

Form 5500 Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Annual Return/Report of Employee Benefit Plan This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), and 6058(a) of the Internal Revenue Code (the Code). ▶ Complete all entries in accordance with the instructions to the Form 5500.	OMB Nos. 1210-0110 1210-0089 2009 This Form is Open to Public Inspection
--	--	---

Part I	Annual Report Identification Information
For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009	
A	This return/report is for: ☐ a multiemployer plan; ☒ a single-employer plan; ☐ a multiple-employer plan; or ☐ a DFE (specify) ____
B	This return/report is: ☐ the first return/report; ☐ the final return/report; ☐ an amended return/report; ☐ a short plan year return/report (less than 12 months).
C	If the plan is a collectively-bargained plan, check here. ▶ ☐
D	Check box if filing under: ☒ Form 5558; ☐ automatic extension; ☐ the DFVC program; ☐ special extension (enter description)

Part II	Basic Plan Information—enter all requested information
1a	Name of plan FOREST CORPORATION 401(K) PLAN
1b	Three-digit plan number (PN) ▶ 002
1c	Effective date of plan 01/01/1994
2a	Plan sponsor's name and address (employer, if for a single-employer plan) (Address should include room or suite no.) FOREST CORPORATION 1665 ENTERPRISE PARKWAY TWINSBURG, OH 44087
2b	Employer Identification Number (EIN) 34-0697747
2c	Sponsor's telephone number 330-425-3805
2d	Business code (see instructions) 323100

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	10/13/2010	MICHAEL ALBANESE
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

3a Plan administrator's name and address (if same as plan sponsor, enter "Same") FOREST CORPORATION 1665 ENTERPRISE PARKWAY TWINSBURG, OH 44087	3b Administrator's EIN 34-0697747 3c Administrator's telephone number 330-425-3805
--	---

4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report: a Sponsor's name	4b EIN 4c PN	
5 Total number of participants at the beginning of the plan year	5	147
6 Number of participants as of the end of the plan year (welfare plans complete only lines 6a , 6b , 6c , and 6d).		
a Active participants.....	6a	94
b Retired or separated participants receiving benefits.....	6b	0
c Other retired or separated participants entitled to future benefits.....	6c	26
d Subtotal. Add lines 6a , 6b , and 6c	6d	120
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.....	6e	0
f Total. Add lines 6d and 6e	6f	120
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item).....	6g	88
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested.....	6h	3
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	7	

8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristic Codes in the instructions:
 2E 2F 2G 2J 2K 3D

b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristic Codes in the instructions:

9a Plan funding arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor	9b Plan benefit arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor
---	---

10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

a Pension Schedules

- (1) ☒ **R** (Retirement Plan Information)
 (2) ☐ **MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary
 (3) ☐ **SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary

b General Schedules

- (1) ☒ **H** (Financial Information)
 (2) ☐ **I** (Financial Information – Small Plan)
 (3) ☐ **A** (Insurance Information)
 (4) ☒ **C** (Service Provider Information)
 (5) ☐ **D** (DFE/Participating Plan Information)
 (6) ☐ **G** (Financial Transaction Schedules)

SCHEDULE C (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Service Provider Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110
		2009
		This Form is Open to Public Inspection.
For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009		
A Name of plan FOREST CORPORATION 401(K) PLAN	B Three-digit plan number (PN) ▶	002
C Plan sponsor's name as shown on line 2a of Form 5500 FOREST CORPORATION	D Employer Identification Number (EIN) 34-0697747	

Part I	Service Provider Information (see instructions)
---------------	--

You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1 Information on Persons Receiving Only Eligible Indirect Compensation

- a** Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions)..... ☒ Yes ☐ No
- b** If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation	
FRANKLIN TEMPLETON DISTRIBUTORS, IN	100 FOUNTAIN PARKWAY ST. PETERSBURG, FL 33716

(b) Enter name and EIN or address of person who provided you disclosure on eligible indirect compensation	
GOLDMAN SACHS	71 SOUTH WACKER DRIVE SUITE 500 CHICAGO, IL 60606

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation	
OPPENHEIMER FUNDS INC.	
13-2527171	

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation	
---	--

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

ADP BROKER-DEALER

22-3319984

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
60 63 99	RECORD KEEPER	0	Yes ☒ No ☐	Yes ☐ No ☒	0	Yes ☒ No ☐

(a) Enter name and EIN or address (see instructions)

ADP

22-1467904

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
15 37 64 50	RECORD KEEPER	1826	Yes ☒ No ☐	Yes ☒ No ☐	0	Yes ☐ No ☒

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

Part I Service Provider Information (continued)

3 If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
ADP BROKER-DEALER	60 63	0
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
FRANKLIN TEMPLETON DISTRIBUTORS, IN 100 FOUNTAIN PARKWAY ST. PETERSBURG, FL 33716	ANNUAL RATE 0.0015 OF AVERAGE DAILY ASSETS. ANNUAL RATE 0.0025 OF AVERAGE DAILY ASSETS. ANNUAL RATE 0.0025 OF AVERAGE DAILY ASSETS. ANNUAL RATE 0.0015 OF AVERAGE DAILY ASSETS.	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
ADP BROKER-DEALER	60 63 99	0
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
GOLDMAN SACHS 71 SOUTH WACKER DRIVE SUITE 500 CHICAGO, IL 60606	ANNUAL RATE 0.0015 OF AVERAGE DAILY ASSETS. ANNUAL RATE 0.0025 OF AVERAGE DAILY ASSETS. ANNUAL RATE 0.001 OF AVERAGE DAILY ASSETS.	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
ADP BROKER-DEALER	60 63	0
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
OPPENHEIMER FUNDS INC. 13-2527171	ANNUAL RATE 0.0025 OF AVERAGE DAILY ASSETS. ANNUAL RATE 0.0025 OF AVERAGE DAILY ASSETS.	

Part II Service Providers Who Fail or Refuse to Provide Information

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide

Part III Termination Information on Accountants and Enrolled Actuaries (see instructions)
(complete as many entries as needed)

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN;
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN;
c Position:	
d Address:	e Telephone:

Explanation:

SCHEDULE H (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	OMB No. 1210-0110 2009 This Form is Open to Public Inspection
For calendar plan year 2009 or fiscal plan year beginning <u>01/01/2009</u> and ending <u>12/31/2009</u>		
A Name of plan <u>FOREST CORPORATION 401(K) PLAN</u>	B Three-digit plan number (PN) ►	<u>002</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>FOREST CORPORATION</u>	D Employer Identification Number (EIN) <u>34-0697747</u>	

Part I	Asset and Liability Statement		(a) Beginning of Year	(b) End of Year
1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.				
	Assets			
a	Total noninterest-bearing cash	1a		
b	Receivables (less allowance for doubtful accounts):			
	(1) Employer contributions	1b(1)		
	(2) Participant contributions	1b(2)		
	(3) Other.....	1b(3)		
c	General investments:			
	(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)		
	(2) U.S. Government securities.....	1c(2)		
	(3) Corporate debt instruments (other than employer securities):			
	(A) Preferred	1c(3)(A)		
	(B) All other.....	1c(3)(B)		
	(4) Corporate stocks (other than employer securities):			
	(A) Preferred	1c(4)(A)		
	(B) Common	1c(4)(B)		
	(5) Partnership/joint venture interests	1c(5)		
	(6) Real estate (other than employer real property)	1c(6)		
	(7) Loans (other than to participants)	1c(7)		
	(8) Participant loans	1c(8)	121355	114319
	(9) Value of interest in common/collective trusts.....	1c(9)		
	(10) Value of interest in pooled separate accounts.....	1c(10)		
	(11) Value of interest in master trust investment accounts	1c(11)		
	(12) Value of interest in 103-12 investment entities	1c(12)		
	(13) Value of interest in registered investment companies (e.g., mutual funds).....	1c(13)	2286302	2658630
	(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)		
	(15) Other	1c(15)		

1d Employer-related investments:

		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)		
(2) Employer real property	1d(2)		
e Buildings and other property used in plan operation	1e		
f Total assets (add all amounts in lines 1a through 1e)	1f	2407657	2772949

Liabilities

g Benefit claims payable	1g		
h Operating payables	1h		
i Acquisition indebtedness	1i		
j Other liabilities	1j		
k Total liabilities (add all amounts in lines 1g through 1j)	1k	0	0

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	2407657	2772949
---	-----------	---------	---------

Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

Income**a Contributions:**

		(a) Amount	(b) Total
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)		
(B) Participants	2a(1)(B)	158326	
(C) Others (including rollovers)	2a(1)(C)		
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		158326

b Earnings on investments:**(1) Interest:**

(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)		
(B) U.S. Government securities	2b(1)(B)		
(C) Corporate debt instruments	2b(1)(C)		
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans	2b(1)(E)	8155	
(F) Other	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		8155

(2) Dividends: (A) Preferred stock	2b(2)(A)		
(B) Common stock	2b(2)(B)		
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)	55585	
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		55585

(3) Rents	2b(3)		
-----------------	--------------	--	--

(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)		
(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		0

		(a) Amount	(b) Total
2b (5) Unrealized appreciation (depreciation) of assets: (A) Real estate.....	2b(5)(A)		
(B) Other	2b(5)(B)		
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		0
(6) Net investment gain (loss) from common/collective trusts	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds).....	2b(10)		495772
c Other income.....	2c		
d Total income. Add all income amounts in column (b) and enter total.....	2d		717838

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	333312	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3)	2e(4)		333312
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions).....	2g		17408
h Interest expense.....	2h		
i Administrative expenses: (1) Professional fees	2i(1)		
(2) Contract administrator fees	2i(2)		
(3) Investment advisory and management fees	2i(3)		
(4) Other	2i(4)	1826	
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		1826
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		352546

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		365292
l Transfers of assets:			
(1) To this plan.....	2l(1)		
(2) From this plan	2l(2)		

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) ☐ Unqualified (2) ☐ Qualified (3) ☒ Disclaimer (4) ☐ Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)? ☒ Yes ☐ No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: WALTHALL, DRAKE & WALLACE, LLP

(2) EIN: 34-0644631

d The opinion of an independent qualified public accountant is **not attached** because:

(1) ☐ This form is filed for a CCT, PSA, or MTIA. (2) ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

- 4** CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete 4j and 4l. MTIAs also do not complete 4l.

During the plan year:

	Yes	No	Amount
a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.).....		X	
b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.).....		X	
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)		X	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.).....		X	
e Was this plan covered by a fidelity bond?.....	X		500000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.).....	X		
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.).....		X	
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?.....		X	
l Has the plan failed to provide any benefit when due under the plan?		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.).....		X	
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.			

- 5a** Has a resolution to terminate the plan been adopted during the plan year or any prior plan year?
If yes, enter the amount of any plan assets that reverted to the employer this year ☐ Yes ☒ No Amount:

- 5b** If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)	5b(2) EIN(s)	5b(3) PN(s)

SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Retirement Plan Information This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110
		2009
		This Form is Open to Public Inspection.

For calendar plan year 2009 or fiscal plan year beginning <u>01/01/2009</u> and ending <u>12/31/2009</u>		
A Name of plan <u>FOREST CORPORATION 401(K) PLAN</u>	B Three-digit plan number (PN) ▶ <u>002</u>	
C Plan sponsor's name as shown on line 2a of Form 5500 <u>FOREST CORPORATION</u>	D Employer Identification Number (EIN) <u>34-0697747</u>	

Part I	Distributions
---------------	----------------------

All references to distributions relate only to payments of benefits during the plan year.

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....

1	<u>0</u>
----------	----------

2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits):
EIN(s): 57-1198022

Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.

3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year.....

3	
----------	--

Part II	Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part)
----------------	--

4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)?..... ☐ Yes ☐ No ☐ N/A
If the plan is a defined benefit plan, go to line 8.

5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. **Date:** Month _____ Day _____ Year _____
If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.

6

a Enter the minimum required contribution for this plan year	6a	
b Enter the amount contributed by the employer to the plan for this plan year	6b	
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount).....	6c	

If you completed line 6c, skip lines 8 and 9.

7 Will the minimum funding amount reported on line 6c be met by the funding deadline? ☐ Yes ☐ No ☐ N/A

8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change?..... ☐ Yes ☐ No ☐ N/A

Part III	Amendments
-----------------	-------------------

9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box(es). If no, check the "No" box..... ☐ Increase ☐ Decrease ☐ Both ☐ No

Part IV	ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.
----------------	---

10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?..... ☐ Yes ☐ No

11

a Does the ESOP hold any preferred stock?	☐ Yes ☐ No
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.)	☐ Yes ☐ No

12 Does the ESOP hold any stock that is not readily tradable on an established securities market? ☐ Yes ☐ No

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

- 14** Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

a The current year	14a	
b The plan year immediately preceding the current plan year	14b	
c The second preceding plan year	14c	

- 15** Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a The corresponding number for the plan year immediately preceding the current plan year	15a	
b The corresponding number for the second preceding plan year	15b	

- 16** Information with respect to any employers who withdrew from the plan during the preceding plan year:

a Enter the number of employers who withdrew during the preceding plan year	16a	
b If item 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers	16b	

- 17** If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

- 18** If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment ☐

- 19** If the total number of participants is 1,000 or more, complete items (a) through (c)

a Enter the percentage of plan assets held as:
 Stock: _____% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____%

b Provide the average duration of the combined investment-grade and high-yield debt:
☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

c What duration measure was used to calculate item 19(b)?
☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify): _____

FOREST CORPORATION 401(K) PLAN

FINANCIAL STATEMENT

WITH SUPPLEMENTARY INFORMATION

DECEMBER 31, 2009 AND 2008

FOREST CORPORATION 401(K) PLAN

FINANCIAL STATEMENT

WITH SUPPLEMENTARY INFORMATION

DECEMBER 31, 2009 AND 2008

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT.....	1
FINANCIAL STATEMENTS	
Statements of net assets available for benefits	2
Statements of changes in net assets available for benefits	3
Notes to financial statements	4-9
SUPPLEMENTARY INFORMATION	
Schedule I - Schedule of assets held (at end of year)	10



Walthall, Drake & Wallace LLP

CERTIFIED PUBLIC ACCOUNTANTS

6300 Rockside Rd. • Suite 100 • Cleveland, Ohio 44131
(216) 573-2330 • Fax (216) 573-0771
<http://www.walthall.com>

INDEPENDENT AUDITORS' REPORT

August 26, 2010

Plan Administrator
Forest Corporation 401(k) Plan
Twinsburg, Ohio

We were engaged to audit the statements of net assets available for benefits of the Forest Corporation 401(k) Plan as of December 31, 2009 and 2008, and the related statements of changes in net assets available for benefits for the years then ended, and the supplemental schedule of assets held (at end of year) for the year ended December 31, 2009. These financial statements and supplemental schedule are the responsibility of the Plan's management.

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 3, which was certified by State Street Bank, except for comparing the information with the related information included in the December 31, 2009 and 2008 financial statements and supplemental schedule. We have been informed by the plan administrator that the trustee holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained certifications from the trustee as of and for the years ended December 31, 2009 and 2008 that the information provided to the plan administrator by the trustee is complete and accurate.

Because of the significance of the information that we did not audit, we are unable to, and do not, express an opinion on the accompanying financial statements and supplemental schedule taken as a whole. The form and content of the information included in the financial statements and supplemental schedule, other than that derived from the information certified by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

Walthall, Drake & Wallace LLP
Certified Public Accountants

FOREST CORPORATION 401(K) PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
DECEMBER 31, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
ASSETS		
Investments, at fair value	<u>\$ 2,795,417</u>	<u>\$ 2,433,605</u>
 NET ASSETS AVAILABLE FOR BENEFITS	 <u><u>\$ 2,795,417</u></u>	 <u><u>\$ 2,433,605</u></u>

The accompanying notes are an integral part of the financial statements.

FOREST CORPORATION 401(K) PLAN
STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
FOR THE YEARS ENDING DECEMBER 31, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
ADDITIONS TO NET ASSETS ATTRIBUTED TO		
Investment income:		
Net appreciation (depreciation) in fair value of investments	\$ 495,772	\$ (1,550,419)
Interest and dividends	63,740	174,735
Contributions:		
Participant	158,326	234,069
Participant rollover	-	10,498
Net change	717,838	(1,131,117)
DEDUCTIONS FROM NET ASSETS ATTRIBUTED TO		
Benefits paid to participants	354,200	269,687
Administrative expenses	1,826	330
Total deductions	<u>356,026</u>	<u>270,017</u>
NET INCREASE (DECREASE)	361,812	(1,401,134)
NET ASSETS AVAILABLE FOR BENEFITS - BEGINNING	<u>2,433,605</u>	<u>3,834,739</u>
NET ASSETS AVAILABLE FOR BENEFITS - ENDING	<u><u>\$ 2,795,417</u></u>	<u><u>\$ 2,433,605</u></u>

The accompanying notes are an integral part of the financial statements.

FOREST CORPORATION 401(k) PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

NOTE 1 - PLAN DESCRIPTION

The following description of the Forest Corporation 401(k) Plan provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

Nature of operations

The Plan became effective on January 1, 1994 to encourage employee savings and to provide retirement benefits to participants and/or their beneficiaries. The Plan is a defined contribution plan covering all employees of the Company who have completed one year of service and are age 21 or older. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Contributions

Each participant may contribute between 1% and 70% of his/her earnings to a separate account. A participant may also be permitted to contribute amounts representing distributions from other qualified plans. As of the last day of each Plan year, the Company may make a discretionary profit sharing contribution pursuant to a resolution of its board of directors. Contributions are subject to certain limitations as required by federal regulations. The Company made no profit sharing contributions in 2009 or 2008.

Participant accounts

Each participant's account is credited with the participant's contributions, an allocation of any of the discretionary profit sharing contribution and Plan earnings. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Investment options

Upon enrollment in the Plan, a participant may direct that his/her account balance be invested among certain specific funds selected by the Plan.

Vesting

Participants are immediately vested in their elective contributions plus actual earnings thereon. Vesting in the employer contribution portion of their accounts is based on years of service. A participant is 100% vested after six years of credited service.

Payment of benefits

Benefit payments to participants are made payable in the event of retirement, death, disability, termination of employment, or termination of the Plan. Payments may be made in lump-sum distributions or in other forms as specified in the Plan.

FOREST CORPORATION 401(k) PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

NOTE 1 - PLAN DESCRIPTION (Continued)

Forfeited accounts

Any nonvested portion of a participant's account is deemed forfeited after employment is terminated and distribution is received. Forfeitures are used to reduce the Company's contribution to the Plan. At December 31, 2009 and 2008, forfeited nonvested accounts totaled \$1,616 and \$939, respectively. During 2009 and 2008, no forfeited nonvested accounts were used by the Plan.

Participant loans

Participants may borrow up to 50% of their vested account balances subject to a maximum of \$50,000. All loans bear interest at the published prime rate plus 1.0% and are secured by the vested account balance of the participant. The interest rates on outstanding loans to participants ranged from 4.25%-9.25% in 2009 and 2008.

Plan termination

Although it has not expressed any intent to do so, the Company has the right under the Plan to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants will become 100 percent vested in their accounts.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The accounting records of the Plan are maintained on the accrual basis.

Investment valuation

The Plan's investments are stated at fair value. Fair value is a price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 8 for discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Dividends are recorded on the ex-dividend date. Net appreciation (depreciation) includes the plan's gains and losses on investments bought and sold as well as held during the year.

Use of estimates

In preparing financial statements in conformity with generally accepted accounting principles, management makes estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

FOREST CORPORATION 401(k) PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Administrative expenses

Significant plan administrative expenses are paid by Forest Corporation.

Payment of benefits

Benefits are recorded when paid.

Risks and uncertainties

The Plan provides the various investment options in any combination of registered investment companies and other investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect participants' account balances and the amounts reported in the statements of assets available for benefits and the statements of changes in assets available for benefits.

NOTE 3 - CERTIFIED INFORMATION

State Street Bank, trustee of the Plan, holds the Plan's investment assets and executed all transactions. Financial information relating to those assets, which comprises substantially all of the Plan's assets, is included in the accompanying financial statements based on information provided by the trustee. That information, which has not been audited by independent accountants, is summarized as follows:

	<u>2009</u>	<u>2008</u>
<u>Fair Value of Account</u>		
Registered investment companies	\$ 2,658,630	\$ 2,286,302
Loans to participants	136,787	147,303
	<u>\$ 2,795,417</u>	<u>\$ 2,433,605</u>
<u>Net Increase (Decrease) in Account</u>		
Participant contributions	\$ 158,326	\$ 234,069
Participant rollover contributions	-	10,498
Employer profit sharing contribution	-	24,816
Net appreciation (depreciation) in fair value of investments	495,772	(1,550,419)
Net interest and dividends	63,740	174,735
Administrative expenses	(1,826)	(330)
Withdrawals	(354,200)	(269,687)
	<u>361,812</u>	<u>(1,376,318)</u>
Total certified increase (decrease)	361,812	(1,376,318)
Employer profit sharing contribution - prior year	-	(24,816)
	<u>\$ 361,812</u>	<u>\$ (1,401,134)</u>
Net increase (decrease) per financial statements	<u>\$ 361,812</u>	<u>\$ (1,401,134)</u>

FOREST CORPORATION 401(k) PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

NOTE 4 - TAX STATUS

The Plan is maintained using a prototype non-standardized profit sharing plan with CODA sponsored by ADP, Inc. The Internal Revenue Service issued an opinion letter, dated May 3, 2002 approving the form of the prototype plan as being in compliance with the applicable sections of the Internal Revenue Code (IRC). The Plan has been amended since the opinion letter was received. However, the Plan's administrator, consultant and trustee believe the Plan is currently being operated in compliance with the applicable requirements of the prototype plan and the IRC.

NOTE 5 - INVESTMENTS

The Plan's investments are held in a trust by the Plan's trustee. The following table presents those investments. Investments that represent five percent or more of the Plan's net assets are separately identified.

Investments at Fair Value As Determined by the Plan's Trustee	2009	2008
Shares of registered investment companies:		
Goldman Sachs Core U.S. Equity Fund	\$ 124,328	\$ 129,881
Goldman Sachs Core International Equity Fund	160,939	129,339
Goldman Sachs Balanced Strategy	141,167	93,531
Goldman Sachs Asset Allocation Equity Growth	701,000	615,224
Goldman Sachs Asset Allocation Growth	307,128	295,202
Goldman Sachs Asset Allocation Growth and Income	397,644	378,710
Other funds	826,424	644,415
Loans to participants	136,787	147,303
	<u><u>\$ 2,795,417</u></u>	<u><u>\$ 2,433,605</u></u>

During 2009 and 2008, the Plan's investments (including investments bought, sold, as well as held during the year) appreciated (depreciated) in value by \$495,772 and \$(1,550,419), respectively.

NOTE 6 - PARTY IN INTEREST

State Street Bank is the Trustee of the Plan and commands physical and administrative control of certain Plan assets and is responsible for the safekeeping of the Plan's assets, investments of funds and other transactions as directed by the plan administrator or participants. The Plan assets are invested in shares of registered investment companies managed by State Street Bank.

NOTE 7 - RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

The following schedule is a reconciliation of Net Assets Available for Benefits per the financial statements to the Form 5500.

FOREST CORPORATION 401(k) PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

NOTE 7 - RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500 (Continued)

	2009	2008
Net assets available for benefits per the financial statements	\$ 2,795,417	\$ 2,433,605
Participant loans subject to deemed distribution rules	(22,468)	(25,948)
Net Assets Per Form 5500	<u>\$ 2,772,949</u>	<u>\$ 2,407,657</u>

Deemed distributions reported on Form 5500 are not included in the financial statements. Deemed distributions reported per Form 5500 were \$17,408 and \$5,651 for 2009 and 2008, respectively.

NOTE 8 - FAIR VALUE MEASUREMENT

The Plan adopted the provisions of Financial Accounting Standards Board Interpretation No. 820-10, "Fair Value Measurements and Disclosure" (FASB ASC 820-10), effective January 1, 2008. Under this standard, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

FASB ASC 820-10 establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820-10 are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the plan has the ability to access.

Level 2 - Inputs to the valuation methodology include

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value.

- Registered investment companies: Valued at the net asset value (NAV) of shares held by the plan at year end.
- Participant loans: Valued at amortized cost, which approximates fair value.

FOREST CORPORATION 401(k) PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

NOTE 8 - FAIR VALUE MEASUREMENT (Continued)

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables set forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2009 and 2008:

Assets at Fair Value as of December 31, 2009				
Description	(Level 1)	(Level 2)	(Level 3)	Total
Registered investment companies	\$ 2,658,630	\$ -	\$ -	\$ 2,658,630
Loans to participants	-	-	136,787	136,787
Total	<u>\$ 2,658,630</u>	<u>\$ -</u>	<u>\$ 136,787</u>	<u>\$ 2,795,417</u>

Assets at Fair Value as of December 31, 2008				
Description	(Level 1)	(Level 2)	(Level 3)	Total
Registered investment companies	\$ 2,286,302	\$ -	\$ -	\$ 2,286,302
Loans to participants	-	-	147,303	147,303
Total	<u>\$ 2,286,302</u>	<u>\$ -</u>	<u>\$ 147,303</u>	<u>\$ 2,433,605</u>

The following table sets forth a summary of changes in fair value of the Plan's Level 3 assets for the years ended December 31, 2009 and 2008:

Level 3 Assets for the Year Ended December 31

	2009	2008
	Participant loans	Participant loans
Beginning balance	\$ 147,303	\$ 154,397
Purchases, sales, issuances, and settlements (net)	10,516	7,094
Ending balance	<u>\$ 136,787</u>	<u>\$ 147,303</u>

NOTE 9 - SUBSEQUENT EVENTS

The Company has evaluated subsequent events from the date of the statement of net assets available for benefits through August 26, 2010.

FOREST CORPORATION 401(K) PLAN
PLAN #002 EIN: 34-0697747
FORM 5500 SCHEDULE H PART IV ITEM 4(i)
SCHEDULE OF ASSETS HELD (AT END OF YEAR)
DECEMBER 31, 2009

(a)	(b) Identity of Issue, Borrower Lessor or Similar Party	(c) Description of Investment	(d) Current Value
	Shares of registered investment companies:		
	Goldman Sachs Growth Opportunities	2,979.9725 shares	\$ 58,229
	Goldman Sachs Struct Small Cap Equity	3,712.5030 shares	34,675
	Goldman Sachs Struct Large Cap Growth	459.5190 shares	4,963
	Goldman Sachs High Yield Fund	7,860.0155 shares	54,470
	Goldman Sachs Struct U.S. Equity Fund	5,945.8829 shares	124,328
	Goldman Sachs Capital Growth Fund	6,958.3716 shares	133,044
	Goldman Sachs Core Fixed Income Fund	12,370.2963 shares	115,910
	Goldman Sachs ILA Prime Obligations Portfolio	87,630.5900 shares	87,631
	Goldman Sachs Equity Growth Strategy	68,457.0363 shares	701,000
	Goldman Sachs Growth Strategy	31,117.3024 shares	307,128
	Goldman Sachs Growth and Income Strategy	40,534.5152 shares	397,644
	Goldman Sachs Balanced Strategy	14,628.6851 shares	141,167
	Oppenheimer Quest Balanced	308.9786 shares	4,273
	Goldman Sachs Balanced Fund	289.9887 shares	4,921
	Goldman Sachs Struct International Equity Fund	16,472.7833 shares	160,939
	Goldman Sachs Growth and Income Fund	918.5592 shares	17,517
	Goldman Sachs Mid Cap Value Fund	3,632.2415 shares	105,262
	Goldman Sachs Real Estate Fund	4,087.0773 shares	40,830
	Goldman Sachs Short Duration Government Fund	3,275.9716 shares	33,775
	Goldman Sachs Small Cap Value Fund	2,638.7514 shares	82,962
	Goldman Sachs Large Cap Value Fund	3,121.1657 shares	33,022
	Templeton Growth Fund, Inc	888.7903 shares	14,940
			<u>2,658,630</u>
	Loans to participants	Promissory notes, interest rates ranging from 4.25% to 9.25%	<u>136,787</u>
	TOTAL INVESTMENTS		<u><u>\$ 2,795,417</u></u>

SCHEDULE H, LINE 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)
AS OF: 12/31/2009

PAGE 1

Plan Name: FOREST CORPORATION 401(K) PLAN
Plan Number: 002Employer EIN: 34-0697747
Run Date: 05/21/2010

(a) (b) Identity of Issue, Borrower, Lessor or Similar Party	(c) Description of Investment (Maturity Date, Rate of Int, Collateral, Par or Maturity Value)	(d) Cost	(e) Current Value
GS GROWTH OPPORTUNITIES-A	Registered Investment Company	2,979.9725	n/a 58,228.67
GS STRUCT SMALL CAP EQUITY - A	Registered Investment Company	3,712.5030	n/a 34,674.78
GS STRUCT LARGE CAP GROWTH - A	Registered Investment Company	459.5190	n/a 4,962.81
GS HIGH YIELD FUND - A	Registered Investment Company	7,860.0155	n/a 54,469.91
GS STRUCT U.S. EQUITY FUND - A	Registered Investment Company	5,945.8829	n/a 124,328.41
GS CAPITAL GROWTH FUND - A	Registered Investment Company	6,958.3716	n/a 133,044.07
GS CORE FIXED INCOME FUND - A	Registered Investment Company	12,370.2963	n/a 115,909.68
GS ILA PRIME OBLIGATIONS- SERV	Registered Investment Company	87,630.5900	n/a 87,630.59
GS EQUITY GROWTH STRATEGY - A	Registered Investment Company	68,457.0363	n/a 701,000.05
GS GROWTH STRATEGY - A	Registered Investment Company	31,117.3024	n/a 307,127.77
GS GROWTH & INCOME STRAT - A	Registered Investment Company	40,534.5152	n/a 397,643.59
GS BALANCED STRATEGY - A	Registered Investment Company	14,628.6851	n/a 141,166.81
OPPENHEIMER QUEST BALANCED - A	Registered Investment Company	308.9786	n/a 4,273.17
GS BALANCED FUND - A	Registered Investment Company	289.9887	n/a 4,921.11
GS STRUCT INTERNATIONAL EQ - A	Registered Investment Company	16,472.7833	n/a 160,939.10
GS GROWTH & INCOME FUND - A	Registered Investment Company	918.5592	n/a 17,516.93
GS MID CAP VALUE FUND - A	Registered Investment Company	3,632.2415	n/a 105,262.36
GS REAL ESTATE FUND - A	Registered Investment Company	4,087.0773	n/a 40,829.90
GS SHORT DURATION GOVT FUND- A	Registered Investment Company	3,275.9716	n/a 33,775.27
GS SMALL CAP VALUE FUND - A	Registered Investment Company	2,638.7514	n/a 82,962.35
GS LARGE CAP VALUE FUND - A	Registered Investment Company	3,121.1657	n/a 33,021.94
TEMPLETON GROWTH - A	Registered Investment Company	888.7903	n/a 14,940.57
Participant Loans	Interest Rates (4.25% to 9.25%)	n/a	136,787.06
	TOTAL		2,795,416.90

NOTE: The following is specifically for Form 5500 reporting.
The difference between Participant Loans on this Schedule and Participant Loans reported on Form 5500 Schedule H or I is the amount of DDLs. Loan amounts shown here include DDLs, while loan amounts reported on 5500 forms do not include DDLs.

Schedule C, Line 2(h) Formula Description

For those service providers listed on Line 2 for which Line 2(h) has been checked “yes”:

For a description of indirect compensation received by service providers listed on Line 2 that was disclosed as a formula, please see Line 3(e). Please note: If indirect compensation disclosed as a formula was received by a service provider from more than one source, there will be multiple Lines 3(e) for that service provider.

Schedule C, Line 2(h) Formula Description

For those service providers listed on Line 2 for which Line 2(h) has been checked “yes”:

For a description of indirect compensation received by service providers listed on Line 2 that was disclosed as a formula, please see Line 3(e). Please note: If indirect compensation disclosed as a formula was received by a service provider from more than one source, there will be multiple Lines 3(e) for that service provider.

FOREST CORPORATION 401(K) PLAN

FINANCIAL STATEMENT

WITH SUPPLEMENTARY INFORMATION

DECEMBER 31, 2009 AND 2008

FOREST CORPORATION 401(K) PLAN

FINANCIAL STATEMENT

WITH SUPPLEMENTARY INFORMATION

DECEMBER 31, 2009 AND 2008

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT.....	1
FINANCIAL STATEMENTS	
Statements of net assets available for benefits	2
Statements of changes in net assets available for benefits	3
Notes to financial statements	4-9
SUPPLEMENTARY INFORMATION	
Schedule I - Schedule of assets held (at end of year)	10



Walthall, Drake & Wallace LLP

CERTIFIED PUBLIC ACCOUNTANTS

6300 Rockside Rd. • Suite 100 • Cleveland, Ohio 44131
(216) 573-2330 • Fax (216) 573-0771
<http://www.walthall.com>

INDEPENDENT AUDITORS' REPORT

August 26, 2010

Plan Administrator
Forest Corporation 401(k) Plan
Twinsburg, Ohio

We were engaged to audit the statements of net assets available for benefits of the Forest Corporation 401(k) Plan as of December 31, 2009 and 2008, and the related statements of changes in net assets available for benefits for the years then ended, and the supplemental schedule of assets held (at end of year) for the year ended December 31, 2009. These financial statements and supplemental schedule are the responsibility of the Plan's management.

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 3, which was certified by State Street Bank, except for comparing the information with the related information included in the December 31, 2009 and 2008 financial statements and supplemental schedule. We have been informed by the plan administrator that the trustee holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained certifications from the trustee as of and for the years ended December 31, 2009 and 2008 that the information provided to the plan administrator by the trustee is complete and accurate.

Because of the significance of the information that we did not audit, we are unable to, and do not, express an opinion on the accompanying financial statements and supplemental schedule taken as a whole. The form and content of the information included in the financial statements and supplemental schedule, other than that derived from the information certified by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

Walthall, Drake & Wallace LLP
Certified Public Accountants

FOREST CORPORATION 401(K) PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
DECEMBER 31, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
ASSETS		
Investments, at fair value	<u>\$ 2,795,417</u>	<u>\$ 2,433,605</u>
 NET ASSETS AVAILABLE FOR BENEFITS	 <u><u>\$ 2,795,417</u></u>	 <u><u>\$ 2,433,605</u></u>

The accompanying notes are an integral part of the financial statements.

FOREST CORPORATION 401(K) PLAN
STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
FOR THE YEARS ENDING DECEMBER 31, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
ADDITIONS TO NET ASSETS ATTRIBUTED TO		
Investment income:		
Net appreciation (depreciation) in fair value of investments	\$ 495,772	\$ (1,550,419)
Interest and dividends	63,740	174,735
Contributions:		
Participant	158,326	234,069
Participant rollover	-	10,498
Net change	717,838	(1,131,117)
DEDUCTIONS FROM NET ASSETS ATTRIBUTED TO		
Benefits paid to participants	354,200	269,687
Administrative expenses	1,826	330
Total deductions	356,026	270,017
NET INCREASE (DECREASE)	361,812	(1,401,134)
NET ASSETS AVAILABLE FOR BENEFITS - BEGINNING	2,433,605	3,834,739
NET ASSETS AVAILABLE FOR BENEFITS - ENDING	<u><u>\$ 2,795,417</u></u>	<u><u>\$ 2,433,605</u></u>

The accompanying notes are an integral part of the financial statements.

FOREST CORPORATION 401(k) PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

NOTE 1 - PLAN DESCRIPTION

The following description of the Forest Corporation 401(k) Plan provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

Nature of operations

The Plan became effective on January 1, 1994 to encourage employee savings and to provide retirement benefits to participants and/or their beneficiaries. The Plan is a defined contribution plan covering all employees of the Company who have completed one year of service and are age 21 or older. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Contributions

Each participant may contribute between 1% and 70% of his/her earnings to a separate account. A participant may also be permitted to contribute amounts representing distributions from other qualified plans. As of the last day of each Plan year, the Company may make a discretionary profit sharing contribution pursuant to a resolution of its board of directors. Contributions are subject to certain limitations as required by federal regulations. The Company made no profit sharing contributions in 2009 or 2008.

Participant accounts

Each participant's account is credited with the participant's contributions, an allocation of any of the discretionary profit sharing contribution and Plan earnings. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Investment options

Upon enrollment in the Plan, a participant may direct that his/her account balance be invested among certain specific funds selected by the Plan.

Vesting

Participants are immediately vested in their elective contributions plus actual earnings thereon. Vesting in the employer contribution portion of their accounts is based on years of service. A participant is 100% vested after six years of credited service.

Payment of benefits

Benefit payments to participants are made payable in the event of retirement, death, disability, termination of employment, or termination of the Plan. Payments may be made in lump-sum distributions or in other forms as specified in the Plan.

FOREST CORPORATION 401(k) PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

NOTE 1 - PLAN DESCRIPTION (Continued)

Forfeited accounts

Any nonvested portion of a participant's account is deemed forfeited after employment is terminated and distribution is received. Forfeitures are used to reduce the Company's contribution to the Plan. At December 31, 2009 and 2008, forfeited nonvested accounts totaled \$1,616 and \$939, respectively. During 2009 and 2008, no forfeited nonvested accounts were used by the Plan.

Participant loans

Participants may borrow up to 50% of their vested account balances subject to a maximum of \$50,000. All loans bear interest at the published prime rate plus 1.0% and are secured by the vested account balance of the participant. The interest rates on outstanding loans to participants ranged from 4.25%-9.25% in 2009 and 2008.

Plan termination

Although it has not expressed any intent to do so, the Company has the right under the Plan to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants will become 100 percent vested in their accounts.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The accounting records of the Plan are maintained on the accrual basis.

Investment valuation

The Plan's investments are stated at fair value. Fair value is a price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 8 for discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Dividends are recorded on the ex-dividend date. Net appreciation (depreciation) includes the plan's gains and losses on investments bought and sold as well as held during the year.

Use of estimates

In preparing financial statements in conformity with generally accepted accounting principles, management makes estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

FOREST CORPORATION 401(k) PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Administrative expenses

Significant plan administrative expenses are paid by Forest Corporation.

Payment of benefits

Benefits are recorded when paid.

Risks and uncertainties

The Plan provides the various investment options in any combination of registered investment companies and other investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect participants' account balances and the amounts reported in the statements of assets available for benefits and the statements of changes in assets available for benefits.

NOTE 3 - CERTIFIED INFORMATION

State Street Bank, trustee of the Plan, holds the Plan's investment assets and executed all transactions. Financial information relating to those assets, which comprises substantially all of the Plan's assets, is included in the accompanying financial statements based on information provided by the trustee. That information, which has not been audited by independent accountants, is summarized as follows:

	<u>2009</u>	<u>2008</u>
<u>Fair Value of Account</u>		
Registered investment companies	\$ 2,658,630	\$ 2,286,302
Loans to participants	136,787	147,303
	<u>\$ 2,795,417</u>	<u>\$ 2,433,605</u>
<u>Net Increase (Decrease) in Account</u>		
Participant contributions	\$ 158,326	\$ 234,069
Participant rollover contributions	-	10,498
Employer profit sharing contribution	-	24,816
Net appreciation (depreciation) in fair value of investments	495,772	(1,550,419)
Net interest and dividends	63,740	174,735
Administrative expenses	(1,826)	(330)
Withdrawals	(354,200)	(269,687)
	<u>361,812</u>	<u>(1,376,318)</u>
Total certified increase (decrease)	361,812	(1,376,318)
Employer profit sharing contribution - prior year	-	(24,816)
	<u>\$ 361,812</u>	<u>\$ (1,401,134)</u>
Net increase (decrease) per financial statements		

FOREST CORPORATION 401(k) PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

NOTE 4 - TAX STATUS

The Plan is maintained using a prototype non-standardized profit sharing plan with CODA sponsored by ADP, Inc. The Internal Revenue Service issued an opinion letter, dated May 3, 2002 approving the form of the prototype plan as being in compliance with the applicable sections of the Internal Revenue Code (IRC). The Plan has been amended since the opinion letter was received. However, the Plan's administrator, consultant and trustee believe the Plan is currently being operated in compliance with the applicable requirements of the prototype plan and the IRC.

NOTE 5 - INVESTMENTS

The Plan's investments are held in a trust by the Plan's trustee. The following table presents those investments. Investments that represent five percent or more of the Plan's net assets are separately identified.

Investments at Fair Value As Determined by the Plan's Trustee	2009	2008
Shares of registered investment companies:		
Goldman Sachs Core U.S. Equity Fund	\$ 124,328	\$ 129,881
Goldman Sachs Core International Equity Fund	160,939	129,339
Goldman Sachs Balanced Strategy	141,167	93,531
Goldman Sachs Asset Allocation Equity Growth	701,000	615,224
Goldman Sachs Asset Allocation Growth	307,128	295,202
Goldman Sachs Asset Allocation Growth and Income	397,644	378,710
Other funds	826,424	644,415
Loans to participants	136,787	147,303
	<u><u>\$ 2,795,417</u></u>	<u><u>\$ 2,433,605</u></u>

During 2009 and 2008, the Plan's investments (including investments bought, sold, as well as held during the year) appreciated (depreciated) in value by \$495,772 and \$(1,550,419), respectively.

NOTE 6 - PARTY IN INTEREST

State Street Bank is the Trustee of the Plan and commands physical and administrative control of certain Plan assets and is responsible for the safekeeping of the Plan's assets, investments of funds and other transactions as directed by the plan administrator or participants. The Plan assets are invested in shares of registered investment companies managed by State Street Bank.

NOTE 7 - RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

The following schedule is a reconciliation of Net Assets Available for Benefits per the financial statements to the Form 5500.

FOREST CORPORATION 401(k) PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

NOTE 7 - RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500 (Continued)

	2009	2008
Net assets available for benefits per the financial statements	\$ 2,795,417	\$ 2,433,605
Participant loans subject to deemed distribution rules	<u>(22,468)</u>	<u>(25,948)</u>
Net Assets Per Form 5500	<u><u>\$ 2,772,949</u></u>	<u><u>\$ 2,407,657</u></u>

Deemed distributions reported on Form 5500 are not included in the financial statements. Deemed distributions reported per Form 5500 were \$17,408 and \$5,651 for 2009 and 2008, respectively.

NOTE 8 - FAIR VALUE MEASUREMENT

The Plan adopted the provisions of Financial Accounting Standards Board Interpretation No. 820-10, "Fair Value Measurements and Disclosure" (FASB ASC 820-10), effective January 1, 2008. Under this standard, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

FASB ASC 820-10 establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820-10 are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the plan has the ability to access.

Level 2 - Inputs to the valuation methodology include

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value.

- Registered investment companies: Valued at the net asset value (NAV) of shares held by the plan at year end.
- Participant loans: Valued at amortized cost, which approximates fair value.

FOREST CORPORATION 401(k) PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

NOTE 8 - FAIR VALUE MEASUREMENT (Continued)

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables set forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2009 and 2008:

Assets at Fair Value as of December 31, 2009				
Description	(Level 1)	(Level 2)	(Level 3)	Total
Registered investment companies	\$ 2,658,630	\$ -	\$ -	\$ 2,658,630
Loans to participants	-	-	136,787	136,787
Total	<u>\$ 2,658,630</u>	<u>\$ -</u>	<u>\$ 136,787</u>	<u>\$ 2,795,417</u>

Assets at Fair Value as of December 31, 2008				
Description	(Level 1)	(Level 2)	(Level 3)	Total
Registered investment companies	\$ 2,286,302	\$ -	\$ -	\$ 2,286,302
Loans to participants	-	-	147,303	147,303
Total	<u>\$ 2,286,302</u>	<u>\$ -</u>	<u>\$ 147,303</u>	<u>\$ 2,433,605</u>

The following table sets forth a summary of changes in fair value of the Plan's Level 3 assets for the years ended December 31, 2009 and 2008:

<u>Level 3 Assets for the Year Ended December 31</u>		
	2009	2008
	Participant loans	Participant loans
Beginning balance	\$ 147,303	\$ 154,397
Purchases, sales, issuances, and settlements (net)	10,516	7,094
Ending balance	<u>\$ 136,787</u>	<u>\$ 147,303</u>

NOTE 9 - SUBSEQUENT EVENTS

The Company has evaluated subsequent events from the date of the statement of net assets available for benefits through August 26, 2010.

FOREST CORPORATION 401(K) PLAN
PLAN #002 EIN: 34-0697747
FORM 5500 SCHEDULE H PART IV ITEM 4(i)
SCHEDULE OF ASSETS HELD (AT END OF YEAR)
DECEMBER 31, 2009

(a)	(b) Identity of Issue, Borrower Lessor or Similar Party	(c) Description of Investment	(d) Current Value
	Shares of registered investment companies:		
	Goldman Sachs Growth Opportunities	2,979.9725 shares	\$ 58,229
	Goldman Sachs Struct Small Cap Equity	3,712.5030 shares	34,675
	Goldman Sachs Struct Large Cap Growth	459.5190 shares	4,963
	Goldman Sachs High Yield Fund	7,860.0155 shares	54,470
	Goldman Sachs Struct U.S. Equity Fund	5,945.8829 shares	124,328
	Goldman Sachs Capital Growth Fund	6,958.3716 shares	133,044
	Goldman Sachs Core Fixed Income Fund	12,370.2963 shares	115,910
	Goldman Sachs ILA Prime Obligations Portfolio	87,630.5900 shares	87,631
	Goldman Sachs Equity Growth Strategy	68,457.0363 shares	701,000
	Goldman Sachs Growth Strategy	31,117.3024 shares	307,128
	Goldman Sachs Growth and Income Strategy	40,534.5152 shares	397,644
	Goldman Sachs Balanced Strategy	14,628.6851 shares	141,167
	Oppenheimer Quest Balanced	308.9786 shares	4,273
	Goldman Sachs Balanced Fund	289.9887 shares	4,921
	Goldman Sachs Struct International Equity Fund	16,472.7833 shares	160,939
	Goldman Sachs Growth and Income Fund	918.5592 shares	17,517
	Goldman Sachs Mid Cap Value Fund	3,632.2415 shares	105,262
	Goldman Sachs Real Estate Fund	4,087.0773 shares	40,830
	Goldman Sachs Short Duration Government Fund	3,275.9716 shares	33,775
	Goldman Sachs Small Cap Value Fund	2,638.7514 shares	82,962
	Goldman Sachs Large Cap Value Fund	3,121.1657 shares	33,022
	Templeton Growth Fund, Inc	888.7903 shares	14,940
			<u>2,658,630</u>
	Loans to participants	Promissory notes, interest rates ranging from 4.25% to 9.25%	<u>136,787</u>
	TOTAL INVESTMENTS		<u>\$ 2,795,417</u>