

IN THE ZONE



FOREST OIL CORPORATION

**Raymond James Institutional
Investors Conference**

March 11, 2009



Forest Oil Corporation - Snapshot

Market Capitalization (at 3/3/09): \$1.2 Billion

Enterprise Value: \$4.0 Billion

Corporate Credit Ratings: BB- / Ba3

2008 Year-end Estimated Proved Reserves: 2.7 Tcfe
(75% natural gas)

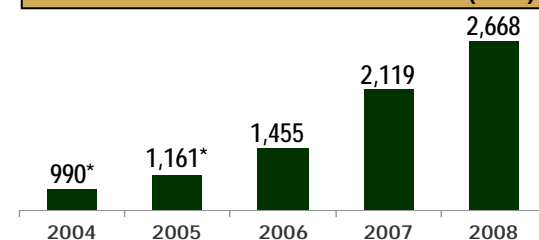
R/P Ratio: 14.0 Years

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

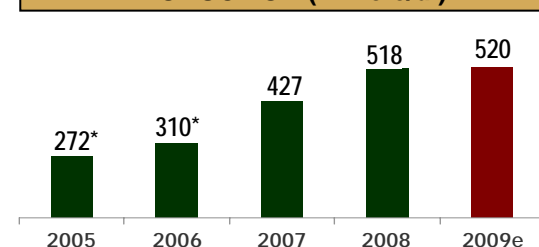
Net Unrisked Potential**: 17.0 Tcfe

2009 Production Guidance: 185 – 195 Bcfe

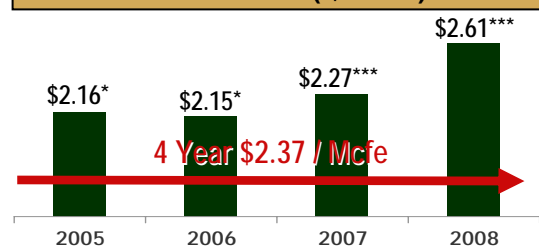
ESTIMATED PROVED RESERVES (Bcfe)



PRODUCTION (MMcfe/d)



FD&A COSTS (\$/Mcf)



TOTAL CASH COSTS (\$/Mcf)



FST
LISTED
NYSE

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

** As of 9/30/08; does not include estimated proved reserves or locations associated with estimated proved reserves

*** Does not include effects of Alaska properties during 2007 or revisions

2008 Highlights

- Record adjusted net earnings, EBITDA and discretionary cash flow
- Estimated proved reserves grew 26% to a record 2.7 Tcfe
- All-in reserve replacement of 549% with FD&A costs of \$2.61 per Mcfe*
- Organic reserve replacement of 281% with F&D costs of \$2.54 per Mcfe*
- 2008 net production rose 22% (17% organic) to a record 190 Bcfe
- Added over 150,000 net undeveloped acres primarily in E. Texas/N. Louisiana and the Texas Panhandle (including Haynesville/Bossier)
- Significant horizontal success in East Texas, Arkoma and Alberta
- Sale of \$300 million of non-core assets primarily located in the Rockies

* Does not include revisions

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
2008***	<u>1,369</u>	<u>2.68</u>	<u>1,356</u>	<u>2.54</u>	<u>2,725</u>	<u>2.61</u>
Total	<u><u>3,821</u></u>	<u><u>2.32</u></u>	<u><u>3,256</u></u>	<u><u>2.36</u></u>	<u><u>7,077</u></u>	<u><u>2.34</u></u>

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

* Does not include tax gross up amounts

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

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



Core Areas – Tight-Gas Sand Development

As of 9/30/2008



	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

As of 9/30/2008



	Current Spacing	Fully Developed	Total
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Haynesville shale			
Gross Project Inventory	1,148	-	1,148
Net Unrisked Potential (Bcfe)*	5,071	-	5,071

Utica Shale			
Gross Project Inventory	-	3,390	3,390
Net Unrisked Potential (Bcfe)*	-	4,138	4,138

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

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

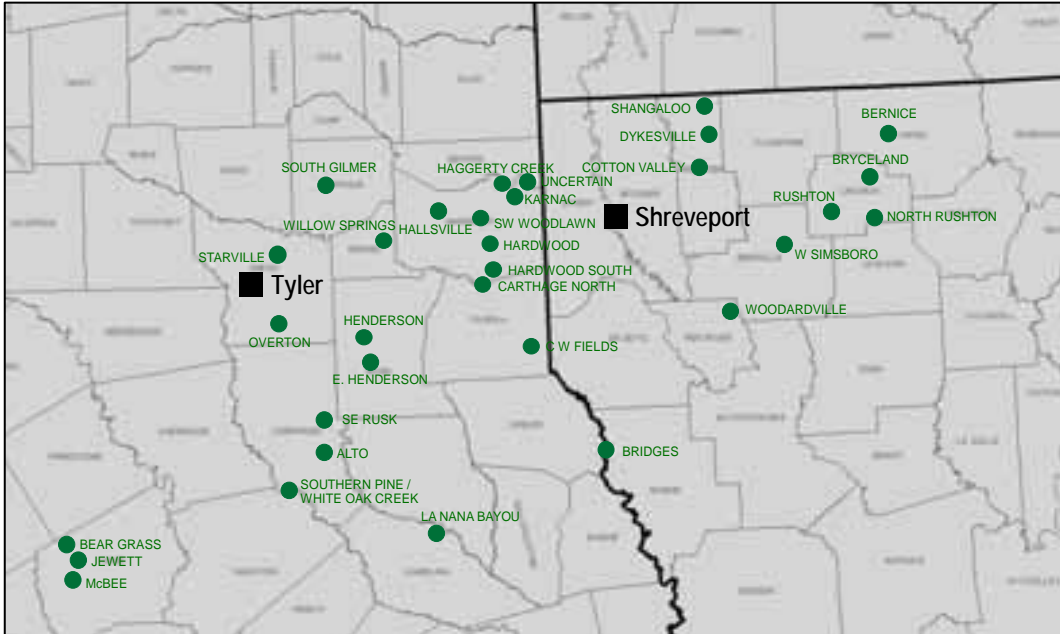
New Frontier Program			
Gross Project Inventory	1,389	3,644	5,033
Net Unrisked Potential (Bcfe)*	5,539	4,333	9,872

* Does not include estimated proved reserves

“Plays That Move The Needle”



East Texas / North Louisiana Potential



Current Position – E. Texas/N. Louisiana

- Total of 210,000 gross acres (161,000 net)
- 140,000 gross acres (127,000 net) prospective for the Haynesville/Bossier Shale
- In excess of 3,500 drilling locations with 7 Tcfe of net unrisks potential
- Successful Cotton Valley horizontal program has averaged 5.0 MMcfe/d
- First Hayneville horizontal IP'd at 14 MMcfe/d
- Evaluating deeper Lime potential

E. Texas/N. Louisiana Geologic Zones



***“Forest Has 161,000 Net Acres
With Approximately 7 Tcfe of
Unrisks Potential”***

Haynesville/Bossier Shale Update

- 140,000 gross acres (127,000 net) prospective for Haynesville/Bossier Shale
- Additional shallow and deep rights on majority of acreage
- 14 vertical Haynesville tests completed
- First horizontal initial production rate of 14 MMcfe/d (100% WI) at 6,500 psi flowing casing pressure to sales
- One horizontal well completing; two drilling
- 2009 Haynesville program
 - 2 rig program drilling 10 – 12 operated wells
 - Participation in 2 – 3 non-operated wells
- No estimated proved reserves booked related to horizontal activity in the Haynesville/Bossier Shale at December 31, 2008



Macro Capital and Commodity Review

Business Environment

- Credit and equity markets very expensive with limited access evident
- Banks aggressively lowering borrowing base loans and/or increasing price grids
- 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 but improve E&P project economics in 2010

Domestic Natural Gas Market

- Current productivity to extend six months after capital contracts due to completion backlog
- Higher industry base decline imbedded in unconventional reservoirs
- Industrial demand shows significant deterioration at the margin
- European prices narrowing spread to U.S. prices

2009 Plan Observations

Capital Expenditures

- E&D spending to be within cash flow
- Protect lease expirations or non-consent penalties
- Utilize Lantern rigs over third party rigs
- Prioritize "FOCUS" projects – recompletions/workovers
- Only ROR > 20% projects considered, based on \$5.00 NYMEX
- Horizontal drilling is favored economically versus vertical

Cost Control

- Take advantage of lower service costs in late 2009
- Reduce "favorable" operating costs even further
- Operated well costs lower than non-operated

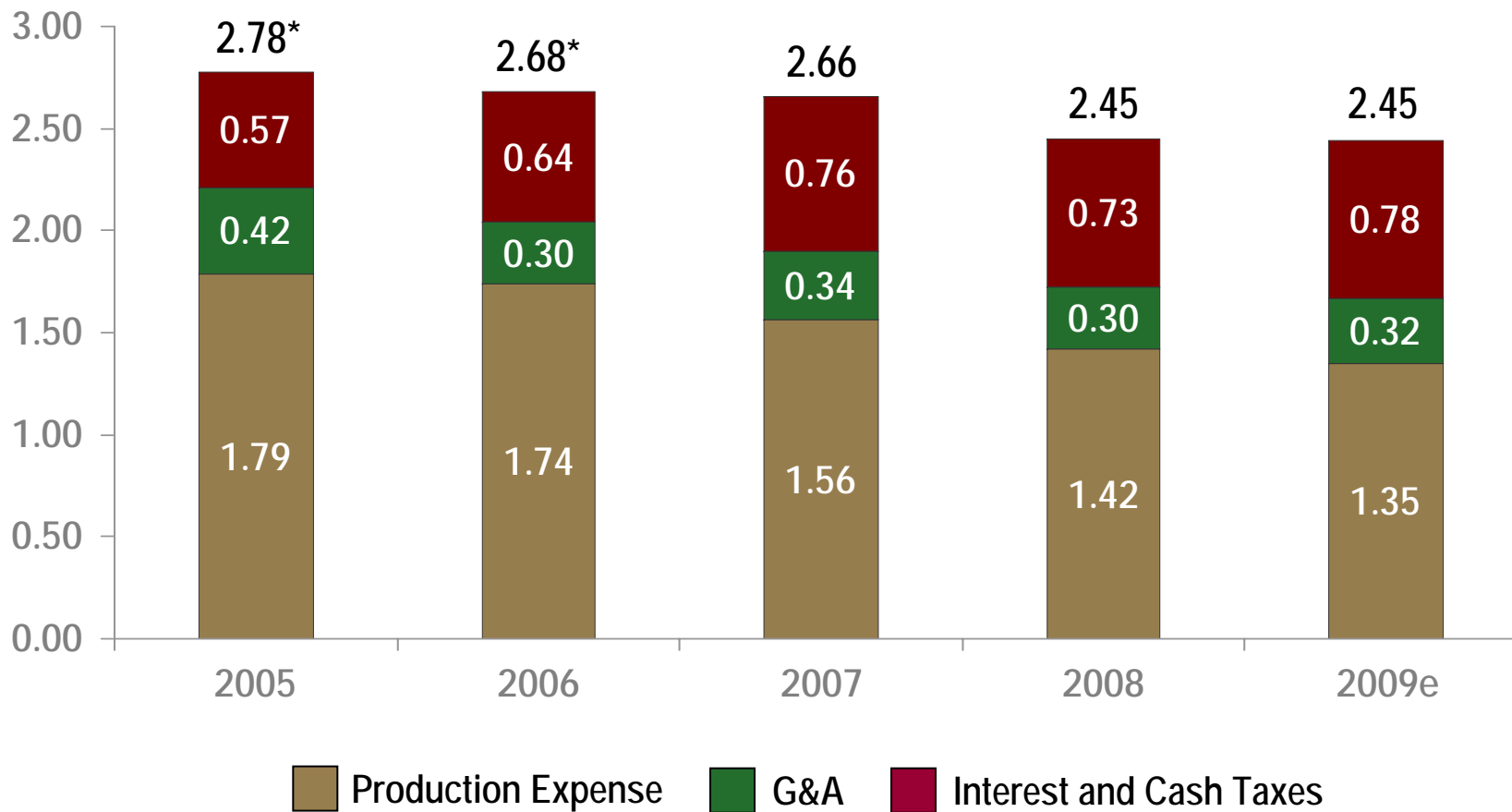
2009 Guidance

- E&D capital of \$500 – 600 million to be below estimated cash flow
- Over one-third of spending on horizontal activity
 - E. Texas/N. Louisiana – Cotton Valley and Haynesville/Bossier
 - Arkoma
 - Greater Buffalo Wallow
- Operated rig count targeted at 15 rigs, with only one third-party rig
- Current capital plan assumes 5% reduction in average well costs
- Estimated full year production to be flat to 2008
- Lower production expense per Mcfe by 5% versus 2008
- Estimated production is approximately 50% hedged in 2009 and 25% hedged in 2010



Total Cash Costs Per Unit Profile

(\$ / Mcfe)



“Always Focus on Cost”



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

Hedging Portfolio – NYMEX Hedges

Hedging Price Risk

	2009	Weighted Price Floor/Ceiling	2010	Weighted Price Floor/Ceiling
Natural Gas Swaps				
Contract Volumes (BBtu/d)	160.0 *		110.0	
Weighted Average Price (\$ per MMBtu)	8.24		6.47	
Natural Gas Collars				
Contract Volumes (BBtu/d)	40.0		-	
Weighted Average Ceiling Price (\$ per MMBtu)	9.76		-	
Weighted Average Floor Price (\$ per MMBtu)	7.31		-	
		\$8.05 - \$8.54		\$6.47 – \$6.47
Oil Swaps				
Contract Volumes (MBbl/d)	4.5		1.5	
Weighted Average Price (\$ per Bbl)	69.01		72.95	
Oil Collars				
Contract Volumes (MBbl/d)	-		-	
Weighted Average Ceiling Price (\$ per Bbl)	-		-	
Weighted Average Floor Price (\$ per Bbl)	-		-	
		\$69.01		\$72.95

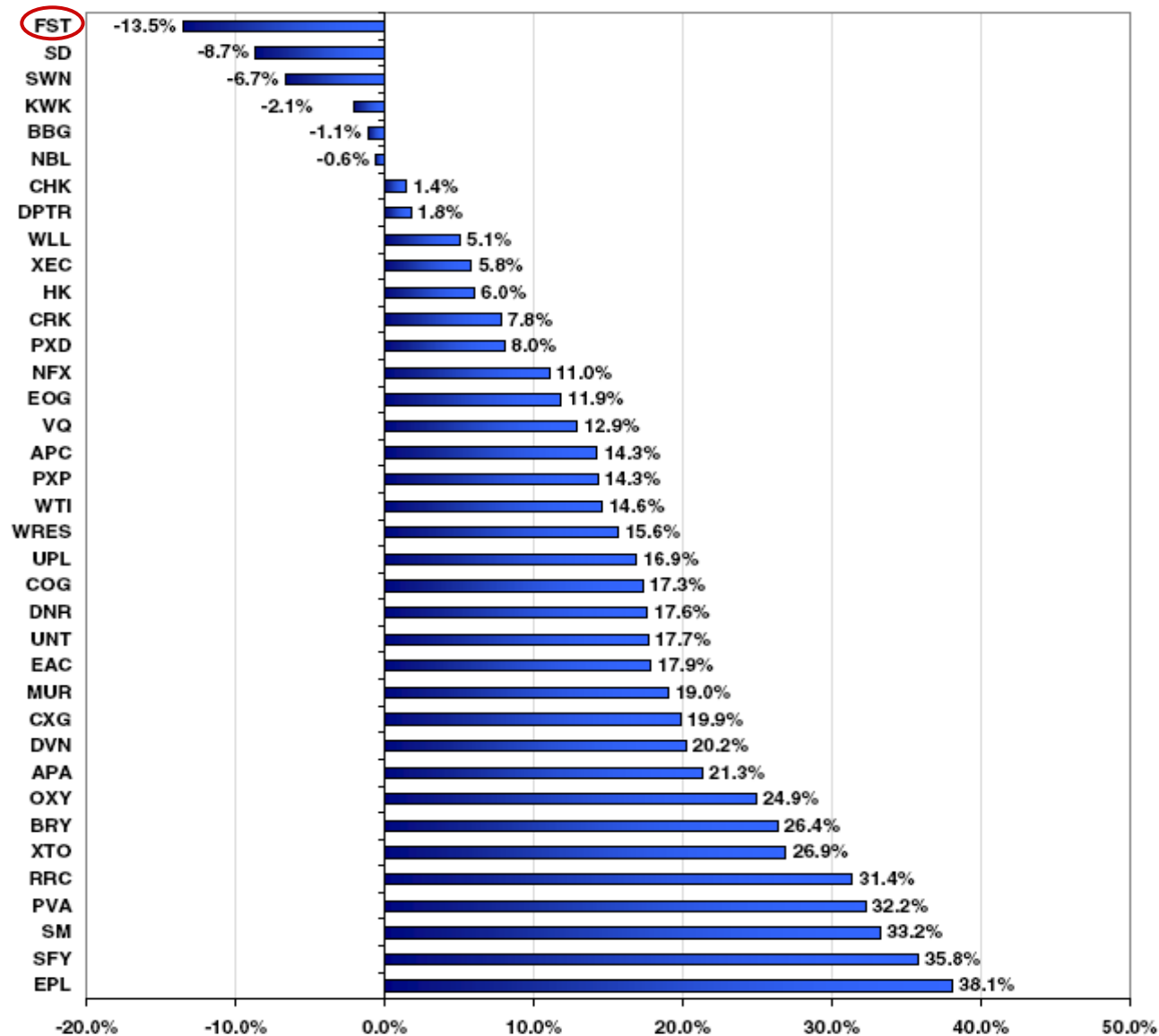
* 10.0 Bbtu/d of natural gas swaps are subject to a written put of \$6.00 per MMBtu

Preserving Financial Flexibility

- 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 \$700 – 800 million in liquidity under \$1.62 billion credit facilities after recent senior note issuance
 - Borrowing base calculation holds up at estimated bank pricing
 - Bank group built entirely of commercial banks
 - All hedging contracted with bank group
- Favorably hedged
 - Recently added to 2009/2010 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

Year-Over-Year Cost Structure Change

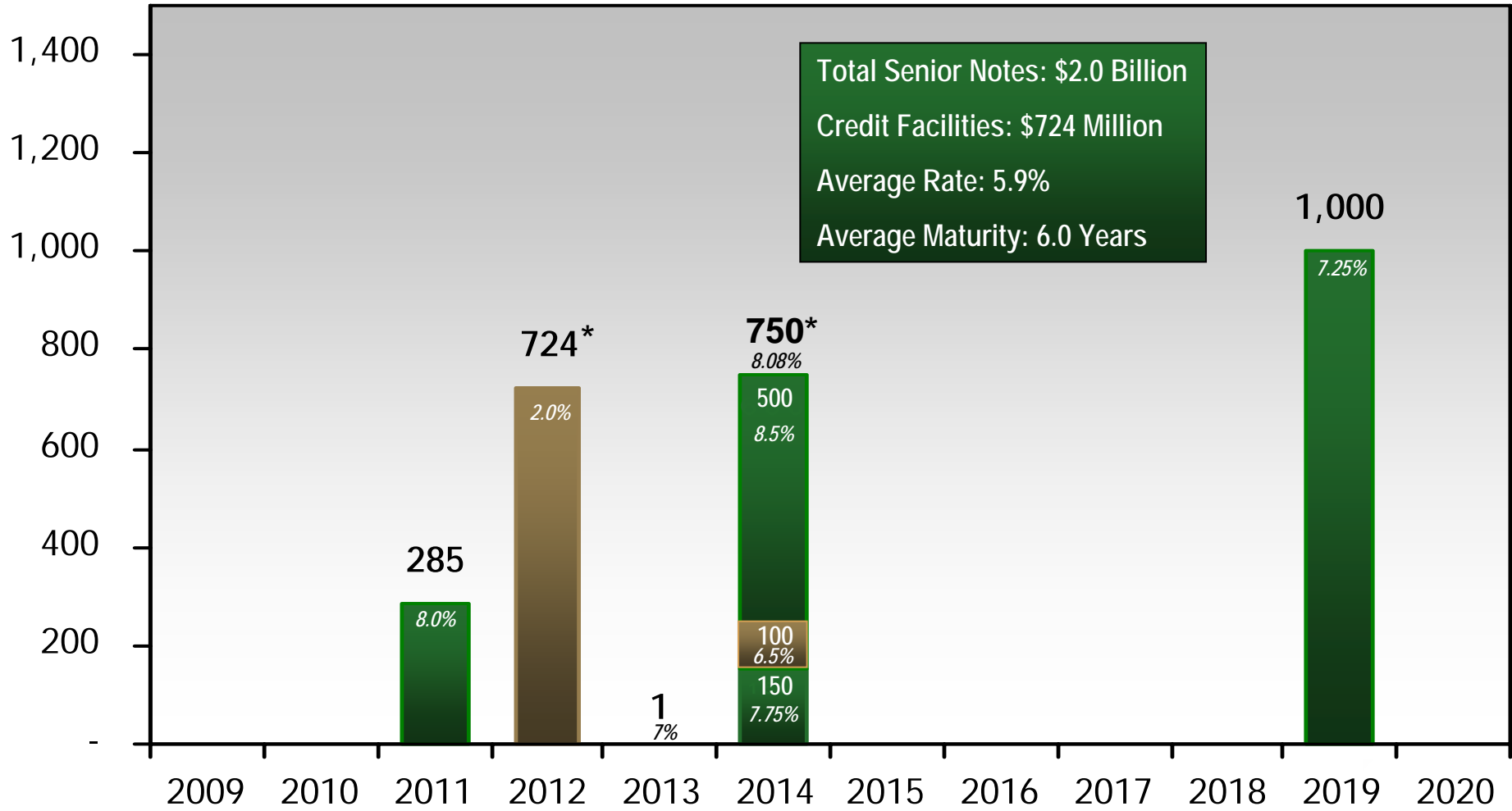
Exhibit 6: Q208 Total Cost Structure YoY Change (%)



Debt Maturity Profile

(\$MM)

12/31/08



*Pro forma for 2014 Senior Note Issuance

Note: LIBOR assumption at 50 bps

Floating
 Fixed

Financial Summary of Forest Oil

- Unprecedented decline in Forest's capital structure value despite being supported by significant unconventional assets with high daily production, large PDP reserve base, and consistent F&D costs
- Low cost operator and experienced managers of free cash flow business model will thrive in adverse environments
- Significant liquidity, hedge position, and 2009 free cash flow will allow for maximum financial flexibility
- Lantern Drilling Fleet minimizes cash drilling costs and eliminates drilling commitments

Forest's Assets, Liquidity, Cost Structure, Rig Fleet Provides Max Flexibility

“Significant tight-gas and shale portfolio assets provide maximum flexibility and predictability in results from investments”

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 with very few lease or well commitments
- Despite high quality assets, substantial liquidity, low cost structure and substantial upside in asset portfolio, FST presently trades at low end of peer group
- Forest is built to thrive in adverse environments and will do so

“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 press release 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, cash flows, liquidity, plans for future operations, expenses, outlook for oil and natural gas prices, timing of capital expenditures, 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, oil and natural gas price volatility, Forest's access to cash flows and other sources of liquidity to fund its capital expenditures, its level of indebtedness, its ability to replace production, the impact of the current financial crisis on Forest's business and financial condition, a 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, economic conditions and other risks as described in reports that Forest files with the Securities and Exchange Commission (SEC), including its 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 unrisked 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, 2008, 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.

