

FOREST OIL CORP
Form DEF 14A
March 26, 2009

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[TABLE OF CONTENTS](#)

[Table of Contents](#)

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant ☐
Filed by a Party other than the Registrant ☐
Check the appropriate box:

- ☐ Preliminary Proxy Statement
- ☐ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- ☐ Definitive Proxy Statement
- ☐ Definitive Additional Materials
- ☐ Soliciting Material Pursuant to §240.14a-12

Forest Oil Corporation

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- ☐ No fee required.
- ☐ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
 - (1) Title of each class of securities to which transaction applies:
 - (2) Aggregate number of securities to which transaction applies:
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- o Fee paid previously with preliminary materials.
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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Table of Contents

Forest Oil Corporation
707 Seventeenth Street, Suite 3600
Denver, Colorado 80202

March 26, 2009

Dear Fellow Shareholder:

We cordially invite you to attend the annual meeting of shareholders of Forest Oil Corporation to be held on Tuesday, May 12, 2009, at 9:00 a.m., M.D.T., at the Marriott Hotel, 1701 California Street, Denver, Colorado.

At this year's meeting, you will be asked to elect two Class III directors; approve an additional 500,000 shares for issuance under the Forest Oil Corporation 1999 Employee Stock Purchase Plan and certain administrative changes; and ratify the appointment of Ernst & Young LLP as our independent registered public accountants. Details regarding each of the proposals are described in the accompanying Notice of Annual Meeting of Shareholders and Proxy Statement.

We are pleased to be using the U.S. Securities and Exchange Commission rule that allows companies to furnish their proxy materials over the Internet. As a result, we are mailing to many of our shareholders a notice of the availability of the proxy materials for the annual meeting of shareholders to be held on May 12, 2009 instead of a paper copy of the annual meeting notice, the accompanying proxy statement, and our 2008 Annual Report. The notice contains instructions on how to access those documents over the Internet. The notice also contains instructions on how each of those shareholders can receive a paper copy of our proxy materials, including the notice, the accompanying proxy statement, our 2008 Annual Report, and a form of proxy card or voting instruction card. All shareholders who do not receive a notice will receive a paper copy of the proxy materials by mail. We believe that this process represents a more direct mechanism for disseminating information, will reduce the necessary number of printed copies and thus reduce the environmental impact of producing and delivering these materials, and will pare down the associated costs.

As owners of Forest common stock, your vote is important. Whether or not you plan to attend the annual meeting, we hope that you will vote as soon as possible. You may vote by proxy over the Internet or by telephone, or, if you received paper copies of the proxy materials by mail, you can also vote by mail by following the instructions on the proxy card or voting instruction card.

On behalf of our Board of Directors, thank you for your continued interest in Forest Oil.

Sincerely,

H. Craig Clark
President and Chief Executive Officer

Table of Contents

Forest Oil Corporation
707 Seventeenth Street, Suite 3600
Denver, Colorado 80202

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD ON MAY 12, 2009

We will hold the annual meeting of shareholders of Forest Oil Corporation on Tuesday, May 12, 2009, beginning at 9:00 a.m., M.D.T., at the Marriott Hotel, 1701 California Street, Denver, Colorado 80202. The items of business are:

1. Election of two Class III directors;
2. Approval of an additional 500,000 shares for issuance under the Forest Oil Corporation 1999 Employee Stock Purchase Plan and certain administrative changes;
3. Ratification of the appointment of Ernst & Young LLP as Forest's independent registered public accountants for the year ending December 31, 2009; and
4. Consideration of such other business as may be properly brought before the meeting.

Only Forest shareholders of record at the close of business on March 13, 2009, the record date for the meeting, are entitled to vote at the meeting and any adjournments or postponements of the meeting.

Whether or not you plan to attend the annual meeting, we urge you to vote as soon as possible. You may vote your shares over the Internet, or via a toll-free telephone number. If you received a paper copy of a proxy card or voting instruction card by mail, you may submit your proxy or voting instruction card by completing, signing, dating, and returning your proxy card or voting instruction card in the pre-addressed envelope provided. If you attend the meeting, you will have the right to revoke the proxy and vote your shares in person. For specific instruction on how to vote your shares, please refer to the section heading "GENERAL INFORMATION" in the accompanying proxy statement.

By Order of the Board of Directors,

Cyrus D. Marter IV

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*Senior Vice President, General Counsel and
Secretary*

Denver, Colorado
March 26, 2009

**IMPORTANT NOTICE REGARDING AVAILABILITY OF PROXY MATERIALS
FOR THE FOREST OIL CORPORATION
ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON MAY 12, 2009**

This notice, the accompanying proxy statement, and our 2008 Annual Report to Shareholders, which includes our Annual Report on Form 10-K for the year ended December 31, 2008, are available on our website at www.forestoil.com. Additionally, and in accordance with the new SEC rules, you may access these materials at the cookies-free websites indicated in the notice of the availability of proxy materials that you may receive from our transfer agent, BNY Mellon Shareowner Services, or Broadridge Financial Solutions, Inc.

Table of Contents

TABLE OF CONTENTS

	Page
<u>GENERAL INFORMATION</u>	<u>1</u>
<u>Proxy Solicitation</u>	<u>1</u>
<u>Shareholders Entitled to Vote; Record Date</u>	<u>1</u>
<u>Notice of Internet Availability of Proxy Materials</u>	<u>1</u>
<u>How to Vote Your Shares Without Attending the Annual Meeting in Person</u>	<u>2</u>
<u>Revoking Your Proxy</u>	<u>3</u>
<u>Quorum; Vote Required</u>	<u>3</u>
<u>Other Matters</u>	<u>3</u>
<u>Recommendations of the Board of Directors</u>	<u>3</u>
<u>Delivery of Documents to Security Holders Sharing an Address; Householding</u>	<u>4</u>
<u>Access to Annual Report and Governance Documents</u>	<u>4</u>
<u>CORPORATE GOVERNANCE PRINCIPLES AND INFORMATION ABOUT THE BOARD AND ITS COMMITTEES</u>	<u>4</u>
<u>Board Independence</u>	<u>4</u>
<u>Board Structure; Committee Composition; Meetings</u>	<u>5</u>
<u>Consideration of Director Nominees</u>	<u>7</u>
<u>Compensation Committee Interlocks and Insider Participation</u>	<u>8</u>
<u>Executive Sessions; Non-Executive Chairman</u>	<u>8</u>
<u>Communications with the Board</u>	<u>8</u>
<u>Corporate Governance Guidelines and Code of Business Conduct</u>	<u>8</u>
<u>Director Indemnification and Insurance</u>	<u>9</u>
<u>PROPOSAL NO. 1 ELECTION OF DIRECTORS</u>	<u>9</u>
<u>EXECUTIVE COMPENSATION</u>	<u>12</u>
<u>Compensation Discussion and Analysis</u>	<u>12</u>
<u>Compensation Committee Report</u>	<u>21</u>
<u>Summary Compensation Table</u>	<u>21</u>
<u>2008 Grants of Plan-Based Awards</u>	<u>22</u>
<u>Outstanding Equity Awards at Fiscal Year-End</u>	<u>23</u>
<u>Option Exercises and Stock Vested</u>	<u>24</u>
<u>Pension Benefits</u>	<u>24</u>
<u>Nonqualified Deferred Compensation</u>	<u>25</u>
<u>Potential Payments Upon Termination or Change-of-Control</u>	<u>27</u>
<u>Director Compensation</u>	<u>32</u>
<u>EQUITY COMPENSATION PLAN INFORMATION</u>	<u>34</u>
<u>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT</u>	<u>35</u>
<u>Security Ownership of Beneficial Owners</u>	<u>35</u>
<u>Security Ownership of Management</u>	<u>36</u>
<u>PROPOSAL NO. 2 APPROVAL OF AN ADDITIONAL 500,000 SHARES FOR ISSUANCE UNDER THE 1999 EMPLOYEE STOCK PURCHASE PLAN AND CERTAIN ADMINISTRATIVE CHANGES</u>	<u>37</u>
<u>PROPOSAL NO. 3 RATIFICATION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</u>	<u>40</u>
<u>PRINCIPAL ACCOUNTANT FEES AND SERVICES</u>	<u>40</u>
<u>REPORT OF THE AUDIT COMMITTEE</u>	<u>41</u>
<u>TRANSACTIONS WITH RELATED PERSONS, PROMOTERS AND CERTAIN CONTROL PERSONS</u>	<u>42</u>
<u>Affiliate Transaction Policy</u>	<u>42</u>
<u>Related Party Transactions</u>	<u>42</u>
<u>SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE</u>	<u>43</u>
<u>SHAREHOLDER PROPOSALS FOR 2010 ANNUAL MEETING</u>	<u>43</u>

Table of Contents

PROXY STATEMENT

**ANNUAL MEETING OF SHAREHOLDERS
To Be Held Tuesday, May 12, 2009**

**Forest Oil Corporation
707 Seventeenth Street, Suite 3600
Denver, Colorado 80202
*www.forestoil.com***

GENERAL INFORMATION

Proxy Solicitation

Beginning on or about March 26, 2009, Forest has made available to you on the Internet or delivered paper copies of these proxy materials to you by mail in connection with the solicitation of proxies by the Board of Directors (the "Board") of Forest Oil Corporation ("Forest" and "we" and/or "our"), a New York corporation, for Forest's annual meeting of shareholders to be held at 9:00 a.m., M.D.T., on Tuesday, May 12, 2009, at the Marriott Hotel, 1701 California Street, Denver, Colorado 80202. The proxies also may be voted at any adjournments or postponements of the meeting. In addition to solicitation by mail, certain of our directors, officers, and employees may solicit proxies by telephone, personal contact, or other means of communication. They will not receive any additional compensation for these activities. Also, brokers, banks, and other nominees will be requested to solicit proxies or authorizations from beneficial owners. Forest will bear all costs incurred in connection with the preparation, assembly, and mailing of the proxy materials and the solicitation of proxies and will reimburse brokers, banks, and other nominees, fiduciaries, and custodians for reasonable expenses incurred by them in forwarding proxy materials to beneficial owners of Forest common stock. We have engaged BNY Mellon Shareowner Services to assist us in the solicitation of proxies, and we expect to pay it a fee of \$7,500 and reimburse it for certain charges and expenses.

Shareholders Entitled to Vote; Record Date

Shareholders of record at the close of business on March 13, 2009, the record date, are entitled to notice of and to vote at the meeting, or at adjournments or postponements of the meeting. Each owner of record on the record date is entitled to one vote for each share of Forest common stock held. On March 13, 2009, there were 97,040,205 shares of Forest common stock issued and outstanding.

Notice of Internet Availability of Proxy Materials

Forest is pleased to be using the new U.S. Securities and Exchange Commission ("SEC") rule that allows companies to furnish their proxy materials over the Internet. As a result, Forest is mailing to the majority of its shareholders a notice about the Internet availability of the proxy materials instead of a paper copy of the proxy materials. All shareholders receiving the notice will have the ability to access the proxy materials over the Internet and request to receive a paper copy of the proxy materials by mail. Instructions on how to access the proxy materials over the Internet or to request a paper copy may be found on the notice. See below for details. Forest is providing some of its shareholders, including shareholders who have previously requested to receive paper copies of the proxy materials, with paper copies of the proxy materials instead of a notice about the Internet availability of the proxy materials.

The notice that you receive in the mail will come in one of two forms, depending on how you hold your shares of Forest. If your shares are held in a brokerage account, or by a trustee or other nominee, you

Table of Contents

are considered the "beneficial owner" of those shares and you will receive a four-page document titled "IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS" for the annual meeting of shareholders to be held on May 12, 2009, from Broadridge Financial Solutions, Inc. If your shares are registered directly in your name with our transfer agent, you are considered the "shareholder of record" and you will receive a two-page document from our transfer agent, BNY Mellon Shareowner Services, titled "NOTICE OF INTERNET AVAILABILITY OF PROXY MATERIALS." In either case, instructions on how to access the proxy materials over the Internet and to request paper copies may be found on the notice. Our proxy materials may also be accessed on our website at www.forestoil.com.

How to Vote Your Shares Without Attending the Annual Meeting in Person

Whether you hold shares directly as a shareholder of record, or beneficially in "street name," you may direct how your shares are voted without attending the annual meeting. If you are a shareholder of record, you may vote by submitting a proxy; and if you hold your shares beneficially in street name, you may vote by submitting voting instructions to your broker, trustee, or nominee. There are three ways to vote by proxy and voting instruction card:

By Internet Shareholders who received a notice about the Internet availability of the proxy materials may submit their proxy over the Internet by following the instructions on the notice. Shareholders who have received a paper copy of a proxy card or voting instruction card by mail may submit proxies over the Internet by following the instructions on the proxy card or voting instruction card.

By Telephone Shareholders of record may submit proxies by telephone, by calling the number included in the materials received from BNY Mellon Shareowner Services, and following the instructions. In addition, you will need to have the control number that appears on your notice available when voting. Shareholders who are beneficial owners of their shares and who have received a voting instruction card may vote by calling the number specified on the voting instruction card provided by their broker, trustee, or nominee.

By Mail Shareholders who have received a paper copy of a proxy card or voting instruction card by mail may submit proxies by completing, signing, and dating their proxy card or voting instruction card and mailing it in the accompanying pre-addressed envelope.

If you provide specific voting instructions, your shares will be voted as you instruct. If you sign the proxy card but do not provide instructions or if you do not make specific Internet or telephone voting choices, your shares will be voted "FOR" the election of all director nominees, "FOR" the amendment to the 1999 Employee Stock Purchase Plan, and "FOR" the ratification of the appointment of Ernst & Young LLP ("Ernst & Young") as our independent registered public accountants for the year ending December 31, 2009.

If you sign the proxy card of your broker, trustee, or other nominee, but do not provide instructions, or if you do not make specific Internet or telephone voting choices, your shares will not be voted unless your broker, trustee, or other nominee has discretionary authority to vote. When a broker, trustee, or other nominee holding shares for a beneficial owner does not vote on a particular proposal because the broker does not have authority to vote in the absence of timely instructions from the beneficial owner, this is referred to as a "broker non-vote." Brokers who are members of the NYSE have discretionary authority to vote the shares of a beneficial owner in both the election of our directors and the ratification of Ernst & Young as our independent registered public accountants, but such brokers are not empowered to vote the shares on the proposal to add 500,000 additional shares for issuance under the 1999 Employee Stock Purchase Plan in the absence of specific instructions from the beneficial owner.

Table of Contents

Revoking Your Proxy

A proxy may be revoked at any time before it is voted by (i) sending written notice of revocation to our Secretary at our office address set forth above prior to the annual meeting, (ii) delivering a revised proxy (by one of the methods described above) bearing a later date, or (iii) voting in person by completing a ballot at the annual meeting. If you have instructed a broker, trustee, or other nominee to vote your shares, you must follow the directions received from your broker, trustee, or other nominee to change those instructions. You may change your telephone or Internet vote as often as you wish following the procedures for telephone or Internet voting, as applicable.

Quorum; Vote Required

A majority of the outstanding shares entitled to vote at the meeting must be present or represented by proxy at the meeting in order to have a quorum. All shares that are voted "for" or "against" any matter, votes that are "withheld" for Class III nominees, abstentions, and "broker non-votes" are counted as present for the purpose of determining a quorum. If a quorum is not present at the meeting, a vote for adjournment will be taken among the shareholders present or represented by proxy. If a majority of the shareholders present or represented by proxy vote for adjournment, it is our intention to adjourn the meeting until a later date and to vote proxies received at such adjourned meeting. The place and date to which the annual meeting would be adjourned would be announced at the meeting, but would in no event be more than 30 days after the date of the annual meeting.

Under the laws of New York, our state of incorporation, "votes cast" at a meeting of shareholders by the holders of shares entitled to vote are determinative of the outcome of the matter subject to vote. Although they are considered in determining the presence of a quorum, abstentions and "broker non-votes" will not be considered "votes cast." Accordingly, they will have no effect on the outcome of the vote.

Directors are elected by a plurality of the votes cast at the meeting (that is, the two nominees receiving the greatest number of votes cast will be elected). Votes that are "withheld" will not have an effect on the outcome of this vote. The proposal to approve 500,000 additional shares for issuance under our 1999 Employee Stock Purchase Plan and certain administrative changes, the proposal to ratify the appointment of Ernst & Young as our independent registered public accountants, and any other matter that may properly come before the meeting requires the affirmative vote of a majority of the votes cast at the meeting. Abstentions and "broker non-votes" will not be treated as votes cast and, therefore, will have no effect on the outcome of this vote.

We intend to announce preliminary voting results at the meeting and publish final results in our quarterly report on Form 10-Q for the second quarter of 2009.

Other Matters

The Board knows of no matter, other than those referred to in the notice of annual meeting and this proxy statement, which will be presented at the meeting. If any other matter is properly brought before the meeting or any of its adjournments or postponements, the persons named in the proxy will vote the proxy in accordance with their judgment on such matter.

Recommendations of the Board of Directors

Our Board of Directors recommends a vote "FOR" the election of each of the Class III director nominees, "FOR" the approval of an additional 500,000 shares for issuance under the 1999 Employee Stock Purchase Plan and certain administrative changes, and "FOR" the ratification of the appointment of Ernst & Young as Forest's independent registered public accountants for the year ending December 31, 2009.

Table of Contents

Delivery of Documents to Security Holders Sharing an Address; Householding

The SEC rules permit companies and intermediaries, such as brokers and banks, to satisfy delivery requirements for proxy statements with respect to two or more shareholders sharing the same address by delivering a single proxy statement and annual report to those shareholders. This method of delivery, often referred to as "householding," is meant to reduce both the amount of duplicate information that shareholders receive and printing and mailing costs. We are not householding proxy materials for our shareholders of record in connection with the annual meeting, but we have been notified that certain intermediaries may household proxy materials. If you hold your shares of our common stock beneficially through a broker or bank that has determined to household proxy materials, only one proxy statement and 2008 Annual Report to Shareholders will be delivered to multiple shareholders sharing an address unless you notify your broker or bank to the contrary. If your household is receiving multiple copies of our proxy statement and annual report and you wish to receive only one copy of future notices or proxy materials, you should contact your bank or broker.

We will promptly deliver to you a separate copy of the proxy statement and 2008 Annual Report to Shareholders if you so request by calling us at 303.812.1400, or by writing, in care of the Secretary, Forest Oil Corporation, 707 Seventeenth Street, Suite 3600, Denver, Colorado 80202. You may also contact your bank or broker to make a similar request.

Access to Annual Report and Governance Documents

We refer you to our 2008 Annual Report to Shareholders, which includes our Annual Report on Form 10-K for the year ended December 31, 2008, filed with the SEC. Our Annual Report on Form 10-K, including our financial statements, and any amendments and any documents incorporated by reference in our Annual Report on Form 10-K, our Corporate Governance Guidelines, Code of Business Conduct and Ethics, and each of the committee charters will be sent to you without charge upon written request. If you would like to receive any additional information, please contact us in care of the Secretary, Forest Oil Corporation, 707 Seventeenth Street, Suite 3600, Denver, Colorado 80202, or contact us by telephone at 303.812.1400. Alternatively, you may access the 2008 Annual Report and the foregoing governance documents on Forest's website at www.forestoil.com. The 2008 Annual Report to Shareholders is not considered a part of the proxy solicitation materials.

**CORPORATE GOVERNANCE PRINCIPLES AND
INFORMATION ABOUT THE BOARD AND ITS COMMITTEES**

Board Independence

Our Corporate Governance Guidelines provide that a majority of our Board of Directors (the "Board") will consist of independent directors. The Board has determined that six of our directors are independent, including William L. Britton, Loren K. Carroll, Dod A. Fraser, James H. Lee, James D. Lightner, and Patrick R. McDonald. Mr. Clark is not independent due to his status as President and Chief Executive Officer. Following the annual meeting, only five of our remaining six directors will be independent, as Mr. Britton is not standing for re-election. Only directors who have been determined to be independent serve on our Audit Committee, Compensation Committee, and Nominating and Corporate Governance Committee. The Board uses the independence standards as adopted by the New York Stock Exchange ("NYSE") and the SEC in making these determinations and, based on information provided by the members, has determined that the members of each of these committees have no material relationship with Forest (either directly or indirectly as a partner, shareholder, or officer of an organization that has a relationship with Forest) that may interfere with the exercise of their independence and meet the independence standards. The independence standards are reflected in our Corporate Governance Guidelines. In addition, the Board has elected Mr. Lightner, an independent director, to serve as our non-executive Chairman.

Table of Contents**Board Structure; Committee Composition; Meetings**

As of the date of this proxy statement, our Board has seven members and the following four standing committees: (1) Audit Committee; (2) Compensation Committee; (3) Executive Committee; and (4) Nominating and Corporate Governance Committee. The membership and function of each of the committees are described below. Each of the committees operates under a written charter adopted by the Board. During 2008, the Board held eight meetings. Each director, except Mr. Britton, attended at least 75% of the aggregate of all meetings of the Board and the standing committees on which he served during 2008. Mr. Britton attended approximately 67% of all applicable Board and Committee meetings. Directors are encouraged to attend the annual meeting of shareholders. All of the directors then on the Board attended the 2008 annual meeting of shareholders. The following table identifies the members of the Board, the standing committees of the Board on which they serve, and the Chairman of each committee as of the date of this proxy statement.

Name of Director	Audit Committee	Compensation Committee	Executive Committee	Nominating and Corporate Governance Committee
Independent Directors:				
William L. Britton ⁽¹⁾				X
Loren K. Carroll		X		Chair
Dod A. Fraser ⁽²⁾	Chair			X
James H. Lee	X		X	
James D. Lightner ⁽³⁾		X	Chair	
Patrick R. McDonald	X	Chair		
Employee Director:				
H. Craig Clark			X	
Number of Meetings held in 2008	4	4	1	4

(1) Mr. Britton is not standing for re-election at the annual meeting.

(2) The Board has determined that Mr. Fraser is an "audit committee financial expert" as defined under the applicable SEC rules.

(3) Mr. Lightner serves as non-executive Chairman of the Board.

Audit Committee. The Audit Committee assists the Board in fulfilling its responsibilities for general oversight of the integrity of Forest's financial statements, Forest's compliance with legal and regulatory requirements, the independence and qualifications of Forest's independent registered public accountants, and the performance of Forest's internal audit function and independent registered public accountants. The Audit Committee has the authority to obtain advice and assistance, and receive appropriate funding, from Forest for outside legal counsel, or other advisers as the Audit Committee deems necessary, to carry out its duties. As set forth in the Corporate Governance Guidelines, no member of the Audit Committee may serve on more than three audit committees of public companies, including the Audit Committee of Forest. Among other things, the Audit Committee: appoints and determines the compensation of our independent registered public accountants; pre-approves audit services and non-audit services by our independent registered public accountants; reviews the scope of, process for, and results of the annual independent audit engagement; reviews and discusses with management and the independent registered public accountants our annual and quarterly financial statements; reviews with management our major financial risk exposures; reviews major changes, if any, to our accounting principles and practices; reviews our disclosure controls and procedures, internal controls and internal audit function, which reports to the Audit Committee, and reviews the significant reports prepared by our internal auditors; consults with the

Table of Contents

independent registered public accountants regarding internal control matters and the procedures for our financial reporting processes; approves the selection of our independent petroleum engineers; meets with management and our independent petroleum engineers to review the estimates of our oil and gas reserves; establishes and maintains procedures for the receipt, retention, and treatment of complaints concerning financial matters; prepares an annual report for inclusion in our proxy statement; and annually reviews and reassesses the Audit Committee charter. The Audit Committee consults separately and jointly with the independent registered public accountants, persons responsible for internal audit, and management. The Audit Committee also meets separately with our independent petroleum engineers to review our reserve estimates and the methodologies used in preparing these estimates. The report of the Audit Committee is included in this proxy statement under the caption "Report of the Audit Committee." The Audit Committee charter is available on our website at www.forestoil.com.

Compensation Committee. The Compensation Committee discharges the Board's responsibilities relating to compensation of Forest's executive officers and directors, establishes Forest's overall compensation philosophy, reviews and discusses with management the disclosures under the caption "Compensation Discussion and Analysis" for inclusion in the annual proxy statement, prepares an annual Compensation Committee report, and retains and approves the compensation of any compensation and benefits consultants. The principal functions of the Compensation Committee include: reviewing the compensation strategies and programs for the officers and other Forest employees; determining the individual elements and compensation of the President and Chief Executive Officer; reviewing and approving the corporate goals and objectives relevant to executive officer compensation; evaluating the performance of executive officers (either as a committee or with the other independent directors); and determining the components and total compensation of these officers in accordance with the corporate goals and objectives. The Compensation Committee also administers and determines awards under our restricted stock and stock option, bonus, and other incentive programs, and oversees our other compensation and benefit plans. The report of the Compensation Committee is included in this proxy statement under the caption "Compensation Committee Report." The Compensation Committee charter is available on our website at www.forestoil.com.

Executive Committee. The Executive Committee, between meetings of the Board, exercises the powers of our Board, except as prohibited by law. From time to time, the Board delegates responsibility for specific matters to the Executive Committee.

Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee assists the Board in fulfilling its responsibilities by taking a leadership role in shaping the governance structure of the Company. The Nominating and Corporate Governance Committee oversees the Company's corporate governance principles and recommends candidates to be nominated for election to the Board. The Nominating and Corporate Governance Committee identifies qualified candidates and makes recommendations to the Board for selection of the candidates for all directorships to be filled by the Board or by the shareholders at an annual or special meeting. The Nominating and Corporate Governance Committee will consider other candidates, provided they are presented in accordance with the requirements of Forest's Bylaws or with the procedures outlined below, under the caption "Consideration of Director Nominees *Shareholder Nominees*." The Committee also reviews and assists with the structure and composition of other Board committees. The Nominating and Corporate Governance Committee is also responsible for overseeing the evaluation of the Board and the executive officers, and reviewing on an annual basis, non-employee director compensation and recommending any changes to the Board. As it deems appropriate, the Nominating and Corporate Governance Committee has authority to retain search firms to identify director candidates and approve their compensation. The Nominating and Corporate Governance Committee charter is available on our website at www.forestoil.com.

Table of Contents

Non-Executive Chairman. Mr. Lightner serves as Forest's non-executive Chairman of the Board and presides at all meetings of the Board. The Corporate Governance Guidelines provide for a non-executive independent Presiding Director in the event that the Chairman of the Board also holds the position of Chief Executive Officer.

Consideration of Director Nominees

Director Qualifications. Our Corporate Governance Guidelines contain Board membership criteria that apply to nominees recommended by the Nominating and Corporate Governance Committee for a position on the Board. Under these criteria, all candidates must possess the following personal characteristics: integrity and accountability; informed judgment; financial literacy; mature confidence; and high performance standards. In addition, the Board looks for recognized achievement and reputation, an ability to contribute to specific aspects of Forest's activities, and the willingness to commit the time and effort required, including attendance at all Board meetings and committee meetings of which he or she is a member.

The Corporate Governance Guidelines also contain standards with respect to the determination of director independence, and the Nominating and Corporate Governance Committee considers the independence standards as part of its process. In accordance with these standards, a director must have no material relationship with Forest, other than as a director, to be considered independent. The standards specify the criteria by which the independence of our directors will be determined, including strict guidelines for directors and their immediate families with respect to past employment or affiliation with us or our independent registered public accountants.

Identifying and Evaluating Nominees for Directors. The Nominating and Corporate Governance Committee is responsible for leading the search for individuals qualified to serve on the Board. The Nominating and Corporate Governance Committee will evaluate candidates for nomination to the Board, including candidates recommended by shareholders, and will conduct appropriate inquiries into the backgrounds and qualifications of possible candidates. The Nominating and Corporate Governance Committee may retain outside consultants to assist in identifying director candidates in its sole discretion, but it did not engage any outside consultants in connection with selecting the nominees for election at the 2009 annual meeting. The Nominating and Corporate Governance Committee is responsible for recommending to the Board director nominees to be presented for election at meetings of the shareholders or of the Board. Shareholders may recommend possible director nominees for consideration by the Nominating and Corporate Governance Committee as indicated below. Shareholders may also nominate candidates for election to the Board at the annual meeting of shareholders by following the provisions set forth in Forest's Bylaws. The Corporate Governance Guidelines include the qualifications and skills required for directors and are available on Forest's website at www.forestoil.com.

The Nominating and Corporate Governance Committee recommended to the full Board that Mr. Lightner be nominated to stand for re-election as a Class III director and that Mr. Fraser be nominated to stand for election as a Class III director to fill the position that will become vacant as a result of Mr. Britton's decision not to stand for re-election.

Shareholder Nominees. The Nominating and Corporate Governance Committee will consider all properly submitted shareholder recommendations of candidates for election to the Board as described above. In evaluating the recommendations of shareholders for director nominees, as with all other possible director nominees, the Nominating and Corporate Governance Committee will address the director qualification criteria described above. Any shareholder recommendations for director nominees should include the candidate's name and qualifications, as well as the shareholder's name, and should be sent in writing to Forest, in care of the Secretary, Forest Oil Corporation, 707 Seventeenth Street, Suite 3600, Denver, Colorado 80202, or faxed to 303.812.1445.

Table of Contents

Our Bylaws permit shareholders to nominate candidates for election to the Board at an annual meeting of shareholders. In order to nominate candidates, Forest's Bylaws provide that the proposal must be submitted in writing, in advance of the next annual meeting, in accordance with the deadlines established in the Bylaws. The nomination process is described below, under the caption "SHAREHOLDER PROPOSALS FOR 2010 ANNUAL MEETING."

Compensation Committee Interlocks and Insider Participation

During 2008, the Compensation Committee consisted of the following independent directors: Loren K. Carroll; Forrest E. Hoglund served as a member of the Compensation Committee until his retirement on May 8, 2008; James D. Lightner; and Patrick R. McDonald, who was appointed as a member of the Compensation Committee on May 8, 2008. No member of the Compensation Committee is now, or at any time since the beginning of 2008 has been, employed by or served as an officer of Forest or any of its subsidiaries or had any relationships requiring disclosure with Forest or any of its subsidiaries. None of Forest's executive officers are now, or at any time have been since the beginning of 2008, a member of the compensation committee or board of directors of another entity, one of whose executive officers has been a member of Forest's Board or Compensation Committee.

Executive Sessions; Non-Executive Chairman

The Board holds executive sessions in connection with each regular meeting of the Board outside the presence of the Chief Executive Officer or any other management directors. The Chairman of the Board (or in the event that the Chairman also holds the position of Chief Executive Officer, the Presiding Director) leads the executive sessions. Our Board has elected an independent director to serve as Chairman of the Board. As described below, under the heading "PROPOSAL NO. 1 ELECTION OF DIRECTORS," James D. Lightner currently serves as Chairman of the Board.

Communications with the Board

Shareholders and other interested parties may communicate with the Board by contacting the Chairman of the Board (or in the event that the Chairman also holds the position of Chief Executive Officer, the Presiding Director), in writing, in care of the Secretary, Forest Oil Corporation, 707 Seventeenth Street, Suite 3600, Denver, Colorado 80202. The Secretary will forward all correspondence to the Chairman, except junk mail, surveys, job inquiries, solicitations, patently offensive material, and otherwise inappropriate material. If any shareholder or third party has a complaint or concern regarding accounting, internal accounting controls, or auditing matters at Forest, they should send their complaint in writing to the Chairman of the Audit Committee in care of the Secretary at the address noted above.

Corporate Governance Guidelines and Code of Business Conduct

Forest is committed to adhering to sound corporate governance principles. Forest has adopted codes of ethics and conduct for the directors and for the officers and employees, known as the Code of Business Conduct and Ethics for Members of the Board and the Proper Business Practices Policy, respectively. Forest has also adopted Corporate Governance Guidelines, which, in conjunction with the Certificate of Incorporation, Bylaws, and Board committee charters, form the governance framework for Forest. The Corporate Governance Guidelines are reviewed annually by the Nominating and Corporate Governance Committee. Each of the codes of ethics and conduct, the Corporate Governance Guidelines, and the Audit, Compensation and Nominating and Corporate Governance Committee charters, is available on Forest's website at www.forestoil.com, and copies may be obtained free of charge by contacting the Secretary of Forest. We also post on our website amendments to these policies and promptly disclose any waivers from these policies for our principal executive, financial, and accounting officers.

Table of Contents

Director Indemnification and Insurance

Forest's Restated Certificate of Incorporation limits the personal liability of our directors to the fullest extent permitted by the New York Business Corporation Law, as currently formulated or as it might be revised in the future. The Restated Certificate of Incorporation provides that a director will not be liable for damages for any breach of duty unless it is finally established that (a) the director's acts or omissions were in bad faith or involved intentional misconduct or a knowing violation of law, (b) the director personally gained a financial profit or other advantages to which he was not legally entitled, or (c) the director's acts violated Section 719 of the Business Corporation Law, which provides that directors who vote for, or concur in, certain types of corporate action proscribed by the Business Corporation Law will be jointly and severally liable for any injury resulting from such action.

Forest carries Directors and Officers Liability coverage designed to insure the directors and officers of Forest and its subsidiaries against certain liabilities incurred by them in the performance of their duties. The coverage is also designed to provide reimbursement in certain cases to Forest and its subsidiaries for sums paid by them to directors and officers as indemnification for similar liability. This coverage was originally purchased by Forest on May 24, 1978 and was most recently renewed on August 7, 2008, for a period of one year. The current program is led by the Hartford Insurance Group. We paid aggregate premiums of \$901,659.42 for this insurance during 2008. Forest has not suffered a loss and no payments have been made to Forest or its subsidiaries or to any of their directors under these policies.

PROPOSAL NO. 1 ELECTION OF DIRECTORS

Forest's Bylaws provide that the members of the Board shall be divided into three classes, Class I, Class II, and Class III, whose terms of office expire at different times in annual succession. Our Bylaws allow the Board to establish the number of directors from time to time by resolution passed by a majority of the whole Board, provided that the number of directors shall not be less than six nor more than 15. Currently, our Board has seven members. Following the annual meeting, the Board intends to reduce the size of the Board to six members.

Generally, each class of directors is elected for a term expiring at the annual meeting of shareholders to be held three years after the date of their election. The Class III directors were elected at the 2006 annual meeting of shareholders. The terms of the two Class III directors, including Mr. Britton and Mr. Lightner, will expire at the 2009 annual meeting of shareholders. Mr. Britton is not standing for re-election at the annual meeting. Based on recommendations from the Nominating and Corporate Governance Committee, the Board has nominated two individuals for election as Class III directors, including Mr. Lightner, who has been nominated to stand for re-election as a Class III director, and Mr. Fraser, who was elected to serve as a Class I director at the 2007 annual meeting. The Board has nominated Mr. Fraser to serve as a Class III director as a result of Mr. Britton's retirement. The Class III director nominees will be elected for a three year term, to hold such office until our 2012 annual meeting of shareholders and until their successor is elected and qualified or until their earlier resignation or removal. Information regarding the business experience of each of the nominees is provided below.

Each nominee has indicated that he will be available to serve as a director. In the event any nominee should become unavailable to serve as a director, any shares represented by a proxy will be voted for the remaining nominee and for any substitute nominee designated by the Board.

The proxy holders, who have been so designated by the Board, will vote "FOR" the election of each of the two Class III nominees unless otherwise instructed in the proxy.

Table of Contents

Information concerning the director nominees and each of our other directors who will hold office following the annual meeting, is set forth below:

Class III Directors Terms Expiring at the Annual Meeting of Shareholders in 2009

Name/Director Since/Age	Principal Occupation, Positions with Forest, and Business Experience During Last Five Years
Dod A. Fraser <i>Director since 2000</i> Age 58	Mr. Fraser is President of Sackett Partners Incorporated, a consulting company, and member of corporate boards, since 2000. Previously, Mr. Fraser was an investment banker, a General Partner of Lazard Freres & Co. and most recently Managing Director and Group Executive of Chase Manhattan Bank, now JP Morgan Chase, where he led the global oil and gas group. Mr. Fraser is a board member of Smith International, Inc., an oilfield service company, and Terra Industries, Inc., a nitrogen-based fertilizer company. Mr. Fraser serves as Chairman of our Audit Committee and is a member of our Nominating and Corporate Governance Committee.
James D. Lightner <i>Director since 2004</i> Age 56	Mr. Lightner became a Director in 2004 and has served as our non-executive Chairman of the Board since May 2008. Mr. Lightner has been a Partner and Chief Executive Officer of Orion Energy Partners, an oil and gas exploration and production company, since its inception in August 2004. From 1999 to 2004, Mr. Lightner served in various capacities with Tom Brown, Inc., an oil and gas exploration and production company, including Director, Chairman, Chief Executive Officer and President, until its sale to EnCana Oil & Gas (USA) Inc. in 2004. Prior to 1999, he served as Vice President and General Manager of EOG Resources, Inc. Mr. Lightner had been a director since November 2004 of W-H Energy Services Inc., an oil field services company, until its sale to Smith International in July 2008. Mr. Lightner has been a director of Cornerstone E&P Company LP, a private oil and gas exploration and production company since August 2006. Mr. Lightner serves as Chairman of our Executive Committee and is a member of our Compensation Committee.

Vote Required

A plurality of the votes cast is required to elect the Class III nominees as directors.

THE BOARD RECOMMENDS A VOTE "FOR" EACH OF THE CLASS III NOMINEES SET FORTH ABOVE.

Table of Contents

CONTINUING MEMBERS OF THE BOARD:

Class I Directors Terms Expiring at the Annual Meeting of Shareholders in 2010

Name/Director Since/Age	Principal Occupation, Positions with Forest, and Business Experience During Last Five Years
Loren K. Carroll <i>Director since 2006</i> <i>Age 65</i>	Mr. Carroll served as President and Chief Executive Officer of M-I SWACO, a supplier of drilling and completion fluids and waste management products and services owned 60% by Smith International, Inc., and as Executive Vice President of Smith International, Inc., a supplier of products and services to the oil and gas, petrochemical, and other industrial markets from March 1994 until his retirement in April 2006. He initially joined Smith International in December 1984, and was serving as Executive Vice President and Chief Financial Officer when he left in 1989 and returned in October 1992. Mr. Carroll is a director of Smith International, Inc., Fleetwood Enterprises, Inc., a producer of recreational vehicles and manufactured homes, CGG-Veritas, a geophysical services and equipment company, and KBR, Inc., an engineering and construction company. Mr. Carroll is a member of our Compensation Committee and is the Chairman of the Nominating and Corporate Governance Committee.

Patrick R. McDonald <i>Director since 2004</i> <i>Age 51</i>	Mr. McDonald has served as Chief Executive Officer, President and Director of Nytis Exploration Company, an oil and gas exploration company, since April 2003. From 1998 to 2003, Mr. McDonald served as President, Chief Executive Officer, and Director of Carbon Energy Corporation, an oil and gas exploration and production company. Prior to 1988, he served as Chairman, Chief Executive Officer, and President of Interenergy Corporation, a natural gas gathering, processing, and marketing company. Mr. McDonald is a member of our Audit Committee and serves as Chairman of the Compensation Committee.
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Class II Nominees For Election to Terms Expiring at the Annual Meeting of Shareholders in 2011

Name/Director Since/Age	Principal Occupation, Positions with Forest, and Business Experience During Last Five Years
H. Craig Clark <i>Director since 2003</i> <i>Age 52</i>	Mr. Clark has served as our President and Chief Executive Officer, and as a director of Forest since July 2003. Mr. Clark joined Forest in September 2001 and served as President and Chief Operating Officer through July 2003. Mr. Clark was employed by Apache Corporation, an oil and gas exploration and production company, from 1989 to 2001, where he served in various management positions including Executive Vice President U.S. Operations and Chairman and Chief Executive Officer of Pro Energy, an affiliate of Apache. Mr. Clark is a member of our Executive Committee.
James H. Lee <i>Director since 1991</i> <i>Age 60</i>	Mr. Lee has served as the Managing General Partner of Lee, Hite & Wisda Ltd., an oil and gas consulting and exploration firm, since 1984. Mr. Lee is a director of Frontier Oil Corporation, a crude oil refining and wholesale marketing company. He is a member of our Audit Committee and our Executive Committee.

Table of Contents

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

What are the objectives of Forest's compensation program?

Forest's compensation program is administered by the Compensation Committee of Forest's Board of Directors (the "Compensation Committee"). The objectives of Forest's compensation program are to keep compensation consistent with Forest's strategic business and financial objectives and competitive within the oil and gas industry and to enable Forest to attract, motivate, and retain executive personnel as the Compensation Committee deems necessary to maximize return to shareholders.

What is the compensation program designed to reward?

Ultimately, Forest's compensation program is designed to encourage behavior and performance among Forest's key employees, including its named executive officers, that the Compensation Committee believes are in the best interest of Forest's shareholders. During 2008, the incentive portion of the compensation program was designed to reward positive annual performance with respect to (i) production, (ii) rate-of-return on capital investments, (iii) acquisitions, (iv) cash cost per unit of production, and (v) total shareholder return relative to a peer group of competitor companies. Given the current worldwide economy and the downturn in the oil and gas industry, the incentive portion of the compensation program for the near future will be much less focused on acquisitions and more on cost control and increasing efficiencies throughout the Forest organization.

The compensation program is also structured so as to provide each executive officer and key employee with a competitive income, to create meaningful incentive for this group of employees to remain at Forest and not be unreasonably susceptible to recruiting efforts by competitors of Forest, and to align the interests of this group of employees with those of Forest's shareholders. Although the atmosphere currently appears to be changing as a result of the current downturn, the oil and gas industry has been extremely competitive during the last several years, with a resulting high level of attrition in the industry. Forest has been forced to address efforts by competitors to persuade Forest employees to leave Forest in favor of positions elsewhere. In that regard, Forest's compensation program and the magnitude of its specific components reflect the competitive nature of the oil and gas industry. Further, although the principles described above apply to all key employees and the design of the compensation program, the Compensation Committee also intends that individual performance by executive officers and key employees be rewarded.

What is each element of compensation?

The program currently consists of three primary components: an annual base salary, an annual incentive bonus, and periodic grants of longer term stock options or restricted stock. Further, Forest allows the executive officers to participate in its Retirement Savings Plan ("401(k) Plan") (which is available to all U.S. Forest employees) and an executive deferred compensation plan, both of which contain employer-matching provisions. Executive officers, along with all employees, may also participate in the employee stock purchase plan wherein Forest common stock may be purchased at a discount within limits established by the Internal Revenue Service. Forest's executive officers participate in other benefit plans that are provided to all employees, and the officers are also reimbursed for the costs associated with tax-preparation and an annual extensive physical examination. Forest does not have employment agreements with its executive officers, but it does have severance agreements with them that provide for benefits in the event of certain defined involuntary terminations.

The amount of base salary, annual incentive bonus, and special bonus awarded to Forest's named executive officers for 2008 are stated in the "Summary Compensation Table" on page 21. The restricted stock awards made to the named executive officers in 2008 are shown in the "2008 Grants of Plan-Based

Table of Contents

Awards" table on page 22. Information for each of the named executive officers regarding Forest's employer contribution to the 401(k) Plan and executive deferred compensation plans are described in the Summary Compensation Table and in the Nonqualified Deferred Compensation table on page 26. Remaining perquisites provided to the named executive officers are described in the Summary Compensation Table and the footnotes thereto.

Why does Forest choose to pay each element?

The purpose of base salary is to create cash compensation for executive officers that is competitive in the industry and will enable Forest to attract, motivate, and retain capable executives. Forest chooses to pay annual incentive bonuses because it believes that the satisfaction of the goals of its annual incentive plan, which satisfaction triggers the right to and determines the amount of the bonuses, furthers the interests of Forest's shareholders. The purpose of Forest's long-term incentives (*i.e.*, restricted stock and stock options) is to align the executive officers' compensation with their contribution to the success of Forest in creating shareholder value, tie their long-term economic interest directly to those of Forest's shareholders, and provide a retentive effect on the executive officers. Restricted stock and stock options also allow executive officers to have equity ownership in Forest in addition to their direct purchases of Forest stock and to share in the appreciation in value of Forest's stock over time. The annual incentive bonus and restricted stock and option programs cover all employees.

Forest's 401(k) Plan is designed to encourage all employees, including the named executive officers, to save for the future. Because of their higher compensation levels, the named executive officers are generally prevented from receiving what would otherwise be their full employer-match under the 401(k) Plan. Once the maximum Forest match allowable under the 401(k) Plan has been made, the remainder of the match is contributed on behalf of the officer to the executive deferred compensation plan. Forest also reimburses the named executive officers for tax-preparation and estate or financial planning expenses and the cost of an annual extensive physical examination. Such benefits are common for executive officers in our industry and in industry in general. They increase the competitiveness of the total compensation package and aid in retaining these key individuals.

Finally, Forest believes that its severance agreements with the named executive officers promote stability and continuity among the officers, particularly if the situation arises where Forest is actively being considered as an acquisition target. This goal is further served through the severance agreements that Forest enters into with non-officer, key employees and through Forest's general severance plan, which applies to all other employees.

How does Forest determine the amount (and, where applicable, the formula) for each element?

Base salary. The Compensation Committee reviews the base salaries of Forest's executive officers on roughly a one-year to two-year basis. During 2008, the reviews occurred on a staggered basis. At its regular meeting in February 2008, the Compensation Committee reviewed and increased the base salary of David Keyte, Executive Vice President and Chief Financial Officer. At its regular meeting in May 2008, the Compensation Committee reviewed and increased the base salary of Cecil Colwell, Senior Vice President, Worldwide Drilling. At its regular meeting in August 2008, the Compensation Committee reviewed and increased the base salary of J.C. Ridens, Executive Vice President and Chief Operating Officer, and Cyrus Marter, Senior Vice President, General Counsel and Secretary. At its regular meeting in August 2008, the Compensation Committee also reviewed the base salary of Craig Clark, President and Chief Executive Officer and recommended to the full Board of Directors that it increase Mr. Clark's salary. At its regular meeting in August 2008, the Board, excluding Mr. Clark, agreed with the Compensation Committee's recommendation and increased the base salary of Mr. Clark. At its regular meeting in February 2009, the Compensation Committee reviewed and increased the base salary of Mr. Keyte.

Table of Contents

When considering adjustments to the base salaries of the executive officers, the Compensation Committee reviewed and discussed data on salaries in the oil and gas industry for 2008, with specific focus on salaries among Forest's peer group of companies (described below). The Compensation Committee engaged Towers Perrin in 2005 to review and provide advice regarding the compensation of Forest's executive officers. Although it continued to use survey data provided by Towers Perrin, along with data gathered by Forest's Vice President, Human Resources, including data regarding Forest's peer companies, the Compensation Committee did not engage an outside compensation consultant during 2008 or during 2009 to date. With respect to the available data, the Compensation Committee generally tried to set the base salary of Forest's executive officers at or near the 50th percentile of salaries of comparable executive officers at Forest's peer group of companies. Assuming the accuracy of Forest's compensation data, in 2008 Mr. Clark's base salary fell approximately in the 50th percentile of base salaries for chief executive officers at the peer companies; Mr. Keyte's base salary fell approximately in the 60th percentile of base salaries for chief financial officers; Mr. Ridens' base salary fell approximately in the 40th percentile of base salaries for chief operating officers; Mr. Marter's base salary fell approximately in the 60th percentile of base salaries for chief legal officers; and Mr. Colwell's base salary fell approximately in the 50th percentile of base salaries for senior vice presidents of drilling.

The Compensation Committee also reviewed with Mr. Clark the responsibilities and performance of each of the executives in relation to salary recommendations for all executive officers other than Mr. Clark himself. The full Board reviewed in executive session the performance of Mr. Clark at its regular meetings in August 2008 and February 2009. The salary increases approved in 2008 and 2009 were based on the Compensation Committee's decision that the executive officers' individual performances, corporate performance, inflation, and the competitive aspects of the oil and gas industry justified the increases.

Specifically, with respect to Mr. Clark, the Compensation Committee considered his consistent leadership ability, his continued ability to maintain, and in many instances reduce, cost levels during an inflationary period in the industry, his critical involvement with Forest's significant and strategically important acquisitions and divestitures in 2008, the increasing magnitude of Forest's operations, and the need to maintain his salary at a competitive level within the industry. With respect to Mr. Keyte, the Compensation Committee considered his continued ability to manage successfully all financial aspects of Forest and to formulate and implement financially-sophisticated and beneficial transactions for Forest, including the increase in size of Forest's bank credit facilities in May 2008 and the high-yield debt offerings that Forest completed in May 2008 and February 2009, which in turn have helped to provide Forest with crucial liquidity during the current financial crisis, and the need to maintain his salary at a competitive level. With respect to Mr. Ridens, the Compensation Committee considered his continued leadership and technical abilities, his direct involvement in the operational aspects of Forest during a period of unprecedented activity levels and organic production and reserve growth, his key role in the integration of two significant acquisitions into Forest's operations during 2008, and the need to maintain his salary at a competitive level. With respect to Mr. Marter, the Compensation Committee considered his continued ability to manage all legal aspects of Forest, and to negotiate and manage the documentation of significant transactions, and the need to maintain his salary at a competitive level. With respect to Mr. Colwell, the Compensation Committee considered his consistently high performance and technical abilities, his key role in the strong operational results and efficiencies that Forest has experienced in its drilling program, including with respect to its increasing level of horizontal drilling, his supervision of Forest's drilling subsidiary, Lantern Drilling, and the need to maintain his salary at a competitive level.

Annual Incentive Bonus. The annual incentive bonuses for fiscal 2008 were awarded under the terms of Forest's Annual Incentive Plan for 2008 (the "2008 AIP"), which was adopted by the Compensation Committee. The 2008 AIP was filed with the SEC on February 28, 2008. In general terms, the 2008 AIP was designed to meet the following objectives:

provide an annual incentive plan framework that was performance-driven and focused on objectives that were critical to Forest's success in 2008;

Table of Contents

offer competitive cash compensation opportunities to all employees; and

reward outstanding achievement.

The 2008 AIP provided for annual incentive awards determined primarily on the basis of Forest's results under specified performance measures. The framework of the 2008 AIP was similar to annual incentive plans utilized by Forest in the past. Each year, the Compensation Committee establishes the threshold, target, and outstanding (or maximum) performance levels for each performance measure and its appropriate weighting. These performance measures and their weighting are reviewed annually in light of changing Forest priorities and strategic objectives. The awards under the 2008 AIP were based upon the success of business units and corporate staff of Forest in achieving the objectives established by the Compensation Committee and included in the plan. These goals, stated in terms of the specific performance measures, were derived in part from Forest's 2008 business plan. The Compensation Committee also maintains discretion to adjust awards to account for corporate achievements during the year that are not captured in the performance measures.

For 2008, performance measures were established for (i) production, (ii) rate-of-return on capital investments, (iii) acquisitions, (iv) cash cost, and (v) total shareholder return. With the exception of total shareholder return, for each executive officer, the performance measures were tied to that officer's business unit or, if the officer worked in the corporate group, to Forest as a whole.

Production was defined under the 2008 AIP as total net production, excluding royalty and other burdens; provided that adjustments would be made for increased capital spending, acquisitions, and divestitures. Rate-of-return on capital investments was defined as the pre-tax rate of return on all capital spent during the year, including drilling projects, acquisitions, recompletions, leaseholds, seismic, and capitalized general and administrative ("G&A") costs, while taking into account all revisions to proved reserves made during the year. Acquisitions were defined as the volumetric amount of estimated oil and gas proved reserves acquired during the year on terms that satisfied pre-defined economic metrics. Cash cost was defined as the sum of direct operating expense and expensed workovers, but excluding ad valorem taxes, transportation expense, allocated G&A expense for the applicable business unit, and total company-wide expensed G&A costs, divided by the business unit's total net production for the year.

Total shareholder return was defined as the percentage increase in the trading price of Forest common stock that occurred from the last trading day in December 2007 to the last trading day in December 2008, and the measure is judged in relation to a peer group of companies. The Compensation Committee is responsible for selecting Forest's peer group of companies. The Committee tries to select non-integrated, oil and gas production companies that closely resemble Forest in terms of market capitalization, revenues, geographic focus, and employee count. The Committee determined that the nine peer companies selected for the 2007 AIP remained appropriate for the 2008 AIP. The peer group of companies that the Compensation Committee chose to consider during 2008 consists of the following:

1. Newfield Exploration Company
2. Pioneer Natural Resources Company
3. St. Mary's Land & Exploration Company
4. EXCO Resources, Inc.
5. Plains Exploration & Production Company
6. Petrohawk Energy Corporation
7. Cimarex Energy Co.
- 8.

Whiting Petroleum Corporation

9.

Encore Acquisition Company

Table of Contents

Each participant in the 2008 AIP had a target bonus expressed as a percentage of his or her base salary. The Compensation Committee established the target bonus percentage for each named executive officer after taking into account the importance of the position held by that participant to the success of Forest during 2008 as well as published compensation surveys and information provided by Towers Perrin and Forest's Vice President, Human Resources. For the named executive officers, these percentages were as follows: (i) Mr. Clark 100%, (ii) Mr. Keyte 75%, (iii) Mr. Ridens 75%, (iv) Mr. Marter 60%, and (v) Mr. Colwell 60%. The total expected pool under the 2008 AIP is equal to the sum of the target bonuses for each of the participants in the plan. However, as described below, the final size of the pool could be lower or higher than the expected amount and was dependent on the extent to which Forest and its business units satisfied the 2008 performance measures.

With respect to each of the five performance measures under the 2008 AIP, the Compensation Committee determined a "threshold," "target," and "outstanding" (or maximum) performance level. The "threshold" level is equal to 25% of the target level and is the level at which payout under the 2008 AIP begins for the applicable performance measure. If the actual performance level for a measure is below the threshold level, no payout will occur with respect to that measure. The "target" level is that at which 100% of the expected payout for the applicable performance measure will occur. Where applicable, the target levels for the 2008 AIP performance measures correlated with production and cost projections contained in Forest's 2008 business plan. The "outstanding" level is that at which 200% of the expected payout for the applicable performance measure will occur. The maximum total bonus pool achievable under the 2008 AIP is limited to 200% of target.

Actual performance that falls somewhere between the threshold and target levels or between the target and outstanding levels is rewarded in direct proportion to where it falls relative to the three performance level benchmarks. For example, actual performance that is higher than the target level, and reaches 20% of the difference between the target level and the outstanding level, would dictate a payout equal to 120% of the expected payout for the applicable performance measure. Actual performance that is above the threshold level, and reaches 10% of the difference between the threshold level and the target level, would dictate a payout equal to 32.5% of the expected payout for the applicable performance measure, since the threshold level represents 25% of the target level.

Each participant's target bonus was to be paid if all of the 2008 performance measures reached the target level and the individual's contribution merited a bonus. Each performance measure represented a percentage of the total target bonus. In 2008, the weightings for each participant, as set by the Compensation Committee, were as follows: (i) 30% for production, (ii) 20% for rate-of-return on capital investments, (iii) 20% for acquisitions, (iv) 15% for cash cost, and (v) 15% for total shareholder return. The specific payout for each performance measure was dictated by where the actual performance level for the measure fell in relation to the threshold, target, and outstanding benchmark levels. An individual's performance was considered in the context of whether his or her performance during 2008 contributed to or detracted from the overall success of Forest or, if applicable, to the success of his or her business unit. If in the opinion of the Compensation Committee and Mr. Clark (with respect to executive officers other than himself) the individual made a disproportionately positive contribution, his or her bonus would be adjusted upward; conversely, if the individual did not contribute appropriately or detracted from the success, his or her bonus would be adjusted downward.

At its regular meeting in February 2009, the Compensation Committee reviewed the performance of Forest and its business units under the 2008 AIP. The Committee also reviewed with Mr. Clark other accomplishments during 2008.

The Committee reviewed with Mr. Clark, both during its February 2009 regular meeting and in subsequent meetings with him, the individual performance of each executive officer during 2008. With respect to Mr. Keyte, the Compensation Committee considered his lead role in formulating and implementing Forest's financial strategy during 2008, which included the sale of \$250 million in senior

Table of Contents

notes and the increase in the size of Forest's bank credit facilities in May 2008, the successful amendment of the Cordillera acquisition in September 2008 to reduce the cash component of the transaction (and increase the stock component), which in turn provided added liquidity to Forest, and his proactive efforts to execute additional 2009 and 2010 commodity and basis differential hedges, which now have a positive mark-to-market value. With respect to Mr. Ridens, the Compensation Committee considered his direct involvement in all operational aspects of Forest during a period of unprecedented activity levels, in which Forest set records for year-end reserves and net sales volumes and achieved outstanding results with respect to reserve replacement, organic growth, and control of both operating costs and finding and development costs. With respect to Mr. Marter, the Compensation Committee considered his role in the negotiation and documentation of Forest's significant acquisitions and divestitures and finance transactions during 2008. With respect to Mr. Colwell, the Compensation Committee considered his key role in the strong performance of Forest's drilling program, including with respect to its increasing level of horizontal drilling, his supervision of Forest's drilling subsidiary, Lantern Drilling, and how he has helped position Forest to apply operational expertise and efficiencies in the Ark-La-Tex, Buffalo Wallow, and Deep Basin areas, where complex horizontal drilling and stimulation techniques are required. In general, the Compensation Committee attributed positive corporate performance, including success in acquisitions and divestitures, organic production and reserve growth, and cost control, to the leadership of its executive officers.

The Compensation Committee also generally considered the need to provide competitive incentive opportunities for all of Forest's executive officers. At the same time, the Compensation Committee considered Forest's poor shareholder return, particularly during the fourth quarter of 2008, and whether that performance may have been related to decisions of its executive officers that increased Forest's debt and decreased its liquidity. The Compensation Committee generally concluded that the decisions of the executive officers were sound when made and that the performance of Forest's stock was most influenced by the general financial crisis and concerns over a prolonged period of low commodity prices.

Looking at Forest's performance as a whole, the calculated payout under the 2008 AIP was below the total target payout. Based on the performance of Forest, its business units, and the individual executive officers, the Compensation Committee approved cash bonus awards under the 2008 AIP in the aggregate amount of \$2.47 million for all of the executive officers, as a group, including Mr. Clark. The Compensation Committee and the full Board (excluding Mr. Clark) reviewed Mr. Clark's performance at their regular meeting in February 2009 and in a series of subsequent conversations that continued until March 6, 2009. The Compensation Committee granted a bonus award to Mr. Clark equal to approximately 92% of his year-end base salary, which was approved and ratified by the Board. The annual target bonuses for the other named executive officers ranged from 60% to 75% of their base salaries, and the actual bonus awards paid ranged from approximately 48% to 93% of base salary. Individual executive officer bonus awards were reviewed and approved by the Compensation Committee. The 2008 bonus award for each of the named executive officers was less than his bonus for 2007.

In determining to award Mr. Clark the largest bonus under the 2008 AIP, the Compensation Committee took into account his continued leadership role in transforming Forest from a smaller, relatively unfocused company with both offshore (Gulf of Mexico and Alaska) and onshore properties and interests located in such countries as Albania, Germany, Thailand, Switzerland, Romania, Australia, and Turkey, to one that is now focused on onshore, repeatable plays in the lower 48 states of the U.S. and Canada. The Compensation Committee also took into account Mr. Clark's specific accomplishments during 2008, which included his critical involvement in and decision-making with respect to Forest's significant and strategically important acquisitions and divestitures in 2008 (including the Ark-La-Tex acquisition in May, the Cordillera acquisition in September, the Gabon divestiture in August, and the Rockies divestiture in November), the East Texas Haynesville Shale program, and with respect to Forest's hedging strategy, his on-going steps to improve Forest's management team and his hands-on involvement in efforts to retain high-quality management and technical personnel, and his success in keeping Forest's finding, development, and operating costs at levels below those experienced by Forest's peer companies.

Table of Contents

The Compensation Committee establishes the target level of performance such that achievement of the target level on any financial or operating measure represents above-average performance by management. At the time target levels are established, the outcome is intended to be substantially uncertain but achievable with a high level of performance from Forest's executives. Further, the Compensation Committee intends that achievement of the "outstanding" level on any financial or operating measure be very difficult. Over the past five years, Forest has achieved performance in excess of its target levels twice, that being in 2006 and 2007. The achievement percentage over the past five years has exceeded the threshold level each year and has been between approximately 89% and 169% of target with an average achievement percent over the past five years of approximately 112% of the target award opportunity. Company performance is the sum of the performance of each of the individual business units. Bonus awards for executive officers in charge of business units are calculated in accordance with the performance of their business unit, which may vary from the performance of Forest as a whole. In 2008, the calculated bonus awards for Messrs. Clark, Keyte, Ridens, Marter, and Colwell were based on the performance of Forest as a whole.

Special Bonuses. There were no special bonuses awarded for fiscal 2008.

Long Term Incentive Awards. At its regular meeting in May 2008, the Compensation Committee made long-term incentive awards equity awards to the named executive officers (and authorized awards to all other Forest employees). The last equity awards to the named executive officers occurred in June 2007. The Compensation Committee has followed the trend in our industry and in industry in general toward the granting of restricted stock (rather than stock options) to the executive officers. The Committee chose restricted stock for recent grants in consideration of the fact that the majority of Forest's competitors have shifted to restricted stock awards or a combination of restricted stock awards and stock option awards and away from stock option awards only and that restricted stock provides a more effective retention incentive.

The Compensation Committee is responsible for administering the 2007 Stock Incentive Plan (the "2007 Stock Plan"), which was the source of the May 2008 long term incentive awards to the named executive officers. Those awards were all in the form of restricted stock and are governed by individual restricted stock agreements, which were approved in advance by the Compensation Committee. Under the terms of those agreements, the restricted stock is subject to forfeiture provisions that lapse 100 percent on the third anniversary of the date of the award. If the named executive officer resigns or is terminated for unsatisfactory performance of his duties (as determined by Forest in its sole discretion) prior to the conclusion of the three years, all of the restricted shares are forfeited. There are no other qualitative and quantitative targets that impact the vesting of the restricted stock.

With respect to the initial awards of restricted stock in May 2008 (as opposed to the forfeiture criteria), the awards were based on the Compensation Committee's recognition of (i) Forest's performance compared to its peer group, (ii) the services that each of the named executive officers had performed for Forest during 2008, (iii) the competitive atmosphere for qualified executives in the oil and gas industry, and (iv) the need to increase the retentive aspects of Forest's compensation structure. Further, the Compensation Committee generally tried to set the equity awards for Forest's executive officers at or near the 75th percentile of awards to comparable executive officers at Forest's peer group of companies.

In May 2008, the Compensation Committee determined to award an aggregate of 732,000 shares of restricted stock (or, in the case of Canadian employees, phantom stock units) to all Forest employees, including officers. The named executive officers received an aggregate of 185,000 shares of restricted stock. In determining the individual awards to executive officers other than Mr. Clark, the Compensation Committee and Mr. Clark consider the individual's performance, the magnitude of his or her responsibilities within the Forest organization, and how critical the individual's position is in terms of retention.

Table of Contents

In determining to award Mr. Clark the largest award under the 2007 Stock Plan, 80,000 shares of restricted stock, the Compensation Committee took into account its view that Mr. Clark's leadership role at Forest is highly visible to and valued by Forest's shareholders and analysts who report on Forest, and that his departure from Forest could be very detrimental to Forest and its shareholders. Given that view, the Compensation Committee determined that the retentive effect of a significant award to Mr. Clark under the 2007 Stock Plan was appropriate and in the best interests of Forest and its shareholders.

Retirement Plans. Forest's 401(k) Plan is designed to encourage U.S. employees, including the named executive officers, to save for the future. This compensation program generally is not linked to Forest's performance and was not so linked during 2008. The 401(k) Plan provides Forest's U.S. employees with the opportunity to contribute certain eligible earnings on a pre-tax basis to an account investing in various investment options. Employees may elect to contribute up to 80% of their eligible compensation, subject to certain limitations. Forest matches employee contributions up to a designated percentage of an employee's total eligible compensation, with Forest's contributions vesting for newly-hired employees over a period of five years. During 2008, Forest contributed a total of \$38,983 to the 401(k) Plan on behalf of the named executive officers.

Forest also has adopted an executive deferred compensation plan. Once the maximum Forest match allowable under the 401(k) Plan has been made, the remainder of the match is contributed to the executive deferred compensation plan. During 2008, Forest contributed a total of \$123,017 to the executive deferred compensation plan on behalf of the named executive officers. Effective December 1, 2008, the Compensation Committee approved amendments to the executive deferred compensation plan to (i) allow participants to defer annual cash bonuses, (ii) extend the time horizon for distribution elections to up to ten years following termination of employment (with the distribution date being January 15 of any given year), (iii) allow re-deferrals of distributions of existing account balances (with the requirement that the new distributions must be at least five years out after January 1, 2009), and (iv) add additional mutual funds and exchange traded funds (ETFs) as investment options.

Other Benefits. During 2008, the Compensation Committee did not make any changes to the other perquisites that the named executive officers receive at Forest. Those benefits include participation in plans available to all Forest employees, such as medical and dental plans, group term life and accidental death and dismemberment insurance plans, and short-term and long-term disability plans. Named executive officers also receive reimbursement of tax-preparation and estate or financial planning expenses and the cost of an annual extensive physical examination. Historically, the reimbursements have involved small dollar amounts, and the Compensation Committee believes that they are reasonable and consistent with the compensation practices of Forest's competitors.

In December 2008, the Compensation Committee approved a form of amendment to the existing severance agreements between Forest and its officers, including the named executive officers. The amendment would allow a one-time, irrevocable election by the executive officer to defer payment of any severance payment to which he is entitled upon a change of control of Forest (as described below); the deferral could be to January 15 of any year following termination of the executive's employment, up to five years following such termination. Each of the named executive officers elected to execute the deferral amendment.

In general, the severance agreements and the benefits that would flow to the executive officers in the event of an involuntary termination are explained below under the heading, "Potential Payments Upon Termination or Change-of-Control." The Compensation Committee believes that the severance agreements promote stability and continuity among the named executive officers, particularly if the situation arises where Forest is actively being considered as an acquisition target. In the context of a change-of-control, a "double-trigger" must occur in order for severance benefits to be payable to the named executive officer that is, a change-of-control must occur and the officer must suffer an involuntary termination within two years of that occurrence. The Compensation Committee believes that the double-trigger provides a sufficient level of protection for the executive officer as well as a retention incentive

Table of Contents

benefiting Forest and shareholders without creating an unreasonable obstacle to potential bona fide purchasers of Forest.

Three of the named executive officers (Messrs. Clark, Keyte, and Colwell) have older, "grandfathered" forms of severance agreements. The grandfathered forms provide for defined severance benefits in the event of (i) an involuntary termination that occurs in conjunction with a change-of-control or (ii) an involuntary termination (defined to exclude from its scope a termination "for cause") that is not in conjunction with a change-of-control. Messrs. Ridens and Marter have severance agreements that only provide for severance benefits if they suffer an involuntary termination in conjunction with a change-of-control. Whether an executive officer has a grandfathered or non-grandfathered form of severance agreement had historically been tied to when he or she first became an officer of Forest. Forest ceased using the grandfathered forms in 2003, and so officers such as Messrs. Ridens and Marter, who were first elected after 2003, do not have grandfathered forms. The Compensation Committee believes that the longevity and demonstrated loyalty of the officers with grandfathered forms should be taken into account and rewarded with the additional benefits contained in those forms.

Forest keeps records regarding other expenses that it pays on behalf of executive officers. If those expenses are not related to company business, they are paid directly by the officer or are reimbursed back to Forest. Certain expenses that are in fact related to company business represent additional compensation.

How does each compensation element and Forest's decisions regarding that element fit into Forest's overall compensation objectives and affect decisions regarding other elements?

The Compensation Committee considers each element of Forest's compensation program and, when making decisions regarding specific elements, takes into account how that element fits into Forest's overall compensation objectives. The Committee also considers how that element is affected by the other elements in the program.

At its regular meetings in February 2008, May 2008, August 2008, November 2008, and February 2009, the Compensation Committee reviewed cumulative compensation tally sheets, severance valuations, and valuations of outstanding equity awards for each of Forest's named executive officers. The tally sheets, severance valuations, and equity valuations were prepared by Forest's Vice President, Human Resources. The tally sheets describe each named executive officer's base salary, 2007 annual incentive bonus, the annual value of perquisites, the historic value of all restricted stock and stock options granted to and held by the officer, the annual amount of employer matching for the 401(k) Plan and executive deferred compensation plan, and the internal pay equity among the named executive officers. The tally sheets then state the cumulative total value of these components. The severance valuations describe the severance payment and other benefits that each named executive officer would receive in the context of a termination from Forest, both in conjunction with and not in conjunction with a change-of-control. The equity valuations describe the current market value of all restricted stock and options held by each of the named executive officers as well as the value derived by the officer through recent vesting of restricted stock or exercises of options.

The Compensation Committee believes that the tally sheets, severance valuations, and equity valuations allow it to keep track of the on-going value and retentive quality of prior compensation grants, which in turn allows the Committee to maintain an appropriate perspective when considering current compensation decisions.

The Compensation Committee has instructed Forest's Vice President, Human Resources, to continue to survey peer group companies and to update the tally sheets, severance valuations, and equity valuations and present the updates to the Committee on a quarterly basis. The Committee intends to continue using these items as a means to make informed decisions regarding all of the components of Forest's compensation program.

Table of Contents**Compensation Committee Report**

We have reviewed and discussed the foregoing "Compensation Discussion and Analysis" required by Item 402(b) of Regulation S-K with management. Based on our review and discussion with management, we have recommended to the Board of Directors that the "Compensation Discussion and Analysis" section be included in this proxy statement and incorporated by reference into Forest's Annual Report on Form 10-K for the year ended December 31, 2008.

THE COMPENSATION COMMITTEEPatrick R. McDonald, Chairman⁽¹⁾

Loren K. Carroll

James D. Lightner⁽²⁾

(1) The Board elected Mr. McDonald to serve as the Chairman of the Compensation Committee, effective November 13, 2008.

(2) Mr. Lightner served as Chairman of the Compensation Committee through November 12, 2008.

Summary Compensation Table

The table below discloses the total compensation paid or earned by Forest's Chief Executive Officer, Chief Financial Officer, and the other three most highly paid executive officers (collectively, the "named executive officers" or "NEOs") for fiscal years ending December 31, 2006, December 31, 2007, and December 31, 2008.

As reflected in the table, in 2008, on average, the named executive officers' base salary accounted for approximately 19% of total compensation, Non-equity Incentive Plan Compensation (consisting of cash bonuses awarded under Forest's 2008 AIP) for services rendered in 2008 accounted for approximately 16% of total compensation, long-term equity incentive awards accounted for 63% of total compensation, and the remainder was comprised of other benefits and perquisites. The footnotes to the Summary Compensation Table provide disclosure for fiscal year 2008, unless otherwise indicated.

Name and Principal Position (a)	Year (b)	Salary \$(c) ⁽¹⁾	Bonus \$(d) ⁽²⁾	Stock Awards \$(e) ⁽³⁾	Option Awards \$(f) ⁽³⁾	Non-Equity Incentive Plan Compensation \$(g) ⁽⁴⁾	Change in Pension Value And Nonqualified Deferred Compensation Earnings \$(h) ⁽⁵⁾	All Other Compensation \$(i) ⁽⁶⁾	Total \$(j)
H. Craig Clark President and Chief Executive Officer	2008	616,250	0	3,025,971	155,400	600,000	0	86,557	4,484,178
	2007	563,750	300,000	1,580,689	569,409	1,000,000	0	54,769	4,068,617
	2006	537,500	0	2,468,698	811,694	700,000	3,057	41,251	4,562,200
David H. Keyte ⁽⁷⁾ Executive Vice President and Chief Financial Officer	2008	422,500	0	1,552,651	73,504	400,000	1,278	39,386	2,489,319
	2007	393,750	300,000	717,397	182,794	550,000	842	29,679	2,174,462
	2006	375,000	0	893,448	252,943	375,000	2,158	9,147	1,907,696
J.C. Ridens Executive Vice	2008	356,667	0	797,161	36,061	300,000	0	31,997	1,521,886
	2007	286,282	175,000	288,154	79,011	400,000	0	21,434	1,249,881

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President and Chief Operating Officer	2006	266,250	0	320,083	79,011	250,000	244	7,972	923,560
Cyrus D. Marter IV	2008	325,000	0	499,526	27,617	250,000	0	27,570	1,129,713
Senior Vice President,	2007	277,577	175,000	226,190	41,921	300,000	0	20,025	1,040,713
General Counsel and Secretary	2006	245,000	0	246,888	54,165	170,000	14	10,911	726,978
Cecil N. Colwell	2008	304,583	0	517,550	28,142	150,000	898	27,076	1,028,249
Senior Vice	2007	279,583	75,000	243,399	64,961	200,000	660	22,186	885,789
President, Worldwide Drilling	2006	254,583	0	306,723	93,255	170,000	856	7,972	833,389

(1)

Amounts shown represent base salary paid during the fiscal year, as described under the heading "Base Salary" under the caption "Compensation Discussion and Analysis" above.

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Table of Contents

- (2) The named executive officers did not receive payments that would be characterized as "Bonus" payments for the fiscal year ended December 31, 2008. Cash Bonus Awards paid under Forest's 2008 AIP during the first quarter of 2009 are reflected in the column "Non-Equity Incentive Plan Compensation" and discussed in footnote (4) below.
- (3) Amounts shown in columns (e) and (f) include dollar amounts recognized for financial statement reporting purposes for the fiscal year in accordance with Statement of Financial Accounting Standards 123(R) ("SFAS 123(R)") for the amortization of the grant date fair value of stock awards and option awards granted to the named executive officers for fiscal year 2008 and prior years, excluding the impact of estimated forfeitures related to service-based vesting conditions, as required by SEC rules. These amounts do not reflect amounts paid to or realized by the NEO for fiscal 2008. A discussion of the valuation assumptions used for purposes of the SFAS 123(R) calculation is included under Note 7 to Forest's 2008 Consolidated Financial Statements that are part of Forest's Annual Report on Form 10-K for the year ended December 31, 2008. Further, as described in Note 7 to Forest's 2008 Consolidated Financial Statements, during 2006 we completed the spin-off of our Gulf of Mexico properties by means of a special stock dividend. The dividend took the form of shares of common stock of Mariner Energy Inc. and resulted in the partial settlement of all restricted stock awards held by Forest employees, including restricted stock held by the named executive officers. The amounts shown in the "Stock Awards" column reflect the partial settlement in 2006 for purposes of SFAS 123(R).
- (4) Amounts reflect the cash bonus awards to the NEOs under the 2008 AIP, which is discussed in further detail under the caption "Annual Incentive Bonus" under the heading "Compensation Discussion and Analysis" above. Bonus awards under the 2008 AIP were accrued and earned in 2008 and paid in the first quarter of 2009.
- (5) Amounts reflect the actuarial increase in the present value of the NEO's benefits under the Forest Oil Corporation Pension Trust Agreement (the "Pension Trust"). This amount is determined using interest rate and mortality rate assumptions consistent with those used in Forest's financial statements and include amounts that the NEO may not currently be entitled to receive because such amounts are not vested. Mr. Keyte and Mr. Colwell are the only NEOs that participate in the Pension Trust. Earnings on nonqualified deferred compensation are not included in this column, since no named executive officer earned above-market or preferential earnings on nonqualified deferred compensation during the fiscal year.
- (6) Amounts shown for each NEO includes: (i) matching contributions to the 401(k) Plan, Mr. Marter, \$11,500; (ii) matching contributions to the executive deferred compensation plan, Mr. Clark, \$45,267, Mr. Keyte, \$25,800, Mr. Ridens, \$21,783, Mr. Marter, \$14,500, and Mr. Colwell, \$15,667; (iii) tax gross-ups on amounts paid to the NEOs in 2008; (iv) the taxable value of group term life insurance coverage in excess of \$50,000; and (v) the amount shown for Mr. Clark includes reimbursements of financial consulting, moving expenses, physical examination, and spousal travel. The amounts attributable to each such perquisite or benefit for each NEO did not exceed the greater of \$25,000 or 10% of the total amount of perquisites received by the NEO.
- (7) Effective April 1, 2009, Mr. Keyte's annual salary amount will adjust to \$455,000.

2008 Grants of Plan-Based Awards

The following table provides information about plan-based awards, including cash payouts and restricted stock awarded to each of the named executive officers for services provided during 2008.

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards ⁽¹⁾			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock or Units (#) ⁽²⁾	All Other Option Awards: Number of Securities Underlying Options (#) ⁽³⁾	Exercise or Base Price of Option Awards (\$/Sh)	Grant Date Fair Value of Stock and Option Awards ⁽⁴⁾
		Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)				
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
H. Craig Clark	05/08/08	162,500	650,000	1,300,000	N/A	N/A	N/A	80,000	0	N/A	5,186,000
David H. Keyte	05/08/08	80,625	322,500	645,000	N/A	N/A	N/A	45,000	0	N/A	2,917,125
J.C. Ridens	05/08/08	73,125	292,500	585,000	N/A	N/A	N/A	30,000	0	N/A	1,944,750

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Cyrus D. Marter IV	05/08/08	52,500	210,000	420,000	N/A	N/A	N/A	15,000	0	N/A	972,375
Cecil N. Colwell	05/08/08	47,250	189,000	378,000	N/A	N/A	N/A	15,000	0	N/A	972,375

- (1) Amounts represent a range of possible cash payouts under Forest's 2008 AIP. As described under the heading "Compensation Discussion and Analysis" above, the Compensation Committee sets target bonuses at the beginning of the fiscal year under our annual incentive plan. The threshold amount shown in column (c) reflects the minimum payment level under the 2008 AIP, which is 25% of the target amount shown in column (d); however, no payments will be made under this plan unless the minimum 25% performance targets are achieved. The maximum amount shown in column (e) is 200% of such target amount, which represents the maximum for the plan; however, the maximum limit for individual employees, including the NEOs, is determined by the Committee, and it has discretion to increase the size of individual awards in excess of 200%. The amounts shown in columns (c), (d), and (e) are based on the NEO's current salary and position. The actual amounts awarded for fiscal 2008 are set forth in "Summary Compensation Table" in the Non-Equity Incentive Plan Compensation column.
- (2) Amounts represent shares of restricted stock awarded to each of the NEOs under the 2007 Stock Plan, which were approved by the Compensation Committee on May 8, 2008. The restrictions on these awards lapse on the dates shown in the table below, "Outstanding Equity Awards At Fiscal Year-End." As reflected in the table, the restrictions generally lapse 100% on the third anniversary of the date of the award, subject to the NEO's continued employment. The restricted shares are held by Forest until the restrictions lapse; however, the NEO may exercise voting power and participate in dividends, if any, declared on Forest's common stock.
- (3) No stock options were awarded to the NEOs during fiscal year 2008.
- (4) The grant date value of the restricted stock awards is calculated in accordance with SFAS 123(R) and is equal to the number of shares awarded times \$64.825, which is the mean of the high and low sales prices of Forest's common stock as listed on the NYSE on May 8, 2008.

Table of Contents**Outstanding Equity Awards At Fiscal Year-End**

The following table provides information on the current stock option and stock award holdings by each of the named executive officers. This table includes unvested, unexercised stock options and unvested restricted stock awards. The vesting dates for each option grant and stock award is shown in the accompanying footnotes. The market value of the stock awards is based on the closing market price of Forest's common stock as of December 31, 2008, which was \$16.49.

Option Awards						Stock Awards			
Name	Number of Securities Underlying Unexercised Options (#)	Number of Securities Underlying Unexercised Options (#)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options	Option Exercise Price	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested	Market Value of Shares or Units of Stock That Have Not Vested	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Rights That Have Not Vested	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Rights That Have Not Vested
			(#)(d)					(#)(g) ⁽¹⁾	(#)(i)
H. Craig Clark	157,200	0	N/A	18.19	09/05/11	80,000 ₍₂₎	1,319,200	N/A	N/A
	74,300	0		16.82	12/12/11	80,000 ₍₂₎	1,319,200		
	84,108	0		15.65	02/26/13				
	148,600	0		14.93	07/30/13				
	148,600	0		16.85	02/25/14				
	59,440	0		20.60	12/08/14				
David H. Keyte	80,350	0	N/A	20.02	12/07/10	45,000 ₍₃₎	742,050	N/A	N/A
	44,580	0		15.65	02/26/13	45,000 ₍₃₎	742,050		
	59,440	0		16.85	02/25/14				
	29,720	0		20.60	12/08/14				
J.C. Ridens	6,577	0	N/A	17.14	04/14/14	20,000 ₍₄₎	329,800	N/A	N/A
	10,105	0		20.60	12/08/14	30,000 ₍₄₎	494,700		
Cyrus D. Marter IV	7,430	0	N/A	16.85	02/25/14	15,000 ₍₅₎	247,350	N/A	N/A
	13,374	0		20.60	12/08/14	15,000 ₍₅₎	247,350		
Cecil N. Colwell	4,829	0	N/A	16.85	02/25/14	15,000 ₍₆₎	247,350	N/A	N/A
	5,944	0		20.60	12/08/14	15,000 ₍₆₎	247,350		

(1)

Unvested options vest in equal increments of 25%, commencing on the first anniversary date of the grant, and have a term of ten years. Shares of restricted stock vest 100% on the third anniversary of the date of the award or, if earlier, upon a change-of-control and certain termination events, including involuntary termination not for cause, death, disability, or retirement.

As of December 31, 2008:

(2)

The forfeiture restrictions on Mr. Clark's unvested restricted stock will lapse as follows: 80,000 shares vest on June 11, 2010 and 80,000 shares vest on May 8, 2011.

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- (3) The forfeiture restrictions on Mr. Keyte's unvested restricted stock will lapse as follows: 45,000 shares vest on June 11, 2010 and 45,000 shares vest on May 8, 2011.
 - (4) The forfeiture restrictions on Mr. Ridens' unvested restricted stock will lapse as follows: 20,000 shares vest on June 11, 2010 and 30,000 shares will vest on May 8, 2011.
 - (5) The forfeiture restrictions on Mr. Marter's unvested restricted stock will lapse as follows: 15,000 shares vest on June 11, 2010 and 15,000 shares will vest on May 8, 2011.
 - (6) The forfeiture restrictions on Mr. Colwell's unvested restricted stock will lapse as follows: 15,000 shares vest on June 11, 2010 and 15,000 shares will vest on May 8, 2011.
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Table of Contents**Option Exercises and Stock Vested**

The following table provides information, on an aggregate basis, about stock options that were exercised and restricted stock awards that vested during the fiscal year ended December 31, 2008 for each of the named executive officers.

Name (a)	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)(b)	Value Realized on Exercise (\$)(c) ⁽¹⁾	Number of Shares Acquired on Vesting (#)(d) ⁽²⁾	Value Realized on Vesting (\$)(e)
H. Craig Clark	100,000	4,166,435	80,000 ⁽³⁾	1,421,200
David H. Keyte	83,110	3,225,432	30,000 ⁽³⁾	532,950
J.C. Ridens	17,500	795,425	10,000 ⁽³⁾	177,650
Cyrus D. Marter IV	10,996	363,372	8,000 ⁽³⁾ 4,000 ⁽⁴⁾	142,120 169,420
Cecil N. Colwell	0	0	10,000 ⁽³⁾	177,650

- (1) The realized value is based on the difference between the market value of the shares purchased on the date of exercise and the option exercise price multiplied by the number of shares covered by the exercised option.
- (2) The number of shares and the value realized upon the lapsing of the forfeiture restrictions include shares that were surrendered by the named executive officer to Forest at the time of vesting to satisfy tax withholding requirements.
- (3) Forfeiture restrictions lapsed on December 19, 2008. The value realized was calculated by multiplying the number of shares shown in the table by \$17.765, which was the mean of the high and low sales prices of Forest's common stock as listed on the NYSE on December 18, 2008.
- (4) Forfeiture restrictions lapsed on January 24, 2008. The value realized was calculated by multiplying the number of shares shown in the table by \$42.355, which was the mean of the high and low sales prices of Forest's common stock as listed on the NYSE on January 23, 2008.

Pension Benefits

We have a qualified, non-contributory defined benefit pension plan, the Forest Oil Corporation Pension Trust Agreement. Benefit accruals under this plan were suspended effective as of May 31, 1991. The following table sets forth information on the pension benefits for Messrs. Keyte and Colwell, the only named executive officers who were eligible to participate in this plan prior to the date it was frozen.

Name (a)	Plan Name (b)	Number of Years Credited Service (#)(c)	Present Value of Accumulated Benefit (\$)(d)	Payments During Last Fiscal Year (\$)(e)
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H. Craig Clark	N/A	N/A	0	0
David H. Keyte	Forest Oil Corporation Pension Trust Agreement	4	29,876	0
J.C. Ridens	N/A	N/A	0	0
Cyrus D. Marter IV	N/A	N/A	0	0
Cecil N. Colwell	Forest Oil Corporation Pension Trust Agreement	3	19,537	0

The following table shows the estimated maximum annual benefits payable upon retirement at age 65 as a straight life annuity to participants in the pension plan for the indicated levels of average annual compensation and various periods of service, assuming no future changes in this plan. Mr. Keyte has four years of credited service, and the estimated annual accrued benefit payable, based on a life annuity benefit, upon normal retirement for Mr. Keyte is \$5,097. Mr. Colwell has three years of credited service, and the estimated annual accrued benefit payable, based on a life annuity benefit, upon normal retirement for Mr. Colwell is \$2,524.

Table of Contents

	Estimated Maximum Annual Pension Benefits ⁽²⁾ Years of Service		
	10	20	30
Remuneration ⁽¹⁾			
\$100,000	\$ 36,846	\$ 48,060	\$ 53,400
200,000	73,692	96,120	106,800
300,000	79,282	103,412	114,902
400,000	79,282	103,412	114,902

(1) The level of compensation used to determine benefits payable under the pension plan is the participant's annual base salary prior to May 31, 1991.

(2) Normal retirement benefits attributable to our contributions are limited under certain provisions of the Internal Revenue Code of 1986, as amended, to \$195,000 in 2008, and increase annually thereafter for cost of living adjustments.

The amount of our contribution, payment, or accrual in respect to any specified person in the pension plan is not and cannot readily be separately or individually calculated by the pension plan actuaries. Annual benefits at normal retirement are approximately 24% of average annual earnings (excluding bonuses) for any consecutive 60-month period that produces the highest amount, plus 21% of those earnings prorated over 20 years of credited service, and one-half of 1% of those earnings for each year of credited service in excess of 20, subject to certain adjustments for lack of plan participation. The relevant 60-month period must occur during the last 15 years prior to the earlier of retirement or May 31, 1991, when benefit accruals ceased. There is no offset for Social Security benefits. These benefits are payable for life with a 10-year certain period, or the actuarial equivalent of that benefit.

Nonqualified Deferred Compensation

In addition to Forest's 401(k) Plan, which is a qualified plan within the meaning of Section 401(a) of the Internal Revenue Code of 1986, as amended (the "Code"), Forest maintains a non-qualified deferred compensation plan, the Executive Deferred Compensation Plan (the "Executive Plan"), that provides deferred compensation benefits for certain officers whose annual accumulations under the 401(k) Plan are limited by certain provisions of the Code. Under the 401(k) Plan, a participant may elect to defer up to 80% of his or her compensation and Forest makes certain specified contributions on behalf of each participant; however, the Code imposes several limitations (the "Limitations") on the amount of such deferrals and employer contributions, including the following: (i) the maximum employee elective deferral for 2008 was \$15,500, and it is \$16,500 for 2009 (\$22,000 if the participant will attain at least age 50 by the end of the particular year); (ii) the maximum amount of participant compensation that may be taken into account under the 401(k) Plan was \$230,000 for 2008, and it was increased to \$245,000 for 2009; (iii) certain employee elective deferrals and employer matching contributions must be returned to highly compensated employees or forfeited if the 401(k) Plan does not pass applicable nondiscrimination tests; and (iv) the maximum sum of employee elective deferrals and employer contributions made under the 401(k) Plan on a participant's behalf for 2008 could not exceed the lesser of 100% of compensation or \$46,000 (which amount was increased to \$49,000 for 2009).

Subject to certain conditions and restrictions, a participant may defer under the Executive Plan a portion of his or her compensation with respect to which his elective deferrals under the 401(k) Plan are limited as a result of the application of the Limitations. In addition, amounts deferred by a participant under the Executive Plan for a particular year will be matched under this plan by Forest based on the matching formula used in the 401(k) Plan (which, for 2008, was a dollar-for-dollar match up to 8% of compensation). The Executive Plan also provides a participant with an additional employer contribution generally to compensate the participant for reductions in his or her share of employer contributions under the 401(k) Plan by reason of the application of the Limitations. The Executive Plan permits distributions only upon a termination of service, except that in-service distributions are permitted only as necessary to fulfill a domestic relations order.

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Table of Contents

The Executive Plan provides for a slate of investment options, primarily mutual funds (including the options available under the 401(k) Plan) and exchange traded funds, that are selected by Forest. Participants may designate from time to time how deferred amounts are deemed to be invested among such options. As a result, the fair value of the liability recorded with respect to the deferred amounts under the Executive Plan will fluctuate due to gains and losses associated with the selected investment options. The amounts credited to participant accounts under the Executive Plan are not held in a trust, and all such amounts are subject to the claims of Forest's creditors. The Executive Plan is designed and operated in a manner that is intended to satisfy the requirements of Section 409A of the Code.

In addition to the Executive Plan, Forest maintains two executive salary deferred compensation plans ("salary deferred compensation plans"). These plans have been frozen since December 31, 2005 for purposes of participation and any future deferrals of new compensation, and the plans are administered by the Compensation Committee. Eligibility to participate in these plans was limited to Forest's officers and directors. None of the non-employee directors elected to participate in these plans. At the time participation was elected, a participant had to specify the amount of his or her base salary and/or bonus to be deferred, as well as the time of payment. Distributions will be made in a lump sum per the participant's election, subject to any timing restrictions otherwise applicable under Section 409A of the Code. The amounts held in these plans are credited with hypothetical investment earnings based on participant investment elections made from various investment options selected by Forest. Accounts maintained for the participants, including Messrs. Clark and Ridens, the only NEOs who participate, are held by a brokerage firm in rabbi-trusts. These plans are not funded by Forest, and no amounts are credited with above-market earnings.

The following table provides information concerning contributions to the Executive Plan by each of the named executive officers and by Forest and the aggregate earnings in the Executive Plan and salary deferred compensation plans during 2008:

Name (a)	Executive Contributions in Last FY \$(b)⁽¹⁾	Registrant Contributions in Last FY \$(c)⁽²⁾	Aggregate Earnings in Last FY \$(d)	Aggregate Withdrawals/ Distributions \$(e)	Aggregate Balance at Last FYE \$(f)⁽³⁾
H. Craig Clark	200,188	45,267	(279,008)	0	1,322,104
David H. Keyte	56,325	25,800	(46,076)	0	687,617
J.C. Ridens	55,833	21,783	(109,686)	0	195,023