

CEREXA TO BE ACQUIRED BY FOREST LABS FOR \$480 MILLION PLUS POTENTIAL \$100 MILLION MILESTONE PAYMENT- MERGERS & ACQUISITIONS

Cerexa

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Cerexa Inc. announced it has entered into a definitive agreement to be acquired by Forest Laboratories Inc. (FRX) for \$480 million plus a potential \$100 million milestone payment.

Pursuant to the acquisition, Forest will obtain development and marketing rights worldwide excluding Japan to Ceftaroline, a novel antibiotic that will enter Phase 3 clinical trials early next year, and ME1036, an antibiotic in preclinical development. In addition, Forest will obtain an option to a third early-stage antibiotic. The cash-for-stock transaction is expected to close in Forest's fiscal fourth quarter following the expiration of the Hart-Scott-Rodino antitrust waiting period.

"We are delighted to be entering into this transaction with Forest, which will assume responsibility for the development and future commercialization of Ceftaroline," said Dennis Podlesak, Cerexa's chief executive officer. "Forest has a proven track record of success in developing and commercializing products, as evidenced by the success of the Lexapro/Celexa franchise, and we have great confidence in the company's ability to optimize the therapeutic and commercial potential of the Cerexa portfolio."

Eckard Weber MD, Cerexa's chairman and a partner with Domain Associates, added: "Ceftaroline is a very promising drug candidate that we believe will meet a significant unmet need in the treatment of serious bacterial infections. The company's management team has done an outstanding job advancing Ceftaroline into Phase 3, acquiring additional products and building Cerexa into a great company. This exceptional portfolio will be in great hands with Forest."

In addition to Domain Associates, Cerexa's investors are Canaan Partners, Orbimed Advisors, Frazier Healthcare Ventures, New Leaf Venture Partners, Pappas Ventures, Montreux Equity Partners, EGS Healthcare Capital Partners and Sears Capital Management.

"Ceftaroline is an important late-stage development product that can address serious and life-threatening infections in the hospital setting including MRSA," said Howard Solomon, chairman and chief executive officer of Forest. "This is a significant medical benefit given the increasing prevalence of MRSA, which commonly causes severe 'staph' infections such as skin infections that are resistant to treatment with most antibiotics, and the current limitations of presently available treatment options.

"We have a high degree of confidence in the successful commercialization and financial prospects for Ceftaroline given the strength of the existing clinical data and the clinical need for a next generation hospital-based antibiotic."

Ceftaroline acetate is a member of the cephalosporin class of antibiotics, the most frequently prescribed class of antibiotics in the world. In preclinical studies and clinical trials to date, Ceftaroline demonstrated a favorable safety profile, similar to that of existing cephalosporins. Unlike marketed cephalosporins, Ceftaroline exhibits bactericidal activity against the most resistant strains of Gram-positive bacteria, including MRSA. Ceftaroline has also demonstrated bactericidal activity against penicillin-resistant *Streptococcus pneumoniae* and common Gram-negative bacteria.

Cerexa licensed from Takeda Pharmaceutical Company Ltd. the exclusive right to develop and commercialize Ceftaroline in all countries worldwide except Japan.

In a Phase 2 randomized, observer-blinded, multicenter trial of 99 treated patients with local and systemic signs of cSSSI randomized in a 2:1 ratio to receive Ceftaroline or a vancomycin-based regimen, the clinical cure rate in the clinically evaluable population was 96.7% for patients treated with Ceftaroline and 88.9% for those treated with the gold-standard comparator regimen of vancomycin, with or without adjunctive aztreonam. The microbiological response rate in the microbiologically evaluable population was 95.2% for the Ceftaroline group and 85.7% for the standard therapy group.

Ceftaroline also demonstrated excellent in vitro activity against Gram- positive and Gram-negative organisms isolated from patients in the study, including 100% of methicillin-resistant *Staphylococcus aureus* (MRSA) isolates inhibited at 0.5 mg/L or less.

In the Phase 2 trial, no drug-related serious adverse events were observed for Ceftaroline. In both the Phase 2 trial and earlier Phase 1 trials, Ceftaroline displayed a favorable adverse event profile consistent with the established safety profile of the cephalosporin class, with the vast majority of side effects being mild in nature.

ME1036 is a broad-spectrum parenteral carbapenem that has demonstrated excellent preclinical activity against both aerobic and anaerobic gram- positive and gram-negative bacteria, including common drug-resistant pathogens. Unlike carbapenems that are available today, ME1036 is highly active against methicillin-resistant *Staphylococcus aureus* (MRSA), vancomycin- intermediate *Staphylococcus aureus* (VISA) and vancomycin-resistant *Enterococcus faecalis* (VRE). Cerexa licensed the global development and commercialization rights to ME1036 from Meiji Seika Kaisha Ltd.