

FOREST LABORATORIES INC
Form 10-Q
February 13, 2003

FORM 10-Q
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

(Mark One)

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

For the Quarterly Period Ended December 31, 2002

TRANSITION 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
*(State or other jurisdiction of
incorporation or organization)*

11-1798614

*(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)

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 ____

Number of shares outstanding of Registrant's Common Stock as of February 13, 2003:
363,002,919.

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FOREST LABORATORIES, INC. AND SUBSIDIARIES
Condensed Consolidated Balance Sheets

<i>(In thousands)</i>	December 31, 2002 <u>(Unaudited)</u>	<u>March 31, 2002</u>
<u>Assets</u>		
Current assets:		
Cash (including cash equivalent investments of \$1,244,139 in December and \$441,399 in March)	\$1,246,933	\$ 459,861
Marketable securities	79,318	151,660
Accounts receivable, less allowance for doubtful accounts of \$15,963 in December and \$13,641 in March	154,636	116,290
Inventories, net	415,790	348,215
Deferred income taxes	110,957	90,710
Refundable income taxes		12,733
Other current assets	<u>12,501</u>	<u>15,643</u>
Total current assets	<u>2,020,135</u>	<u>1,195,112</u>
Marketable securities	<u>45,086</u>	<u>281,347</u>
Property, plant and equipment	288,386	226,053
Less: accumulated depreciation	<u>83,299</u>	<u>67,014</u>
	<u>205,087</u>	<u>159,039</u>

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Other assets:		
Goodwill, net	14,965	14,965
License agreements, product rights and other intangible assets, less accumulated amortization of \$215,301 in December and \$191,652 in March	284,840	265,314
Deferred income taxes	17,656	16,364
Other	<u>19,476</u>	<u>19,732</u>
Total other assets	<u>336,937</u>	<u>316,375</u>
Total assets	\$2,607,245 =====	\$1,951,873 =====

See notes to condensed consolidated financial statements.

FOREST LABORATORIES, INC. AND SUBSIDIARIES
Condensed Consolidated Balance Sheets

	December 31, 2002	
	<u>(Unaudited)</u>	<u>March 31, 2002</u>
<i>(In thousands, except for par values)</i>		
<u>Liabilities and Shareholders' Equity</u>		
Current liabilities:		
Accounts payable	\$ 102,201	\$ 79,396
Accrued expenses	242,665	164,250
Income taxes payable	<u>109,841</u>	<u>81,322</u>
Total current liabilities	<u>454,707</u>	<u>324,968</u>
Deferred income taxes	<u>1,935</u>	<u>1,816</u>
Shareholders' equity:		
Series A junior participating preferred stock, \$1.00 par; shares authorized 1,000; no shares issued or outstanding		
Common stock, \$.10 par; shares authorized 500,000; issued 398,046 shares in December and 394,009 shares in March	39,805	39,401

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Capital in excess of par	669,538	600,748
Retained earnings	1,739,323	1,298,072
Accumulated other comprehensive loss	(<u>6,393</u>)	(<u>23,290</u>)
	2,442,273	1,914,931
Less common stock in treasury, at cost (35,521 shares in December and 35,497 shares in March)	<u>291,670</u>	<u>289,842</u>
 Total shareholders' equity	 <u>2,150,603</u>	 <u>1,625,089</u>
 Total liabilities and shareholders' equity	 \$2,607,245	 \$1,951,873
	=====	=====

See notes to condensed consolidated financial statements.

FOREST LABORATORIES, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Income
(Unaudited)

<i>(In thousands, except per share amounts)</i>	Three Months Ended		Nine Months Ended	
	December 31,		December 31,	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
Net sales	\$586,804	\$403,100	\$1,585,592	\$1,129,875
Other income	<u>7,078</u>	<u>8,819</u>	<u>31,703</u>	<u>25,626</u>
	<u>593,882</u>	<u>411,919</u>	<u>1,617,295</u>	<u>1,155,501</u>
Costs and expenses:				
Cost of goods sold	134,363	95,648	364,869	267,833
Selling, general and administrative	177,163	152,500	516,983	438,206
Research and development	<u>51,886</u>	<u>41,025</u>	<u>153,471</u>	<u>112,410</u>
	<u>363,412</u>	<u>289,173</u>	<u>1,035,323</u>	<u>818,449</u>

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Income before income taxes	230,470	122,746	581,972	337,052
Income tax expense	<u>55,889</u>	<u>35,351</u>	<u>140,721</u>	<u>95,651</u>
Net income	\$174,581 =====	\$ 87,395 =====	\$ 441,251 =====	\$ 241,401 =====
Net income per common and common equivalent share:				
Basic	\$0.48 =====	\$0.25 =====	\$1.23 =====	\$0.68 =====
Diluted	\$0.47 =====	\$0.24 =====	\$1.18 =====	\$0.65 =====
Weighted average number of common and common equivalent shares outstanding:				
Basic	361,877 =====	355,906 =====	360,124 =====	354,728 =====
Diluted	375,417 =====	370,676 =====	372,849 =====	370,086 =====

See notes to condensed consolidated financial statements.

FOREST LABORATORIES, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Comprehensive Income
(Unaudited)

<i>(In thousands)</i>	Three Months Ended		Nine Months Ended	
	December 31,		December 31,	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
Net income	\$174,581	\$87,395	\$441,251	\$241,401
Other comprehensive income (loss)	<u>5,375</u>	<u>(3,649)</u>	<u>16,897</u>	<u>952</u>
Comprehensive income	\$179,956 =====	\$83,746 =====	\$458,148 =====	\$242,353 =====

See notes to condensed consolidated financial statements.

FOREST LABORATORIES, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Cash Flows
(Unaudited)

(In thousands)	Nine Months Ended December 31,	
	2002	2001
Cash flows from operating activities:		
Net income	\$ 441,251	\$241,401
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	15,225	10,605
Amortization and write-off of intangibles	24,644	34,595
Deferred income tax benefit	(37,044)	(5,970)
Foreign currency translation gain	(360)	(355)
Tax benefit realized from the exercise of stock options by employees	53,095	28,004
Net change in operating assets and liabilities:		
Decrease (increase) in:		
Accounts receivable, net	(38,346)	(2,335)
Inventories, net	(67,575)	(59,672)
Refundable income taxes	12,733	(764)
Other current assets	3,142	(1,899)
Increase in:		
Accounts payable	22,805	18,012
Accrued expenses	78,415	29,598
Income taxes payable	28,519	30,803
Decrease in other assets	<u>256</u>	<u>6,679</u>
Net cash provided by operating activities	<u>536,760</u>	<u>328,702</u>
Cash flows from investing activities:		
Purchase of property, plant and equipment, net	(60,784)	(22,344)
Purchase of marketable securities: available-for-sale	(554,228)	(427,386)

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Redemption of marketable securities: available-for-sale	862,831	188,427
Purchase of license agreements, product rights and other intangible assets	(<u>43,960</u>)	(<u>18,000</u>)
Net cash provided by (used in) investing activities	<u>203,859</u>	(<u>279,303</u>)
Cash flows from financing activities:		
Net proceeds from common stock options exercised by employees under stock option plans	<u>29,895</u>	<u>19,444</u>
Effect of exchange rate changes on cash	<u>16,558</u>	<u>1,233</u>
Increase in cash and cash equivalents	787,072	70,076
Cash and cash equivalents, beginning of period	<u>459,861</u>	<u>379,549</u>
Cash and cash equivalents, end of period	\$1,246,933 =====	\$449,625 =====
Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Income taxes	\$83,725	\$43,915
See notes to condensed consolidated financial statements.		

FOREST LABORATORIES, INC. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
(Unaudited)

1. Basis of Presentation:

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of Management, all adjustments (consisting of only normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the nine-month period ended December 31, 2002 are not necessarily indicative of the results that may be expected for the year ending March 31, 2003. For further information refer to the consolidated financial statements and footnotes thereto incorporated by reference in the Company's Annual Report on Form 10-K for the year ended March 31, 2002.

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In December 2002, the FASB issued SFAS No. 148, "Accounting for Stock-Based Compensation - Transition and Disclosure." SFAS No. 148 amends certain provisions of SFAS No. 123 and is effective for financial statements for fiscal years ending after December 15, 2002. The Company has elected to continue using the intrinsic value method and will provide expanded disclosures in the future.

2. Inventories:

Inventories, net of reserves for obsolescence, consist of the following:

(In thousands)	December 31, 2002	
	<u>(Unaudited)</u>	<u>March 31, 2002</u>
Raw materials	\$ 85,713	\$186,646
Work in process	21,259	14,480
Finished goods	<u>308,818</u>	<u>147,089</u>
	\$415,790	\$348,215
	=====	=====

3. Intangible Assets:

Marketing agreement:

In December 2001, the Company signed a marketing agreement with Sankyo Pharma Inc. to co-promote Benicar™ for the treatment of hypertension. The Company will co-promote the product for a period of up to six years and receive a share of the product profits during that period as defined. The Company will receive a reduced share of the product profits for a specified period thereafter. Benicar was commercially launched in the first quarter of fiscal 2003, at which time the Company paid Sankyo \$43,960,000. The costs incurred for Benicar were included in other intangible assets and will be amortized in the future based on estimated revenues.

4. Net Income Per Share:

A reconciliation of shares used in calculating basic and diluted net income per share follows:

(In thousands)	Three Months Ended		Nine Months Ended	
	<u>December 31,</u>		<u>December 31,</u>	
	<u>2002</u>	<u>—</u>	<u>2002</u>	<u>2001</u>
		<u>2001</u>		
Basic	361,877	355,906	360,124	354,728
Effect of assumed conversion of employee stock options and warrants	<u>13,540</u>	<u>14,770</u>	<u>12,725</u>	<u>15,358</u>
Diluted	375,417	370,676	372,849	370,086
	=====	=====	=====	=====

There were no outstanding options or warrants excluded from the computation of diluted earnings per share for the three-month period ended December 31, 2002, as none were anti-dilutive. Options to purchase approximately 2,896,000 shares of common stock at exercise prices ranging from \$41.49 to \$48.34 per share that were outstanding

during a portion of the nine-month period ended December 31, 2002 were not included in the computation of diluted earnings per share because they were anti-dilutive. Options to purchase approximately 4,272,000 shares of common stock at exercise prices ranging from \$38.15 to \$39.52 per share that were outstanding during a portion of the three and nine-month periods ended December 31, 2001 were not included in the computation of diluted earnings per share because they were anti-dilutive. These options expire through 2012.

The two-for-one stock split effected as a 100% stock dividend as of December 23, 2002 has been reflected retroactively for all outstanding common stock and stock options.

FOREST LABORATORIES, INC. AND SUBSIDIARIES

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Financial Condition and Liquidity

Net current assets increased by \$695,284,000 from March 31, 2002. Continuing growth of the Company's principal promoted products during the period, particularly our antidepressant franchise, contributed to increases in cash, accounts receivable and inventories. The Company expanded its antidepressant franchise in September 2002 with the launch of Lexapro™. Lexapro, a selective serotonin reuptake inhibitor (SSRI), is a single isomer of Celexa™, and together the two products achieved an overall market share of approximately 22% of new prescriptions at the end of the period. During the period, a portion of the Company's long-term investment portfolio matured and was placed into short-term cash equivalent investments as the returns on either type of investment did not vary significantly. During the first fiscal quarter, the Company made a \$43,960,000 marketing rights payment to Sankyo Pharma upon the launch of Benicar™, an angiotensin receptor blocker for the treatment of hypertension. Pursuant to the co-promotion agreement, Forest is co-promoting Benicar with Sankyo for a period of up to six years and will receive a share of the product profits, as defined. The Company will continue to receive a reduced residual share of the product profits for a specified period thereafter. The payment to Sankyo was included in license agreements, product rights and other intangible assets, and will be amortized against future revenues. Increases in deferred income taxes, accounts payable, accrued expenses and income taxes payable were due to increases in the level of the Company's overall ongoing operations.

Property, plant and equipment increased as the result of the continuing expansion of the Company's facilities in order to meet current and future product demands and an expanding workforce. The Company is renovating a newly acquired building on Long Island, New York to be used as a research and development facility and completed the renovation of leased office space in New Jersey. Further property expansions and acquisitions are planned in the future, including the expansion of its packaging and distribution facility also located on Long Island, to meet the needs from increased sales and related production, warehousing and distribution, and for products under development.

The Company is a party to several license agreements for products currently under development that may obligate Forest, in future periods, to pay additional amounts subject to the achievement of certain product development milestones, as defined.

Management believes that current cash levels, coupled with funds to be generated by ongoing operations, will continue to provide adequate liquidity to facilitate potential acquisitions of products and capital investments.

Results of Operations

Net sales for the three months ended December 31, 2002 increased by \$183,704,000 or 46% to \$586,804,000 as compared with the same period last year. Sales of Celexa amounted to \$371,207,000, an increase of \$90,705,000 over the same period last year, of which \$81,873,000 was due to volume. Sales of Lexapro, which the Company launched on September 5, 2002, were \$80,987,000. Both Celexa and Lexapro are SSRI's for the treatment of depression. However, in clinical trials Lexapro demonstrated significant clinical benefits as compared to Celexa. Therefore, upon the introduction of Lexapro, the Company ceased its promotion of Celexa. At December 31, 2002, Celexa's share of new prescriptions in the SSRI market was approximately 14% and Lexapro's share was approximately 8%. A portion of Lexapro's market share has come from Celexa and it is expected that sales of Celexa will decline as Lexapro continues to gain market share. Lexapro has patent protection until 2009 and the Company has applied for an extension to 2011. Celexa has Hatch Waxman marketing exclusivity through January 2004, the first point at which a generic competitor may file an ANDA for review by the FDA. Net sales of Tiazac® increased \$5,881,000 during the quarter due primarily to volume, as that product continues to respond to promotional activity. The remainder of the net sales change of \$6,131,000 was due primarily to price increases for our generic and other non-promoted product lines.

For the nine months ended December 31, 2002 net sales rose \$455,717,000 or 40% over the same period last year to \$1,585,592,000. Sales of the antidepressant franchise were \$1,211,776,000, an increase of \$437,110,000 or 56%, of which \$316,854,000 was due to volume. Sales of Lexapro were \$102,736,000 from its September launch until December 31, 2002. The remainder of the net sales change of \$18,607,000 was due primarily to volume increases for Tiazac and price increase for the Company's generic and non-promoted product lines.

Other income declined slightly in the current quarter as compared to the same period last year due primarily to lower contract income on sales of Climara®, marketed by Berlex in which the Company has a residual royalty interest, and lower interest income as a result of lower rates. Interest income increased for the nine-month period ended December 31, 2002 despite lower interest rates due to increases in funds available for investment.

Cost of goods sold as a percentage of sales decreased to 23% in the three and nine-month periods ended December 31, 2002 from 24% for the same periods last year. The decline was due to manufacturing efficiencies and product mix. Sales of the Company's antidepressant franchise, which have a relatively lower cost of goods, comprised 77% and 76% of total consolidated net sales for the quarter and nine months ended December 2002, respectively, as compared to 70% and 69% for the quarter and nine months ended December 2001, respectively.

For the quarter and nine months ended December 31, 2002, selling, general and administrative expense increased by \$24,663,000 and \$78,777,000, respectively. The increases resulted from increased marketing costs in connection with the launch of Lexapro and the hiring of additional sales representatives in connection with new product launches. During the first quarter of fiscal 2003, the Company completed the 600-person salesforce expansion begun in the fourth quarter of fiscal 2002 and during the current quarter, an additional 170 sales representatives were added to the salesforce. These expansions were undertaken to facilitate the launches of Benicar and Lexapro and have brought the total number of sales representatives and managers to approximately 2,300.

Research and development expenses increased \$10,861,000 and \$41,061,000, respectively, during the three and nine-month periods ended December 31, 2002, from the same periods last year, due primarily to costs associated with ongoing clinical trials and from staff increases and associated costs required to support currently marketed products and products in various stages of development. During the periods presented, particular emphasis was placed on memantine and dexloxiglumide. Memantine, a moderate-affinity uncompetitive N-methyl D-aspartate (NMDA) receptor antagonist, is being developed for the treatment of Alzheimer's disease and neuropathic pain. The Company filed an NDA for memantine's treatment of Alzheimer's disease on July 31, 2002. Subsequent to this submission, the results of an additional clinical trial comparing a regimen of memantine in addition to Aricept® (Aricept is a registered trademark of Eisai Co., Ltd.) showed significant benefits. Following the announcement of the results of the new study, the Company voluntarily withdrew and re-filed the NDA in December 2002, which now includes three clinical trials for moderate to severe Alzheimer's disease. During the year clinical trials were conducted for additional indications for Lexapro, and a supplemental NDA was filed in November for generalized anxiety disorder.

Dexloxiglumide, for the treatment of constipation-prone irritable bowel syndrome, is currently in Phase III clinical testing. Other products currently in our pipeline for which clinical studies are being conducted include: neramexane, an NMDA receptor antagonist, which is currently in Phase II clinical trials and is being tested for various CNS disorders; Aerospan® for asthma and oxycodone/ibuprofen for moderate to severe pain both of which received approvable letters and remain under review with the FDA. Forest received an approvable letter from the FDA in August 2002 regarding lercanidipine, which is for the treatment of hypertension. In December 2002, the FDA indicated that it would require the Company to conduct additional clinical trials in order to approve the dosing regimen requested by Forest. The Company is presently re-evaluating the current lercanidipine formulation and developing a clinical program to support the requested dosing regimen. The Company anticipates further increases in research and development for next year and beyond.

Income tax expense as a percentage of income before taxes decreased to 24% in the quarter and nine months ended December 31, 2002 from 29% and 28% for the same periods last year, respectively. As anticipated, the lower effective tax rate was a direct result of the increase in the proportion of income recognized by our Irish subsidiary, which is both the licensee and manufacturer of Celexa, Lexapro and several other products under development. The Company's Irish subsidiary is subject to a significantly lower tax rate than the rate in effect in the United States.

The Company expects to continue its profitability during the current fiscal year with continued growth of Lexapro and its other principal promoted products.

Inflation has not had a material effect on the Company's operations for the periods presented.

Forward Looking Statements

Except for the historical information contained herein, the Management Discussion and other portions of this Form 10-Q contain forward looking statements that involve a number of risks and uncertainties, including the difficulty of predicting FDA approvals, acceptance and demand for new pharmaceutical products, the impact of competitive products and pricing, the timely development and launch of new products and the risk factors listed from time to time in the Company's SEC reports, including the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2002.

Quantitative and Qualitative Disclosures About Market Risk

In the normal course of business, operations of the Company may be exposed to fluctuations in currency values and interest rates. These fluctuations can vary the costs of financing, investing and operating transactions. Because the Company had no debt and only minimal foreign currency transactions, there was no material impact on earnings from fluctuations in interest and currency exchange rates.

Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures. The Company's Chief Executive Officer and its Chief Financial Officer, after evaluating the effectiveness of the Company's disclosure controls and procedures (as defined in the Securities Exchange Act of 1934 Rules 13a-14(c) and 15d-14(c) as of a date within 90 days of the filing date of this quarterly report on Form 10-Q (the "Evaluation Date"), have concluded that as of the Evaluation Date, the Company's disclosure controls and procedures were adequate and effective to ensure that material information relating to the Company and its consolidated subsidiaries would be made known to them by others within those entities, particularly during the period in which this quarterly report on Form 10-Q was being prepared.

(b) Changes in Internal Controls. There were no significant changes in the Company's internal controls or in other factors that could significantly affect the Company's disclosure controls and procedures subsequent to the Evaluation Date, nor any significant deficiencies or material weaknesses in such disclosure controls and procedures requiring

corrective actions. As a result, no corrective actions were taken.

Part II - Other Information

Item 1. Legal Proceedings

Reference is hereby made to the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2002 for a description of certain legal proceedings to which the Company is a party.

Item 6. Exhibits and Reports on Form 8-K

- (a) Exhibit 99.1 and Exhibit 99.2
- (b) Reports on Form 8-K. None

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: February 13, 2003

Forest Laboratories, Inc.

(Registrant)

/s/ Howard Solomon

Howard Solomon
Chairman of the Board,
Chief Executive Officer
and Director

/s/ John E. Eggers

John E. Eggers
Vice President - Finance and

Chief Financial Officer

CERTIFICATION

I, Howard Solomon, Chairman of the Board, Chief Executive Officer and Director, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Forest Laboratories, Inc.;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
 - a. designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - b. evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
 - c. presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
 - a. all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
 - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any

corrective actions with regard to significant deficiencies and material weaknesses.

Date: February 13, 2003

/s/ Howard Solomon

Howard Solomon
Chairman of the Board,
Chief Executive Officer
and Director

CERTIFICATION

I, John E. Eggers, Vice President - Finance and Chief Financial Officer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Forest Laboratories, Inc.;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
 - a. designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - b. evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
 - c. presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
 - a. all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material

weaknesses in internal controls; and

- b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: February 13, 2003

/s/ John E. Eggers

John E. Eggers
Vice President - Finance and
Chief Financial Officer

Exhibit 99.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Forest Laboratories, Inc. (the "Company") on Form 10-Q for the period ended December 31, 2002 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Howard Solomon, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Howard Solomon

Howard Solomon
Chairman of the Board,
Chief Executive Officer
and Director
February 13, 2003

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Forest Laboratories, Inc. (the "Company") on Form 10-Q for the period ended December 31, 2002 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John E. Eggers, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ John E. Eggers

John E. Eggers
Vice President - Finance and
Chief Financial Officer
February 13, 2003