BOWATER INC
Form 424B3
September 23, 2003

Filed Pursuant to Rule 424(b)(3)
Registration No. 333-108168

$400,000,000

BOWATER INCORPORATED

Offer to Exchange Outstanding 6½% Notes due 2013
For 6½% Notes due 2013 which have been registered under the Securities Act of 1933

The Exchange Offer

» We issued $400,000,000 in aggregate principal amount of our 6½% Notes due 2013 on June 19, 2003, which we call the **original notes.**

» We will exchange all outstanding original notes that are validly tendered and not validly withdrawn, for an equal principal amount of 6½% Notes due 2013 that are subject to this prospectus and that are freely tradeable, which we call the **exchange notes.** In this prospectus we sometimes refer to the original notes and the exchange notes collectively as the **notes.**

» **The exchange offer expires at 5:00 p.m., New York City time, on October 24, 2003, unless we extend it.** We do not currently intend to extend the expiration date.

» Our completion of the exchange offer is subject to customary conditions, which we may waive.

» You may withdraw tenders of outstanding original notes at any time prior to the expiration of the exchange offer.

» The exchange of original notes for exchange notes in the exchange offer will not be a taxable event for U.S. federal income tax purposes.

» We will not receive any proceeds from the exchange offer.

The Exchange Notes

» We are making the exchange offer because we are required to do so by a registration rights agreement between us and the initial purchasers of the original notes that we entered into in connection with the private placement of the original notes.

» The terms of the exchange notes are substantially identical to the terms of the original notes except that the exchange notes are registered under the Securities Act of 1933, as amended, will be freely tradeable and, with limited exceptions, will not have registration rights.

» We will pay interest on the notes semi-annually in arrears on June 15 and December 15 of each year, starting on December 15, 2003. The notes will mature on June 15, 2013.

» We may redeem the notes at a price equal to their principal amount plus a make-whole premium, together with accrued but unpaid interest.

» The notes are unsecured obligations, and rank equally with all of our existing and future senior unsecured debt. The notes rank senior to any of our debt that may be expressly subordinated to the notes but are effectively subordinated to all of our senior secured indebtedness to the extent of the assets securing that indebtedness and to all the obligations and liabilities of our subsidiaries to the extent of their assets.

Resales of the Exchange Notes

» The exchange notes may be sold in the over the counter market, in negotiated transactions or through a combination of these methods.

» There is currently no public market for the exchange notes, and there can be no assurance that a public market for the exchange notes will develop.

You should consider carefully the Risk Factors beginning on page 9 of this prospectus before participating in the exchange offer.

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

Prospectus dated September 23, 2003.

Where You Can Find More Information About Bowater Incorporated

Bowater Incorporated files annual, quarterly and current reports, proxy statements and other information with the Securities and Exchange Commission, which we refer to as the SEC. Its SEC filings are available over the Internet at the SEC s website at http://www.sec.gov and through Bowater Incorporated s website (http://www.bowater.com).

You may also obtain copies of the documents at prescribed rates by writing to the Public Reference Section of the SEC at 450 Fifth Street, N.W., Washington, D.C. 20549. Please call 1-800-SEC-0330 for further information on the operations of the public reference facilities. Bowater s SEC filings are also available at the office of the New York Stock Exchange, 20 Broad Street, New York, New York 10005.

We incorporate by reference in this prospectus certain information filed by Bowater Incorporated with the SEC, which means that we disclose important business and financial information to you by referring to those documents. Those documents are not included in or delivered with this prospectus. The information incorporated by reference is an important part of this prospectus, and information that Bowater Incorporated subsequently files with the SEC will automatically update and supersede the information in this prospectus and in Bowater Incorporated s other filings with the SEC.

We incorporate by reference the documents listed below, which Bowater Incorporated has already filed with the SEC, and any future filings Bowater Incorporated makes with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act (other than information furnished under Item 9 or Item 12 of Form 8-K) until the offering described in this prospectus is completed:

» Bowater Incorporated's Annual Report on Form 10-K for the year ended December 31, 2002;

» Bowater Incorporated's Quarterly Report on Form 10-Q for the quarter ended March 31, 2003;

» Bowater Incorporated's Quarterly Report on Form 10-Q for the quarter ended June 30, 2003;

» Bowater Incorporated's Current Report on Form 8-K filed on June 12, 2003; and

» Bowater Incorporated s Current Report on Form 8-K filed on June 17, 2003.

This information is available without charge upon written or oral request. You may request this information by writing to Bowater Incorporated at Post Office Box 1028, Greenville, South Carolina 29602-1028 (Attention: Investor Relations Department) or by calling (864) 282-9430.

To obtain timely delivery of information requested, you must make your request no later than five business days before the date on which you must make your investment decision. The exchange offer will expire on October 24, 2003, unless extended.

Important Notice to Readers

No person is authorized to give any information or to make any representation not contained in this prospectus (including information expressly incorporated in this prospectus by reference) in connection with this offering. If given or made, you should not rely on such information or representations as having been authorized by us. This prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, the notes in any jurisdiction where, or to any person to whom, it is unlawful to make such offer or solicitation. Neither the delivery of this prospectus nor any sale made under it shall, under any circumstances, create any implication that there has been no change in the information set forth in this prospectus or in our affairs since the date of this prospectus.

Each holder of original notes seeking to exchange original notes for exchange notes must comply with all applicable laws and regulations in force in any jurisdiction in which it engages in such exchange and in which it thereafter purchases, offers or sells any of the notes and must obtain any consent, approval or permission required of it for the exchange or the purchase, offer or sale by it of any of the notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such exchange or purchases, offers or sales, and we shall not have any responsibility for such matters.

The information contained in this prospectus has been provided by us and by other sources. We believe, but cannot assure you, that information provided by other sources is accurate and complete. We also cannot assure you that an investment in our securities is appropriate for your particular circumstances. In making an investment decision, you must rely on your own examination of our company and the terms of this offering, including the merits and risks involved. The contents of this prospectus are not to be construed as legal, business or tax advice. You should consult your own attorneys, business advisors and tax advisors as to legal, business or tax advice.

This prospectus contains summaries intended to be accurate with respect to certain terms of certain documents, but we refer you to the actual documents, which will be made available to prospective investors upon request to us, for complete information with respect to these documents, and all the summaries are qualified in their entirety by such reference.

If you are a broker-dealer and you received exchange notes for your own account, you must acknowledge that you will deliver a prospectus in connection with any resale of such exchange notes. We believe that by making such acknowledgement, you will not be deemed to admit that you are an underwriter under the Securities Act of 1933.

Broker-dealers may use this prospectus in connection with any resale of exchange notes received in exchange for original notes where such original notes were acquired by the broker-dealer as a result of market-making activities or trading activities. We will make this prospectus, as amended or supplemented, available to any broker dealer for use in any such resale for a period of up to 180 days after the date of this prospectus (subject to extension in certain circumstances). A broker-dealer may not participate in the exchange offer with respect to outstanding notes acquired other than as a result of market-making activities or trading activities.

Forward-Looking Statements

Statements that are not reported financial results or other historical information are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. This prospectus, each of Bowater s annual reports to shareholders, Forms 10-K, 10-Q and 8-K, proxy statements, prospectuses and any other written or oral statement made by us or on our behalf previously or in the future may include forward-looking statements including, for example, statements about our business outlook, assessment of market conditions, strategies, future plans, future sales, prices for our major products, inventory levels, capital spending and tax and exchange rates. These forward-looking statements are not guarantees of future performance. For these statements we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. These statements are based on management s expectations that involve a number of business risks and uncertainties, any of which could cause actual results to differ materially from those expressed in or implied by the forward-looking statements. In addition to specific factors described in connection with any particular forward-looking statement, factors that could cause actual results to differ materially include, but are not limited to, those in the Risk Factors section. Other risks besides those listed in the section entitled Risk Factors also could adversely affect us. We disclaim any obligation to publicly update or revise any forward-looking statements.

Market Share and Industry Data

Market share data and other statistical industry information used throughout this prospectus and the documents incorporated into this prospectus by reference are based on independent industry publications, government publications, reports by market research firms or other published independent sources. Some data are also based on our good faith estimates, which are derived from our review of internal surveys, as well as the independent sources listed above. Although we believe these sources are reliable, we have not independently verified the information and cannot guarantee its accuracy and completeness.

Prospectus Summary

The following summary contains basic information about this offering. It likely does not contain all the information that is important to you. For a more complete understanding of this offering, we encourage you to read this entire document and the documents incorporated by reference into this prospectus. As used in this prospectus, unless the context indicates otherwise, Bowater, we, our and us refer collectively to Bowater Incorporated, the issuer of the notes, together with its consolidated subsidiaries (and Bowater Incorporated refers to the parent company only), except that in the Description of Exchange Notes section, references to we, our and us refer solely to Bowater

Incorporated and not its subsidiaries.

The Company

We are a leading producer of newsprint and coated groundwood papers. In addition, we make uncoated groundwood papers, bleached kraft pulp and lumber products. We operate facilities in the United States, Canada and South Korea and our operations are supported by approximately 1.4 million acres of timberlands owned or leased in the United States and Canada and approximately 32 million acres of timber cutting rights in Canada. We market and distribute our products throughout the world. No single customer, related or otherwise, accounted for 10% or more of our 2002 consolidated sales.

We completed our acquisition of Alliance Forest Products Inc. (Alliance) on September 24, 2001. The results of Alliance s operations have been included in our consolidated financial statements since then. Before the acquisition, Alliance was an integrated company specializing in timber harvesting and forest management, as well as the production and sale of newsprint, uncoated specialty paper, pulp, lumber and related products. Alliance had operations in Canada and the United States. The acquisition added modern, low-cost supercalendered and specialty paper production at Donnacona and Dolbeau, Quebec, enabling Bowater to offer a full spectrum of groundwood paper grades. Alliance s extensive sawmill system and approximately 18 million acres of cutting rights support Bowater s expanded operations. Also, a strategically located mill in Coosa Pines, Alabama, which produces market fluff pulp and newsprint and was modernized in the first quarter of 2002 to produce 100% recycled fiber newsprint, enhances Bowater s customer service capabilities. Bowater was incorporated in Delaware in 1964. Our principal executive offices are located at 55 East Camperdown Way, Greenville, South Carolina 29601. Our mailing address is Post Office Box 1028, Greenville, South Carolina 29602-1028, and our telephone number at that address is (864) 271-7733.

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The Exchange Offer

On June 19, 2003, we completed a private offering of the original notes. In connection with the offering of the original notes, we entered into a registration rights agreement dated June 19, 2003 with the initial purchasers of the original notes, which we call the Registration Rights Agreement. Under the Registration Rights Agreement, we agreed to:

» conduct the exchange offer described in this prospectus;

» use our reasonable best efforts to cause the registration statement containing this prospectus to be declared effective by the SEC by December 16, 2003; and

» complete the exchange offer within 45 days of the effective date of the registration statement.

In the exchange offer, you are entitled to exchange your original notes for exchange notes. The terms of the exchange notes are substantially identical to the terms of the original notes except that the exchange notes are registered under the Securities Act of 1933, as amended (which we refer to as the Securities Act), will be freely tradeable and, with limited exceptions, will not have registration rights. You should read the description under the heading The Exchange Offer beginning on page 19 and the heading Description of the Exchange Notes beginning on page 31 for further information about the exchange notes. After the exchange offer is completed, you will no longer be entitled to any exchange rights or, with limited exceptions, registration rights for your original notes or the exchange notes.

The exchange offer	We are offering to exchange $1,000 principal amount of our exchange notes for each $1,000 principal amount of original notes. As of the date of this prospectus, $400 million in aggregate principal amount of original notes is outstanding. We have registered the exchange notes under the Securities Act and they are substantially identical to the original notes, except for the elimination of some transfer restrictions, registration rights and liquidated damages provisions relating to the original notes.
Accrued interest on the exchange notes and the original notes	Interest on the exchange notes will accrue from the last interest payment date on which interest was paid on the original notes or, if no interest was paid on the original notes, from the date of issuance of the original notes, which was June 19, 2003. Holders whose original notes are accepted for exchange will be deemed to have waived the right to receive any interest accrued on the original notes.
No minimum condition	

We are not conditioning the exchange offer on the tender of any minimum principal amount of original notes.

Expiration date

The exchange offer will expire at 5:00 p.m., New York City time, on October 24, 2003, unless we extend it.

Withdrawal rights

You may withdraw your tender at any time prior to 5:00 p.m., New York City time, on the expiration date.

Conditions to the exchange offer

The exchange offer is subject to customary conditions, which we may waive. We currently anticipate that each of the conditions will be satisfied and that we will not need to waive any conditions. We reserve the right to terminate or amend the exchange offer at any time before the expiration date if any such condition occurs. For additional information, see the subsection entitled The Exchange Offer Conditions to the Exchange Offer.

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Procedures for tendering original notes

If you are a holder of original notes, and you wish to accept the exchange offer, you must:

» complete, sign and date the accompanying letter of transmittal, or a facsimile of the letter of transmittal, and mail or otherwise deliver the letter of transmittal, together with your original notes, to the exchange agent at the address set forth under the subsection entitled The Exchange Offer Exchange Agent ; or

» arrange for The Depository Trust Company to transmit certain required information, including an agent s message forming part of a book-entry transfer in which you agree to be bound by the terms of the letter of transmittal, to the exchange agent in connection with a book-entry transfer.

By tendering your original notes in either manner, you will be required to represent, among other things, that:

» you are not our affiliate (as defined in Rule 405 under the Securities Act) or, if you are our affiliate, you will comply with the registration and prospectus delivery requirements of the Securities Act to the extent applicable;

» any exchange notes to be received by you in the exchange offer will be acquired in the ordinary course of your business;

» you have no arrangement or understanding with any person to participate in the distribution of the exchange notes in violation of the provisions of the Securities Act; and

» if you are not a broker-dealer, you are not engaged in, and do not intend to engage in, a distribution of exchange notes.

Special procedures for beneficial owners

If you beneficially own original notes registered in the name of a broker, dealer, commercial bank, trust company or other nominee and you wish to tender your original notes in the exchange offer, you should contact the registered holder promptly and instruct it to tender on your behalf. If you wish to tender on your own behalf, you must, prior to completing and executing the letter of transmittal and delivering your original notes, either arrange to have your original notes registered in your name or obtain a properly completed bond power from the registered holder. The transfer of registered ownership may take considerable time.

Guaranteed delivery procedures

If you wish to tender your original notes and time will not permit your required documents to reach the exchange agent by the expiration date, or the procedures for book-entry transfer cannot be

	completed on time, you may tender your original notes according to the guaranteed delivery procedures described in the subsection entitled The Exchange Offer Procedures for Tendering Original Notes.
Acceptance of original notes and delivery of exchange notes	We will accept for exchange all original notes which are properly tendered in the exchange offer prior to 5:00 p.m., New York City time, on the expiration date. The exchange notes issued in the exchange offer will be delivered promptly following the expiration date. For additional information, see the subsection entitled The

	Exchange Offer Acceptance of Original Notes for Exchange; Delivery of Exchange Notes.
Use of proceeds	We will not receive any proceeds from the issuance of exchange notes in the exchange offer. We will pay for our expenses relating to the exchange offer.
Federal income tax consequences	The exchange of exchange notes for original notes in the exchange offer will not be a taxable event for federal income tax purposes. For additional information, see the section entitled United States Federal Income Tax Considerations.
Effect on holders of original notes	Upon completion of the exchange offer, we will have fulfilled a covenant contained in the Registration Rights Agreement. If you do not tender your original notes in the exchange offer:

» you will continue to hold the original notes and will be entitled to all the rights and limitations applicable to the original notes under the indenture governing the notes, except for any rights under the Registration Rights Agreement that terminate as a result of the completion of the exchange offer; and

» you will not have any further registration or exchange rights and your original notes will continue to be subject to restrictions on transfer. Accordingly, the trading market for untendered original notes could be adversely affected.

No appraisal or dissenters rights	You do not have any appraisal or dissenters rights in connection with the exchange offer.
Exchange agent	The Bank of New York is serving as exchange agent in connection with the exchange offer.

The Exchange Notes

The summary below describes the principal terms of the notes. Some of the terms and conditions described below are subject to important limitations and exceptions. For a more detailed description of the exchange notes, see the section entitled Description of the Exchange Notes.

Issuer	Bowater Incorporated
Total amount of exchange notes offered	$400,000,000 aggregate principal amount of 6 1/2% Notes due 2013.
Maturity date	The exchange notes mature on June 15, 2013.
Redemption by us	We may redeem all or a portion of the exchange notes from time to time at a price equal to the greater of:

» 100% of the principal amount thereof, or

	» the sum of the present value of the principal amount and interest on the exchange notes being redeemed plus a make-whole premium,
	in either case, plus accrued and unpaid interest to the redemption date.
Interest rate and payment dates	The exchange notes will accrue interest from the date of their

	issuance at the rate of 6½% per year. Interest on the exchange notes will be payable semi-annually in arrears on each June 15 and December 15, commencing on December 15, 2003.
Ranking	The exchange notes will be our unsecured obligations.
	The exchange notes will rank equally with all of our existing and future senior unsecured debt.
	The exchange notes will rank senior to any of our debt that may be expressly subordinated to the exchange notes, but will be effectively subordinated to any secured indebtedness to the extent of the assets securing that indebtedness and to all obligations and liabilities of our subsidiaries to the extent of their assets. At June 30, 2003, Bowater Incorporated had no secured indebtedness on an unconsolidated basis, and our consolidated subsidiaries had indebtedness to third parties of approximately $1,172 million, of which approximately $112 million was secured and approximately $598 million was guaranteed by Bowater Incorporated. In addition, our operating subsidiaries have significant current and long-term liabilities. As of June 30, 2003, Bowater Incorporated on an unconsolidated basis had approximately $1,251 million of unsecured indebtedness and approximately $455 million of additional unsecured indebtedness available to be borrowed under its credit facilities.
Certain covenants	The indenture governing the exchange notes restricts our ability to create certain liens, enter into sale and lease-back transactions and merge or consolidate.
Transferability; market	The exchange notes will generally be freely transferable but will be a new issue of securities for which there may not initially be a market. Accordingly, there can be no assurance as to the development or liquidity of any market for the exchange notes.
Use of net proceeds	We will not receive any cash proceeds from the exchange offer.
Risk factors	See the section entitled "Risk Factors" beginning on page 9 for a discussion of factors you should carefully consider before deciding to invest in the notes or participate in the exchange offer.

Summary Historical Financial Data

The following table sets forth selected summary historical consolidated financial information for each of the last five years and for the six-month periods ended June 30, 2003 and 2002. The summary financial data as of and for the five years ended December 31, 2002, under the captions Income Statement Data, and Financial Position shown below, have been derived from our audited consolidated financial statements. The selected financial data presented below as of and for the six-month periods ended June 30, 2003 and 2002 are derived from our unaudited consolidated financial statements. In the opinion of our management, all adjustments (consisting of normal recurring adjustments) necessary for fair presentation of the unaudited consolidated financial statements have been made. The results for the six months ended June 30, 2003 are not necessarily indicative of the results to be expected for the full year. This table should be read in conjunction with our other financial information, including Management s Discussion and Analysis of Financial Condition and Results of Operations and the financial statements included in our 2002 Form 10-K and June 30, 2003 Form 10-Q incorporated by reference into this prospectus.

	Year Ended December 31,					Six Months Ended June 30,	
	2002	2001(1)	2000(1)	1999(1)	1998(1)	2003	2002
	(In millions, except per-share amounts and ratio data)						
Income Statement Data							
Sales	$ 2,581.1	$ 2,454.3	$ 2,500.3	$ 2,311.7	$ 2,142.7	$ 1,294.6	$ 1,271.0
Cost of sales, excluding depreciation, amortization and cost of timber harvested	2,020.7	1,688.4	1,549.9	1,625.2	1,422.2	1,070.6	979.1
Depreciation, amortization and cost of timber harvested	340.5	321.3	295.2	300.2	229.6	168.5	172.4
Distribution costs	232.6	180.0	166.6	177.0	147.7	124.5	107.2
Selling and administrative expense	140.2	114.5	132.6	98.7	82.6	70.8	75.9
Impairment of assets	28.5	--	--	92.0	119.6	--	--
Net gain on sale of assets	85.7	163.3	7.3	225.4	21.1	115.1	75.0
Operating income (loss)	(95.7)	313.4	363.3	244.0	162.1	(24.7)	11.4
Interest income	(4.5)	(8.7)	(15.6)	(7.7)	(17.5)	(2.4)	(2.2)
Interest expense, net of capitalized interest	163.0	141.0	135.2	126.7	98.4	82.1	83.1
Other, net	(3.4)	(8.0)	4.5	(30.8)	65.6	10.8	5.1
Income (loss) before income taxes and minority interests	(250.8)	189.1	239.2	155.8	15.6	(115.2)	(74.6)
Provision for income tax expense (benefit)	(100.5)	77.0	70.3	71.5	25.9	(12.7)	(25.3)
Minority interests in net income of subsidiaries	(7.9)	41.6	9.5	5.6	8.2	(7.2)	(5.8)
Income (loss) before cumulative effect of accounting change	(142.4)	70.5	159.4	78.7	(18.5)	(95.3)	(43.5)
Cumulative effect of accounting change	--	--	--	--	--	(2.1)	--
Net income (loss)	$ (142.4)	$ 70.5	$ 159.4	$ 78.7	$ (18.5)	$ (97.4)	$ (43.5)
Product Sales Information							
Newsprint(2)	$ 1,199.2	$ 1,438.7	$ 1,421.5	$ 1,282.2	$ 1,108.8	$ 598.0	$ 581.6
Coated and specialty papers	613.1	479.6	428.4	363.9	440.3	338.0	306.1
Directory paper	--	--	--	89.4	173.5	--	--
Market pulp	498.7	403.9	546.3	434.2	272.1	240.1	242.1
Lumber and other wood products	270.1	132.1	104.1	142.0	148.0	118.5	141.2
	$ 2,581.1	$ 2,454.3	$ 2,500.3	$ 2,311.7	$ 2,142.7	$ 1,294.6	$ 1,271.0

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	Year Ended December 31,					Six Months Ended June 30,	
	2002	2001(1)	2000(1)	1999(1)	1998(1)	2003	2002
	(In millions, except ratio data)						
Financial Position							
Cash and cash equivalents	$ 35.9	$ 28.3	$ 20.0	$ 24.7	$ 58.3	$ 82.7	$ 29.7
Working capital (deficit)	(21.2)	(173.9)	(335.8)	134.7	(77.1)	302.0	85.9
Timber and timberlands	212.0	243.3	265.2	283.2	472.8	188.2	214.9
Fixed assets, net	3,645.6	3,802.8	2,981.1	2,581.3	2,885.2	3,603.1	3,722.0
Total assets	5,590.3	5,761.0	5,004.1	4,552.2	5,092.0	5,670.5	5,677.1
Long-term debt, including current							

	Year Ended December 31,					Six Months Ended June 30,	
installments	2,121.7	1,901.0	1,446.1	1,490.1	1,620.8	2,310.7	2,129.9
Total debt	2,370.7	2,242.7	1,931.1	1,505.1	1,830.8	2,422.5	2,307.9
Total capitalization(3)	4,198.3	4,349.9	3,851.8	3,397.4	3,736.6	4,232.6	4,376.7
Additional Information							
Total debt as a percentage of total capitalization, excluding revaluation of debt(4)	55.5%	50.4%	48.6%	42.1%	46.3%	56.3%	51.7%
Cash flow from operations	$ 41.2	$ 372.8	$ 416.6	$ 147.0	$ 274.1	$ 41.1	$ (23.8)
Cash invested in fixed assets, timber and timberlands	238.7	246.8	283.2	198.5	223.2	150.0	125.0
EBITDA(5)	256.1	601.1	644.5	569.4	317.9	138.1	184.5
Ratio of total debt to EBITDA(5)	9.3x	3.7x	3.0x	2.6x	5.8x	--	--
Ratio of EBITDA(5) to interest expense	1.6x	4.3x	4.8x	4.5x	3.2x	1.7x	2.2x
Ratio of earnings to fixed charges (6)	(6)	2.1x	2.5x	2.0x	1.1x	(6)	(6)

(1) In 2001, we acquired Alliance Forest Products Inc. In 2000, we acquired Newsprint South, Inc. In 1999, we sold Great Northern Paper, Inc. In 1998, we acquired Avenor Inc. and a South Korean newsprint mill.

(2) Newsprint sales do not include shipments from Ponderay Newsprint Company, an unconsolidated entity.

(3) Total capitalization includes total debt, minority interests in subsidiaries and shareholders' equity.

(4) The calculation of total debt as a percentage of total capitalization, excluding revaluation of debt, excludes both in the numerator and denominator, revaluation of debt assumed through acquisitions, as defined in our credit facilities agreements for the purpose of calculating a required compliance ratio of total debt to total capitalization. Total debt as a percentage of total capitalization is the most directly comparable measure using generally accepted accounting principles (GAAP). A reconciliation of the GAAP items to the calculation of total debt as a percentage of total capitalization, excluding revaluation of debt, is as follows:

	Year Ended December 31,					Six Months Ended June 30,	
	2002	2001(1)	2000(1)	1999(1)	1998(1)	2003	2002
	(In millions, except percentages)						
Total debt	$ 2,370.7	$ 2,242.7	$ 1,931.1	$ 1,505.1	$ 1,830.8	$ 2,422.5	$ 2,307.9
Less: Revaluation of debt	(94.1)	(102.3)	(113.2)	(128.6)	(190.6)	(89.7)	(97.8)
	2,276.6	2,140.4	1,817.9	1,376.5	1,640.2	2,332.8	2,210.1
Total capitalization	4,198.3	4,349.9	3,851.8	3,397.4	3,736.6	4,232.6	4,376.7
Less: Revaluation of debt	(94.1)	(102.3)	(113.2)	(128.6)	(190.6)	(89.7)	(97.8)
	4,104.2	4,247.6	3,738.6	3,268.8	3,546.0	4,142.9	4,278.9
Total debt as a percentage of total capitalization, excluding revaluation of debt	55.5%	50.4%	48.6%	42.1%	46.3%	56.3%	51.7%
Total debt as a percentage of total capitalization, in accordance with GAAP	56.5%	51.6%	50.1%	44.3%	49.0%	57.2%	52.7%

(5) EBITDA represents earnings (loss) before interest, taxes and depreciation, amortization and the cost of timber harvested. EBITDA is not a presentation made in accordance with GAAP and should not be considered an alternative measure of operating income or to cash flows from operating activities as determined in accordance with GAAP. EBITDA is included because we believe it is a widely accepted indicator of our ability to service our debt and make capital expenditures. EBITDA as presented herein may not be comparable to similarly titled measures reported by other companies.

A reconciliation of the financial statement line items reported under GAAP to the non-GAAP measure EBITDA is presented below.

	Year Ended December 31,					Six Months Ended June 30,	
	2002	2001(1)	2000(1)	1999(1)	1998(1)	2003	2002
				(In millions)			
Financial statement line items as reported under GAAP:							
Net income (loss)	$ (142.4)	$ 70.5	$ 159.4	$ 78.7	$ (18.5)	$ (97.4)	$ (43.5)
Provision for income tax expense (benefit)	(100.5)	77.0	70.3	71.5	25.9	(12.7)	(25.3)
Interest expense, net of capitalized interest	163.0	141.0	135.2	126.7	98.4	82.1	83.1
Interest income	(4.5)	(8.7)	(15.6)	(7.7)	(17.5)	(2.4)	(2.2)
Depreciation, amortization and cost of timber harvested	340.5	321.3	295.2	300.2	229.6	168.5	172.4
EBITDA	$ 256.1	$ 601.1	$ 644.5	$ 569.4	$ 317.9	$ 138.1	$ 184.5

(6) The ratio of earnings to fixed charges is computed by dividing earnings by fixed charges. Earnings consist of income before income taxes and minority interests plus interest expense (excluding interest capitalized during the period and amortization of previously capitalized interest) plus the portion of rental expenses representative of the interest factor. Fixed charges consist of total interest expense (including interest capitalized during the period) plus the portion of rental expense representative of the interest factor plus amortized premium and discount related to indebtedness. In fiscal year 2002 and the six month periods ended June 30, 2003 and 2002, fixed charges exceeded earnings by $259.5 million, $120.9 million and $78.0 million, respectively.

Risk Factors

Before making an investment in the notes or participating in the exchange offer, you should carefully consider the following risk factors as well as the other information contained in or incorporated by reference into this prospectus. The risks described below are not the only risks facing our company. Additional risks not presently known to us or which we currently consider immaterial also may adversely affect our company and your investment. If any of these risks or uncertainties actually occurs, our business, financial condition and operating results could be materially adversely affected.

Risks Related to Our Business

Industry Conditions May Adversely Affect Our Results of Operations and Financial Condition

Our operating results reflect the cyclical pattern of the forest products industry. Most of our products are world-traded commodity products. Prices for our products have been historically volatile, and we, like other participants in the forest products industry, have limited direct influence over the timing and extent of price changes for our products. Instead, these price changes depend primarily on industry supply and customer demand. Industry supply depends primarily on available manufacturing capacity, and customer demand depends on a variety of factors, including the health of the economy in general and the strength of both print media advertising and new home construction. The United States and global economy and the market for our products have weakened significantly over the past several years, and market conditions continue to be challenging. In addition, the long-term demand for newsprint in the United States is not expected to grow appreciably.

Intense Competition in the Forest Products Industry Could Adversely Affect Our Operating Results and Financial Condition

The markets for our products are all highly competitive. Actions by competitors can affect our ability to sell our products and can affect the prices at which our products are sold. Our industry is capital intensive, which leads to high fixed costs. Some of our competitors may be lower-cost producers in some of the businesses in which we operate, and accordingly these competitors may be less adversely affected than us by price declines.

Developments in Electronic Data Transmission and Storage Could Adversely Affect the Demand for Our Products

Our newspaper, magazine and catalog publishing customers increasingly may use, and compete with businesses that use, electronic data transmission and storage instead of newsprint, coated paper, uncoated specialty papers or other products made by us. We cannot predict the timing or extent of this trend.

Changes in Laws and Regulations Could Require Substantial Additional Expenditures by Us to Comply With These Laws and Regulations

We are subject to a variety of foreign, federal, state and local laws and regulations dealing with trade, transportation, currency controls and the environment. Changes in, or more stringent enforcement of, these laws or regulations have required in the past, and could require in the future, substantial expenditures by us. For example, changes in environmental laws and regulations could require us to spend substantial amounts to comply with restrictions on air emissions, wastewater discharge, waste management and landfill sites, including remediation costs. Environmental laws are becoming increasingly more stringent. Consequently, our compliance and remediation costs could increase materially. For example, in April 1998, the Environmental Protection Agency promulgated new air and water quality standards for the paper industry, known as the Cluster Rule, aimed at further reductions of pollutants. We anticipate spending approximately $175 million by the end of 2003, of which approximately $152 million had been spent as of June 30, 2003, to enable our Catawba, South Carolina facility to comply with the Cluster Rule. Another example is duties imposed on lumber shipments from Canada into the United States as discussed in the section entitled Results of Operations Three Months Ended June 30, 2003, versus June 30, 2002 Product Line Information Lumber in our June 30, 2003 Form 10-Q.

We May be Subject to Unforeseen Environmental Liabilities

As an owner and operator of real estate and manufacturing and processing facilities, we may be liable under environmental laws for cleanup and other costs and damages, including tort liability and damages to natural resources, resulting from past or present spills or releases of hazardous or toxic substances on or from our current or former properties. We may incur liability under these laws without regard to whether we knew of, were responsible for or owned the property at the time of any spill or release of hazardous or toxic substances on or from our property, or at properties where we arranged for the disposal of regulated materials. Claims may arise out of currently unknown environmental conditions or aggressive enforcement efforts by governmental or private parties.

We Are Exposed to Currency Fluctuations

Changes in Foreign Currency Exchange Rates Can Affect Our Selling Prices and Manufacturing Costs.

We compete with North American, European and Asian producers in most of our product lines. Our products are sold and denominated in both U.S. dollars and selected foreign currencies. In addition to the impact of product supply and demand, changes in the relative strength or weakness of the U.S. dollar may also affect international trade flows of these products. A stronger U.S. dollar may attract imports from producers outside North America, while a weaker U.S. dollar will encourage North American exports. A stronger dollar, increasing supply, can have a downward effect on pricing in North America, while a weaker dollar can have a positive impact on our prices in export markets. Variations in the exchange rates between the U.S. dollar and other currencies, particularly the Euro and the currencies of Canada, Sweden, Finland and certain Asian countries, significantly affect our competitive position compared to many of our competitors.

Nearly half of our manufacturing costs and certain financial liabilities are denominated in Canadian dollars. Increases in the value of the Canadian dollar versus the U.S. dollar can significantly increase our costs and thus reduce our earnings, which are reported in U.S. dollar terms. The rate of fluctuation in exchange rates in any given quarter may vary significantly. For example in some quarters exchange rates may change less than one cent, while in others the change may be several cents or more.

The impact of the changes in the Canadian-U.S. dollar exchange rate on us primarily depends on our production and sales volume, the proportion of our production and sales that occur in Canada, the proportion of our tax and other financial liabilities denominated in Canadian dollars, our hedging levels, and the magnitude, direction and duration of changes in the exchange rate. Under the exchange rates, hedging levels and operating conditions that existed for us during the quarter ended June 30, 2003, for every one-cent change in the Canadian-U.S. dollar exchange rate, our operating income, net of hedging, for the second quarter of 2003 would have been reduced by approximately $2.25 million, or approximately $9 million on an annualized basis.

We expect exchange rate fluctuations to continue to impact our costs and revenues; however, we cannot predict the magnitude or direction of this effect for any quarter, and there can be no assurance that the future effect will be similar to that set forth above.

We Are Exposed to Changes in Banking and Capital Markets and Changes in Interest Rates

We require both short-term and long-term financing to fund our operations, including capital expenditures. Changes in banking, capital markets and/or our credit rating could affect the cost or availability of financing. In addition, we are exposed to changes in interest rates with respect to floating rate debt and in determining the interest rate of any new debt issues. Changes in the capital markets or prevailing interest rates can increase or decrease the cost or availability of financing.

Changes in the Political or Economic Conditions in the United States or Other Countries in Which Our Products Are Manufactured or Sold Can Adversely Affect Our Results of Operations

We manufacture our products in the United States, Canada and South Korea, and sell our products throughout the world. The economic and political climate of each region has a significant impact on costs, prices of and demand for our products. Changes in regional economies or political stability, including acts of war or terrorist

activities, can affect the cost of manufacturing and distributing our products, pricing and sales volume, directly affecting our results of operations. Such changes could also affect the availability or cost of insurance.

Raw Material and Energy Prices Are Volatile, and Shortages or Price Increases Could Adversely Affect Our Operating Results

We buy energy, chemicals, wood fiber, recovered paper and other raw materials on the open market. The prices for raw materials and energy are volatile and may change rapidly, directly affecting our results of operations. The availability of raw materials and energy may also be disrupted by many factors outside our control, adversely affecting our operations. We are a major user of renewable natural resources, specifically water and wood fiber. Accordingly, significant changes in climate and agricultural diseases or infestation could affect our financial condition and results of operations. The volume and value of timber that can be harvested may be limited by natural disasters such as fire, insect infestation, disease, ice storms, wind storms, flooding and other weather conditions and other causes. As is typical in the industry, we do not maintain insurance for any loss to our standing timber from natural disasters or other causes. Our supply of wood fiber is also affected by factors that impact production levels within the lumber industry such as currency fluctuations, duties, harvesting restrictions and finished lumber prices. See the section entitled Results of Operations in our June 30, 2003 Form 10-Q.

There Can Be No Assurance That We Will Return to Profitability

We reported a net loss of $142.4 million for the 2002 fiscal year and a net loss of $97.4 million for the first six months of 2003. In response to these results, we have adopted an ongoing program that involves: (i) seeking ways to increase operating efficiencies and productivity to reduce costs; (ii) a workforce reduction; (iii) reducing non-essential capital spending; (iv) selling non-strategic assets; and (v) machine closures and conversions. There can be no assurance that these steps will enable us to return to profitability.

Risks Related to the Notes and Our Structure

The Majority of Our Assets Are Held, and the Majority of Our Operations Are Conducted, by Subsidiaries. Bowater Incorporated Depends Heavily Upon Distributions and Payments From Its Subsidiaries.

Bowater Incorporated will depend heavily on payments on intercompany loans by its subsidiaries or other distributions or payments to it to make payments on the notes. These subsidiaries are separate legal entities that have no obligation to pay any amounts due pursuant to the notes. Consequently, Bowater Incorporated cannot assure you that the amounts it receives from its subsidiaries will be sufficient to enable it to meet its obligations under the notes.

The Notes Are Effectively Subordinated to All Liabilities of Our Subsidiaries and to Our Secured Debt.

The majority of our assets are held, and the majority of our operations are conducted, by subsidiaries. None of our subsidiaries will guarantee our obligations under, or have any obligation to pay any amounts due on, the notes. As a result, the notes will be effectively subordinated to all liabilities of our subsidiaries and all mandatorily redeemable preferred stock of our subsidiaries to the extent of their assets. Our rights and the rights of our creditors, including the holders of the notes, to participate in the assets of any of our subsidiaries upon their liquidation or recapitalization will generally be subject to the prior claims of those subsidiaries creditors. There are no limitations in the indenture pertaining to the notes on the amount of indebtedness, secured or otherwise, that may be incurred or preferred stock that may be issued by any of our subsidiaries other than the limitations described in the subsection entitled Description of the Exchange Notes Certain Covenants Limitation on Liens.

As of June 30, 2003, our consolidated subsidiaries had indebtedness to third parties of approximately $1,172 million, of which approximately $112 million was secured and approximately $598 million was guaranteed by Bowater Incorporated. Our operating subsidiaries also have significant current and long-term liabilities. In addition, the notes are not secured by any of our assets or those of our subsidiaries. As a result, the notes will be effectively subordinated to any secured debt we may incur as well as our outstanding secured debt. In any

liquidation, dissolution, bankruptcy or other similar proceeding, holders of our secured debt may assert rights against any assets securing such debt in order to receive full payment of their debt before those assets may be used to pay the holders of the notes. At June 30, 2003, we had secured indebtedness on a consolidated basis of approximately $112 million.

The Notes Do Not Restrict Our Ability to Incur Additional Debt or To Take Other Actions That Could Negatively Impact Holders of the Notes.

The terms of the notes permit us to incur additional indebtedness, including, subject to some limitations, secured debt. See the subsection entitled Description of the Exchange Notes Certain Covenants Limitation on Liens. In addition, the limited covenants applicable to the notes do not require us to achieve or maintain any minimum financial results relating to our financial position or results of operations. Our ability to recapitalize, pay dividends, incur additional debt, and take a number of other actions that are not limited by the terms of the notes could have the effect of diminishing our ability to make payments on the notes when due. In addition, we are not restricted from repurchasing subordinated indebtedness or common stock by the terms of the notes.

The Rating of the Notes or Any Bowater Rating May Be Reduced or Terminated.

If one or more rating agencies reduces the rating of the notes or any Bowater rating in the future or terminates any Bowater rating, the market price of the notes would be harmed.

Our Substantial Indebtedness Could Adversely Affect Our Financial Health and Prevent Us From Fulfilling Our Obligations Under the Notes.

We have a significant amount of indebtedness. As of June 30, 2003, we had outstanding total debt of $2,422.5 million, a deficit of earnings to fixed charges of $120.9 million and shareholders equity of $1,738.8 million. Our substantial amount of debt could have important consequences. For example, it could:

» limit our ability to satisfy our obligations with respect to the notes;

» limit our ability to obtain additional financing, if needed, for working capital, capital expenditures, acquisitions, debt service requirements or other purposes;

» increase our vulnerability to adverse economic and industry conditions;

» require us to dedicate a substantial portion of our cash flow from operations to make payments on our debt, thereby reducing funds available for operations, future business opportunities or other purposes;

» limit our flexibility in planning for, or reacting to, changes in our business and our industry; and

» place us at a competitive disadvantage compared to our competitors that have less debt.

Our credit facilities contain various covenants including requirements to maintain adequate net worth and compliance with a specified ratio of total debt to total capital as defined in the credit facilities. Currently, these covenants require us to maintain a minimum consolidated net worth (generally defined in the credit facilities as common shareholders equity plus any outstanding preferred stock) of $1.625 billion. In addition, these agreements impose a maximum 60% ratio of total debt (generally defined in the agreements as total debt less revaluation of debt assumed through acquisitions) to total capital (generally defined in the agreements as total debt less revaluation of debt assumed through acquisitions plus net worth including minority interest). Our continued compliance is dependent on a number of factors, many of which are outside of our control. Should events occur that would result in noncompliance, we believe that a number of acceptable options would be available to us including, but not limited to, amending the credit facilities, obtaining a waiver or pursuing additional or alternative financing arrangements, but we cannot assure that these options would be available on attractive terms or at all.

There Is No Established Trading Market For the Notes, and You May Not Be Able To Sell Them Quickly or At the Price You Paid.

The notes are a new issue of securities and there is no established trading market for the notes. We do not intend to apply for the notes to be listed on any securities exchange or to arrange for quotation on any automated dealer quotation systems. The initial purchasers may make a market in the exchange notes, but they are not obligated to do so, and if any of them choose to make a market in the exchange notes, they may discontinue any such market making at any time, in their sole discretion, without notice. As a result, we cannot assure you as to the liquidity of any trading market for the notes.

We also cannot assure you that you will be able to sell your notes at a particular time or that the prices that you receive when you sell will be favorable. We cannot assure you as to the level of liquidity of the trading market for the notes. Future trading prices of the notes will depend on many factors, including without limitation:

» our operating performance, financial condition and prospects;

» the interest of securities dealers in making a market;

» the market for similar securities;

» the number of holders of the notes;

» the prospects for companies in our industry generally;

» the number of potential buyers;

» any ratings published by major credit rating agencies;

» the amount of debt we have outstanding;

» the level, direction and volatility of market interest rates generally; and

» the time remaining to maturity of the notes.

Historically, the market for non-investment grade debt has been subject to disruptions that have caused volatility in prices. The market for the notes may be disrupted. Any disruptions may have a negative effect on noteholders, regardless of our prospects and financial performance.

If You Do Not Exchange Your Original Notes For Exchange Notes, Your Original Notes Will Continue To Have Restrictions On Transfer and May Have No Market.

If you do not exchange your original notes for exchange notes in the exchange offer, or if your original notes are tendered but not accepted, your original notes will continue to have restrictions on transfer, but will no longer have registration rights or accrue additional interest as liquidated damages. In general, you may offer or sell any original notes only if the original notes are registered under the Securities Act and applicable state laws, or resold under an exemption from, or in a transaction not subject to, these laws. We do not intend to register any transfers of the original notes under the Securities Act, other than in the limited circumstances described in the Registration Rights Agreement. If any original notes are exchanged, any trading market for the original notes that remain outstanding could be adversely affected.

Use of Proceeds

We will not receive any proceeds from the exchange of the exchange notes for the original notes pursuant to the exchange offer. We received aggregate net proceeds from the offering of the original notes of approximately $393 million, after deducting fees and expenses associated with the offering, which were used for the following purposes:

» We repaid all of the approximately $70 million outstanding indebtedness under a $100 million 364-day revolving credit facility of our wholly-owned subsidiary, Bowater Canadian Forest Products Inc. ("BCFP");

» We repaid all of the approximately $135 million outstanding indebtedness under a $500 million revolving credit facility of Bowater Incorporated;

» We reduced outstanding amounts under our $200 million accounts receivable securitization arrangement by approximately $36 million;

» We repaid approximately $140 million of the outstanding $240 million of indebtedness under a term credit facility of Bowater Incorporated; and

» We used the approximately $12 million balance of the net proceeds plus new borrowings of approximately $40 million under our accounts receivable securitization arrangement to terminate the lease for our Covington, Tennessee paper coating facility and purchase the facility from the special purpose entity that owned the facility at a total cost of approximately $52 million.

At the time of repayment, the weighted average interest rate for obligations was as follows: for the BCFP revolving credit facility, 2.8%; for the Bowater Incorporated revolving credit facility, 3.3%; for the accounts receivable securitization arrangement, 1.9%; for the Bowater Incorporated term credit facility, 3.4%; and for the Bowater Nuway, Inc. lease, 3.2%.

The BCFP revolving credit facility matures in October 2003. We have the ability, at our option, to extend the maturity for one additional year through October 2004. The Bowater Incorporated revolving credit facility and the term credit facility mature in April 2005. The accounts receivable securitization facility expires in December 2003. The base lease commitment of Bowater Nuway Inc. would have expired on April 30, 2006.

We may borrow additional amounts under the revolving credit facilities and the accounts receivable securitization facility and apply those proceeds to general corporate purposes. Borrowings under each of the revolving credit facilities incur interest based, at our election, on specified market interest rates plus a margin tied to the credit ratings of our long-term debt.

Capitalization

The following table sets forth our capitalization as of June 30, 2003. This table should be read in conjunction with our consolidated financial statements and related notes, which are incorporated by reference in this prospectus.

(dollars in millions)	June 30, 2003
Short-term bank debt	$ 111.8
Long-term debt, including current installments:	
6 1/2% Notes due 2013	$ 400.0
Term loan, due 2004 & 2005 with interest at floating rates	100.0
7.95% Notes due 2011	600.0
9.00% Debentures due 2009	250.0
9.38% Debentures due 2021	200.0
9.50% Debentures due in 2012	125.0
10.63% Notes due 2010	98.0
10.85% Debentures due 2014	92.7
10.50% Notes due at various dates from 2003 to 2010	71.4
10.60% Notes due 2011	70.0
7.75% recycling facilities revenue bonds due 2022	62.0
7.40% recycling facilities revenue bonds due 2022	39.5
Industrial revenue bonds due 2029 with interest at floating rates	33.5
7.62% recycling facilities revenue bonds due 2016	30.0
10.26% Notes due at various dates from 2003 to 2011	17.6
Pollution control revenue bonds due at various dates from 2006 to 2010 with interest at varying rates from 7.40% to 7.62%	13.4

(dollars in millions)	June 30, 2003
Non-interest bearing loan with Government of Quebec	9.8
6.5% UDAG loan agreement due 2010	7.8
11.00% Subordinated debt due 2003	4.4
Non-interest bearing Notes due 2004	0.1
Total principal amount of long-term debt, including current installments	2,225.2
Net premiums principally from assumed debt of a prior acquisition	85.5
Total long-term debt including current installments	$ 2,310.7
Minority interest in subsidiaries	$ 71.3
Shareholders' equity:	
Common stock, 1.00 par value, 100,000,000 shares authorized, 66,908,158 shares issued and outstanding at June 30, 2003	$ 66.9
Exchangeable shares, no par value, unlimited shares authorized 1,643,248 shares issued and outstanding at June 30, 2003	78.3
Additional paid-in capital	1,597.4
Retained earnings	529.6
Unearned compensation	(2.3)
Accumulated other comprehensive loss	(48.3)
Treasury stock, at cost, 11,529,897 shares at June 30, 2003	(482.8)
Total shareholders' equity	$ 1,738.8
Total capitalization	$ 4,232.6

Selected Financial Data

The following table summarizes our selected historical consolidated financial information for each of the last five years and for the six-month periods ended June 30, 2003 and 2002. The selected financial data as of and for the five years ended December 31, 2002, under the captions "Income Statement Data," and "Financial Position" shown below have been derived from our audited consolidated financial statements. The selected financial data presented below as of and for the six-month periods ended June 30, 2003 and 2002 are derived from our unaudited consolidated financial statements. In the opinion of our management, all adjustments (consisting of normal recurring adjustments) necessary for fair presentation of the unaudited consolidated financial statements have been made. The results for the six months ended June 30, 2003 are not necessarily indicative of the results to be expected for the full year. This table should be read in conjunction with our other financial information, including "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the financial statements included in our 2002 Form 10-K and June 30, 2003 Form 10Q and incorporated by reference into this prospectus.

	Year Ended December 31,					Six Months Ended June 30,	
	2002	2001(1)	2000(1)	1999(1)	1998(1)	2003	2002
	(In millions, except per-share amounts and ratio data)						
Income Statement Data							
Sales	$ 2,581.1	$ 2,454.3	$ 2,500.3	$ 2,311.7	$ 2,142.7	$ 1,294.6	$ 1,271.0
Cost of sales, excluding depreciation, amortization and cost of timber harvested	2,020.7	1,688.4	1,549.9	1,625.2	1,422.2	1,070.6	979.1
Depreciation, amortization and cost of timber harvested	340.5	321.3	295.2	300.2	229.6	168.5	172.4
Distribution costs	232.6	180.0	166.6	177.0	147.7	124.5	107.2
Selling and administrative expense	140.2	114.5	132.6	98.7	82.6	70.8	75.9
Impairment of assets	28.5	--	--	92.0	119.6	--	--

	Year Ended December 31,					Six Months Ended June 30,	
Net gain on sale of assets	85.7	163.3	7.3	225.4	21.1	115.1	75.0
Operating income (loss)	(95.7)	313.4	363.3	244.0	162.1	(24.7)	11.4
Interest income	(4.5)	(8.7)	(15.6)	(7.7)	(17.5)	(2.4)	(2.2)
Interest expense, net of capitalized interest	163.0	141.0	135.2	126.7	98.4	82.1	83.1
Other, net	(3.4)	(8.0)	4.5	(30.8)	65.6	10.8	5.1
Income (loss) before income taxes and minority interests	(250.8)	189.1	239.2	155.8	15.6	(115.2)	(74.6)
Provision for income tax expense (benefit)	(100.5)	77.0	70.3	71.5	25.9	(12.7)	(25.3)
Minority interests in net income of subsidiaries	(7.9)	41.6	9.5	5.6	8.2	(7.2)	(5.8)
Income (loss) before cumulative effect of accounting change	(142.4)	70.5	159.4	78.7	(18.5)	(95.3)	(43.5)
Cumulative effect of accounting change	--	--	--	--	--	(2.1)	--
Net income (loss)	$ (142.4)	$ 70.5	$ 159.4	$ 78.7	$ (18.5)	$ (97.4)	$ (43.5)
Diluted earnings (loss) per common share	$ (2.50)	$ 1.32	$ 3.02	$ 1.41	$ (0.44)	$ (1.71)	$ (0.77)

Product Sales Information

Newsprint(2)