



## Financial and Operating Statistics <sup>(1)</sup> (Page 1 of 4)

Dollars in millions, except per-share amounts	2006					2007				
	First	Second	Third	Fourth	Total	First	Second	Third	Fourth	Total
<b>Income Statement Data</b>										
Total sales	\$ 893.2	\$ 899.4	\$ 875.9	\$ 861.3	\$ 3,529.8	\$ 771.6	\$ 798.6			\$ 1,570.2
Operating income (loss)	39.8	67.4	(179.3)	113.3	41.2	25.1	14.9			40.0
Interest income	1.1	1.0	2.0	13.7	17.8	1.9	1.6			3.5
Interest expense, net of capitalized interest	49.4	49.3	50.8	46.6	196.1	47.3	47.3			94.6
Other income (expense), net	5.4	(2.7)	2.9	20.2	25.8	(6.3)	(15.9)			(22.2)
Minority interests, net of tax	-	(0.7)	(0.8)	(3.6)	(5.1)	(7.1)	2.0			(5.1)
(Loss) income before cumulative effect of accounting change	(16.2)	(10.6)	(216.1)	107.2	(135.7)	(35.4)	(62.6)			(98.0)
Cumulative effect of accounting change, net of taxes <sup>(2)</sup>	(2.6)	-	-	-	(2.6)	-	-			-
Net (loss) income	(18.8)	(10.6)	(216.1)	107.2	(138.3)	(35.4)	(62.6)			(98.0)
Net (loss) income available to common shareholders	(18.8)	(10.6)	(216.1)	107.2	(138.3)	(35.4)	(62.6)			(98.0)
Diluted (loss) income per common share, before cumulative effect of accounting change	\$ (0.28)	\$ (0.18)	\$ (3.76)	\$ 1.86	(2.36)	\$ (0.62)	\$ (1.09)			\$ (1.71)
Dividends declared per common share	\$ 0.20	\$ 0.20	\$ 0.20	\$ 0.20	\$ 0.80	\$ 0.20	\$ 0.20			\$ 0.40
Average diluted shares outstanding (in thousands)	57,363	57,364	57,365	57,514	57,370	57,415	57,430			57,423
Ending shares outstanding (in thousands)	57,363	57,364	57,365	57,413	57,413	57,421	57,456			57,456
<b>Sales by Segment</b>										
Coated Papers	\$ 152.9	\$ 156.2	\$ 154.4	\$ 148.7	\$ 612.2	\$ 128.5	\$ 129.5			\$ 258.0
Specialty Papers	130.9	141.8	153.9	143.1	569.7	141.2	151.3			292.5
Newsprint	373.5	367.3	349.1	347.7	1,437.6	302.9	313.0			615.9
Market Pulp	129.4	136.7	144.2	149.1	559.4	133.1	137.7			270.8
Lumber	96.5	94.0	71.1	70.0	331.6	62.8	64.1			126.9
Eliminations / Other	10.0	3.4	3.2	2.7	19.3	3.1	3.0			6.1
Total sales	\$ 893.2	\$ 899.4	\$ 875.9	\$ 861.3	\$ 3,529.8	\$ 771.6	\$ 798.6			\$ 1,570.2
<b>Operating Income (Loss) by Segment</b>										
Coated paper	\$ 21.7	\$ 23.0	\$ 15.6	\$ 15.8	\$ 76.1	\$ 8.6	\$ 4.6			\$ 13.2
Specialty papers	(8.2)	(17.2)	(1.4)	(9.0)	(35.8)	(8.7)	(9.8)			(18.5)
Newsprint	17.8	18.4	30.9	11.3	78.4	(4.1)	(10.7)			(14.8)
Market pulp	0.3	(1.6)	17.4	20.4	36.5	18.7	17.3			36.0
Lumber	1.3	(4.8)	(17.4)	83.0	62.1	(13.6)	(7.0)			(20.6)
Net gain on fixed assets and land sales	28.8	71.7	54.0	31.2	185.7	57.9	64.6			122.5
Corporate / Other / Severance / Impairment <sup>(3)</sup>	(21.9)	(22.1)	(278.4)	(39.4)	(361.8)	(33.7)	(44.1)			(77.8)
Total operating income (loss)	\$ 39.8	\$ 67.4	\$ (179.3)	\$ 113.3	\$ 41.2	\$ 25.1	\$ 14.9			\$ 40.0



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Dollars in millions except per ton items	2006					2007				
	First	Second	Third	Fourth	Total	First	Second	Third	Fourth	Total
<b>Depreciation by Segment</b>										
Coated paper	\$ 10.7	\$ 10.7	\$ 10.6	\$ 9.7	\$ 41.7	\$ 9.8	\$ 9.4			\$ 19.2
Specialty papers	14.8	16.6	17.1	16.1	64.6	17.8	17.7			35.5
Newsprint	35.7	34.4	32.8	34.1	137.0	32.5	33.2			65.7
Market pulp	13.2	13.1	13.5	13.5	53.3	13.7	13.5			27.2
Lumber	4.5	4.5	4.5	4.5	18.0	4.6	4.7			9.3
Corporate / Other	2.2	1.9	2.3	2.2	8.6	1.5	1.2			2.7
<b>Total depreciation</b>	<b>\$ 81.1</b>	<b>\$ 81.2</b>	<b>80.8</b>	<b>\$ 80.1</b>	<b>\$ 323.2</b>	<b>\$ 79.9</b>	<b>\$ 79.7</b>			<b>\$ 159.6</b>
<b>EBITDA by Segment <sup>(4)</sup></b>										
Coated paper	\$ 32.4	\$ 33.7	\$ 26.2	\$ 25.5	\$ 117.8	\$ 18.4	\$ 14.0			\$ 32.4
Specialty papers	6.6	(0.6)	15.7	7.1	28.8	9.1	7.9			17.0
Newsprint	53.5	52.8	63.7	45.4	215.4	28.4	22.5			50.9
Market pulp	13.5	11.6	30.9	33.9	89.9	32.4	30.8			63.2
Lumber	5.8	(0.4)	(12.9)	87.5	80.0	(9.0)	(2.3)			(11.3)
Corporate / Other / Severance	(19.7)	(20.2)	(29.3)	(29.4)	(98.6)	(32.2)	(42.9)			(75.1)
<b>Total EBITDA</b>	<b>\$ 92.1</b>	<b>\$ 76.9</b>	<b>\$ 94.3</b>	<b>\$ 170.0</b>	<b>\$ 433.3</b>	<b>\$ 47.1</b>	<b>\$ 30.0</b>			<b>\$ 77.1</b>
<b>Average Transaction Price per Unit</b>										
Coated paper (st)	\$ 795	\$ 774	\$ 762	\$ 745	\$ 769	\$ 710	\$ 690			\$ 700
Specialty papers (st)	655	666	679	674	669	653	653			653
Newsprint (mt)	622	640	643	640	636	618	605			612
Market pulp (mt)	523	564	601	615	576	629	648			638
Lumber (mbf)	351	334	297	280	317	273	283			278
<b>Operating Cost per Unit</b>										
Coated paper(st)	\$ 682	\$ 660	\$ 685	\$ 665	\$ 673	\$ 662	\$ 666			\$ 664
Specialty papers (st)	696	747	685	717	711	693	695			694
Newsprint (mt)	592	608	587	619	601	627	626			626
Market pulp (mt)	522	571	529	531	538	540	567			553
Lumber (mbf)	346	352	369	318	346	332	313			323
<b>Shipments to 3rd Parties (thousands of units)</b>										
Coated paper (st)	192.4	201.8	202.6	199.7	796.5	181.1	187.5			368.6
Specialty papers (st)	199.8	212.8	226.8	212.2	851.6	216.3	231.9			448.2
Newsprint (mt)	600.4	574.0	542.5	543.4	2,260.3	489.9	517.3			1,007.2
Market pulp (mt)	247.4	242.3	239.8	242.4	971.9	211.7	212.5			424.2
Lumber (mbf)	275.0	281.1	239.4	249.8	1,045.3	229.8	226.7			456.5



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Dollars in millions except per ton items	2006					2007				
	First	Second	Third	Fourth	Total	First	Second	Third	Fourth	Total
<b>Product Inventory (thousands of units)</b>										
Coated paper (st)	46.3	50.0	40.0	37.2	37.2	50.5	46.7	-	-	46.7
Specialty papers (st)	34.9	38.2	52.7	47.9	47.9	56.5	70.4	-	-	70.4
Newsprint (mt)	75.7	63.7	77.5	67.9	67.9	93.5	102.2	-	-	102.2
Market pulp (mt)	86.3	70.5	59.1	48.9	48.9	54.6	58.7	-	-	58.7
<b>Financial Position</b>										
Cash and cash equivalents	\$ 22.6	\$ 113.6	\$ 120.8	\$ 98.9	\$ 98.9	\$ 98.3	\$ 89.4			\$ 89.4
Working capital (excluding debt)	504.5	443.9	449.7	527.8	527.8	531.6	553.0			553.0
Timber and timberlands	76.9	79.1	75.8	60.8	60.8	57.2	58.3			58.3
Fixed assets, net	3,004.2	2,995.0	2,915.7	2,877.9	2,877.9	2,827.1	2,782.0			2,782.0
Total assets	5,110.3	5,047.4	4,810.0	4,645.9	4,645.9	4,588.9	4,547.7			4,547.7
Current installments of long-term debt (including short-term bank debt)	63.2	15.2	15.1	14.9	14.9	15.8	15.8			15.8
Long-term debt, net of current installments	2,394.8	2,385.8	2,366.3	2,251.6	2,251.6	2,246.0	2,243.0			2,243.0
Revaluation of debt assumed through acquisitions <sup>(5)</sup>	65.1	62.6	60.1	45.5	45.5	43.6	41.8			41.8
Total shareholders' equity	1,174.7	1,148.9	921.2	832.6	832.6	796.0	718.4			718.4
Total capitalization <sup>(6)</sup>	3,691.6	3,611.3	3,365.1	3,158.1	3,158.1	3,127.5	3,052.0			3,052.0
<b>Cash Flow Information</b>										
Operating income (loss)	\$ 39.8	\$ 67.4	\$ (179.3)	\$ 113.3	\$ 41.2	\$ 25.1	\$ 14.9			\$ 40.0
Depreciation, amortization and cost of timber harvested	81.1	81.2	80.8	80.1	323.2	79.9	79.7			159.6
Deferred income taxes	4.6	23.9	(6.9)	(10.2)	11.4	(3.4)	27.8			24.4
Cash flows from operations	22.0	20.5	25.8	114.0	182.3	(15.7)	(40.1)			(55.8)
Cash invested in fixed assets, timber and timberlands	(37.5)	(53.1)	(47.4)	(61.1)	(199.1)	(25.9)	(25.2)			(51.1)
Disposition of assets and timber and timberlands	36.8	201.3	58.4	35.3	331.8	64.6	82.8			147.4
Cash flows from (used for) investing activities	(0.7)	148.2	11.0	(28.4)	130.1	29.5	54.4			83.9
Cash dividends	(11.5)	(11.4)	(11.8)	(11.6)	(46.3)	(11.3)	(11.6)			(22.9)
Repurchase of long-term debt	-	-	(17.5)	(117.6)	(135.1)	-	-			-
Cash flows used for financing activities	(28.8)	(77.7)	(29.6)	(129.8)	(265.9)	(14.4)	(23.2)			(37.6)
<b>Additional Information</b>										
Percentage return on average common equity, annualized (ROE) <sup>(7)</sup>	-6.3%	-10.0%	-91.9%	41.9%	-13.5%	-17.4%	-33.1%			-25.3%
Percentage return on average net assets, annualized (RONA) <sup>(8)</sup>	3.4%	9.3%	-6.5%	10.7%	1.0%	2.4%	1.4%			1.9%
Current ratio <sup>(9)</sup>	1.8	1.8	1.8	2.1	2.1	2.2	2.2			2.2
Book value - common shareholders' equity per common share	\$ 20.48	\$ 20.03	\$ 16.06	\$ 14.50	\$ 14.50	\$ 13.86	\$ 12.50			\$ 12.50
Common stock price - high	\$ 31.99	\$ 30.17	\$ 23.57	\$ 23.40	\$ 31.99	\$ 29.96	\$ 26.79			\$ 29.96
Common stock price - low	\$ 25.18	\$ 21.44	\$ 19.61	\$ 19.71	\$ 19.61	\$ 21.47	\$ 20.33			\$ 20.33
Common stock price - quarter/annual (close)	\$ 29.58	\$ 22.75	\$ 20.57	\$ 22.50	\$ 22.50	\$ 23.82	\$ 24.95			\$ 24.95

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### Notes

- <sup>1</sup> This table should be used in conjunction with the financial statements, notes to the financial statements and Company press releases. Amounts may not add due to rounding.
- <sup>2</sup> Effective January 1, 2006, Bowater adopted SFAS No. 123R, "Share Based Payment," which resulted in non-cash cumulative effect charge of \$2.6 million, or \$0.05 per diluted share during the first quarter of 2006.
- <sup>3</sup> Included in Corporate/Other/Severance/Impairment Operating Loss - severance and termination charges of \$12.0 million, \$7.2 million, \$5.0 million, \$6.9 million and \$4.4 million in the second quarter of 2007, first quarter of 2007, fourth quarter of 2006, third quarter of 2006 and first quarter of 2006, respectively; merger related costs of \$8.0 million and \$2.3 million in the second quarter of 2007 and first quarter of 2007, respectively; and asset and goodwill impairment charges of \$7.8 million (including \$1.7 million in cost of sales) and \$246.8 million (including \$0.4 million in cost of sales) in the fourth quarter of 2006 and the third quarter of 2006, respectively.
- <sup>4</sup> The Company defines EBITDA as operating income (loss) plus depreciation, amortization, cost of timberland harvested and asset and goodwill impairment minus net gains on disposition of assets. Therefore, EBITDA by segment includes operating income (loss) by segment plus depreciation by product as presented in the previous sections. In addition, asset and goodwill impairment charges (Note 3) and net gains on disposition of assets are adjusted through corporate / other / severance. EBITDA for the lumber segment includes \$92.5 million of lumber duties refund in the fourth quarter of 2006.
- <sup>5</sup> Included in current installment of long-term debt and long term debt are the revaluation of debt balances assumed through previous acquisitions.
- <sup>6</sup> Total capitalization includes total debt, minority interests in subsidiaries, redeemable preferred stock and shareholders' equity.
- <sup>7</sup> ROE = Net income (loss) available to common shareholders divided by average common equity (total shareholder's equity less preferred stock).
- <sup>8</sup> RONA = Operating income divided by average net assets (total assets less total current liabilities, excluding debt).
- <sup>9</sup> Current Ratio = Total current assets divided by total current liabilities.
- Third party statistical data furnished by the Pulp and Products Council.