FOREST OIL CORP
Form 424B5
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Registration No. 333-35270

PROSPECTUS SUPPLEMENT
(To Prospectus dated April 20, 2000)

4,580,000 Shares

Forest Oil Corporation

Common Stock

$24.40 per share

We are selling 4,580,000 shares of our common stock. We have granted the underwriters an option to purchase up to 450,000 additional shares of common stock to cover over-allotments.

Our common stock is listed on the New York Stock Exchange under the symbol "FST." The last reported sale price of our common stock on the New York Stock Exchange on May 26, 2004, was $24.40 per share.

Investing in our common stock involves risks. See "Risk Factors" on page S-5.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the prospectus to which it relates is truthful or complete. Any representation to the contrary is a criminal offense.

	Per Share	Total
Public Offering Price	$ 24.400	$ 111,752,000
Underwriting Discount	$ 0.976	$ 4,470,080
Proceeds to Forest, before expenses	$ 23.424	$ 107,281,920

The underwriters expect to deliver the shares to purchasers on or about June 2, 2004.

Joint Book-Runners and Co-Lead Managers

Citigroup

JPMorgan

Co-Lead Manager

Credit Suisse First Boston

Raymond James

First Albany Capital, Inc.

Howard Weil Incorporated
A division of Legg Mason Wood Walker, Inc.

Johnson Rice & Company L.L.C.

May 26, 2004.

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this offering. The second part is the accompanying prospectus, which gives more general information, some of which may not apply to this offering. Generally, when we refer to the "prospectus," we are referring to both parts combined.

If the description of the offering varies between this prospectus supplement and the accompanying prospectus, you should rely on the information in this prospectus supplement.

You should rely only on the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not authorized anyone to provide you with different information. We are not making an offer of these securities in any state where the offer is not permitted. You should not assume that the information contained in this prospectus supplement or the accompanying prospectus is accurate as of any date other than the date on the front of this prospectus supplement.

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Prospectus Supplement

Prospectus

SUMMARY

This summary highlights selected information from this prospectus supplement and the accompanying prospectus but may not contain all information that may be important to you. This prospectus supplement and the accompanying prospectus include specific terms of this offering, information about our business and financial data. We encourage you to read this prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein and therein in their entirety before making an investment decision. Unless otherwise indicated, the information contained in this prospectus supplement assumes the underwriters do not exercise the over-allotment option.

Forest Oil Corporation

We are an independent oil and gas company engaged in the acquisition, exploration, development and production of natural gas and liquids in North America and selected international locations. We were incorporated in New York in 1924, as the successor to a company formed in 1916, and have been a publicly held company since 1969. We operate from offices located in Denver, Colorado; Lafayette and Metairie, Louisiana; Anchorage, Alaska; and Calgary, Alberta, Canada. Our estimated proved reserves were 1,296 Bcfe at December 31, 2003, consisting of approximately 62% natural gas and 38% oil and natural gas liquids.

Our proved reserves and producing properties are all located in North America. At December 31, 2003, approximately 88% of our proved oil and gas reserves were in the United States and approximately 12% in Canada. We operate in five business units: Gulf Coast, Western United States, Alaska, Canada and International. During the first three months of 2004, we produced approximately 430 Mmcfe per day, of which approximately 62% was natural gas. Approximately 88% of our total production for the first three months of 2004 was in the United States and approximately 12% was in Canada. Our total production for the first quarter of 2004 was 39.1 Bcfe, an increase of 10% compared to the corresponding period of 2003.

Acquisition of The Wiser Oil Company

On May 21, 2004, we entered into an Agreement and Plan of Merger with The Wiser Oil Company. Under the terms of the merger agreement, a subsidiary of Forest will commence a cash tender offer to purchase all of the outstanding shares of Wiser at a price of $10.60 per share. Total consideration will be approximately $330 million, including assumed debt of approximately $160 million.

Wiser's estimated proved reserves as of December 31, 2003 were 191 Bcfe, of which 51% was natural gas. Wiser produced approximately 64 MMcfe/d in the first quarter of 2004. At December 31, 2003, approximately 50% of Wiser's production and 30% of its reserves were located in Canada. At that date, approximately 20% of its production and 45% of its reserves were located in the Permian Basin. In addition, approximately 85% of Wiser's estimated proved reserves were classified as proved developed.

Forest has put additional hedges in place in anticipation of the Wiser acquisition. Forest entered into natural gas NYMEX swap arrangements for 25,000 to 30,000 MMbtu/d from July 2004 through December 31, 2005 at an average price of $6.18 per MMbtu. It also entered into oil NYMEX swap arrangements for 3,500 to 4,000 Bbls/d for July 2004 through December 31, 2005 at an average price of $35.37 per barrel.

The Wiser transaction provides the following benefits to Forest:

- Increases the Canadian Business Unit's estimated proved reserves and production by 35% and 67%, respectively, building on its Canadian Plains operations

- Increases the Western Business Unit's estimated proved reserves and production by 29% and 26%, respectively, continuing to build its Permian Basin position

- Adds significant Gulf Coast and Canadian exploration acreage

Forest believes it can profitably exploit and add value to the Permian Basin assets and reduce field operating costs. In addition, the acquired Canadian assets have numerous infill drilling locations for exploitation and the Wild River area contains several multi-pay exploration opportunities similar to Forest's successful Narraway field in the Alberta foothills.

The boards of directors of both Forest and Wiser have unanimously approved the transaction. The Wiser board of directors is recommending that shareholders of Wiser accept the offer. The holders of approximately 41% of the outstanding shares of Wiser have agreed to tender their shares to the offer, unless the merger agreement is terminated in accordance with its terms prior to completion of the tender offer. Following completion of the tender offer, Wiser will merge with a subsidiary of Forest and each share of Wiser common stock not tendered in the tender offer will be converted into the right to receive $10.60 in cash. Upon completion of the merger, Wiser will become a wholly owned subsidiary of Forest.

The closing of the tender offer and merger of the Forest subsidiary and Wiser are subject to customary terms and conditions, including the tender of at least a majority of Wiser's outstanding shares of common stock on a fully diluted basis and customary regulatory approvals. The transaction is expected to be completed at the end of the second quarter or early in the third quarter of 2004.

For the year ended December 31, 2003, Wiser reported a net loss attributable to common stock of $23.6 million, or $1.81 per basic and diluted share, operating cash flows of $34.9 million and total revenue of $110.4 million. For the three months ended March 31, 2004, Wiser reported a net loss attributable to common stock of $4.3 million, or $.28 per basic and diluted share, operating cash flows of $11.7 million and total revenue of $28.4 million.

Business Strategy

Our primary objective is to enhance shareholder value. We intend to seek growth while increasing our return on invested capital. In 2003, we established a four-point plan to achieve our objectives. Pursuant to the plan, we will continue to focus on cost control, pursue asset acquisitions as an integral part of our investment program, emphasize opportunities that limit our exposure to frontier exploration, and maintain our financial strength to fund growth. Our strategy is as follows:

Continue to Focus on Cost Control

We strive to create a culture of cost discipline. Our most important goal in this area includes maintaining the absolute lease operating expense levels achieved in 2003. Our per-unit cost decreased to $1.03 per Mcfe in 2003 compared to $1.10 per Mcfe in 2002. In the first three months of 2004, our lease operating costs increased to $1.52 per Mcfe. The increase was primarily due to non-recurring costs of approximately $5.2 million related to assuming operation of Gulf Coast properties acquired in the fourth quarter of 2003, including charges associated with service provider contracts we subsequently terminated. In addition, ongoing direct operating expenses were higher due to the acquisition of properties with higher lease operating expense than our base properties. Our primary short-term focus is to bring the cost structure of these acquired properties in line with our base properties as quickly as possible. We have also targeted general and administrative cost reductions based on increasing the efficiency of corporate functions and implementing a bottom-up cost reduction strategy. During the first quarter of 2004, our total overhead costs (both capitalized and expensed) decreased 11% compared to the corresponding period in 2003. A final component of our cost-control strategy is to manage interest expense through optimal balancing of fixed and floating rate exposure. To that end, we have refinanced debt and utilized interest rate derivatives to take advantage of the recent favorable interest rate environment. Our cost of debt has decreased from an average of approximately 9% per annum in 2000 to under 6% per annum. As a result of our cost reduction efforts, our total cash costs (consisting of lease operating expense, general and administrative expense and interest expense) have decreased from $1.72 per Mcfe in 2002 to $1.61 per Mcfe in 2003. For the first quarter of 2004, total cash costs were $2.01 per Mcfe as a result of the higher lease operating costs related to the acquired properties.

Pursue Asset Acquisitions as an Integral Part of our Investment Program

We are committed to pursuing strategic acquisitions that meet our criteria for return on capital employed. Our acquisition strategy is centered on opportunities that create or extend critical mass in core areas, which we believe enables us to leverage our technical expertise and existing land and infrastructure positions. Acquisition opportunities compete with drilling opportunities for capital allocation. Giving effect to the Wiser transaction, in the last year we will have acquired 515 Bcfe of estimated proved reserves, 175 MMcfe/d of estimated production and 360,000 of net undeveloped acres. Forest's total consideration for these transactions will be approximately $720 million. The acquisitions were all made through negotiated transactions that added assets to existing core areas. In general, our 2003 and 2004 acquisition programs have focused on acquisitions of properties in which we already held an interest or which are proximate to our existing properties. See "Acquisition of The Wiser Oil Company" above for a discussion of our pending acquisition of Wiser.

Limit our Exposure to Frontier Exploration

In the past, we have focused our exploration efforts in frontier areas to provide growth. The portion of our capital invested in frontier areas has averaged approximately 20% over the past five years and was in excess of 50% in 2002 due to the development of our Alaskan discovery. Our 2003 and 2004 programs included lower capital allocations for frontier areas (approximately 14% and an estimated 5-10%, respectively) and a reduction in the number of frontier areas in which we pursue opportunities. We continue to evaluate our significant frontier acreage positions to identify additional monetization strategies or trades to lower our exploration risk exposure. For example, we have previously leveraged our frontier exploration plays in the Northwest Territories of Canada, Gabon, South Africa, Germany and Romania to accelerate the evaluation of these properties and lower our drilling cost exposure. This allows more capital to be reinvested in traditional areas such as the Gulf Coast, Western United States and Canada.

Maintain Financial Strength to Fund Growth

We seek to maintain financial flexibility and sufficient liquidity to capitalize on opportunities as they arise. Through a combination of debt reduction, diversification of our asset base and simplification of our capital structure, we have steadily improved our credit strength since 1995. We reduced our debt to book capitalization ratio from nearly 46% at the beginning of 2003 to 44% at December 31, 2003 and to less than 43% at March 31, 2004. In addition, approximately 70% of our outstanding debt does not mature until after 2007.

Hedging is a significant part of our strategy to mitigate commodity price risk. We have a formal, board-approved policy related to commodity hedging activities. Over the last seven years, we have hedged approximately 30% to 60% of our production. As of May 21, 2004, we have hedged, via swaps and collar instruments, weighted average production volumes relating to our existing asset base of 240,000 Mmcfe per day during the remainder of 2004, 153,000 Mmcfe per day during 2005 and 54,000 Mmcfe per day during 2006. We have put in place additional hedges in anticipation of the pending Wiser acquisition.

The Offering

Common stock offered by us	4,580,000 shares
Common stock outstanding after this offering	58.4 million shares
Use of proceeds	We intend to use the net proceeds from this offering, including the net proceeds from any exercise of the underwriters' over-allotment option, to fund a portion of the purchase price of the Wiser acquisition. If the acquisition of Wiser is not consummated, we will use the net proceeds to reduce indebtedness and for other general corporate purposes. See "Use of Proceeds."
New York Stock Exchange symbol	"FST"

Risk Factors

Investing in our common stock involves risks. You should carefully consider all of the information in this prospectus supplement, the accompanying prospectus and the documents we have incorporated by reference. In particular, you should consider carefully the factors discussed under "Item 7 Management's Discussion and Analysis of Financial Condition and Results of Operations Risk Factors" set forth in our Annual Report on Form 10-K for the year ended December 31, 2003, before deciding to invest in our common stock.

Summary Financial, Operating and Reserve Data

The following table sets forth summary consolidated financial, operating and reserve data as of and for each of the years ended December 31, 2003, 2002 and 2001 and the three-month periods ended March 31, 2004 and 2003. These data were derived from our audited consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2003 and from our unaudited condensed consolidated financial statements included in our Quarterly Report on Form 10-Q for the three-month period ended March 31, 2004, which are incorporated by reference herein. The financial data below should be read together with, and are qualified in their entirety by reference to, our historical consolidated financial statements and the accompanying notes and "Item 7 Management's Discussion and Analysis of Financial Condition and Results of Operations" which are set forth in the above-referenced reports on Form 10-K and Form 10-Q.

		Years Ended December 31,			Three Months Ended March 31,	
		2003	2002	2001	2004	2003
					(Unaudited)	
		(In Thousands Except Per Share Amounts)				
Statement of Operations Data:						
Revenue:						
Oil and gas sales:						
Natural gas	$	439,700	288,542	467,767	124,062	113,958
Oil, condensate and natural gas liquids		215,493	183,198	247,085	69,775	54,242
Total oil and gas sales		655,193	471,740	714,852	193,837	168,200
Processing income (loss), net		1,985	1,128	(85)	416	(128)
Total revenue		657,178	472,868	714,767	194,253	168,072
Earnings from continuing operations		90,228	21,083	106,437	19,637	34,256
Net earnings	$	88,351	21,276	103,743	19,062	38,871
Weighted average number of common shares outstanding		49,450	46,935	47,674	53,684	47,857
Basic earnings per share:						
Earnings from continuing operations	$	1.82	.45	2.23	.37	.72
Loss from discontinued operations (net of tax)		(.15)		(.05)	(.01)	(.03)
Cumulative effect of change in accounting principle (net of tax)		.12				.12
Net earnings per common share	$	1.79	.45	2.18	.36	.81
Diluted earnings per share:						
Earnings from continuing operations	$	1.79	.44	2.16	.36	.71
Loss from discontinued operations (net of tax)		(.15)		(.05)	(.01)	(.03)
Cumulative effect of change in accounting principle (net of tax)		.11				.12
Net earnings per common share	$	1.75	.44	2.11	.35	.80
Capital Expenditures, Net of Asset Sales	$	653,298	352,812	416,316	52,691	73,014
Balance Sheet Data (at end of period):						
Net property and equipment, at cost	$	2,433,966	1,687,885	1,516,900	2,406,970	1,894,288
Total assets		2,683,548	1,924,681	1,796,369	2,646,561	2,181,976
Long-term debt		929,971	767,219	594,178	886,287	745,586
Shareholders' equity		1,185,798	921,211	923,943	1,182,791	994,303

	Years Ended December 31,			Three Months Ended March 31,	
	2003	2002	2001	2004	2003
				(Unaudited)	
Operating Data:					
Sales volumes:					
Natural gas (Mmcf)	96,977	92,068	108,394	24,411	23,070
Liquids (Mbbls)	8,701	8,657	10,600	2,445	2,075
Total (Mmcfe)(1)	149,183	144,010	171,994	39,081	35,520
Average daily sales volumes:					
Natural gas (Mmcf)	266	252	297	268	256
Liquids (Mbbls)	24	24	29	27	23
Total (Mmcfe)(1)	409	394	471	430	395
Average price received (excluding hedges):					
Natural gas (per Mcf)	$ 4.98	3.01	4.16	5.38	6.01
Liquids (per Barrel)	28.11	22.66	22.83	33.50	31.29
Per Mcfe	4.88	3.29	4.02	5.46	5.73
Average price received (including hedges):					
Natural gas (per Mcf)	$ 4.53	3.13	4.32	5.08	4.94
Liquids (per Barrel)	24.77	21.16	23.31	28.54	26.14
Per Mcfe	4.39	3.28	4.15	4.96	4.74
Summary Reserve Data:					
Estimated proved reserves:					
Natural gas (Mmcf)	808,068	813,394	828,549		
Liquids (Mbbls)	81,324	124,366	119,549		
Total (Mmcfe)(1)(2)	1,296,012	1,559,590	1,545,843		
Standardized measure of discounted future net cash flow relating to proved oil and gas reserves (thousands)	$ 2,307,930	2,053,148	1,346,653		
Prices used in calculating present value of end of year proved reserves:					
Natural gas (per Mcf):					
United States	$ 5.79	4.16	2.66		
Canada	4.52	3.30	2.06		
Liquids (per barrel):					
United States	$ 29.89	27.85	17.01		
Canada	27.84	26.63	15.05		

(1) Mcf of gas equivalent using the ratio of one Bbl to six Mcf of gas.

(2) Includes the effect of reserve revisions recorded in the fourth quarter of 2003.

FORWARD-LOOKING STATEMENTS

The information in this prospectus supplement and accompanying prospectus, including information in documents incorporated by reference, 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 or present facts, that address activities, events, outcomes and other matters that we plan, expect, intend, assume, believe, budget, predict, forecast, project, estimate or anticipate (and other similar expressions) will, should or may occur in the future are forward-looking statements. These forward-looking statements are based on management's current belief, based on currently available information, as to the outcome and timing of future events. When considering forward-looking statements, you should keep in mind the risk factors and other cautionary statements set forth in the documents incorporated by reference herein, including those set forth under the caption "Item 7 Management's Discussion and Analysis of Financial Condition and Results of Operations Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2003.

These forward-looking statements appear in a number of places and include statements with respect to, among other things:

- estimates of our oil and gas reserves;
- estimates of our future natural gas and liquids production, including estimates of any increases in oil and gas production;
- planned capital expenditures and availability of capital resources to fund capital expenditures;
- our outlook on oil and gas prices;
- the impact of political and regulatory developments;
- our future financial condition or results of operations and our future revenues and expenses; and
- our business strategy and other plans and objectives for future operations.

We caution you that these forward-looking statements are subject to all of the risks and uncertainties, many of which are beyond our control, incident to the exploration for and development, production and sale of oil and gas. These risks include, but are not limited to, commodity price volatility, inflation, lack of availability of goods and services, environmental risks, drilling and other operating risks, regulatory changes, the uncertainty inherent in estimating proved oil and natural gas reserves and in projecting future rates of production and timing of development expenditures and the other risks described in or incorporated by reference in this prospectus supplement and accompanying prospectus. The financial results of our foreign operations are also subject to currency exchange rate risks.

Reserve engineering is a process of estimating underground accumulations of oil and natural gas that cannot be measured in an exact way. The accuracy of any reserve estimate depends on the quality of available data, the interpretation of such data and price and cost assumptions made by our reservoir engineers. In addition, the results of drilling, testing and production activities may justify revisions of estimates that were made previously. If significant, such revisions would change the schedule of any further production and development drilling. Accordingly, reserve estimates may differ from the quantities of oil and natural gas that are ultimately recovered.

Should one or more of the risks or uncertainties described in this prospectus supplement and accompanying prospectus or incorporated by reference in this prospectus supplement and accompanying prospectus occur, or should underlying assumptions prove incorrect, our actual results and plans could differ materially from those expressed in any forward-looking statements.

All forward-looking statements, express or implied, included in this prospectus supplement and accompanying prospectus and the information in documents incorporated by reference and attributable to Forest are expressly qualified in their entirety by this cautionary statement. This cautionary statement should also be considered in connection with any subsequent written or oral forward-looking statements that Forest or persons acting on its behalf may issue. Forest does not undertake to update any forward-looking statements to reflect events or circumstances after the date of this prospectus supplement, except as required by law.

USE OF PROCEEDS

We expect the proceeds from this offering to be approximately $106.9 million, after deducting underwriting discounts and commissions and estimated offering expenses of $400,000. We intend to use the net proceeds from this offering, including the net proceeds from any exercise by the underwriters of the over-allotment option, together with borrowings under our credit facilities and internally generated cash, to finance the acquisition of Wiser.

Pending completion of the Wiser acquisition, we intend to use the net proceeds to temporarily reduce borrowings under our credit facilities. As of May 21, 2004, we had approximately $273.0 million outstanding under our credit facilities at an average interest rate of 2.25%, and had used the credit facilities for letters of credit in the amount of $5.8 million. The credit facilities mature in October 2005.

Our acquisition of Wiser is subject to satisfaction of customary closing conditions. If we are unable to complete the Wiser acquisition, the net proceeds of this offering will be used to reduce indebtedness and for other general corporate purposes.

For a description of our credit facilities, see "Item 7 Management's Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources Bank Credit Facilities" set forth in our Annual Report on Form 10-K for the year ended December 31, 2003, which is incorporated by reference herein.

CAPITALIZATION

The following table shows our capitalization as of March 31, 2004, and on an as adjusted basis to reflect the sale of 4,580,000 shares of common stock, the expenses related to this offering and the application of the proceeds therefrom to temporarily reduce bank debt. The table does not include the effects of any additional borrowings under our credit facility or the issuance of additional debt securities that may be necessary to complete the acquisition of Wiser. See "Use of Proceeds."

This table should be read in conjunction with, and is qualified in its entirety by reference to, our historical financial statements and the accompanying notes included in our Quarterly Report on Form 10-Q for the three-month period ended March 31, 2004, which is incorporated by reference herein.

	March 31, 2004	
	Actual	As Adjusted(1)
	(In Thousands)	
Long-term debt(2):		
U.S. Credit Facility	$ 280,000	173,118
8% Senior Notes due 2008	274,271	274,271
8% Senior Notes due 2011	166,462	166,462
7$^{3}/_{4}$% Senior Notes due 2014	165,554	165,554
Total long-term debt	886,287	779,405
Shareholders' equity:		
Common stock, par value $.10 per share, 200,000,000 shares authorized; 55,818,775 shares issued and outstanding and 60,398,775 shares issued and outstanding as adjusted(3)	5,582	6,040
Capital surplus	1,306,029	1,412,453
Accumulated deficit	(37,433)	(37,433)
Accumulated other comprehensive loss	(35,502)	(35,502)
Treasury stock, at cost, 2,077,232 shares	(55,885)	(55,885)
Total shareholders' equity	1,182,791	1,289,673
Total capitalization	$ 2,069,078	2,069,078

(1) Reflects the issuance of 4,580,000 shares of common stock at a public offering price of $24.40 per share, less underwriting discounts and commissions, estimated offering expenses of $400,000, and the temporary application of the net proceeds to reduce outstanding borrowings under our credit facilities.

(2) Upon completion of the Wiser acquisition, we will assume Wiser's long-term debt, which at March 31, 2004 included $35.4 million of bank debt and $125.0 million of 9$^{1}/_{2}$% Senior Subordinated Notes due 2007. Upon completion of the Wiser acquisition, Forest may be required to repay the outstanding bank debt and to repurchase Wiser's 9$^{1}/_{2}$% notes, at the election of the noteholders, at 101% of the principal amount thereof, plus accrued interest. Wiser's 9$^{1}/_{2}$% notes may be redeemed at a current price of 101.584% of the principal amount thereof, plus accrued interest.

(3) Excludes 2,435,821 shares potentially issuable for outstanding stock options that are exercisable at March 31, 2004 at a weighted average price of $25.64 per share.

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PRICE RANGE OF COMMON STOCK

Our common stock is traded on the New York Stock Exchange under the symbol "FST." The following table sets forth the range of high and low sale prices per share of our common stock for each calendar quarter.

	Sale Prices	
	High	Low
2002:		
First Quarter	$ 29.95	23.50
Second Quarter	32.44	26.95
Third Quarter	28.75	20.69
Fourth Quarter	29.06	22.97
2003:		
First Quarter	$ 28.75	19.65
Second Quarter	27.02	20.52
Third Quarter	25.40	19.80
Fourth Quarter	29.56	23.21
2004:		
First Quarter	$ 29.60	23.47

On May 26, 2004, the closing sale price of our common stock, as reported by the New York Stock Exchange, was $24.40 per share. On that date, there were approximately 800 holders of record.

DIVIDEND POLICY

Our present or future ability to pay dividends is restricted by:

- the provisions of the New York Business Corporation Law;
- certain restrictive provisions in the indentures executed in connection with our outstanding notes set forth under the caption "Capitalization;" and
- our credit agreement governing our credit facilities.

We have not paid dividends on our common stock during the past five years and do not anticipate that we will do so in the foreseeable future. The future payment of dividends, if any, on the common stock is within the discretion of our board of directors and will depend on our earnings, capital requirements, financial condition and other relevant factors. There is no assurance that we will pay any dividends.

SHAREHOLDER RIGHTS PLAN

In October 1993, our board of directors adopted a shareholders' rights plan. We distributed one preferred share purchase right for each outstanding share of our common stock. The rights are exercisable only if a person or group acquires 20% or more of Forest's common stock or announces a tender offer which would result in ownership by a person or group of 20% or more of our common stock.

In October 2003, our board of directors entered into an amended and restated rights agreement. The rights issued under the First Amended Rights Agreement will expire on October 29, 2013, unless earlier exchanged or redeemed, and entitle the holder thereof to purchase 1/100th of a preferred share at an initial purchase price of $120.

MANAGEMENT

Executive Officers

The following sets forth certain information with respect to our current executive officers:

Name	Age	Years with Forest	Office(1)
H. Craig Clark	47	3	President and Chief Executive Officer
David H. Keyte	48	16	Executive Vice President and Chief Financial Officer
Cecil N. Colwell	53	15	Senior Vice President Worldwide Drilling
Forest D. Dorn	49	26	Senior Vice President Corporate Services
Leonard C. Gurule	48	1	Senior Vice President Alaska
James W. Knell	53	16	Senior Vice President
John F. McIntyre, III	48	5	Senior Vice President International
J.C. Ridens	48		Senior Vice President Gulf Coast
Newton W. Wilson III	53	3	Senior Vice President General Counsel and Secretary
Matthew A. Wurtzbacher	41	5	Senior Vice President Corporate Planning and Development
Joan C. Sonnen	50	14	Vice President Controller and Chief Accounting Officer
R. Scot Woodall	42	4	Vice President Western United States

(1) The term of office of each officer is one year from the date of his or her election immediately following the last annual meeting of shareholders and until the officer's respective successor has been elected and qualified or until his or her earlier death, resignation or removal from office, whichever occurs first.

H. Craig Clark, age 47, has served as our President and Chief Executive Officer, and a director since July 31, 2003. Mr. Clark joined Forest in September 2001 and served as President and Chief Operating Officer through July 2003. Mr. Clark was previously employed by Apache Corporation in Houston, Texas, an independent energy company, from 1989 to 2001. He served in various management positions during this period, including Executive Vice President U.S. Operations and Chairman and Chief Executive Officer of Pro Energy, an affiliate of Apache.

David H. Keyte, age 48, has served as our Executive Vice President and Chief Financial Officer since November 1997. Mr. Keyte served as our Vice President and Chief Financial Officer from December 1995 to November 1997 and our Vice President and Chief Accounting Officer from December 1993 until December 1995.

Cecil N. Colwell, age 53, has served as our Senior Vice President Worldwide Drilling since May 2004. Prior to that, Mr. Colwell served as our Vice President Drilling and from 1988 to 2000 he served as our Drilling Manager.

Forest D. Dorn, age 49, has served as our Senior Vice President Corporate Services since December 2000. Mr. Dorn served as Senior Vice President Gulf Coast Region from November 1997 to December 2000, Vice President Gulf Coast Region from August 1996 to October 1997 and Vice President and General Business Manager from December 1993 to August 1996.

Leonard C. Gurule, age 48, has served as our Senior Vice President Alaska since joining the Company on September 22, 2003. Between 2000 and September 2003, Mr. Gurule served on the boards of several local community and non-profit organizations and managed his own investment portfolio. From 1987 to 2000, he served in various capacities at Atlantic Richfield Co., including Chairman of the Board and Chief Executive Officer of Virginia Indonesia, a company owned by ARCO, and manager of ARCO's Prudhoe Bay operations and construction activities, engineering support to ARCO's Alaskan exploration activities and petroleum engineering support to ARCO's Kaparuk field.

James W. Knell, age 53, serves as Senior Vice President. From December 2000 until April 2004, Mr. Knell served as our Senior Vice President Gulf Coast Region. He served as Vice President Gulf Coast Offshore from May 1999 to December 2000, Gulf Coast Offshore Business Unit Manager from March 1998 to May 1999, Gulf Coast Region Business Unit Manager from November 1997 to March 1998 and Corporate Drilling and Production Manager from December 1991 to November 1997.

John F. McIntyre, III, age 48, has served as our Senior Vice President International since May 2003. Prior to that, from September 1998 to April 2003, he served as Senior Vice President of Forest Oil International Corporation, one of our wholly owned subsidiaries. Prior to joining Forest in September 1998, he served as Joint Venture Manager for YPF, a oil and gas company in Argentina.

J.C. Ridens, age 48, joined Forest in April 2004 and serves as our Senior Vice President Gulf Coast. From 2001 to 2004, Mr. Ridens was employed by Cordillera Energy Partners, LLC, as Vice President of Operations and Exploitation. From 1996 to 2001, he served in various capacities at Apache Corporation.

Newton W. Wilson III, age 53, has served as our Senior Vice President General Counsel and Secretary since December 2000. Mr. Wilson served as a consultant to Mariner Energy LLC from 1999 to December 2000 and a consultant to Sterling City Capital from 1998 to 1999. He served in various capacities at Union Texas Petroleum Holdings, Inc. from 1993 to 1998, and was President and Chief Operations Officer of Union Texas Americas Ltd. from 1996 to 1998.

Matthew A. Wurtzbacher, age 41, has served as our Senior Vice President Corporate Planning and Development since May 2003. From December 2000 to May 2003 he served as our Vice President Corporate Planning and Development and from June 1998 to December 2000 he served as Manager Operational Planning and Corporate Engineering.

Joan C. Sonnen, age 50, has served as our Vice President Controller and Chief Accounting Officer since December 2000. Ms. Sonnen served as our Vice President Controller and Corporate Secretary from May 1999 to December 2000 and has served as our Controller since December 1993.

R. Scot Woodall, age 42, has served as our Vice President Western United States since March 2004. Mr. Woodall joined Forest in October 2000 and previously served as Production and Engineering Manager for the Western Region. From 1992 to September 2000, he served as Operations and Engineering Manager Rocky Mountain Division, at Santa Fe Snyder Corporation.

Directors

The following sets forth certain information with respect to our directors, who are divided by the class in which they serve. Please refer to the information contained above under the heading

"Executive Officers" for biographical information of H. Craig Clark, our director who is also one of our executive officers.

Name	Age	Years with Forest	Director Since	Class and Expiration of Term
Dod A. Fraser	53	4	2000	Class I 2007
Cortlandt S. Dietler	82&nbs			