Phenomix and Forest Laboratories to Collaborate on Development and Commercialization of Dutogliptin in Diabetes

New York and San Diego, Calif. October 23, 2008 – Forest Laboratories, Inc. (NYSE: FRX) and Phenomix Corporation today announced that they have entered into a definitive collaboration agreement to develop and commercialize dutogliptin (PHX1149) in North America. Dutogliptin is Phenomix' proprietary orally administered, small molecule dipeptidyl-peptidase-4 (DPP-4) inhibitor currently undergoing Phase 3 clinical development in Type 2 diabetes mellitus.

Under the terms of the agreement, Forest will make an upfront payment to Phenomix of $75 million. Phenomix and Forest will jointly develop and commercialize dutogliptin in the United States, and the companies will equally share profits and expenses. Upon commercialization, the parties will co-promote the product in the United States, with Phenomix promoting dutogliptin to endocrinologists and diabetologists and Forest promoting to primary care and specialty physicians. Forest has exclusive rights to develop and commercialize dutogliptin in Canada and Mexico, and Phenomix will receive a royalty on sales in these countries in exchange for the rights to use jointly funded trial data in those countries. Phenomix retains development and commercialization rights to the product outside of North America, and will pay Forest a royalty on net sales in these territories. Phenomix could receive up to $340 million in upfront and milestone payments for the successful development and commercialization of dutogliptin in the United States over the term of the collaboration.

"Diabetes is a widespread and growing disease. We have been eager to find a product with a promising and novel mechanism that we could acquire to develop and market. We believe that Phenomix' DPP-4 inhibitor is a valuable addition to the available treatments to help better control this serious condition," said Howard Solomon, Chairman and Chief Executive Officer of Forest. "Diabetes is treated to a large extent by primary care physicians, with whom the Forest sales force has been particularly successful. We are pleased to work with Phenomix, whose management and scientific team have

demonstrated ingenuity and commitment in bringing dutogliptin from discovery into late-stage clinical development."

"Partnering with Forest is a very important next step for Phenomix in working towards commercialization of dutogliptin for the treatment of patients with Type 2 diabetes," said Laura K. Shawver, Ph.D., Phenomix' Chief Executive Officer. "Forest has a demonstrated capability to develop and commercialize late-stage, large-market compounds, which will help ensure that dutogliptin will be a medically important and commercially successful drug. We are excited that Forest shares our vision and dedication to commercialize dutogliptin for the treatment of this devastating disease."

By comparison to placebo, dutogliptin demonstrated significant reductions in hemoglobin A1c (HbA1c) and fasting plasma glucose in a 12-week Phase 2b clinical study. The study also showed dutogliptin was well tolerated with a low incidence of adverse events. Dutogliptin was administered orally, once daily. Phenomix initiated a Phase 3 clinical development program in the third quarter of 2008. A composition of matter patent application has issued for dutogliptin, which provides protection to 2024, and is subject to extension.

About Diabetes

Diabetes is characterized by high levels of blood glucose due to inadequate production or action of insulin. It can lead to serious medical complications and death. In the United States, more than 10% of adults over the age of 19 have diabetes, and rates are anticipated to increase in the coming years. Type 2 diabetes is the predominant form of diabetes, accounting for 90 to 95% of diagnosed cases.

About Dutogliptin

Dutogliptin is a small molecule inhibitor of the enzyme DPP-4. These inhibitors prevent DPP-4 from breaking down the incretin hormone glucagon-like peptide 1 (GLP-1), thereby increasing the levels of this hormone in the digestive tract and the blood. The

increased levels of GLP-1 stimulate insulin production by the pancreatic beta cells and reduce glucagon production by the pancreas, both of which result in reduced blood glucose levels.

In a double-blind, randomized, 12-week, 422 patient Phase 2b clinical trial, dutogliptin met all primary and secondary endpoints, including statistically significant reductions in HbA1c when administered once-daily in combination with metformin, a glitazone, or metformin and a glitazone for the treatment of Type 2 diabetes. The trial demonstrated dutogliptin's excellent safety and tolerability profile. An ongoing two-year open label extension study continues to evaluate the long-term safety profile of the drug.

About Phenomix

Phenomix (www.Phenomix.com) is a biopharmaceutical company focused on the discovery, development and commercialization of novel small molecule product candidates directed toward clinically validated targets in significant therapeutic markets. The company's internally discovered lead product candidate, dutogliptin (PHX1149), is a DPP-4 inhibitor in Phase 3 development as an oral, once-daily treatment for Type 2 diabetes. The company's second product candidate, PHX1766, is a protease inhibitor currently in preclinical development for the treatment of hepatitis C virus, or HCV, infection. Phenomix is located in San Diego, California.

About Forest Laboratories

Forest Laboratories (NYSE: FRX) is a U.S.-based pharmaceutical company with a long track record of building partnerships and developing and marketing products that make a positive difference in people's lives. In addition to its well-established franchises in therapeutic areas of the central nervous and cardiovascular systems, Forest's current pipeline includes product candidates in all stages of development and across a wide range of therapeutic areas. The company is headquartered in New York, NY. To learn more about Forest Laboratories, visit www.FRX.com.

Except for the historical information contained herein, this release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements involve a number of risks and uncertainties, including the difficulty of predicting FDA approvals, the acceptance and demand for new pharmaceutical products, the impact of competitive products and pricing, the timely development and launch of new products, and the risk factors listed from time to time in Forest Laboratories' Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, and any subsequent SEC filings.

SOURCE: Forest Laboratories, Inc.

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