 Repurchase Program and 11.2 million shares from the 2010 Repurchase Program). No additional shares were repurchased during fiscal 2011. As of May 25, 2011, 38.8 million shares were available for repurchase under the 2010 Repurchase Program. We expect to make share repurchases from time to time in the open market or through private transactions, including accelerated share repurchase programs, and as permitted by applicable securities laws (including SEC Rule 10b-18) and New York Stock Exchange Requirements.

ITEM 6. SELECTED FINANCIAL DATA

The information required by this item is incorporated by reference to the information under the heading Selected Financial Data in our 2011 Annual Report.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The information required by this item is incorporated by reference to the information under the heading Management's Discussion and Analysis of Financial Condition and Results of Operations in our 2011 Annual Report.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The information required by this item is incorporated by reference to the information under the heading Quantitative and Qualitative Disclosures About Market Risk in our 2011 Annual Report.

31

Table of Contents

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The information required by this item is incorporated by reference to the Consolidated Financial Statements and Notes to Consolidated Financial Statements and the related Reports of Independent Registered Public Accounting Firm in our 2011 Annual Report.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not Applicable.

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure Controls

As of the end of the period covered by this report, we carried out an evaluation, under the supervision and with the participation of our principal executive officer and principal financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (Exchange Act)). Based on this evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures are effective.

Internal Control Over Financial Reporting

Management's report on internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act), and the related report of our independent registered public accounting firm, are included in our 2011 Annual Report under the headings Management's Report on Internal Control Over Financial Reporting and Reports of Independent Registered Public Accounting Firm, respectively, and are incorporated by reference.

Changes in Internal Control Over Financial Reporting

During our current fiscal year, there have been no changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

Table of Contents

PART III

In accordance with General Instruction G(3), and except for certain of the information called for by Items 10 and 12 which is set forth below, the information called for by Items 10 through 14 of Part III of this Form 10-K is incorporated by reference from Forest's definitive proxy statement to be filed with the SEC not later than 120 days after our fiscal year ended March 31, 2011, (the Proxy Statement) pursuant to Regulation 14A promulgated under the Securities Exchange Act of 1934 in connection with Forest's 2011 Annual Meeting of Stockholders.

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Code of Ethics

We have adopted a written code of business conduct and ethics that applies to our principal executive officer, principal financial officer, principal accounting officer and all of our other officers and employees and can be found on our website, www.frx.com, under the "Investors" link. We will also provide a copy of our code of ethics to any person without charge upon his or her request. Any such request should be directed to our Corporate Secretary at 909 Third Avenue, New York, New York 10022. We intend to make all required disclosures concerning any amendments to or waivers from our code of business conduct and ethics on our website.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The following sets forth certain information as of March 31, 2011 with respect to our compensation plans under which Forest securities may be issued:

Equity Compensation Plan Information

Plan category	Number of securities to be issued upon exercise of outstanding options and rights	Weighted-average exercise price of outstanding options	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in first column)
Equity compensation plans approved by security holders	19,360,511 N/A	$ 36.90 (1) N/A	14,190,468 N/A
Equity compensation plans not			

approved by security holders				
Total	19,360,511	$	36.90	14,190,468

(1) Outstanding restricted stock awards are excluded, as these awards do not have an exercise price.

Additional information required by this item is incorporated by reference to the section entitled Security Ownership of Principal Stockholders and Management in the Proxy Statement.

Table of Contents

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) 1. Financial statements. The following consolidated financial statements of Forest Laboratories, Inc. and its subsidiaries are incorporated by reference to the 2011 Annual Report, as provided in Item 8 hereof:

Management's Report on Internal Control Over Financial Reporting

Reports of Independent Registered Public Accounting Firm

Consolidated Balance Sheets –
March 31, 2011 and 2010

Consolidated Statements of Income –
years ended March 31, 2011, 2010 and 2009

Consolidated Statements of Comprehensive Income –
years ended March 31, 2011, 2010 and 2009

Consolidated Statements of Stockholders' Equity –
years ended March 31, 2011, 2010 and 2009

Consolidated Statements of Cash Flows –
years ended March 31, 2011, 2010 and 2009

Notes to Consolidated Financial Statements

2. Financial statement schedules. The following consolidated financial statement schedules of Forest Laboratories, Inc. and its subsidiaries are included herein:

All other schedules for which provision is made in the applicable accounting regulations of the Securities and Exchange Commission are not required under the related instructions or are inapplicable, and therefore have been omitted.

3. Exhibits:

2.1.1 Agreement and Plan of Merger dated February 22, 2011, among FL Holding C.V., Magnolia Acquisition Corp., Forest Laboratories, Inc. and Clinical Data, Inc. Incorporated by reference to Forest's Current Report on Form 8-K (Commission File No. 0-12943) filed February 25, 2011 (February 25, 2011 8-K).

2.1.2

	Amendment No. 1 dated as of April 4, 2011, to the Agreement and Plan of Merger among FL Holding C.V., Magnolia Acquisition Corp., Forest Laboratories, Inc. and Clinical Data, Inc. Incorporated by reference to Forest's Current Report on Form 8-K (Commission File No. 0-12943) filed April 4, 2011.
(3)(a)	Articles of Incorporation of Forest, as amended and restated. Incorporated by reference to Forest's Quarterly Report on Form 10-Q (Commission File No. 1-5438) for the Quarter ended September 30, 2008.

Table of Contents

(3)(b) Bylaws of Forest, as amended. Incorporated by reference to Forest's Current Report on Form 8-K (Commission File No. 1-5438) dated March 2, 2009.

(10) Material Contracts

10.1 Benefit Continuation Agreement dated as of December 1, 1989 between Forest and Howard Solomon. Incorporated by reference to Forest's Annual Report on Form 10-K (Commission File No. 1-5438) for the fiscal year ended March 31, 1990 (1990 l0-K).

10.2 Benefit Continuation Agreement dated as of May 27, 1990 between Forest and Kenneth E. Goodman. Incorporated by reference to the 1990 10-K.

10.3 Amended and Restated Change of Control Employment Agreement between Forest and Howard Solomon dated October 29, 2008. Incorporated by reference to Forest's Quarterly Report on Form 10-Q (Commission File No. 1-5438) for the Quarter ended December 31, 2008 (December 31, 2008 10-Q).

10.4 Amended and Restated Change of Control Employment Agreement between Forest and Elaine Hochberg dated October 29, 2008. Incorporated by reference to the December 31, 2008 10-Q.

10.5 Letter Agreement dated as of September 6, 2004 between Forest and Francis I. Perier, Jr. Incorporated by reference to Forest's Current Report on Form 8-K (Commission File No. 1-5438) dated September 30, 2004.

10.6 Amended and Restated Change of Control Employment Agreement between Forest and Francis I. Perier, Jr. dated October 29, 2008. Incorporated by reference to the December 31, 2008 10-Q.

10.7 Letter Agreement dated as of January 30, 2006 between Forest and Herschel S. Weinstein. Incorporated by reference to Forest's Annual Report on Form 10-K (Commission File No. 1-5438) for the fiscal year ended March 31, 2006.

10.8 Amended and Restated Change of Control Employment Agreement between Forest and Herschel Weinstein dated October 29, 2008. Incorporated by reference to the December 31, 2008 10-Q.

10.9 Letter Agreement dated June 15, 2007 between Forest and Dr. Marco Taglietti. Incorporated by reference to Forest's Annual Report on Form 10-K (Commission File No. 1-5438) for the fiscal year ended March 31, 2009.

10.10 Amended and Restated Change of Control Employment Agreement between Forest and Marco Taglietti, M.D. dated October 29, 2008. Incorporated by reference to the December 31, 2008 10-Q.

10.11 Amended and Restated Change of Control Employment Agreement between Forest and Frank Murdolo dated October 29, 2008. Incorporated by reference to the December 31, 2008 10-Q.

10.12 Amended and Restated Change of Control Employment Agreement between Forest and David Solomon dated October 29, 2008. Incorporated by reference to the December 31, 2008 10-Q.

Table of Contents

10.13	Amended and Restated Change of Control Employment Agreement between Forest and Raymond Stafford dated October 29, 2008. Incorporated by reference to the December 31, 2008 10-Q.
10.14	1998 Stock Option Plan of Forest Laboratories, Inc. Incorporated by reference to Forest's Proxy Statement (Commission File No. 1-5438) for the fiscal year ended March 31, 1998.
10.15	2000 Stock Option Plan of Forest Laboratories, Inc. Incorporated by reference to Forest's Proxy Statement (Commission File No. 1-5438) for the fiscal year ended March 31, 2000.
10.16	2004 Stock Option Plan of Forest Laboratories, Inc. Incorporated by reference to Forest's Proxy Statement (Commission File No. 1-5438) for the fiscal year ended March 31, 2004.
10.17	2007 Equity Incentive Plan of Forest Laboratories, Inc, as amended. Incorporated by reference to Exhibit 10.1 to Forest's Current Report on Form 8-K (Commission File No. 1-5438) filed August 11, 2010.
10.18	Form of Director Restricted Stock Agreement under the 2007 Equity Incentive Plan of Forest Laboratories, Inc. Incorporated by reference to Forest's Form S-8 on Registration Statement No. 333-145415, dated August 13, 2007.
10.19	Form of Director Stock Option Agreement under the 2007 Equity Incentive Plan of Forest Laboratories, Inc. Incorporated by reference to Forest's Quarterly Report on Form 10-Q (Commission File No. 1-5438) for the quarter ended September 30, 2007 (September 30, 2007 10-Q).
10.20	Form of Employee Restricted Stock Agreement (Time-Based) under the 2007 Equity Incentive Plan of Forest Laboratories, Inc. Incorporated by reference to Forest's Annual Report on Form 10-K (Commission File No. 1-5438) for the fiscal year ended March 31, 2008 (2008 10-K).
10.21	Form of Employee Stock Option Agreement under the 2007 Equity Incentive Plan of Forest Laboratories, Inc. Incorporated by reference to the September 30, 2007 10-Q.
10.22	Consultant Services Letter Agreement dated October 21, 2010 between Forest Laboratories, Inc. and Dr. Peter J. Zimetbaum.
10.23	Consultant Services Letter Agreement dated January 1, 2011 between Forest Laboratories, Inc. and Dr. Lawrence S. Olanoff.
10.24	Co-Promotion Agreement dated December 10, 2001 by and between Sankyo Pharma Inc. and Forest Laboratories, Inc. Incorporated by reference to Forest's Annual Report on Form 10-K (Commission File No. 1-5438) for the fiscal year ended March 31, 2002 (2002 10-K).*

10.25 S-Enantiomer License Agreement dated May 29, 2002 by and between Forest Laboratories Ireland Limited and H. Lundbeck A/S. Incorporated by reference to the 2002 10-K.*

10.26 S-Enantiomer Supply Agreement dated May 29, 2002 by and between Forest Laboratories Ireland Limited and H. Lundbeck A/S. Incorporated by reference to the 2002 10-K.*

Table of Contents

10.27	License and Cooperation Agreement dated June 28, 2000 by and between Merz & Co. GmbH and Forest Laboratories Ireland Limited. Incorporated by reference to Forest's Annual Report on Form 10-K (Commission File No. 1-5438) for the fiscal year ended March 31, 2004.*
10.28	Settlement Agreement by and between Forest Laboratories, Inc., Forest Laboratories Holdings Limited and H. Lundbeck A/S and Alphapharm Pty Ltd. effective October 3, 2005. Incorporated by reference to Forest's Quarterly Report on Form 10-Q (Commission File No. 1-5438) for the fiscal quarter ended December 31, 2005.*
10.29	Agreement and Plan of Merger dated December 13, 2006 by and among Forest Laboratories, Inc., FL Acquisition Corp., Cerexa, Inc. and Dennis Podlesak and Eckard Weber, M.D., as Shareholders' Agents. Incorporated by reference to Forest's Quarterly Report on Form 10-Q (Commission File No. 1-5438) for the quarter ended December 31, 2006.*
10.30	Nebivolol Development and Commercialization Agreement by and between Forest Laboratories Holdings Limited and Mylan Inc. dated as of January 6, 2006. Incorporated by reference to the 2008 10-K.*
10.31	Amendment Agreement, dated as of February 27, 2008, by and between Forest Laboratories Holdings Limited and Mylan Inc. to that certain Nebivolol Development and Commercialization Agreement dated as of January 6, 2006. Incorporated by reference to the 2008 10-K. *
10.32	Credit Agreement, dated December 7, 2007, by and among Forest Laboratories, Inc., Forest Laboratories Holdings Limited, Forest Laboratories Ireland Limited, Forest Finance B.V., Forest Laboratories UK Limited, the lenders party thereto, and JPMorgan Chase Bank, N.A. Incorporated by reference to Forest's Current Report on Form 8-K (Commission File No. 1-5438) dated December 7, 2007.
10.33	License and Collaboration Agreement (the Cypress License) dated January 9, 2004 between the Registrant and Cypress Bioscience, Inc. (Cypress) filed as Exhibit 10.26 to Cypress's Annual Report on the Form 10-K (Commission File No. 0-12943) of Cypress for the year ended December 31, 2003 (Cypress 2003 10-K).*
10.34	Side Letter dated January 9, 2004 among the Registrant, Cypress and Pierre Fabre Médicament filed as Exhibit 10.27 to the Cypress 2003 10-K.*
10.35	Letter Agreement dated January 9, 2004 among the Registrant, Cypress and Pierre Fabre Médicament filed as Exhibit 10.28 to the Cypress 2003 10-K.*
10.36	Amendment to the Cypress License filed as Exhibit 10.1 to Cypress's Quarterly Report on Form 10-Q (Commission File No. 0-12943) for the quarter ended June 30, 2005*
10.37	

Settlement Agreement among Forest Laboratories, Inc., H. Lundbeck A/S, Caraco Pharmaceutical Laboratories, Ltd. and Sun Pharmaceutical Industries, Ltd. dated July 10, 2009. Incorporated by reference to Forest's Quarterly Report on Form 10-Q for the quarter ended September 30, 2009.*

Table of Contents

10.38	Fixed Dollar Collared Accelerated Share Repurchase Transaction Agreement between Forest Laboratories, Inc. and Morgan Stanley & Co. Incorporated dated June 8, 2010. Incorporated by reference to Forest's Quarterly Report on Form 10-Q (Commission File No. 0-12943) for the quarter ended June 30, 2010.
10.39	Corporate Integrity Agreement dated September 15, 2010 between the Office of Inspector General of the U.S. Department of Health and Human Services and Forest Laboratories, Inc. Incorporated by reference to Forest's Quarterly Report on Form 10-Q (Commission File No. 0-12943) for the quarter ended September 30, 2010 (September 30, 2010 10-Q).
10.40	Plea Agreement dated September 15, 2010 among the U.S. Attorney for the District of Massachusetts, the U.S. Department of Justice, and Forest Pharmaceuticals, Inc. Incorporated by reference to the September 30, 2010 10-Q.
10.41	Settlement Agreement and Release dated September 15, 2010 among Forest Laboratories, Inc., Forest Pharmaceuticals, Inc., the U.S. of America, acting through the U.S. Department of Justice on behalf of the Office of Inspector General of the Department of Health and Human Services, TRICARE Management Activity, the Veteran's Affairs Administration, the U.S. Office of Personnel Management, and certain individual relators named therein. Incorporated by reference to the September 30, 2010 10-Q.
10.42	Securityholder Tender and Support Agreement dated February 22, 2011, among FL Holding C.V., Magnolia Acquisition Corp. and the individuals listed therein. Incorporated by reference to the February 25, 2011 8-K.
10.43	License Agreement dated September 30, 2003 by and between Takeda Chemical Industries, Ltd. and Peninsula Pharmaceuticals, Inc.*
10.44	First Amendment to Agreement dated November 4, 2004 by and between Takeda Pharmaceutical Company Limited (f/k/a Takeda Chemical Industries, Ltd.) and Peninsula Pharmaceuticals, Inc.
10.45	Second Amendment to Agreement dated November 19, 2007 by and among Takeda Pharmaceutical Company Limited, Cerexa Inc. and Forest Laboratories Holdings Limited.*
13	Portions of the Registrant's 2011 Annual Report to Stockholders.
21	List of Subsidiaries.

Table of Contents

23	Consent of Independent Registered Public Accounting Firm.
31.1	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document**
101.SCH	XBRL Taxonomy Extension Schema Document**
101.PRE	XBRL Taxonomy Presentation Linkbase Document**
101.CAL	XBRL Taxonomy Calculation Linkbase Document**
101.LAB	XBRL Taxonomy Label Linkbase Document**
101.DEF	XBRL Taxonomy Definition Linkbase Document**

*Confidential treatment has been granted as to certain portions of these Exhibits.

**Attached as Exhibit 101 to this Annual Report on Form 10-K are the following materials, formatted in eXtensible Business Reporting Language (XBRL): (i) Consolidated Balance Sheets – March 31, 2011 and 2010, (ii) Consolidated Statements of Income – years ended March 31, 2011, 2010 and 2009, (iii) Consolidated Statements of Comprehensive Income – years ended March 31, 2011, 2010 and 2009, (iv) Consolidated Statements of Stockholders' Equity – years ended March 31, 2011, 2010 and 2009, (v) Consolidated Statements of Cash Flows – years ended March 31, 2011, 2010 and 2009 and (vi) the Notes to Consolidated Financial Statements.

Pursuant to Rule 406T of Regulation S-T, the Interactive Data Files on Exhibit 101 hereto are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, are deemed not filed for purposes of Section 18 of the Securities and Exchange Act of 1934, as amended, and otherwise are not subject to liability under those sections.

Table of Contents

SIGNATURES

Pursuant to the requirements of Section 13 and 15(d) of the Securities Exchange Act of 1934, Forest has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: May 26, 2011

FOREST LABORATORIES, INC.
By: /s/ Howard Solomon
Howard Solomon,
Chairman of the Board,
Chief Executive Officer
President and Director

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of Forest and in the capacities and on the dates indicated.

PRINCIPAL EXECUTIVE OFFICER:

/s/ Howard Solomon Howard Solomon	Chairman of the Board, Chief Executive Officer President and Director	May 26, 2011

PRINCIPAL FINANCIAL OFFICER:

/s/ Francis I. Perier, Jr. Francis I. Perier, Jr.	Executive V.P, Finance & Administration and Chief Financial Officer	May 26, 2011

PRINCIPAL ACCOUNTING OFFICER:

/s/ Rita Weinberger Rita Weinberger	V.P Controller and Principal Accounting Officer	May 26, 2011

DIRECTORS:

/s/ Nesli Basgoz Nesli Basgoz	Director	May 26, 2011
/s/ William J. Candee, III William J. Candee, III	Director	May 26, 2011
/s/ George S. Cohan George S. Cohan	Director	May 26, 2011

/s/ Dan L. Goldwasser Dan L. Goldwasser	Director	May 26, 2011
/s/ Kenneth E. Goodman Kenneth E. Goodman	Director	May 26, 2011
/s/ Lawrence S. Olanoff Lawrence S. Olanoff	Director	May 26, 2011
/s/ Lester B. Salans Lester B. Salans	Director	May 26, 2011
/s/ Peter J. Zimetbaum Peter J. Zimetbaum	Director	May 26, 2011

Table of Contents

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Stockholders
Forest Laboratories, Inc.
New York, New York

The audits referred to in our report dated May 26, 2011 relating to the consolidated financial statements of Forest Laboratories Inc. and Subsidiaries, which is contained in Item 15 of this Form 10-K, also included the audits of the financial statement schedule listed in the accompanying index. This financial statement schedule is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement schedule based on our audits.

In our opinion such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

/s/ BDO USA, LLP
BDO USA, LLP

New York, New York
May 26, 2011

Table of Contents

SCHEDULE II

FOREST LABORATORIES, INC. AND SUBSIDIARIES

VALUATION AND QUALIFYING ACCOUNTS
(In thousands)

Description	Balance at beginning of period	Additions	Deductions		Balance at end of period
Year ended March 31, 2011:					
Allowance for doubtful accounts	$ 17,192	$ 161	$ 15,055	(i, iii)	$ 2,298
Allowance for cash discounts	13,270	103,909	103,194	(ii)	13,985
Inventory reserve	20,243	1,072	4,572	(i)	16,743
Year ended March 31, 2010:					
Allowance for doubtful accounts	$ 18,511	$ 458	$ 1,777	(i)	$ 17,192
Allowance for cash discounts	11,875	95,678	94,283	(ii)	13,270
Inventory reserve	14,173	7,811	1,741	(i)	20,243
Year ended March 31, 2009:					
Allowance for doubtful accounts	$ 19,882	$ 618	$ 1,989	(i)	$ 18,511
Allowance for cash discounts	11,815	88,388	88,328	(ii)	11,875
Inventory reserve	18,770	1,817	6,414	(i)	14,173

(i) Represents actual amounts written off.
(ii) Represents cash discounts given.
(iii) Represents adjustments resulting from differences between prior period provisions and actual payments.

42

Table of Contents

FOREST LABORATORIES, INC. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED MARCH 31, 2011, 2010 AND 2009

Table of Contents

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934, as amended. Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles in the United States of America. Our internal control over financial reporting includes those policies and procedures that: (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures are being made only in accordance with authorizations of Management and the Board; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of our internal control over financial reporting as of March 31, 2011. In making this assessment, Management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control-Integrated Framework. Based on our assessment and those criteria, Management believes that we maintained effective internal control over financial reporting as of March 31, 2011.

Our independent registered public accounting firm has issued an attestation report on Management's assessment of our internal control over financial reporting which is included herein.

/s/ Howard Solomon
Howard Solomon
Chairman, Chief Executive Officer
and President

/s/ Francis I. Perier, Jr.
Francis I. Perier, Jr.
Executive V.P, Finance &
Administration and CFO

May 26, 2011

Table of Contents

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Stockholders
Forest Laboratories, Inc.
New York, New York

We have audited Forest Laboratories, Inc. and Subsidiaries' internal control over financial reporting as of March 31, 2011, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Forest Laboratories, Inc. and Subsidiaries' management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Item 9A, "Controls and Procedures." Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Forest Laboratories, Inc. and Subsidiaries maintained, in all material respects, effective internal control over financial reporting as of March 31, 2011 based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Forest Laboratories, Inc. and Subsidiaries as of March 31, 2011 and March 31, 2010 and the related consolidated statements of income, comprehensive income, stockholders' equity, and cash flows for each of the three years in the period ended March 31, 2011, and our report dated May 26, 2011 expressed an unqualified opinion thereon.

/s/ BDO USA, LLP
BDO USA, LLP

New York, New York
May 26, 2011

45

Table of Contents

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Stockholders
Forest Laboratories, Inc.
New York, New York

We have audited the accompanying consolidated balance sheets of Forest Laboratories, Inc. and Subsidiaries as of March 31, 2011 and 2010, and the related consolidated statements of income, comprehensive income, stockholders' equity, and cash flows for each of the three years in the period ended March 31, 2011. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Forest Laboratories, Inc. and Subsidiaries at March 31, 2011 and 2010, and the results of their operations and their cash flows for each of the three years in the period ended March 31, 2011, in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Forest Laboratories, Inc. and Subsidiaries' internal control over financial reporting as of March 31, 2011, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and our report dated May 26, 2011 expressed an unqualified opinion thereon.

/s/ BDO USA, LLP
BDO USA, LLP

New York, New York
May 26, 2011

Table of Contents

FOREST LABORATORIES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In thousands)

	MARCH 31, 2011	2010
Assets		
Current assets:		
Cash (including cash equivalent investments of $2,128,006 at March 31, 2011 and $1,859,321 at March 31, 2010)	$ 2,137,838	$ 1,863,484
Marketable securities	1,713,303	1,458,778
Accounts receivable, less allowance for doubtful accounts of $2,298 at March 31, 2011 and $17,192 at March 31, 2010	535,486	475,653
Inventories, net	451,365	467,769
Deferred income taxes	217,432	236,545
Other current assets	204,249	76,962
Total current assets	5,259,673	4,579,191
Non-current assets:		
Marketable securities and investments	529,917	742,335
Property, plant and equipment:		
Land and buildings	313,699	310,263
Machinery, equipment and other	322,488	292,517
	636,187	602,780
Less: accumulated depreciation	316,421	279,496
	319,766	323,284
Other assets:		
Goodwill	14,965	14,965
License agreements, product rights and other intangibles, net	725,494	466,742
Deferred income taxes	71,340	96,490
Other assets	1,299	524
	813,098	578,721
Total Assets	$ 6,922,454	$ 6,223,531