

FOREST OIL CORP
Form PREM14A
July 16, 2014
Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

SCHEDULE 14A
(Rule 14a-101)
INFORMATION REQUIRED IN PROXY STATEMENT
SCHEDULE 14A INFORMATION
Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934

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:

Common Stock, par value \$0.10 per share, of Forest Oil Corporation

Preferred Stock, par value \$0.01 per share, of Forest Oil Corporation

(2) Aggregate number of securities to which transaction applies:

163,711,510 shares of Common Stock

1,664,249 shares of Preferred Stock (convertible into 166,424,900 shares of Common Stock)

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

The underlying value of the transaction was determined based upon the market value of shares of Forest Oil Corporation common stock and the number of shares of Forest Oil Corporation common stock to be issued in the transaction as follows: (A) \$2.285, the average of the high and low prices per share of Forest Oil Corporation common stock on July 14, 2014, as quoted on the New York Stock Exchange multiplied by (B)(x) 163,711,510, the number of shares of Forest Oil Corporation common stock to be issued in the transaction plus (y) 166,424,900, the number of shares of Forest Oil Corporation common stock issuable upon conversion of the 1,664,249 shares of Forest Oil Corporation preferred stock to be issued in the transaction.

(4) Proposed maximum aggregate value of transaction:

\$754,361,697

(5) Total fee paid:

\$97,162

- Fee paid previously with preliminary materials.

Edgar Filing: FOREST OIL CORP - Form PREM14A

- x Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

\$34,148

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

Form S-4

(3) Filing Party:

New Forest Oil Inc.

(4) Date Filed:

May 29, 2014

Table of Contents

SUBJECT TO COMPLETION, DATED JULY 16, 2014

SHARE ISSUANCE PROPOSED YOUR VOTE IS VERY IMPORTANT

Dear Forest Oil Corporation Shareholder:

Forest Oil Corporation (Forest), Sabine Investor Holdings LLC (Sabine Investor Holdings) and FR XI Onshore AIV, LLC (AIV Holdings) have entered into a merger agreement providing for a combination of Forest's business with the business of Sabine Oil & Gas LLC (Sabine). In the transaction, Sabine Investor Holdings and AIV Holdings will contribute all of the equity interests of Sabine Oil & Gas Holdings LLC (Sabine Holdings) to Forest, with Sabine Holdings becoming a wholly owned subsidiary of Forest. In exchange for the contribution, Sabine Investor Holdings and AIV Holdings will receive shares of Forest common stock and convertible common-equivalent preferred stock, collectively representing approximately a 73.5% economic interest in Forest and 80% of the total voting power in Forest. Forest's current shareholders will continue to hold their shares of Forest common stock, which, following the transaction, will represent approximately a 26.5% economic interest in Forest and 20% of the total voting power in Forest.

Forest common shares are currently listed on the New York Stock Exchange (the NYSE) under the ticker symbol FST, and after the combination transaction is completed, Forest common shares will continue to be listed on the NYSE. Neither Sabine Holdings nor the Sabine units are listed on any national securities exchange.

To approve the combination transaction, Forest shareholders are being asked to approve the issuance of Forest stock to Sabine Investor Holdings and AIV Holdings as required by NYSE rules (the share issuance proposal), to approve an amendment to Forest's certificate of incorporation to increase the number of authorized common shares (the authorized share proposal) and three related proposals. The approval of the share issuance proposal requires the affirmative vote of holders of a majority of the Forest common shares present (in person or by proxy) at the special meeting and entitled to vote. The approval of the authorized share proposal requires the affirmative vote of holders of a majority of the outstanding Forest common shares. This proxy statement is being used to solicit proxies for a special meeting of Forest common shareholders to approve both proposals and each other proposal described in this proxy statement. **The Forest board has unanimously approved the merger agreement and determined that the combination transaction is advisable and in the best interests of Forest and its shareholders, and unanimously recommends that Forest shareholders vote FOR the share issuance proposal, the authorized share proposal and the other proposals to be voted on at the special meeting.**

We urge you to read this document, including the annexes, and the documents incorporated by reference carefully and in their entirety. In particular, you should consider the matters discussed under Risk Factors beginning on page A-116, which contains a description of certain risks you may wish to consider in evaluating the combination transaction.

Your vote is very important. We will not complete the combination transaction unless you approve the share issuance proposal and, unless Forest and Sabine Investor Holdings agree otherwise, the authorized share proposal. Whether or not you expect to attend the special meeting, the details of which are described in this document, please vote immediately by submitting your proxy by telephone, through the Internet or by completing, signing, dating and returning your signed proxy card(s) in the enclosed pre-paid envelope.

Sincerely,

Patrick R. McDonald
President and Chief Executive Officer
Forest Oil Corporation

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities to be issued under this document or determined if this document is truthful or complete. Any representation to the contrary is a criminal offense.

This document is dated [], 2014 and is first being mailed to Forest common shareholders on or about [], 2014.

Table of Contents

FOREST OIL CORPORATION

707 17th Street, Suite 3600

Denver, Colorado 80202

NOTICE OF FOREST OIL CORPORATION SHAREHOLDERS MEETING

TO BE HELD ON [], 2014

To Forest Oil Corporation Shareholders:

A special meeting of shareholders of Forest Oil Corporation will be held on [], 2014, at [], at []. The purpose of the special meeting is to allow Forest common shareholders to consider and vote upon the following proposals:

Share Issuance Proposal. A proposal to approve the issuance of 163,711,510 common shares and 1,664,249 Series A convertible common-equivalent preferred shares (convertible into 166,424,900 common shares) to Sabine Investor Holdings and FR XI Onshore AIV, LLC, pursuant to the Amended and Restated Agreement and Plan of Merger, dated as of May 5, 2014, and amended and restated as of July 9, 2014, by and among Sabine Investor Holdings LLC, FR XI Onshore AIV, LLC, Sabine Oil & Gas Holdings LLC, Sabine Oil & Gas Holdings II LLC (SOGH II), Sabine Oil & Gas LLC and Forest Oil Corporation, and to approve, in the event the authorized share proposal is not approved, the issuance of 1,137,113 Series B convertible common-equivalent preferred shares to Sabine Investor Holdings LLC and FR XI Onshore AIV, LLC in lieu of 113,711,300 common shares underlying such Series B convertible common-equivalent preferred shares;

Authorized Share Proposal. A proposal to approve an amendment to the Forest certificate of incorporation to increase the number of authorized Forest common shares to 650,000,000 shares;

Name Change Proposal. A proposal to approve an amendment to the Forest certificate of incorporation to change the name of Forest to Sabine Oil & Gas Corporation ;

2014 LTIP Proposal. A proposal to approve the adoption of the Forest Oil Corporation 2014 Long Term Incentive Plan (the 2014 LTIP);

Section 162(m) Proposal. A proposal to approve certain material terms of the 2014 LTIP for purposes of complying with the requirements of Section 162(m) of the Internal Revenue Code; and

Adjournment Proposal. A proposal to approve the adjournment or postponement of the special meeting, if necessary or appropriate to solicit additional proxies if there are insufficient votes at the time of the special meeting to approve the share issuance proposal or the authorized share proposal.

Your vote is very important. The approval of the share issuance proposal requires the affirmative vote of holders of a majority of the Forest common shares present (in person or by proxy) at the special meeting and entitled to vote. The approval of the authorized share proposal and the name change proposal requires the affirmative vote of holders of a majority of the outstanding Forest common shares. The approval of each other proposal requires the affirmative vote of holders of a majority of the Forest common shares present (in person or by proxy) at the special meeting and entitled to vote. We will not complete the combination transaction unless you approve the share issuance proposal and, unless Forest and Sabine Investor Holdings otherwise agree, the authorized share proposal. **The Forest board of directors recommends that you vote FOR all of the proposals.**

Only holders of record of Forest common shares at the close of business on [], 2014, the record date, are entitled to receive this notice and to vote at the special meeting.

Table of Contents

Whether or not you plan to attend the special meeting, please read the accompanying document and then cast your vote as instructed in your proxy card, as promptly as possible. You can also cast your vote by using the telephone or Internet. If you have any questions, would like additional copies of the document or need assistance with voting your Forest common shares, please contact Forest's proxy solicitor, Innisfree M&A Incorporated, toll-free at (877) 456-3463.

Sincerely,

Patrick R. McDonald
President and Chief Executive Officer

[], 2014

Table of Contents

REFERENCES TO ADDITIONAL INFORMATION

This document incorporates important business and financial information about Forest from documents that are not included in or delivered with this document. You can obtain documents incorporated by reference in this document, other than certain exhibits to those documents, by requesting them in writing or by telephone from the appropriate company at the following address:

Forest Oil Corporation

707 17th Street, Suite 3600

Denver, Colorado 80202

Email: IR@forestoil.com

You will not be charged for any of these documents that you request. **Forest common shareholders requesting documents should do so by [], 2014, in order to receive them before the special meeting.**

For more information, see **Where You Can Find More Information** on page 137 of this document.

Table of Contents

TABLE OF CONTENTS

	Page
<u>QUESTIONS AND ANSWERS ABOUT THE FOREST SPECIAL MEETING</u>	1
<u>SUMMARY</u>	7
<u>SABINE SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA</u>	17
<u>FOREST SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA</u>	20
<u>SUMMARY SELECTED UNAUDITED PRO FORMA CONDENSED CONSOLIDATED COMBINED FINANCIAL AND OPERATING INFORMATION OF FOREST</u>	22
<u>UNAUDITED COMPARATIVE PER SHARE DATA</u>	24
<u>CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS</u>	25
<u>THE FOREST SPECIAL MEETING</u>	27
<u>Time and Place of the Special Meeting</u>	27
<u>Purpose of the Special Meeting</u>	27
<u>Other Business</u>	28
<u>Recommendation of the Forest Board</u>	28
<u>Record Date and Quorum</u>	28
<u>Attendance</u>	29
<u>Vote Required</u>	29
<u>Voting by Forest Directors and Executive Officers</u>	30
<u>Voting by Attending the Special Meeting in Person</u>	30
<u>Voting Without Attending the Special Meeting in Person</u>	31
<u>Revocation</u>	31
<u>Solicitation of Proxies; Payment of Solicitation Expenses</u>	32
<u>Proxy Solicitor</u>	32
<u>PROPOSAL NO. 1 THE SHARE ISSUANCE</u>	33
<u>The Share Issuance Proposal</u>	33
<u>General</u>	33
<u>Background of the Combination Transaction</u>	36
<u>Reasons for the Recommendation to Forest Shareholders by the Forest Board</u>	42
<u>Opinion of J.P. Morgan Securities LLC, Forest's Financial Advisor</u>	45
<u>Relative Contribution Analysis</u>	51
<u>Relative Valuation Analysis</u>	51
<u>Certain Unaudited Financial Forecasts of Forest</u>	53
<u>Certain Unaudited Financial Forecasts of Sabine</u>	55
<u>Interests of Forest's Executive Officers and Directors in the Combination Transaction</u>	56
<u>Regulatory Approvals Required for the Combination Transaction</u>	60
<u>Impact on Forest's Debt</u>	60
<u>Accounting Treatment</u>	60
<u>Public Trading Markets; Listing of Forest Common Shares</u>	60
<u>No Appraisal Rights</u>	60

<u>Litigation Relating to the Combination Transaction</u>	60
<u>THE MERGER AGREEMENT AND OTHER TRANSACTION AGREEMENTS</u>	62
<u>Structure of the Combination Transaction</u>	62
<u>Closing and Effective Time of the Combination Transaction</u>	63

Table of Contents

<u>Effect of the Combination Transaction on Forest Common Shares</u>	63
<u>Appraisal Rights</u>	63
<u>Treatment of Forest Equity-Based Awards</u>	63
<u>Conditions to Completion of the Combination Transaction</u>	64
<u>Obligations with Respect to the Special Meeting and Recommendation to Shareholders</u>	66
<u>Agreement Not to Solicit Other Offers</u>	67
<u>Provisions Related to Shareholder Rights Plan</u>	71
<u>Termination of the Merger Agreement</u>	71
<u>Effect of Termination</u>	73
<u>Termination Fee Payable by Forest</u>	73
<u>Representations and Warranties</u>	73
<u>Conduct of Business Pending the Combination Transaction</u>	75
<u>Employee Benefits Matters</u>	77
<u>Regulatory Approvals; Efforts to Close the Combination Transaction</u>	78
<u>Indemnification; Directors and Officers Insurance</u>	79
<u>Financing Cooperation</u>	79
<u>Existing Notes Tender Offer; Consent Solicitation and Debt Tender</u>	80
<u>Other Covenants and Agreements</u>	80
<u>Other Expenses</u>	81
<u>Waivers; Amendments</u>	81
<u>Directors and Officers</u>	81
<u>Stockholder s Agreement</u>	81
<u>Registration Rights Agreement</u>	82
<u>DIRECTORS AND MANAGEMENT OF FOREST FOLLOWING THE COMBINATION TRANSACTION</u>	84
<u>Officers</u>	84
<u>Directors</u>	86
<u>Controlled Company and Board Independence</u>	88
<u>MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES</u>	89
<u>UNAUDITED PRO FORMA CONDENSED CONSOLIDATED COMBINED FINANCIAL STATEMENTS</u>	90
<u>Introduction</u>	90
<u>FOREST UNAUDITED PRO FORMA CONDENSED CONSOLIDATED COMBINED STATEMENT OF OPERATIONS</u>	92
<u>FOREST UNAUDITED PRO FORMA CONDENSED CONSOLIDATED COMBINED STATEMENT OF OPERATIONS</u>	93
<u>FOREST UNAUDITED PRO FORMA CONDENSED CONSOLIDATED COMBINED BALANCE SHEET</u>	94
<u>NOTES TO THE UNAUDITED PRO FORMA CONDENSED CONSOLIDATED COMBINED FINANCIAL STATEMENTS</u>	95
<u>INFORMATION ABOUT THE COMPANIES</u>	101
<u>DESCRIPTION OF CAPITAL STOCK</u>	102
<u>Common Stock</u>	102
<u>Series A Convertible Common-Equivalent Preferred Stock</u>	102

<u>Series B Convertible Common-Equivalent Preferred Stock</u>	104
<u>Rights Plan</u>	105
<u>THE REINCORPORATION MERGER</u>	106
<u>Common Stock</u>	106
<u>Preferred Stock</u>	107

Table of Contents

<u>Anti-Takeover Effects of Provisions of New Delaware Holdco s Certificate of Incorporation, New Delaware Holdco s Bylaws and Delaware Law</u>	107
<u>New Delaware Holdco s Certificate of Incorporation and Bylaws</u>	107
<u>Delaware Law</u>	109
<u>COMPARISON OF RIGHTS OF FOREST SHAREHOLDERS BEFORE AND AFTER THE COMBINATION TRANSACTION</u>	110
<u>PROPOSAL NO. 2 APPROVAL OF THE AUTHORIZED SHARE PROPOSAL</u>	123
<u>PROPOSAL NO. 3 APPROVAL OF THE NAME CHANGE PROPOSAL</u>	124
<u>PROPOSAL NO. 4 VOTE TO APPROVE THE ADOPTION OF THE 2014 LTIP</u>	125
<u>The 2014 LTIP Proposal</u>	125
<u>Summary of the 2014 LTIP</u>	125
<u>PROPOSAL NO. 5 VOTE ON CERTAIN TERMS OF THE 2014 LTIP FOR PURPOSES OF COMPLYING WITH THE REQUIREMENTS OF SECTION 162(M) OF THE INTERNAL REVENUE CODE</u>	134
<u>The Section 162(m) Proposal</u>	134
<u>PROPOSAL NO. 6 APPROVAL OF THE ADJOURNMENT OR CONTINUATION OF THE SPECIAL MEETING</u>	136
<u>Adjournment Proposal</u>	136
<u>SHAREHOLDER PROPOSALS FOR THE 2015 ANNUAL MEETING</u>	137
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	137
<u>ANNEX A Information Concerning Sabine Oil & Gas LLC</u>	
<u>ANNEX B Amended and Restated Agreement and Plan of Merger</u>	
<u>ANNEX C Amended and Restated Stockholder s Agreement</u>	
<u>ANNEX D Amended and Restated Registration Rights Agreement</u>	
<u>ANNEX E Form of Certificate of Amendment (Evidencing Preferred Stock)</u>	
<u>ANNEX F Opinion of J.P. Morgan Securities LLC</u>	
<u>ANNEX G Forest Oil Corporation 2014 Long Term Incentive Plan</u>	

Table of Contents

QUESTIONS AND ANSWERS ABOUT THE FOREST SPECIAL MEETING

The questions and answers below highlight only selected procedural information from this document. They do not contain all of the information that may be important to you. You should read carefully the entire document and the additional documents incorporated by reference into this document to fully understand the voting procedures for the Forest special meeting.

Q: Why am I receiving these materials?

A: On July 9, 2014, Sabine Investor Holdings, AIV Holdings, certain of their affiliated entities and Forest entered into an amended and restated merger agreement, which we refer to throughout this documents as the merger agreement, providing for a combination of Forest's and Sabine's businesses.

In the combination transaction, Sabine Investor Holdings and AIV Holdings will contribute all of the equity interests of Sabine Holdings to Forest, with Sabine Holdings becoming a wholly owned subsidiary of Forest. In exchange for the contribution, (i) Sabine Investor Holdings and AIV Holdings will receive 123,837,490 and 39,874,020 shares of Forest common stock, respectively, and (ii) Sabine Investor Holdings and AIV Holdings will receive 1,258,900 and 405,349 shares of Forest Series A convertible common-equivalent preferred stock, respectively. Sabine Holdings and Sabine will subsequently merge into Forest, with Forest surviving the merger.

As a result of the combination transaction, current Forest common shareholders will continue to hold their shares of Forest common stock, which will (based on the number of Forest common shares outstanding as of May 5, 2014) represent approximately 42% of the issued and outstanding Forest common shares, representing approximately a 26.5% economic interest in Forest and 20% of the total voting power in Forest, and Sabine Investor Holdings and AIV Holdings will collectively hold approximately 58% of the issued and outstanding Forest common shares and 100% of the issued and outstanding Forest Series A convertible common-equivalent preferred shares, collectively representing approximately a 73.5% economic interest in Forest and 80% of the total voting power in Forest. If the 2014 LTIP Proposal is approved, Forest expects to issue approximately [] shares of Forest common stock under the 2014 LTIP, which will dilute the ownership percentages in Forest common shares listed above as well as the voting power of current Forest common shareholders, but will not affect the collective voting power of Sabine Investor Holdings and AIV Holdings, which will remain at 80%.

This document is being sent to Forest common shareholders in connection with a special meeting of Forest common shareholders to vote upon approval of the issuance of common shares and convertible common-equivalent preferred shares to Sabine and other proposals related to the combination transaction.

Q: What am I being asked to vote on?

A: Forest common shareholders are being asked to consider and vote on the following proposals:

Share Issuance Proposal. A proposal to approve the issuance of 163,711,510 common shares and 1,664,249 Series A convertible common-equivalent preferred shares (convertible into 166,424,900 common shares) to

Edgar Filing: FOREST OIL CORP - Form PREM14A

Sabine Investor Holdings and AIV Holdings in exchange for all of the equity interests of Sabine Holdings, which is currently owned directly or indirectly by Sabine Investor Holdings and AIV Holdings, and to approve, in the event the authorized share proposal is not approved, the issuance of 1,137,113 Series B convertible common-equivalent preferred shares to Sabine Investor Holdings and AIV Holdings in lieu of 113,711,300 common shares underlying such Series B convertible common-equivalent preferred shares;

Authorized Share Proposal. A proposal to approve an amendment to the Forest certificate of incorporation to increase the number of authorized Forest common shares to 650,000,000 shares;

Name Change Proposal. A proposal to approve an amendment to the Forest certificate of incorporation to change the name of Forest to Sabine Oil & Gas Corporation ;

Table of Contents

2014 LTIP Proposal. A proposal to approve the adoption of the Forest Oil Corporation 2014 Long Term Incentive Plan;

Section 162(m) Proposal. A proposal to approve certain material terms of the 2014 LTIP for purposes of complying with the requirements of Section 162(m) of the Internal Revenue Code; and

Adjournment Proposal. A proposal to approve the adjournment or postponement of the special meeting, if necessary or appropriate to solicit additional proxies if there are insufficient votes at the time of the special meeting to approve the share issuance proposal or the authorized share proposal.

Q: What vote is required to approve each of the proposals?

A: The approval of each of the share issuance proposal, the 2014 LTIP proposal, the Section 162(m) proposal and the adjournment proposal requires the affirmative vote of holders of a majority of the Forest common shares present (in person or by proxy) at the special meeting and entitled to vote.

The approval of the authorized share proposal and the name change proposal requires the affirmative vote of holders of a majority of the outstanding Forest common shares.

Q: What if I do not vote my shares or if I abstain from voting?

A: The approval of each of the share issuance proposal, the 2014 LTIP proposal, the Section 162(m) proposal and the adjournment proposal requires the affirmative vote of holders of a majority of the Forest common shares present (in person or by proxy) at the special meeting and entitled to vote. As a result, if you abstain from voting on any of these proposals, your Forest common shares will be counted as present for purposes of establishing a quorum, but the abstention will have the same effect as a vote against that proposal. If you fail to vote on any of these proposals, your Forest common shares will not be counted as present and, therefore, will not affect the adoption of such proposal, except to the extent that your failure to vote prevents a quorum for voting on such proposal.

The approval of the authorized share proposal and the name change proposal requires the affirmative vote of holders of a majority of the outstanding Forest common shares. As a result, if you do not vote your Forest common shares or abstain from voting, it will have the same effect as a vote against the authorized share proposal and the name change proposal.

The Forest board of directors recommends that you vote FOR all of the proposals.

Q: What proposals must be passed in order for the combination transaction to be completed?

A:

The obligations of the parties to complete the combination transaction are conditioned upon approval of the share issuance proposal and, unless Forest and Sabine Investor Holdings otherwise agree, the authorized share proposal. We will not complete the combination transaction unless you approve the share issuance proposal and, unless Forest and Sabine Investor Holdings otherwise agree, the authorized share proposal.

The Forest board of directors recommends that you vote FOR all of the proposals.

Q: What will happen if the authorized share proposal is not approved?

A: The authorized share proposal is a condition to the consummation of the combination transaction. If, however, the authorized share proposal is not approved and Forest and Sabine Investor Holdings mutually agree to waive this condition, then in exchange for the contribution, Sabine Investor Holdings and AIV Holdings will instead receive shares of Forest Series B convertible common-equivalent preferred stock in lieu of a portion of the Forest common stock that would have been received by them if there were available for issuance a sufficient amount of authorized but unissued common shares. As a result, Sabine Investor Holdings and AIV Holdings would receive (i) 37,822,023 and 12,178,187 shares of Forest common stock, (ii) 1,258,900 and 405,349 shares of Forest Series A convertible common-equivalent preferred stock and (iii) 860,155 and 276,958 shares of Forest Series B convertible common-equivalent preferred stock, respectively.

Table of Contents

In that case, upon consummation of the combination transaction, and based upon the number of Forest common shares currently outstanding, current Forest common shareholders would continue to hold their shares of Forest common stock, which shares will represent approximately 70% of the issued and outstanding Forest common shares, approximately a 26.5% economic interest in Forest and 20% of the total voting power in Forest, and Sabine Investor Holdings and AIV Holdings will collectively hold approximately 30% of the issued and outstanding Forest common shares, 100% of the issued and outstanding Forest Series A convertible common-equivalent preferred shares and 100% of the issued and outstanding Forest Series B convertible common-equivalent preferred shares, collectively representing approximately a 73.5% economic interest in Forest and 80% of the total voting power in Forest. If the 2014 LTIP Proposal is approved, Forest expects to issue approximately [] shares of Forest common stock under the 2014 LTIP, which will dilute the ownership percentages in Forest common shares listed above as well as the voting power of current Forest common shareholders, but will not affect the collective voting power of Sabine Investor Holdings and AIV Holdings, which will remain at 80%.

Q: How does the Forest board recommend that I vote on the matters to be considered at the special meeting?

A: The Forest board unanimously recommends that Forest common shareholders vote:

FOR the share issuance proposal;

FOR the authorized share proposal;

FOR the name change proposal;

FOR the 2014 LTIP proposal;

FOR the Section 162(m) proposal; and

FOR the adjournment proposal.

See The Forest Special Meeting Recommendation of the Forest Board.

In considering the recommendation of the Forest board, you should be aware that some of Forest's executive officers and directors have interests in the combination transaction that are different from, or in addition to, the interests of Forest common shareholders generally. See Proposal No. 1 The Share Issuance Interests of Forest's Executive Officers and Directors in the Combination Transaction.

Q: Will there be any changes to my Forest common shares as a result of the combination transaction?

A: No. All Forest common shares will remain outstanding after the combination transaction, and no changes will be made to the Forest common shares currently outstanding as a result of the combination transaction.

Q: What will happen to my outstanding Forest equity-based awards in the combination transaction?

A: In the combination transaction, each Forest stock option that is outstanding immediately prior to the effective time of the combination transaction will, as of the effective time of the combination transaction,

Table of Contents

automatically be cancelled and converted into the right to receive an amount of cash, without interest, equal to the product of (1) the total number of Forest common shares subject to such Forest stock option and (2) the excess, if any, of (a) the closing price of Forest common shares on the NYSE on the last trading day prior to closing date of the combination transaction, over (b) the exercise price per Forest common share applicable to such Forest stock option (with the aggregate amount of such payment rounded down to the nearest cent), less such amounts as are required to be deducted and withheld under any provision of state, local or foreign tax law with respect to the making of such payment. Each Forest stock option for which the exercise price per Forest common share applicable to such Forest stock option equals or exceeds the closing price of Forest common shares on the NYSE on the last trading day prior to the closing date of the combination transaction will be cancelled pursuant to the merger agreement for no consideration.

In the combination transaction, each Forest performance unit award that is outstanding immediately prior to the effective time of the combination transaction will automatically become fully vested and will be settled in cash or shares in accordance with the terms of the applicable award agreement for such Forest performance unit award (including concluding the performance period as of the closing date of the combination transaction for purposes of measuring achievement of performance conditions).

In the combination transaction, each Forest phantom unit award that is outstanding immediately prior to the effective time of the combination transaction will automatically become fully vested and will be settled in accordance with the terms of the applicable award agreement for such phantom unit award.

In the combination transaction, each Forest restricted share that is outstanding immediately prior to the effective time of the combination transaction will automatically become fully vested and the restrictions with respect thereto will lapse.

Q: When and where will the special meeting be held?

A: The special meeting will be held at [] on [], 2014 at [], subject to any adjournments or postponements.

Q: Who is entitled to vote at the special meeting?

A: The record date for the Forest special meeting is [], 2014. Only record holders of Forest common shares at the close of business on the record date for the Forest special meeting are entitled to notice of, and to vote at, the special meeting and any adjournments or postponements of the special meeting. No other shares of Forest capital stock are entitled to notice of and to vote at the special meeting.

Q: How do I submit my proxy for the special meeting?

A: If you were a holder of record of Forest common shares at the close of business on the record date, you may vote in person by attending the special meeting or, to ensure that your shares are represented at the special meeting, you may authorize a proxy to vote by:

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. Internet voting will be available until [] on [], 2014 or, if the special meeting is continued, adjourned or postponed, until [] on the day immediately before such continued, adjourned or postponed meeting.

By Telephone. Shareholders of record may submit proxies by telephone, by calling the number included in the materials received from Computershare Shareowner Services LLC 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. Telephone voting will be considered at the special meeting if completed prior to [] on [], 2014 or, if the special meeting is continued, adjourned or postponed, until [] on the day immediately before such continued, adjourned or postponed special meeting.

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. Proxy cards submitted by mail and received by Forest after [], 2014 at [] may not be considered unless the special meeting is continued, adjourned or postponed, and then only if received before the date and time the continued, adjourned or postponed special meeting is held.

Table of Contents

If you hold Forest common shares in street name through a bank, broker or other nominee, please follow the voting instructions provided by your bank, broker or other nominee to ensure that your Forest common shares are represented at the special meeting.

Q: How many votes do I have?

A: Forest common shareholders have one vote per share on each matter to be acted upon.

Q: If my Forest common shares are held in street name by my bank, broker or other nominee, will my bank, broker or other nominee automatically vote my shares for me?

A: No. If your Forest common shares are held in street name, you must instruct the broker, bank, nominee or other holder of record on how to vote your shares. Your broker, bank, nominee or other holder of record will vote your shares only if you provide instructions on how to vote by filling out the voting instruction form sent to you by your broker, bank, nominee or other holder of record with this document.

Please follow the voting instructions provided by your bank, broker or other nominee so that it may vote your Forest common shares on your behalf. Please note that you may not vote your Forest common shares held in street name by returning a proxy card directly to Forest or by voting in person at the special meeting unless you first obtain a legal proxy from your bank, broker or other nominee.

Q: What will happen if I return my proxy card without indicating how to vote?

A: If you submit your proxy via the Internet, by telephone or by mail, the officers named on your proxy card will vote your shares in the manner you requested if you correctly submitted your proxy. If you are a shareholder of record and sign your proxy card and return it without indicating how to vote on any particular proposal, the Forest common shares represented by your proxy will be voted in favor of that proposal.

Q: May I vote in person?

A: Yes. If you are a Forest common shareholder of record at the close of business on [], 2014, you may attend the special meeting and vote your Forest common shares in person, in lieu of submitting your proxy by telephone or Internet or returning your signed proxy card. If you hold your Forest common shares in street name through a bank, broker or other nominee, you must provide a legal proxy at the special meeting in order to vote in person, which legal proxy you must obtain from your bank, broker or other nominee.

Q: What do I do if I want to change my vote after I have delivered my proxy card?

Edgar Filing: FOREST OIL CORP - Form PREM14A

- A: If you are a record holder of Forest common shares, you may change or revoke your proxy at any time prior to the vote on the matters at the special meeting or, if the special meeting is continued, adjourned or postponed, the date and time of such continued, adjourned or postponed meeting by (1) delivering to Forest's Corporate Secretary at Forest's principal executive office, located at 707 17th Street, Suite 3600, Denver, Colorado 80202, a written revocation that must be received by Forest prior to the date and time of the special meeting, or, if the special meeting is continued, adjourned or postponed, the date and time of

Table of Contents

such continued, adjourned or postponed meeting, (2) submitting another valid proxy card with a later date by mail, (3) voting by submitting a proxy by telephone or Internet prior to the date and time of the special meeting, or, if the special meeting is continued, adjourned or postponed, the date and time of such continued, adjourned or postponed meeting, or (4) attending the special meeting in person and giving Forest's Inspector of Elections notice of your intent to vote your shares in person.

If your shares are held in street name by a broker, bank or other nominee, please refer to the information forwarded to you by your broker, bank or other nominee for instructions on revoking or changing your proxy. If you intend to revoke your voting instructions you must ensure that such revocation is received by Forest's Corporate Secretary prior to the date and time of the special meeting, or, if the special meeting is continued, adjourned or postponed, by the date and time of such continued, adjourned or postponed meeting.

Any revocation received as of or after the vote on the matters at the special meeting or, if the special meeting is continued, adjourned or postponed, the date and time of such continued, adjourned or postponed meeting will not be effective. Attendance at the special meeting will not, by itself, revoke a proxy. Only your last submitted proxy card will be considered. Please cast your vote FOR the proposals, following the instructions in your proxy card, as promptly as practicable.

Q: What happens if I sell my Forest common shares after the record date but before the special meeting?

A: If you transfer your Forest common shares after the record date but before the date of the special meeting, you will retain your right to vote at the special meeting (provided, that such shares remain outstanding on the date of the special meeting).

Q: Am I entitled to exercise appraisal rights under the New York Business Corporation Law if I do not vote in favor of the share issuance proposal and the authorized share proposal?

A: No. Under applicable law, no appraisal rights will be available to holders of Forest common shares in connection with the combination transaction.

Q: When do you expect to complete the combination transaction?

A: Sabine and Forest currently expect to complete the combination transaction in the fourth quarter of 2014. However, no assurance can be given as to when, or whether, the combination transaction will be completed.

Q: Who can help answer my questions?

A: If you need assistance in completing your proxy card or have questions regarding the special meeting, please contact Innisfree M&A Incorporated toll-free at (877) 456-3463. Banks and brokers may call collect at (212) 750-5833.

Table of Contents

SUMMARY

This summary highlights information contained elsewhere in this document and may not contain all of the information that is important to you. You are urged to carefully read the entire document and the other documents referred to in this document to fully understand the combination transaction. See [Where You Can Find More Information](#).

Information about the Companies (Page 101)

Sabine Oil & Gas LLC

Sabine is an independent oil and natural gas company engaged in the acquisition, development, exploitation and exploration of oil and natural gas properties onshore in the United States. Sabine and its subsidiaries' operations are focused in three core areas: East Texas, targeting the Cotton Val