



FOREST LABORATORIES 2006 ANNUAL REPORT



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Forest Laboratories develops, manufactures and markets pharmaceutical products principally in the United States and Europe. Forest's primary therapeutic markets include central nervous system disorders, hypertension, pulmonary disorders and pain management. Forest is currently developing additional compounds in these areas. Forest's principal products include Namenda® for the treatment of moderate to severe Alzheimer's disease; Lexapro®, an SSRI antidepressant for the treatment of depression and generalized anxiety disorder; Benicar®, an angiotensin receptor blocker (ARB) for the treatment of hypertension; and Campral® for the maintenance of abstinence from alcohol in patients with alcohol dependence who are abstinent at treatment initiation.

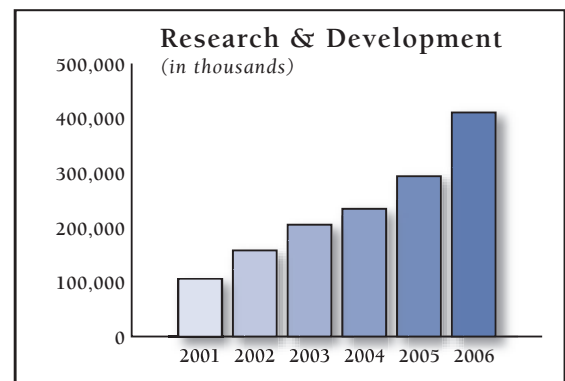
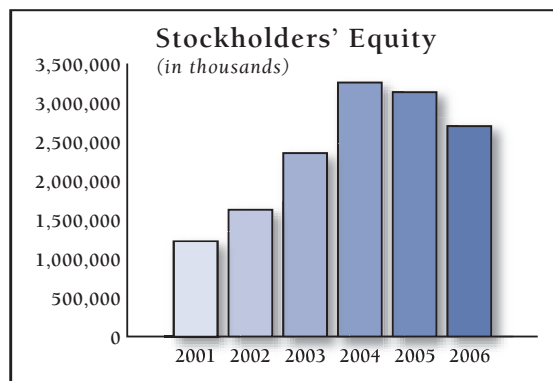
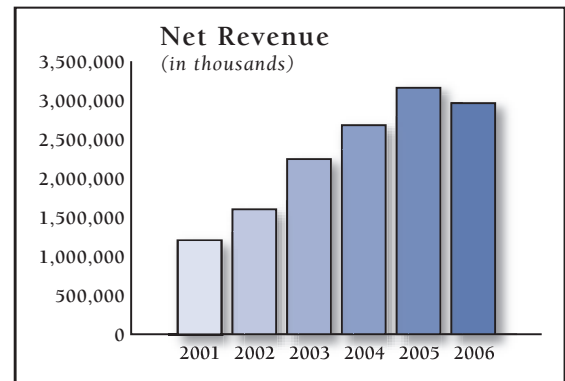
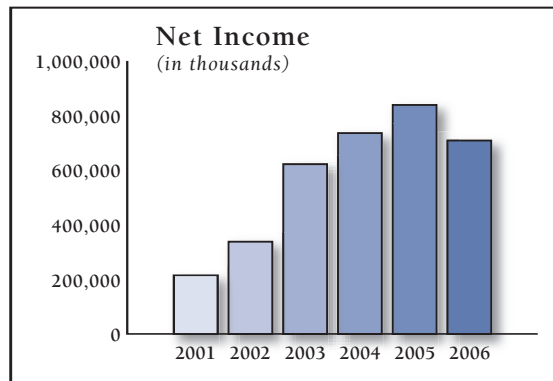
In the United States, Forest's branded pharmaceutical products are marketed directly by the Company's Forest Pharmaceuticals, Forest Therapeutics, Forest Healthcare, Forest Ethicare and Forest Specialty Sales salesforces. The Company's generic products are marketed directly by its Inwood Laboratories, Inc. subsidiary.

In the United Kingdom, Ireland and certain export markets, Forest products are marketed by the Company's subsidiaries, Forest Laboratories U.K. and Forest Tosara Ltd.

Forest Laboratories common stock is traded on the New York Stock Exchange, trading symbol — FRX.

* Benicar is a registered trademark of Daiichi Sankyo and Campral is a registered trademark under license from Merck Sante s.a.s., a subsidiary of Merck KGaA.

Financial Highlights



Fiscal Years Ended March 31,	2006	2005
<i>(In thousands, except per share data)</i>		
Net revenues	\$2,962,390	\$3,159,639
Income before income tax expense	869,512	1,184,755
Income tax expense	160,998	345,950
Net income	708,514	838,805
Earnings per common and common equivalent shares—diluted	\$2.08	\$2.25
Weighted average number of common and common equivalent shares outstanding—diluted	340,321	372,090