

IN THE ZONE



FOREST OIL CORPORATION

Goldman Sachs
Global Energy Conference 2009
January 15, 2009



Forest Oil Corporation - Snapshot

Market Capitalization (at 1/12/09): \$1.6 Billion

Enterprise Value*: \$4.1 Billion

Corporate Credit Ratings: BB- / Ba3

2007 Year-end Estimated Proved Reserves*: 2.5 Tcfe
(74% natural gas)

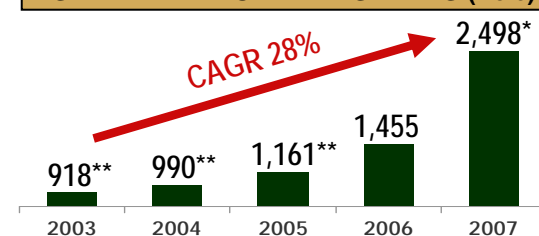
R/P Ratio*: 13.1 Years

Potential Locations (Fully Developed)**: 18,275

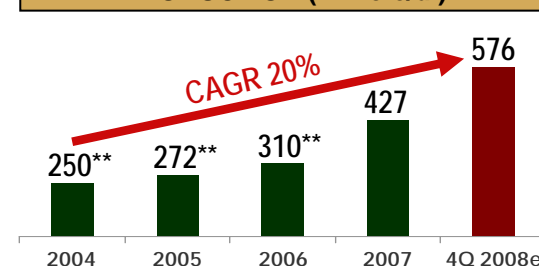
Net Unrisked Potential***: 17.0 Tcfe

4Q 2008 Production Guidance: 568 – 583 MMcfe/d

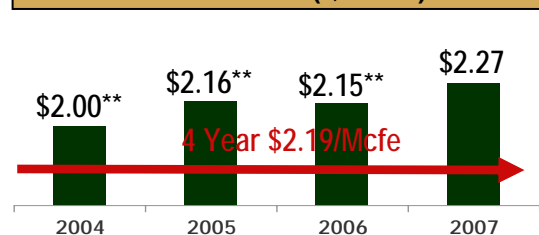
ESTIMATED PROVED RESERVES (Bcfe)



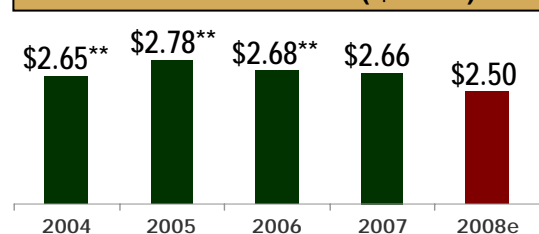
PRODUCTION (MMcfe/d)



FD&A COSTS (\$/Mcf)



TOTAL CASH COSTS (\$/Mcf)



FST
LISTED
NYSE

* Pro forma for the Ark-La-Tex acquisition that closed on May 2, 2008, the Greater Buffalo Wallow and East Texas acquisition that closed on September 30, 2008 and the Rockies divestiture that closed on November 25, 2008

** Pro forma for the spin-off of the Gulf of Mexico operations

*** Does not include estimated proved reserves or locations associated with estimated proved reserves

The 4-Point Strategy “Transformed”

Increase Organic Growth

- Concentrate activity in our Core Area tight-gas basins which have a growth track record, horizontal potential and large project inventory
- Achieve step change growth through our New “Frontier” Program (North America exploration and unconventional)
- Divest non-growth assets to focus capital program on organic growth

Maintain Capital Efficiency

- Utilize Core Area drilling experience across other Core Area applications
- Focus on supply chain and logistical efficiencies
- Utilize Lantern Drilling fleet to maximize capital efficiency while minimizing term drilling contracts

Control Costs

- Focus on margin extraction, do not be a “market taker”
- Expand efficiencies in Core Areas through consolidation
- Prudently allocate capital between Core vs. “Frontier” Areas and drillbit vs. acquisitions

Preserve Financial Flexibility

- Maintain significant liquidity
- Use non-core asset sales as capital markets substitute for funding, when appropriate
- Employ tax assets as a tool in acquisitions to gain economic advantage

Large Focused Inventory With “Running Room”*

	Locations**	Net Unrisked Potential (Bcfe)**
North America Tight-Gas	11,156	5,978
Shale Plays	4,943	9,567
Conventional Assets	2,176	1,488
Total	18,275	17,033

* Does not include exploration or unbooked discoveries (S. Africa, Italy and Mackenzie Delta)

** Does not include estimated proved reserves or locations associated with estimated proved reserves



Core Areas – Tight-Gas Sand Development



	Current Spacing	Fully Developed	Total
Greater Buffalo Wallow Area			
Gross Project Inventory	1,829	752	2,581
Net Unrisked Potential (Bcfe)*	1,755	652	2,407
Canada Deep Basin			
Gross Project Inventory	112	200	312
Net Unrisked Potential (Bcfe)*	92	177	269
East Texas / N. Louisiana			
Gross Project Inventory	1,333	890	2,223
Net Unrisked Potential (Bcfe)*	760	551	1,311
South Texas			
Gross Project Inventory	448	-	448
Net Unrisked Potential (Bcfe)*	434	-	434
Arkoma			
Gross Project Inventory	893	-	893
Net Unrisked Potential (Bcfe)*	218	-	218
Core Areas			
Gross Project Inventory	4,615	1,842	6,457
Net Unrisked Potential (Bcfe)*	3,259	1,380	4,639

* Does not include estimated proved reserves

“The Core Expanding – To The Benefit Of Our Shareholders”

New "Frontier" Program – Developing Impact Positions



	Current Spacing	Fully Developed	Total
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Utica Shale			
Gross Project Inventory	-	3,390	3,390
Net Unrisked Potential (Bcfe)*	-	4,138	4,138

Barnett Shale			
Gross Project Inventory	151	254	405
Net Unrisked Potential (Bcfe)*	163	195	358

Greater Vermejo/Haley			
Gross Project Inventory	90	-	90
Net Unrisked Potential (Bcfe)*	305	-	305

Haynesville Shale			
Gross Project Inventory	1,148	-	1,148
Net Unrisked Potential (Bcfe)*	5,071	-	5,071

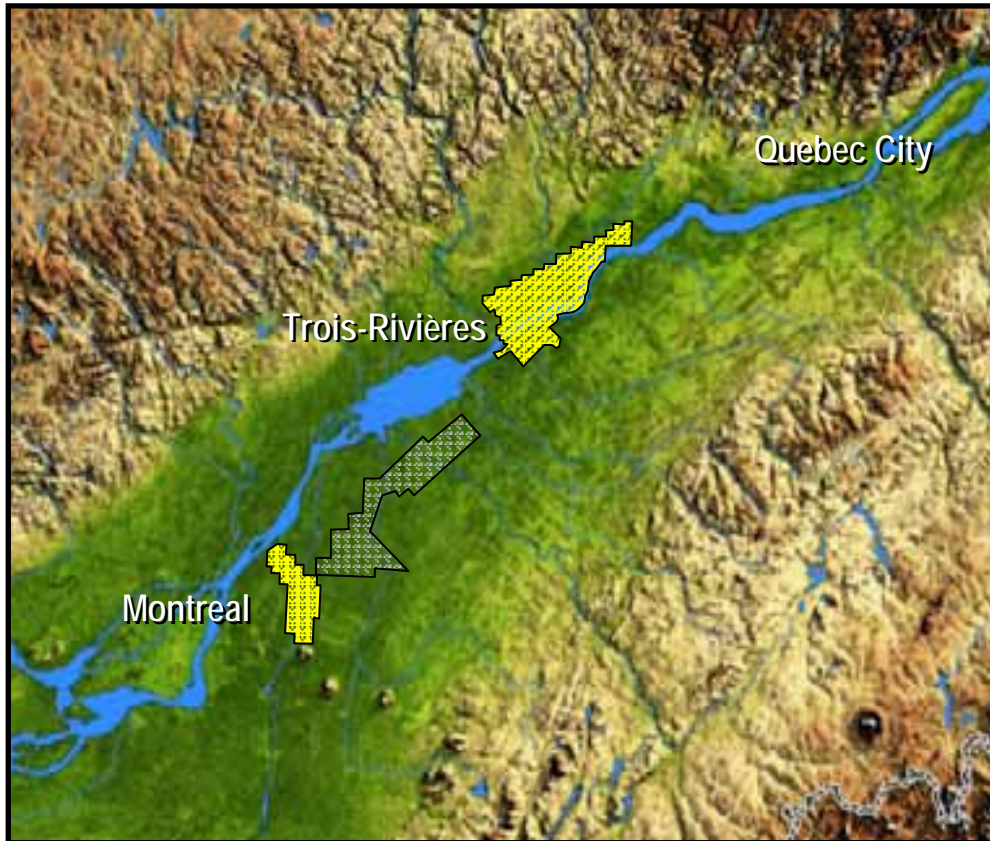
New Frontier Program			
Gross Project Inventory	1,389	3,644	5,033
Net Unrisked Potential (Bcfe)*	5,539	4,333	9,872

* Does not include estimated proved reserves

“Plays That Move The Needle”



Utica Shale – St. Lawrence Lowlands, Quebec



“First Mover Advantage In The Utica Shale Allowed Forest To Economically Accumulate A Substantial Position In An Emerging Shale Play”

Large Resource Potential and Acreage

- 4.1 Tcf of net resource potential at 20% recovery efficiency
- Low cost of entry
- 339,000 gross acres (269,200 net acres), ten year term

Excellent Rock Properties

- Comparable to Barnett Shale
- At least two prospective Utica horizons

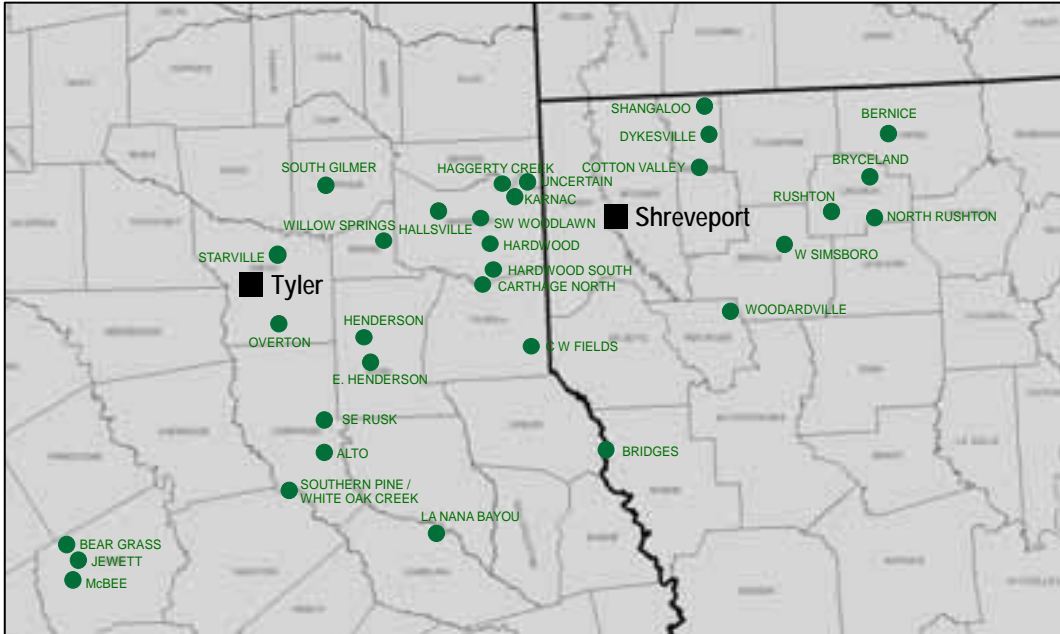
Test Concept

- Test rates up to 1,000 Mcf/d
- Significant gas content demonstrated
- Fracture stimulation

Existing Infrastructure and N.E. Market

- Easy access to pipelines with available capacity
- Premium pricing to NYMEX (\$1.05 since beginning of 2003)

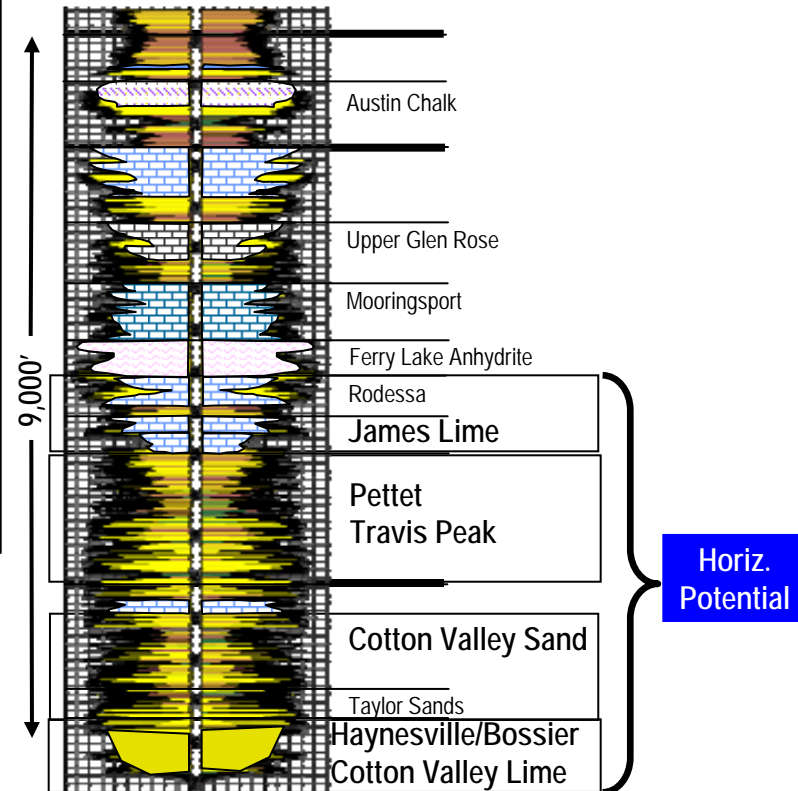
East Texas / North Louisiana Potential



Current Position – E. Texas/N. Louisiana

- Total of 193,000 gross acres (144,000 net) in East Texas/North Louisiana
- 140,000 gross acres (106,000 net) prospective for the Haynesville/Bossier Shale
- In excess of 3,000 drilling locations with 6 Tcfe of net unrisks potential
- Ten Haynesville/Bossier vertical wells achieved initial rates from 1.5 to 4.4 MMcfe/d
- First Haynesville horizontals now being completed

E. Texas/N. Louisiana Geologic Zones



“Forest Has Over 100,000 Net Acres With Approximately 5 Tcfe Of Haynesville Shale Net Unrisks Potential”

Macro Capital and Commodity Review

Business Environment

- Credit and equity markets in cardiac arrest with no near-term access evident
- Dollar strength, global demand reduction, and lack of credit to arbitrage the contango limit near-term price increases for oil
- Asset market dried up due to capital market seizure
- Severe cuts in capital expected to impact service companies in 2009

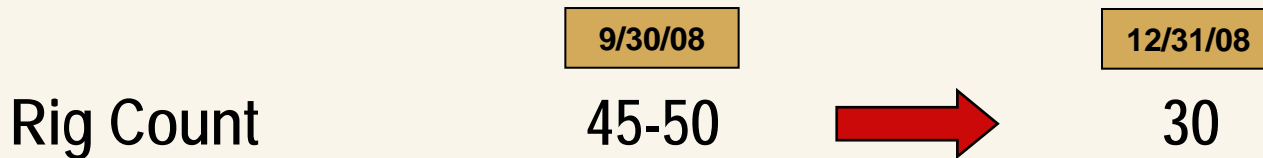
Domestic Natural Gas Market

- Current productivity to extend six months after capital contracts due to completion inventory
- Significant base decline imbedded in unconventional reservoirs
- Industrial demand shows weakening demand at the margin
- European prices narrowing spread to U.S. prices



Forest's 2009 Capital Program Observations

1. Costs need to drop or prices need to increase significantly to make drilling attractive on a risk-weighted basis
2. Investors are mispricing capital structures and therefore owned oil and gas reserves
3. The asset market will be depressed until credit is available and pent-up sellers are cleared



Forest's Current View Is To Dramatically Reduce Capital Spending To Allow A Bird's Eye View Of Drilling, Acquisitions, And Capital Markets Opportunities As They Unfold



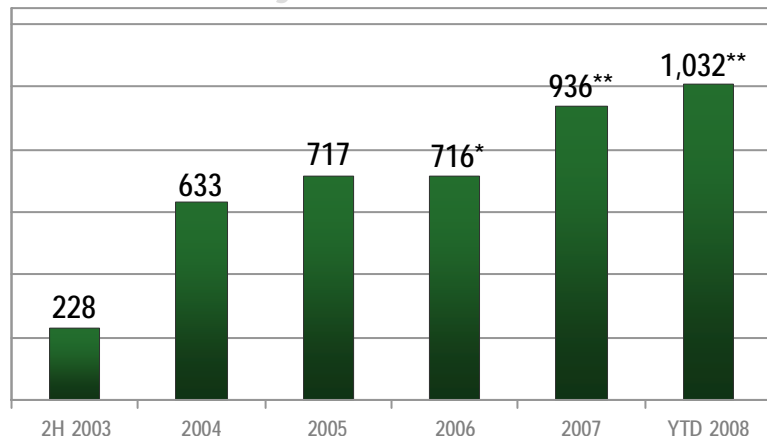
Preserving Financial Flexibility

- Preliminary 2009 capital plan designed to be below discretionary cash flow
- Strong liquidity position
 - Staggered long term debt maturity schedule with first maturity in 2011
 - Estimated \$500 – 600 million in liquidity under \$1.8 billion credit facilities at year-end
 - Borrowing base holds up at estimated bank pricing
 - Bank group built entirely of commercial banks
 - All hedging contracted with bank group
- Favorably hedged
 - Recently added to 2009 hedge portfolio including basis hedges
- Significant acreage position and low cost structure allows for development of Core Areas in a depressed NYMEX environment
 - 575,000 gross acres in Core Areas with 6,457 drilling locations
 - \$4.75 full cycle cost structure

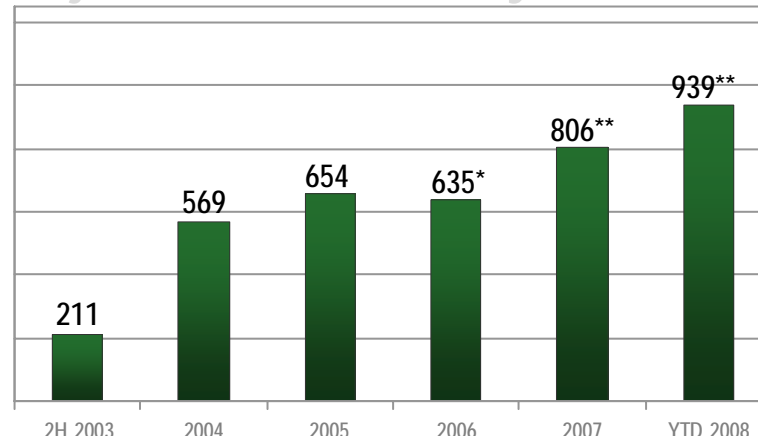
Free Cash Flow Model

(\$MM)

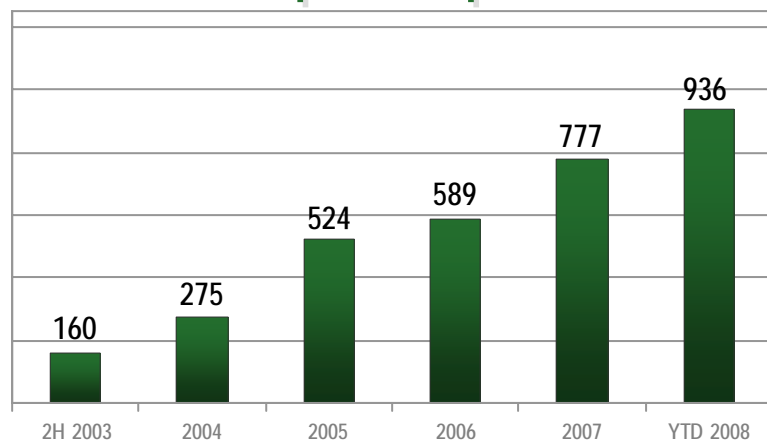
Adjusted EBITDA



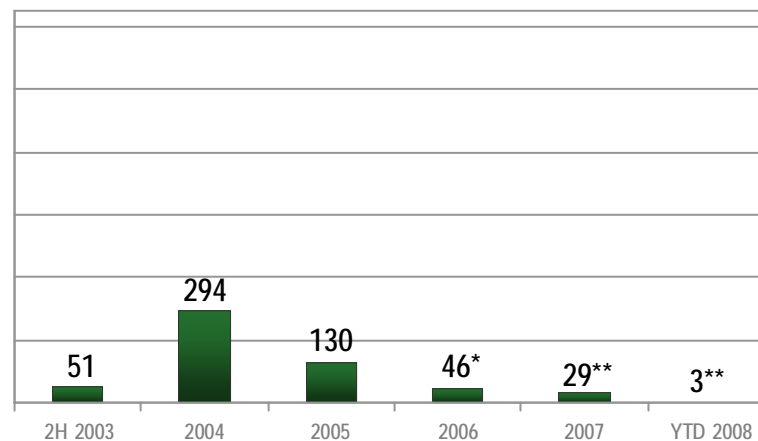
Adjusted Discretionary Cash Flow



E&D Capital Expenditures



Free Cash Flow



“Forest Intends To Continue Its Successful Free Cash Flow Business Model in 2009”

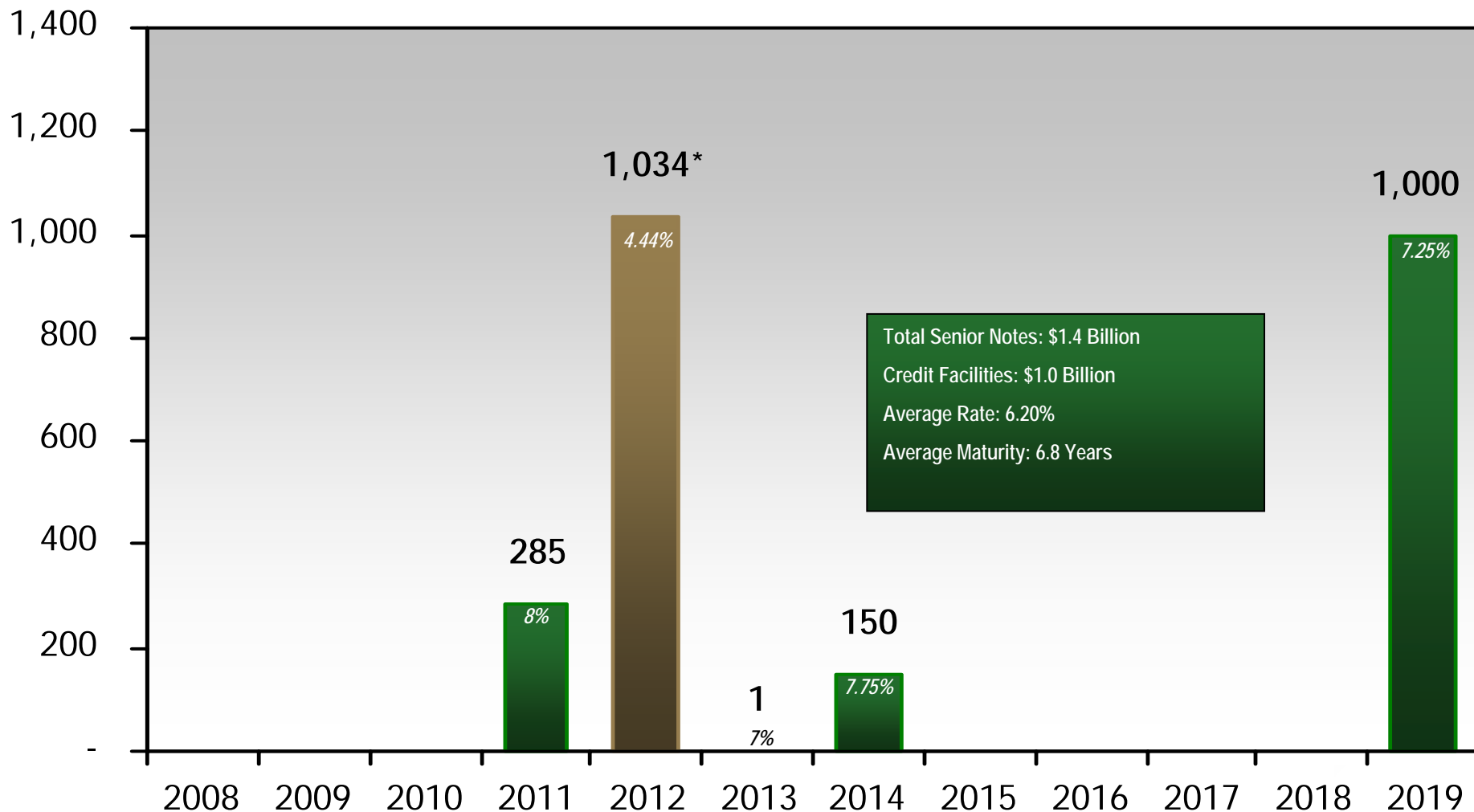
* Includes \$200 MM of proceeds from spin-off in 2006

** Includes \$64 MM and \$24 MM of proceeds from non-reserve based divestitures in 2007 and 2008, respectively

Debt Maturity Profile

(\$MM)

9/30/08



* Pro forma for \$200 million cash proceeds from the Rockies divestiture that closed on November 25, 2008

■ Floating
 ■ Fixed

Divestiture Summary

	Reserves (Bcfe)	Production (MMcfe/d)	Allocated Value (\$MM)	Timeline
Miscellaneous Assets	16	5	100	Complete
Rockies Package	81	21	200	Complete
Subtotal	97	26	300	
Additional Divestment	200 – 250	50 – 55	450 – 750	2009 – 2010
Total	300 – 350	75 – 80	750 – 1,050	

“While Proceeds Will Provide More Liquidity, Divestitures Aren’t Necessary For FST To Maintain A Drilling Program On Its Core Growth Strategy”



Hedging Portfolio – NYMEX Hedges

Hedging Price Risk

	2H2008	Weighted Price Floor/Ceiling	2009	Weighted Price Floor/Ceiling
Natural Gas Swaps				
Contract Volumes (BBtu/d)	70.0 *		160.0 **	
Weighted Average Price (\$ per MMBtu)	9.02		8.24	
Natural Gas Collars				
Contract Volumes (BBtu/d)	110.0 *		40.0	
Weighted Average Ceiling Price (\$ per MMBtu)	9.18		9.76	
Weighted Average Floor Price (\$ per MMBtu)	7.51		7.31	
		\$8.10 - \$9.12		\$8.05 – \$8.54
Oil Swaps				
Contract Volumes (MBbl/d)	6.5		4.5	
Weighted Average Price (\$ per Bbl)	69.72		69.01	
Oil Collars				
Contract Volumes (MBbl/d)	-		-	
Weighted Average Ceiling Price (\$ per Bbl)	-		-	
Weighted Average Floor Price (\$ per Bbl)	-		-	
		\$69.72		\$69.01

* 10.0 of the 70.0 Bbtu/d of natural gas swaps and 30.0 of the 110.0 Bbtu/d of natural gas collars are subject to a put of \$6.00 per MMBtu

** 10.0 of the 130.0 Bbtu/d of natural gas swaps are subject to a put of \$6.00 per MMBtu

Hedging Portfolio – Basis Hedges

Hedging Price Risk

	2H2008	2009	2010
<i>Houston Ship Channel basis swaps:</i>			
Contract volumes (Bbtu/d)	80.0	40.0	-
Weighted Average Price (\$ per MMBtu)	(.25)	(.33)	-
<i>Centerpoint basis swaps:</i>			
Contract volumes (Bbtu/d)	-	30.0	30.0
Weighted Average Price (\$ per MMBtu)	-	(.95)	(.95)
<i>NGPL Mid-Con basis swaps:</i>			
Contract volumes (Bbtu/d)	-	60.0	60.0
Weighted Average Price (\$ per MMBtu)	-	(1.04)	(1.04)
<i>AECO basis swaps:</i>			
Contract volumes (Bbtu/d)	-	25.0	-
Weighted Average Price (\$ per MMBtu)	-	(.65)	-
<i>NGPL TxOk basis swaps:</i>			
Contract volumes (Bbtu/d)	-	40.0	-
Weighted Average Price (\$ per MMBtu)	-	(.52)	-
Total Contract Volumes (Bbtu/d)	80.0	195.0	90.0
Total Weighted Average Price (\$ per MMBtu)	(.30)	(.72)	(1.01)

Opportunistic Capital Allocator

Year	Acq Costs		F&D Costs		Total	
	(\$MM)	(\$/Mcf)	(\$MM)	(\$/Mcf)	(\$MM)	(\$/Mcf)
2004*	298	1.37	176	8.42	474	2.00
2005*	241	1.91	358	2.35	599	2.16
2006*	315	2.28	589	2.09	904	2.15
2007**	1,598	2.43	777	1.99	2,375	2.27
Total	<u>2,452</u>	<u>2.15</u>	<u>1,900</u>	<u>2.25</u>	<u>4,352</u>	<u>2.19</u>

“Forest’s Ability To Allocate Capital Efficiently Should Allow For Excellent Investor Returns In Any Environment”

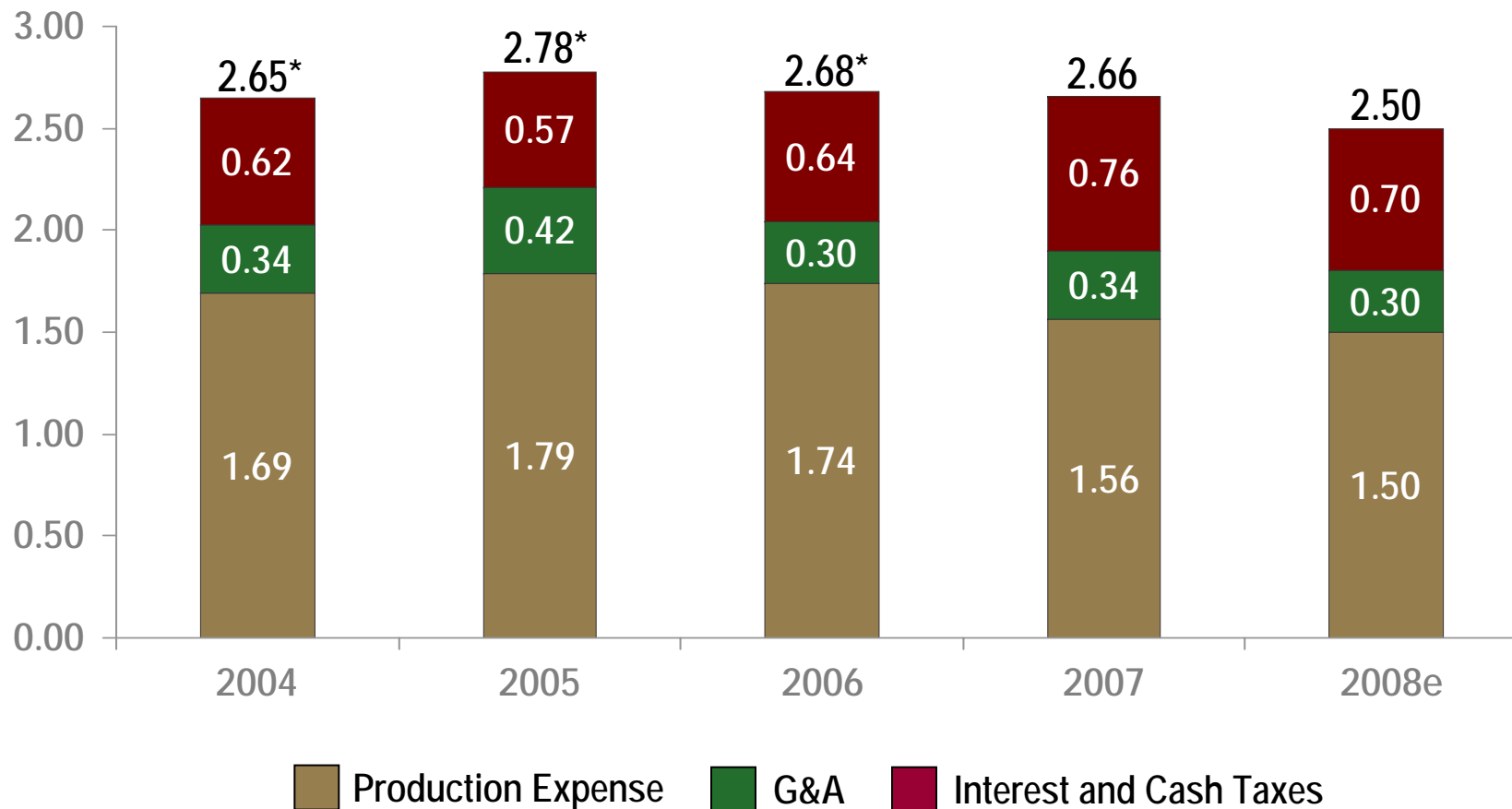
* Pro forma for the spin-off of the Gulf of Mexico operations

** Does not include effects of the Alaska properties during 2007



Total Cash Costs Per Unit Profile

(\$ / Mcfe)



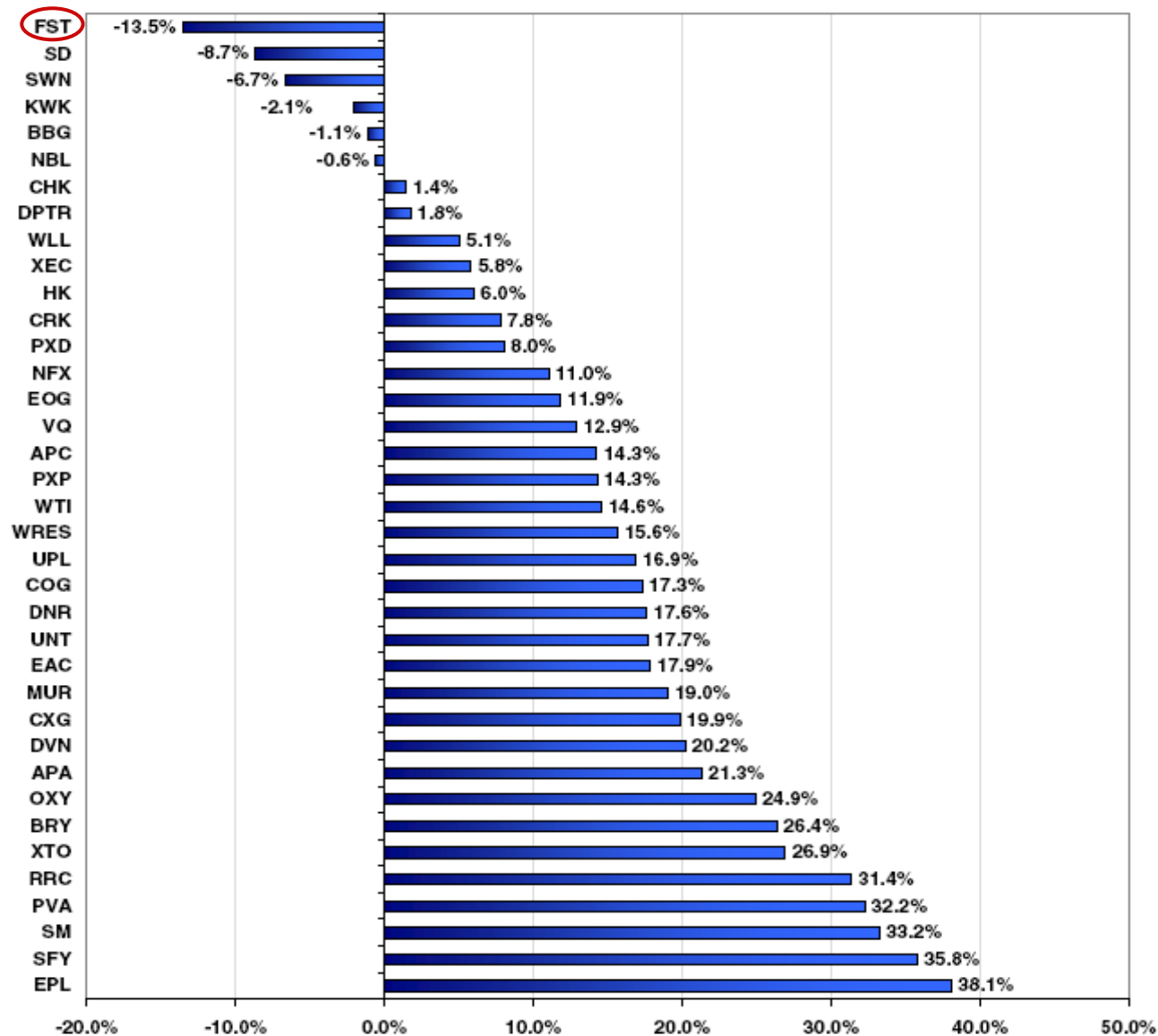
“Always Focus on Cost”



* Pro forma for the spin-off of the Gulf of Mexico operations

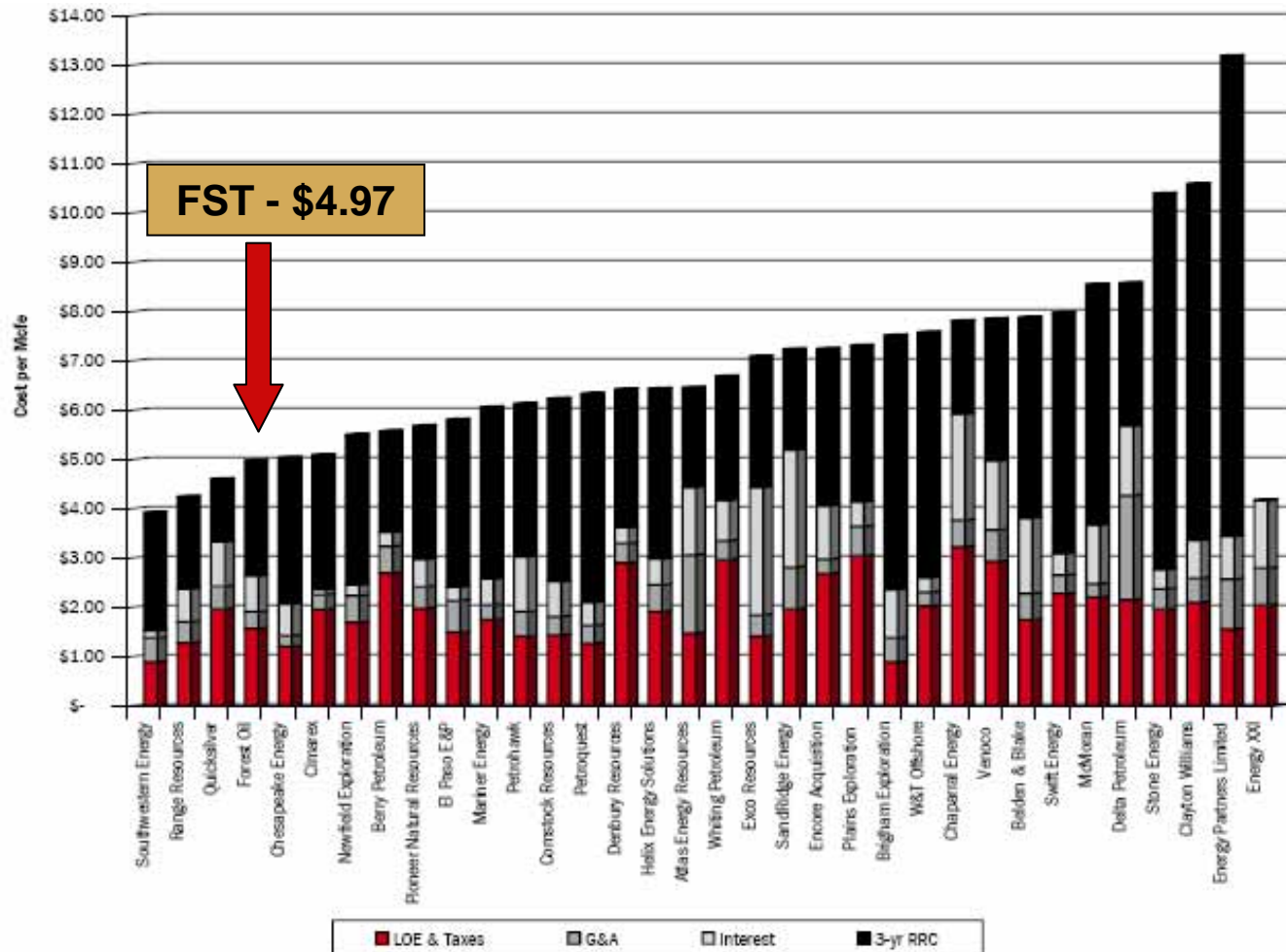
Year-Over-Year Cost Structure Change

Exhibit 6: Q208 Total Cost Structure YoY Change (%)



E&P Industry All-In Cost Structures

2007 Cost Structures by Component



Summary of Forest Oil

- Unprecedented decline in capital structure value supported by significant unconventional assets with high daily production and PDP reserve base
- Low cost operator and experienced managers of free cash flow business model will thrive in adverse environments
- Significant liquidity and cash flow allows for optimal capital allocation
- Tentative 2009 capital plan designed to ensure adequate liquidity under our credit facilities
 - Capital plan designed to be below discretionary cash flow
- Utilize Lantern Drilling fleet to maximize capital efficiency while minimizing term drilling contracts

Same Business Tenants + Increased Focus = Capital Efficiency



Investment Proposition

- Portfolio management has created substantial North American tight-gas sand and shale assets
- 18,275 fully developed locations provide over 17.0 Tcfe of additional net unrisks potential
- Despite high quality assets, substantial liquidity, proven track record of management, substantial upside in asset portfolio and stewardship of capital structure, FST presently trades at low end of peer group
- Forest's liquidity and cash flow will allow it to invest optimally in 2009

“FST Provides The Best Risk Weighted North American E&P Investment”



Cautionary Statements

Forward Looking Statements – This presentation includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements, other than statements of historical facts, that address activities that Forest assumes, plans, expects, believes, projects, estimates or anticipates (and other similar expressions) will, should or may occur in the future are forward-looking statements. The forward-looking statements provided in this presentation are based on management's current belief, based on currently available information, as to the outcome and timing of future events. Forest cautions that its future natural gas and liquids production, revenues and expenses and other forward-looking statements are subject to all of the risks and uncertainties normally incident to the exploration for and development and production and sale of oil and gas.

These risks include, but are not limited to, price volatility, inflation or lack of availability of goods and services, environmental risks, drilling and other operating risks, regulatory changes, the uncertainty inherent in estimating future oil and gas production or reserves, the uncertainty in executing our pending divestiture program and other risks as described in reports that Forest files with the Securities and Exchange Commission (SEC), including its 2007 Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, and Current Reports on Form 8-K. Also, the financial results of Forest's foreign operations are subject to currency exchange rate risks. Any of these factors could cause Forest's actual results and plans to differ materially from those in the forward-looking statements.

Reserves – The Securities and Exchange Commission permits oil and gas companies, in their filings with the SEC, to disclose only proved reserves, which are estimates that geological and engineering data demonstrate with reasonable certainty to be recoverable in future years from known reservoirs under existing economic and operating conditions. Forest uses the terms "probable" and "possible" reserves, resource "potential" or "upside" or other descriptions of volumes of reserves or resources potentially recoverable through additional drilling or recovery techniques that the SEC's guidelines strictly prohibit Forest from including in filings with the SEC. These estimates are by their nature more speculative than estimates of proved reserves and accordingly are subject to substantially greater risk of being actually realized by Forest. Resource potential refers to Forest's internal estimates of hydrocarbon quantities that may be potentially discovered through exploratory drilling or recovered with additional drilling or recovery techniques. Resource potential does not constitute reserves within the meaning of the Society of Petroleum Engineer's Petroleum Resource Management System and does not include any proved reserves. Area wide unrisks resource potential has not been risked by Forest's management. Actual quantities that may be ultimately recovered from Forest's interests will differ substantially. Factors affecting ultimate recovery include the scope of Forest's ongoing drilling program, which will be directly affected by the availability of capital, drilling and production costs, availability of drilling services and equipment, drilling results, lease expirations, transportation constraints, regulatory approvals and other factors; and actual drilling results, including geological and mechanical factors affecting recovery rates. Estimates of resource potential may change significantly as development of our resource plays provides additional data. Investors are urged to consider closely the disclosure in Forest's Annual Report on Form 10-K for fiscal year ended December 31, 2007, copies of which are available for free from Forest by writing Forest at 707 17th Street, Suite 3600, Denver, CO 80202, Attention: Investor Relations, or by calling Investor Relations at 303-812-1400, or visiting Forest's website at www.forestoil.com.

