

FOREST LABORATORIES INC

Form 425

February 19, 2014

The New Model in Specialty Pharmaceuticals

February 18, 2014

Filed by Actavis plc

Pursuant to Rule 425 under the Securities Act of 1933

and deemed filed pursuant to Rule 14a-12

of the Securities Exchange Act of 1934

Subject Company: Forest Laboratories, Inc

Commission File No.: 1-5438

Important Information For Investors and Shareholders

This
communication
does
not
constitute
an
offer
to
sell
or
the
solicitation
of
an
offer
to
buy

any
securities
or
a
solicitation
of
any
vote
or
approval,
nor
shall
there
be
any
sale
of
securities
in
any
jurisdiction
in
which
such
offer,
solicitation
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sale
would
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unlawful
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In
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the
proposed
merger

between
Actavis
and
Forest,
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SEC)
a
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that
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joint
proxy
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of
Actavis
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Forest
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also
constitutes
a
prospectus
of
Actavis.
The
definitive
joint
proxy
statement/prospectus
will
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shareholders
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Actavis
and
Forest.
INVESTORS
AND
SECURITY
HOLDERS
OF
ACTAVIS
AND
FOREST
ARE
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DEFINITIVE
JOINT
PROXY
STATEMENT/PROSPECTUS
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Investors
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the
SEC
by
Actavis
and
Forest
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the
website
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the
SEC
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<http://www.sec.gov>.
Copies
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the
documents
filed
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SEC
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Actavis
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available
free
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on
Actavis
internet
website
at
www.actavis.com
or
by
contacting
Actavis
Investor
Relations
Department
at
(862)
261-7488.
Copies
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with
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Forest
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Forest's
internet
website
at
www.frx.com
or
by
contacting
Forest's
Investor
Relations
Department
at

(212)
224-6713.
Participants
in
the
Merger
Solicitation
Actavis,
Forest,
their
respective
directors
and
certain
of
their
executive
officers
and
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participants
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solicitation
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proposed
transaction.
Information
regarding
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persons
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participants

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Actavis
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Forest
shareholders
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Information
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and
executive
officers
of
Forest
is
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its
proxy
statement
for
its
2013

annual
meeting
of
stockholders,
which
was
filed
with
the
SEC
on
July
8,
2013
and
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of
its
Current
Reports
on
Form
8-K.
Information
about
the
directors
and
executive
officers
of
Actavis
is
set
forth
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its
proxy
statement
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its
2013
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March
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8-K.
Additional
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holdings
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otherwise,
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joint
proxy
statement/prospectus
filed
with
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above-referenced

registration
statement
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Form
S-4
and
other
relevant
materials
to
be
filed
with
the
SEC
when
they
become
available.

Forest Cautionary Statement Regarding Forward-Looking Statements

This
communication
contains
forward-looking
statements
within
the
meaning
of
the
Private
Securities
Litigation
Reform
Act
of
1995.

Such forward-looking statements include, but are not limited to, statements about the benefits of the acquisition of Forest by Actavis, including future financial and operating results, Forest's or Actavis plans, objectives, expectations and intentions and the expected timing of completion of the transaction. It is important to note that Forest's

goals
and
expectations
are
not
predictions
of
actual
performance.
Actual
results
may
differ
materially
from
Forest's
current
expectations
depending
upon
a
number
of
factors
affecting
Forest's
business,
Actavis
business
and
risks
associated
with
acquisition
transactions.
These
factors
include,
among
others,
the
inherent
uncertainty
associated
with
financial
projections;
restructuring
in
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with,
and
successful
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of,
the
acquisition;
subsequent
integration
of
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companies
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the
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to
recognize
the
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synergies
and
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acquisition;
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of
antitrust
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to
complete
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acquisition),
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obtaining

such
approvals
and
the
risk
that
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result
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could
adversely
affect
the
combined
company
or
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Actavis
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acquisition
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Forest
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Actavis
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reasonable
terms;
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difficulty
of
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FDA
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acceptance and demand for new pharmaceutical products, the impact of competitive products and pricing, the timely development
launch
of
new
products,
and
the
risk
factors
listed
from
time
to
time
in
Forest
Laboratories
Annual
Report
on
Form
10-K,
Quarterly
Reports
on
Form
10-Q
and
any
subsequent
SEC

filings.
Forest
assumes
no
obligation
to
update
forward-looking
statements
contained
in
this
communication to reflect new information or future events or developments.

Forest to Combine with Actavis in a \$25 Billion Equity and Cash Transaction

Creates an Innovative New Model in Specialty Pharmaceuticals, with \$15 B in Revenue and a Growing
~\$7 B N. American Specialty Brand Business

Blockbuster Franchises in CNS, Women's Health, GI and Urology

Broader Portfolios and New Therapeutic Categories including, Cardiovascular, Infectious Disease, Respiratory,
Cystic Fibrosis and Dermatology

Combination
Expected
to
Generate
in
Excess
of
\$4

billion
in
2015
Free
Cash
Flow
to
Drive
Rapid
Deleveraging

Immediately Accretive to Non-GAAP EPS; Double-Digit Accretion in 15 & 16

Opportunity for Substantial Synergies and Savings of ~ \$1 Billion

New company board to include Brent Saunders and two other FRX board members

Anticipate Closing by Mid-Year 2014, Pending Approvals

Creating a New Breed of Specialty Pharmaceutical Company
Broad & diverse portfolio with multiple blockbuster therapeutic franchises
Balanced portfolio of branded and generics pharmaceuticals
Exceptionally strong commercial capabilities creates high value to customers
Focus on drug development = lower-risk organic growth
Strong free cash flow generation
Efficient tax-structure and balance sheet
Drive robust organic growth accelerated by smart BD

Broad & Diverse Portfolio with
Multiple Blockbuster Therapeutic Franchises

Emerging and Sustainable Portfolios in New Categories

Exceptionally Strong Commercial
Capabilities Create High Value to Customers

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

- health plans, distribution channels and health systems

World-class commercial organization competing across market segments

- Brands, generics, biosimilars, and OTCs

Better positioned with Forest's strong U.S. primary care sales force to drive increased sales of Actavis brands

- primary care
- specialists
- women's healthcare

- urologists
- gastroenterologists
- dermatologists

Company Leadership

Company to be led by Paul Bisaro from Actavis and Brent Saunders from Forest

Management teams from both companies to begin pre-integration activities to build a world class high-performance company focused on sustainable double-digit growth following the close

Revenue synergy opportunities

Selling Actavis products through our PC sales force

Leveraging
Actavis
international
structure
to
sell
our

products

Focus Integration Strategy to Achieve Cost Synergies

Preliminary estimate of operational cost & tax
synergies

~ \$1 billion

Additional cost synergy opportunities

Benefits from combined corporate structure

Manufacturing & API efficiencies
Savings are above and beyond Aptalis
integration synergies and Project Rejuvenate
cost savings targets

Aptalis Integration and Project Rejuvenate will Remain on Track to Deliver
Significant Value

11

L1

L2

L3

L4-5

L6+

March

Forest + Aptalis = Stronger & More Relevant

Project

Rejuvenate

Well Underway

Why Does This Deal with Actavis Make Sense?

Creates broad & diverse portfolio with multiple blockbuster therapeutic franchises which drive robust organic growth

Enables us to spend \$1 billion on drug development & research

Produces strong cash flow and geographic presence which create opportunity to accelerate growth through business development

New opportunities with broader business allow us to continue to retain and develop world class talent

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What Should I Do Next?

1.
Maximize the brand & launch performance
2.
Deliver on very important near term pipeline
3.
Reduce cost structure without impairing launches or near term pipeline priorities
4.
Use our balance sheet to drive growth and create value

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We can stay focused and execute on these priorities

addition, we distribute refined products through one leased light product terminal, two light product terminals in which we have partial ownership interests but do not operate and approximately 60 third-party light product and 10 third-party asphalt terminals in our market area. The following table sets forth additional details about our owned and operated terminals at December 31, 2013.

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Owned and Operated Terminals	Number of Terminals	Tank Storage Capacity (million barrels)	Number of Tanks	Number of Loading Lanes
Light Product Terminals:				
Alabama	2	0.4	20	4
Florida	4	2.9	84	22
Georgia	4	0.9	38	9
Illinois	4	1.2	44	14
Indiana	6	2.8	71	17
Kentucky	6	2.3	68	24
Louisiana	1	0.1	8	2
Michigan	9	2.3	87	28
North Carolina	4	1.2	48	13
Ohio	13	3.9	160	33
Pennsylvania	1	0.3	10	2
South Carolina	1	0.4	9	3
Tennessee	4	1.0	42	12
Virginia	1	0.3	12	2
West Virginia	2	0.1	10	2
Wisconsin	2	0.8	19	7
Subtotal light product terminals	64	20.9	730	194
Asphalt Terminals:				
Florida	1	0.2	6	3
Illinois	2	0.1	27	6
Indiana	2	0.4	13	6
Kentucky	4	0.6	62	14
Louisiana	1	0.1	11	2
Michigan	1	—	—	8
New York	1	0.1	4	3
Ohio	4	2.0	66	10
Pennsylvania	1	0.5	25	8
Tennessee	2	0.4	46	8
Subtotal asphalt terminals	19	4.4	260	68
Total owned and operated terminals	83	25.3	990	262

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Transportation

As of December 31, 2013, our marine transportation operations included 17 owned and one leased towboat, as well as 184 owned and 16 leased barges that transport refined products and crude oil on the Ohio, Mississippi and Illinois rivers and their tributaries and inter-coastal waterways. The following table sets forth additional details about our towboats and barges.

Class of Equipment	Number in Class	Capacity (thousand barrels)
Inland tank barges: ^(a)		
Less than 25,000 barrels	60	848
25,000 barrels and over	140	4,097
Total	200	4,945

Inland towboats:

Less than 2,000 horsepower	2
2,000 horsepower and over	16
Total	18

^(a) All of our barges are double-hulled.

As of December 31, 2013, we owned 170 transport trucks and 161 trailers with an aggregate capacity of 1.5 million gallons for the movement of refined products and crude oil. In addition, we had 2,138 leased and 27 owned railcars of various sizes and capacities for movement and storage of refined products. The following table sets forth additional details about our railcars.

Class of Equipment	Number of Railcars			Capacity per Railcar
	Owned	Leased	Total	
General service tank cars	—	763	763	20,000-30,000 gallons
High pressure tank cars	—	1,166	1,166	33,500 gallons
Open-top hoppers	27	209	236	4,000 cubic feet
	27	2,138	2,165	

Speedway

Our Speedway segment sells gasoline and merchandise through convenience stores that it owns and operates, primarily under the Speedway brand. Diesel fuel is also sold at the vast majority of these convenience stores. Speedway-branded convenience stores offer a wide variety of merchandise, including prepared foods, beverages and non-food items. Speedway's Speedy Rewards® loyalty program has been an industry-leading loyalty program since its inception in 2004, with a consistently growing base of more than 3.7 million active members. Due to Speedway's ability to capture and analyze member-specific transactional data, Speedway is able to offer the Speedy Rewards® members discounts and promotions specific to their buying behavior. We believe Speedy Rewards® is a key reason customers choose Speedway over competitors and it continues to drive significant value for both Speedway and our Speedy Rewards® members.

The demand for gasoline is seasonal, with the highest demand usually occurring during the summer driving season. Margins from the sale of merchandise tend to be less volatile than margins from the retail sale of gasoline and diesel fuel. The following table sets forth Speedway merchandise statistics for the past three years.

Speedway Merchandise Statistics	2013	2012	2011	
Merchandise sales (in millions)	\$3,135	\$3,058	\$2,924	
Merchandise gross margin (in millions)	825	795	719	
Merchandise as a percent of total gross margin	65	% 67	% 65	%

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As of December 31, 2013, Speedway had 1,478 convenience stores in nine states, which includes the 2013 expansion into Pennsylvania and Tennessee. The following table sets forth the number of convenience stores by state owned by our Speedway segment as of December 31, 2013.

State	Number of Convenience Stores
Illinois	107
Indiana	305
Kentucky	145
Michigan	302
Ohio	484
Pennsylvania	5
Tennessee	7
West Virginia	59
Wisconsin	64
Total	1,478

Pipeline Transportation

As of December 31, 2013, we owned, leased or had ownership interests in approximately 8,300 miles of crude oil and products pipelines, of which approximately 2,900 miles are owned through our investments in MPLX and Pipe Line Holdings.

MPLX

In 2012, we formed MPLX, a master limited partnership, to own, operate, develop and acquire pipelines and other midstream assets related to the transportation and storage of crude oil, refined products and other hydrocarbon-based products. On October 31, 2012, MPLX completed its initial public offering. We own a 73.6 percent interest in MPLX, including the two percent general partner interest. As of December 31, 2013, MPLX's assets consisted of a 56 percent general partner interest in Pipe Line Holdings, which owns common carrier pipeline systems through Marathon Pipe Line LLC ("MPL") and Ohio River Pipe Line LLC ("ORPL"), and a 100 percent interest in a one million barrel butane storage cavern in West Virginia. In addition, we own the remaining 44 percent limited partner interest in Pipe Line Holdings.

On February 27, 2014, we announced that an additional 13 percent of Pipe Line Holdings will be sold to MPLX effective on March 1, 2014. MPLX intends to finance the acquisition with cash on-hand and by borrowing on its revolving credit agreement. This will increase MPLX's and reduce our ownership interest in Pipe Line Holdings to 69 percent and 31 percent, respectively.

As of December 31, 2013, Pipe Line Holdings, through MPL and ORPL, owned or leased and operated 1,004 miles of common carrier crude oil lines and 1,902 miles of common carrier products lines comprising 30 systems located in nine states and four tank farms in Illinois and Indiana with available storage capacity of 3.29 million barrels that is committed to MPC. The table below sets forth additional detail regarding the pipeline systems and storage assets we owned through Pipe Line Holdings and MPLX as of December 31, 2013.

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Pipeline System or Storage Asset	Origin	Destination	Diameter (inches)	Length (miles)	Capacity ^(a)	Associated MPC refinery
Crude oil pipeline systems (mbpd):						
Patoka, IL to Lima, OH crude system	Patoka, IL	Lima, OH	20"-22"	302	249	Detroit, Canton
Catlettsburg, KY and Robinson, IL crude system	Patoka, IL	Catlettsburg, KY & Robinson, IL	20"-24"	484	495	Catlettsburg, Robinson
Detroit, MI crude system ^(b)	Samaria & Romulus, MI	Detroit, MI	16"	61	320	Detroit
Wood River, IL to Patoka, IL crude system ^(b)	Wood River & Roxana, IL	Patoka, IL	12"-22"	115	314	All Midwest refineries
Inactive pipelines				42	N/A	
Total				1,004	1,378	
Products pipeline systems (mbpd):						
Garyville, LA products system	Garyville, LA	Zachary, LA	20"-36"	72	389	Garyville
Texas City, TX products system	Texas City, TX	Pasadena, TX	16"-36"	42	215	Texas City, Galveston Bay
ORPL products system	Various	Various	6"-14"	518	241	Catlettsburg, Canton
Robinson, IL products system ^(b)	Various	Various	10"-16"	1,173	548	Robinson
Louisville, KY Airport products system	Louisville, KY	Louisville, KY	6"-8"	14	29	Robinson
Inactive pipelines ^(b)				83	N/A	
Total				1,902	1,422	
Wood River, IL barge dock (mbpd)					84	Garyville
Storage assets (thousand barrels):						
Neal, WV butane cavern ^(c)					1,000	Catlettsburg
Patoka, IL tank farm					1,386	All Midwest refineries
Wood River, IL tank farm					419	All Midwest refineries
Martinsville, IL tank farm					738	Detroit, Canton
Lebanon, IN tank farm					750	Detroit, Canton
Total					4,293	

All capacities reflect 100 percent of the pipeline systems' and barge dock's average capacity in thousands of barrels per day and 100 percent of the available storage capacity of our butane cavern and tank farms in thousand of barrels. Crude oil capacity is based on light crude oil barrels.

^(b) Includes pipelines leased from third parties.

^(c) The Neal, WV butane cavern is 100 percent owned by MPLX.

The Pipe Line Holdings common carrier pipeline network is one of the largest petroleum pipeline systems in the United States, based on total volume delivered. Third parties generated 13 percent of the crude oil and refined product

shipments on these common carrier pipelines in 2013, excluding volumes shipped by MPC under joint tariffs with third parties. These common carrier pipelines transported the volumes shown in the following table for each of the last three years.

Pipeline Throughput (mbpd) ^{(a)(b)}	2013	2012	2011
Crude oil pipelines	1,063	1,029	993
Refined products pipelines	911	980	1,031
Total	1,974	2,009	2,024

MPLX predecessor volumes reported in MPLX's filings include our undivided joint interest crude oil pipeline

^(a) systems for periods prior to MPLX's initial public offering, which were not contributed to MPLX. The undivided joint interest volumes are not included above.

^(b) Volumes represent 100 percent of the throughput through these pipelines.

MPC-Retained Assets and Investments

In addition to our ownership interest in Pipe Line Holdings, we retained ownership interests in several crude oil and products pipeline systems and pipeline companies. MPC consolidated volumes transported through our common carrier pipelines, which include MPLX and our undivided joint interests, are shown in the following table for each of the last three years.

MPC Consolidated Pipeline Throughput (mbpd)	2013	2012	2011
Crude oil pipelines	1,280	1,190	1,184
Refined products pipelines	911	980	1,031
Total	2,191	2,170	2,215

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As of December 31, 2013, we owned undivided joint interests in the following common carrier crude oil pipeline systems.

Pipeline System	Origin	Destination	Diameter (inches)	Length (miles)	Ownership Interest	Operated by MPL
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