



BOWATER

2003 Annual Report

TABLE OF CONTENTS

Letter to Shareholders	1
Division Overview	4
Bowater Manufacturing Facilities	8
Annual Capacity and Production . . .	10
Financial Summary	11
Board of Directors and Officers	12
Shareholder Information	IBC

BOWATER INCORPORATED, headquartered in Greenville, SC, is a leading producer of newsprint and coated groundwood papers. In addition, the company makes uncoated groundwood papers, bleached kraft pulp and lumber products. The company has 12 pulp and paper mills in the United States, Canada and South Korea and 13 North American sawmills that produce softwood lumber. Bowater also operates two facilities that convert a groundwood base sheet to coated products. Bowater's operations are supported by approximately 1.4 million acres of timberlands owned or leased in the United States and Canada and 32 million acres of timber cutting rights in Canada. Bowater is one of the world's largest consumers of recycled newspapers and magazines. Bowater common stock is listed on the New York Stock Exchange, the Pacific Exchange and the London Stock Exchange. A special class of stock exchangeable into Bowater common stock is listed on the Toronto Stock Exchange (TSX: BWX).

FELLOW SHAREHOLDERS:

The slow pace of economic recovery, as well as several unusual cost pressures, led to another year of disappointing results in 2003. Higher costs, related to a stronger Canadian dollar, energy and wood supplies, machine closures and severance pay, more than offset our price increases during the year.



Arnold M. Nemirow
*Chairman, President and
Chief Executive Officer*

While our financial performance was not satisfactory, I am encouraged by the steady improvement in pricing for our products, the benefits of our cost reduction program, and the successful installation of our new Catawba, South Carolina coated paper machine and pulp fiberline. The stage is now set for improved performance, as both the U.S. economy and Bowater's operating platform strengthen.

FINANCIAL PERFORMANCE

For 2003, Bowater had a net loss of \$205.0 million, or \$3.60 per diluted share, compared with a net loss of \$142.4 million, or \$2.50 per share in 2002.

During the year, we generated \$20.3 million of net cash flow from operating activities, spent \$216.3 million in capital projects and paid \$45.3 million in dividends. Because our cash flow from operating activities in 2003 was insufficient to fund capital spending and dividends, it was necessary for us to borrow additional funds. Our debt rose to \$2.5 billion, and our total debt to capitalization rose to 60%. During the year we took advantage of favorable debt markets to raise \$400 million of 10-year notes to improve our liquidity. We are committed to applying future excess cash flow to lower debt. This continues to be our first priority.

Despite the very difficult environment, we accomplished a lot in 2003. We:

- Converted a newsprint machine at our Catawba mill to produce higher-value, lightweight coated papers, and in the process, built one of the lowest-cost coated paper machines in the world;
- Installed a new pulp fiberline at Catawba that dramatically lowers costs and improves quality;
- Permanently removed over 340,000 metric tons of newsprint capacity through our Catawba conversion and a paper machine shut down at Donnacona;
- Exceeded our \$75 million annualized cost reduction goal; and
- Generated \$151 million of cash from the sale of timberlands.

MARKETS

While world newsprint demand continued to grow in 2003, demand for North American newsprint declined modestly. It was therefore appropriate for us to reduce capacity by the previously mentioned 340,000 tons. Additionally, we curtailed production at our mills to balance supply with customer demand. We were successful in implementing two newsprint price increases during 2003 and have another increase underway this quarter.

North American coated groundwood demand rebounded sharply last year. Although imports from Europe and an oversupplied coated freesheet market dampened a pricing recovery, we did achieve modest pricing improvements in groundwood coated and specialty paper. Also, a stronger Euro should help reduce coated groundwood imports in 2004.

In 2003, demand for market pulp continued to improve. Norscan shipments were 2% higher than 2002. Combined with the weakening of the U.S. dollar, these market conditions have supported price increases during the year as well as in the current quarter.

Lumber markets were weak through much of 2003, as excess industry production offset the demand from a strong housing market. Our Canadian sawmills' results were hurt by the countervailing and anti-dumping duties imposed by the U.S. Department of Commerce on Canadian softwood lumber imports. We continue to support the removal of these duties and believe this can lead to both a more orderly market and profitability for these mills.

OPERATIONS

Bowater's operating platform has been dramatically enhanced by the completion of our capital program to shift production capacity into higher-value coated groundwood papers. The Catawba machine conversion gives us one of the lowest-cost coated groundwood mills in North America. At our Donnacona, Quebec mill, we have recently completed improvements to a paper machine that will enhance our specialty grade production. We also moved customer orders from a high-cost machine at this site to our Calhoun, Tennessee mill where our specialty grade offerings have been improved and expanded.

We completed construction of a new sawmill in Thunder Bay, Ontario in 2003, a project which is a partnership with the First Nation, a native Canadian community. This world-class sawmill produces an excellent lumber product and will increase the supply of residual wood chips to our Thunder Bay pulp and paper mill.

ENVIRONMENT

Our commitment to the environment remains strong. The new Catawba pulp fiberline, at a capital cost of \$185 million, uses the leading technology in our industry for environmental compliance. Additionally, our Gatineau, Quebec, mill has been recognized by the Canadian government for its work to reduce emissions of greenhouse gases. Most of our

EVOLVING PRODUCT MIX

Percentage of Annual Dollar Revenues

timberlands in the United States have been certified under the Sustainable Forestry Initiative®, (SFI) program, and all of our wood procurement systems are certified to the SFI standard. Bowater has achieved ISO 14001 standard registration on the majority of its Canadian woodlands. ISO 14001 is the most recognized worldwide standard for environmental management systems. The company plans to qualify all its timberlands under the SFI program.

PRIORITIES

Over the past several years, we have invested significant capital to upgrade the quality of our productive assets. Now, in 2004, our top priority is to improve the financial health of your company by maintaining ample liquidity and reducing debt. Key steps we are taking include limiting capital spending, refinancing \$250 million of debt and using our cash flow to pay down debt.

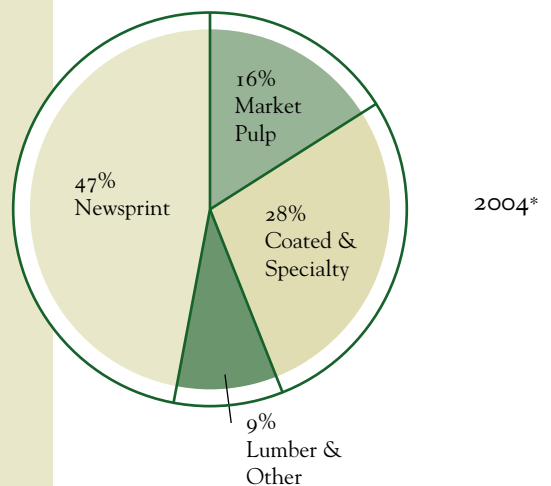
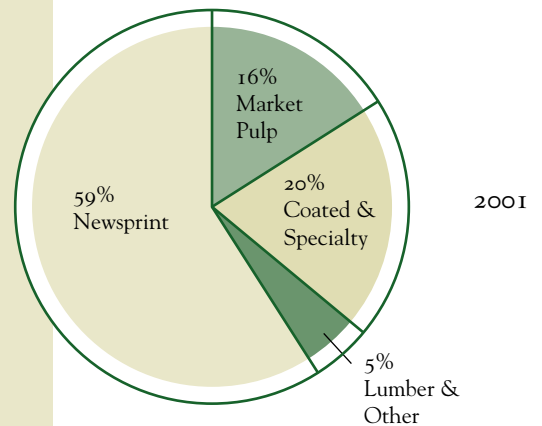
In addition, other important priorities are to:

- Continue to aggressively manage costs;
- Improve pricing for our products and optimize the operational performance of our mill assets;
- Develop new grades of coated and specialty papers that improve our profitability; and
- Continue to improve safety for our employees.

In closing, I would also like to welcome Gordon Giffin, Richard Evans and Douglas Pertz to our Board of Directors. I know that their contributions will enhance your company's success. It is with sadness that I note the death, in September 2003, of our Vice President and General Counsel, Harry F. Gear. We all benefited from his wise counsel and good cheer. We are fortunate to have Ronald T. Lindsay succeed Harry as Vice President and General Counsel.

Finally, I would like to thank our shareholders, customers and employees for your contributions. With your continued support and dedication, I believe that we are well positioned to benefit from an improving economy, our management discipline, and a better product mix, as illustrated by the adjoining charts.

Arnold M. Nemirow
Chairman, President and Chief Executive Officer



*2004 estimated shipments using 2001 unit prices.

NEWSPRINT DIVISION



RECYCLE FIBER PLANT, COOSA PINES, ALABAMA

Bowater is focused on meeting the demand for recycled-content paper products. This effort not only allows publishers and other customers to meet recycled fiber standards, but also provides environmental benefits by reducing deposits to solid waste landfills.

The recycle fiber plant at Coosa Pines is Bowater's newest recycling facility. This facility is one of the largest and most modern paper recycling facilities in the world. Annual consumption of old newsprint and old magazines (ONP/OMG) at Coosa exceeds 400,000 metric tons.

ONP/OMG is purchased and delivered to Coosa Pines loose and in the form of bales. Each day the facility receives approximately 75 truckloads of ONP/OMG, from over 250 active suppliers in 25 states.

The recycling plant is operated and maintained around the clock by a high-performance work team who, through effective interaction, ownership and accountability, make this truly a world-class facility. The new recycled sheet at Coosa Pines has become the preferred sheet in numerous pressrooms.

Bowater is one of the world's largest consumers of recycled newspapers and magazines.

Bowater is the largest manufacturer of newsprint in the United States and the second largest in North America. Our North American market share is 18%, and our share of the global newsprint market is 7%.

During 2003, the Newsprint Division addressed the challenging market conditions by matching production to customers' orders, further lowering costs and constraining capital spending while expanding our product capability and remaining committed to quality, customer service, safety and environmental compliance.

We permanently removed 340,000 metric tons of newsprint capacity as a result of machine closures and conversions to higher-value grades.

We incurred an additional 200,000 metric tons of downtime during the year primarily due to market conditions.

We were recognized for continued commitment to providing the quality and service our customers have come to expect. Bowater's Newsprint Division was awarded PAGE Co-Op CEO's Award for newsprint quality and service, *The Milwaukee Journal Sentinel's* "Outstanding Business Partner Award" and the Dow Jones' "Gold Quality Award."

Employee safety is a top priority of the Newsprint Division. In August 2003, the Grenada, Mississippi, mill completed a full year without an OSHA recordable incident. The Thunder Bay mill completed 8.4 million hours without a lost time accident. It has been recognized as the safest mill in Canada two of the last five years and the safest mill in Ontario for three consecutive years.

Bowater's commitment to the environment was evident with the completion of NO_x reduction projects at the Ponderay, Coosa and Calhoun mills, as well as particulate and odor reduction projects at Thunder Bay. All mills participate in a third-party internal environmental audit program in support of achieving and maintaining environmental compliance and performance.

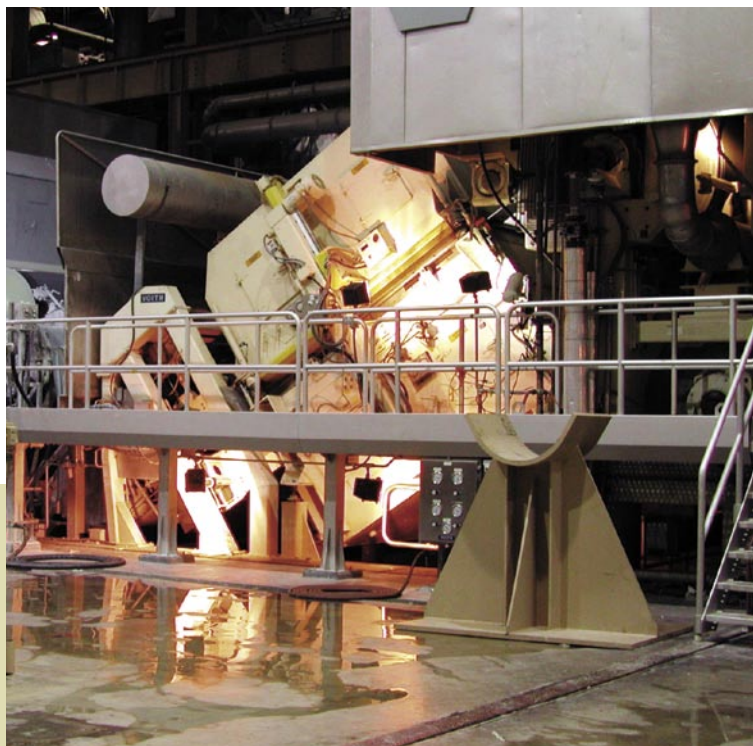
COATED AND SPECIALTY PAPERS DIVISION

During 2003, the Coated and Specialty Papers Division expanded its product depth and breadth by converting a newsprint machine at Catawba, South Carolina, to coated groundwood. This machine is now the largest coated groundwood machine in North America and among the top five in the world (see article below).

Bowater now markets the widest product range of any North American-based groundwood paper producer. The company recently launched BowMax 84, which is a high brightness coated #3 product for high-quality printing and publishing. We enhanced our supercalendered and coated rotogravure products while expanding the depth of our core coated business now offering high-bulk, ultra-lightweight papers. As a result, our customers can order newsprint or coated #3 paper and practically anything in between.

The Coated and Specialty Papers Division has been included in *Training* magazine's Top 100 Training Organizations in America the past two years. We are the only

pulp and paper entity on this prestigious list. The Catawba mill was the recipient of a safety award by the state of South Carolina for operating over one million hours without a lost-time injury.



STRATEGIC PROJECTS AT CATAWBA

Bowater completed two capital projects in 2003 at its Catawba, South Carolina, mill – the conversion of a paper machine and the completion of a new fiberline. These investments, which totaled \$276 million, strengthened the site's position as one of the premier coated paper facilities in the world. It also reduced the cost of manufacturing pulp and paper products at the site while enhancing quality.

Bowater converted its remaining newsprint machine to coated paper production, which allows the entire mill to produce a wider range of coated paper products. This machine is now the largest coated groundwood machine in North America as well as the fifth largest worldwide. It runs at speeds of 4,200 fpm, producing a sheet of nearly 30 feet wide. As a result of this conversion, Bowater is now the second-largest coated groundwood producer in North America. The machine start-up has exceeded expectations.

Bowater also commissioned a new state-of-the-art fiberline – making the Catawba mill one of the most efficient and environmentally friendly paper mills in the world. The Catawba site has seen significantly reduced fossil fuel consumption and lowered its levels of Adsorbable Organic Halides (AOX). Catawba has always operated within its environmental permits, but this reduction in AOX makes it one of the world's cleanest mills of its kind. The Catawba mill is one of only a handful of U.S. mills to achieve these low levels.

Catawba now produces elemental chlorine-free pulp to meet the requirements of the most demanding customers. In addition, the new pulp is stronger and brighter, which produces a higher-quality product for our customers.

U.S. AND CANADIAN FOREST PRODUCTS DIVISIONS

U.S. FOREST PRODUCTS DIVISION

The Forest Products Division manages 1.0 million acres of timberland owned or leased by Bowater in the United States and Canada and 8.3 million acres of timber management rights in Canada. The Division sells timber and southern yellow pine lumber, and produces softwood lumber at four sawmills having a combined annual capacity of 430 million board feet. It also supplies wood to five of Bowater's pulp and paper mills and four sawmills totaling about 9.9 million metric tons per year.

We manage our woodlands with the objective of maximizing the return on invested capital in a manner consistent with good environmental stewardship and sustainable forest management. Our Crown licenses in Ontario and our owned timberland in Nova Scotia are certified as sustainably managed under the ISO 14001 standards. Our timberland and wood procurement operations in the U.S. have been certified under the American Forest and Paper Association's Sustainable Forestry Initiative® (SFI). All of the Division's operations have successfully passed independent, third-party audits verifying our adherence to the applicable standards for sustainable forestry.

In 2003 the Division started a new, state-of-the-art sawmill in Thunder Bay, Ontario. This sawmill, developed in cooperation with the local Fort William First Nation, is producing high-quality, low-cost lumber and supplying wood chips to our nearby pulp and paper mill. These chips reduce the cost and improve the quality of fiber to that mill.

The Division sold approximately \$151 million worth of southern U.S. timberland in 2003 as part of our ongoing rationalization of assets.

The softwood lumber business remained quite challenging last year but, due to the low cost structure at the Division's sawmills and the added value they provide through their integration with our pulp and paper mills, we avoided all but a small amount of market downtime at our sawmills.

Poor lumber markets caused non-Bowater sawmills to slow production, which reduced wood chip availability

in both the United States and Canada. In addition, the southern United States suffered for much of the year under extremely wet conditions, and this reduced the availability of pulpwood and sawtimber for our mills. Many mills, including some of Bowater's, lost production due to the weather conditions.

CANADIAN FOREST PRODUCTS DIVISION

Bowater's Canadian Forest Products Division operates four paper mills, nine sawmills, one wood treating plant and several woodlands operations on Crown lands and company-owned woodlots. The Division manages all of the company assets located in the provinces of Quebec and New Brunswick. In addition, it is responsible for the sales and marketing of all lumber produced in Canadian sawmills owned by Bowater.

The Gatineau, Quebec, and Dalhousie, New Brunswick, mills produce newsprint, while Dolbeau and Donnacona mills in Quebec produce a wide range of uncoated groundwood specialties, including supercalendered grades and printing papers (primarily book grades).

At Donnacona, an obsolete paper machine was permanently closed in April. Specialty grades produced on that machine were seamlessly transferred to other operations. These transfers resulted in a permanent 100,000 metric ton reduction of Bowater's newsprint capacity. In 2003, the Dolbeau mill maintained consistent high levels of quality and efficiency on its paper machines. The Gatineau mill continued to perform well in the areas of quality, customer service, cost effectiveness and safety.

2003 was a challenging year for the Division's sawmills and woodlands operations. Demand for lumber was strong as both construction and home remodelling reached record levels in North America. However, countervailing and anti-dumping duties on lumber shipments to the U.S. substantially reduced mill net returns. In addition, the sharp increase in the value of the Canadian dollar further squeezed operating margins. Production was curtailed at some of our smaller sawmills.



The Maniwaki, Quebec, sawmill has been modernized. It will have an annual capacity of 135 million board feet. The expansion is possible through a partnership agreement between the First Nation Kitigan Zibi Arishinabeg and Bowater. Under this agreement, wood allocations made to the First Nation will be processed at the sawmill.

ISO 14001 certification for the Division's managed woodlands is now complete in New Brunswick and 85% achieved in Quebec on both Crown lands and company-owned timberlands. Bowater is also committed to the Sustainable Forestry Initiative®. Some of these woodlands have achieved SFI certification while others are moving toward that goal.

In Quebec, severe forest fires burned Crown lands under our stewardship in remote areas. Bowater responded by implementing a large salvage operation. The company's action received positive attention from both the media and the public.

PULP DIVISION

Bowater's Pulp Division has 1.25 million metric tons of market pulp capacity and is uniquely positioned to supply paper-makers and producers of tissue, towel and absorbent products with these five different market pulps – Northern Softwood, Northern Hardwood, Southern Pine, Southern Hardwood and Fluff Pulp. Bowater has a 10% share of the North American market.

2003 was a milestone year for the Pulp Division on two fronts. First, with completion of the new state-of-the-art fiberline at the Catawba site, the Division can provide pulp that has enhanced optical and strength properties, utilizing the latest technologies beneficial to the environment. These enhanced capabilities allow Bowater to compete more effectively in the North American and European tissue and towel and food packaging segments.

A second initiative was the successful market launch of the CoosAbsorb™ family of fluff pulps, produced at the Coosa Pines mill. Bowater now has a wide array of untreated fluff pulps designed to meet the demanding needs of absorbent hygienic products manufacturers around the world. In addition to the traditional diaper and feminine hygiene markets, which the mill has supplied for over 25 years, Bowater's CoosAbsorb™ fluff pulps are now supplying the rapidly growing adult incontinence and other specialty markets in this area. This contributed to a 9% increase in pulp sales volume achieved at Coosa Pines in 2003.

MANUFACTURING FACILITIES

Bowater is the largest producer of newsprint in the United States and third worldwide. We also are a major supplier of coated and specialty papers used in magazines, catalogs and books. Our market pulp is sold for use in an assortment of brand name products from sanitary products to tissues and paper towels. The company's lumber mills also provide wood chips to Bowater's pulp and paper facilities.

COATED AND SPECIALTY PAPERS MILLS



CATAWBA, SOUTH CAROLINA

The recent conversion of a newsprint machine makes this mill one of the largest and premier coated groundwood facilities in the world. It has three paper machines. Additionally a new pulp fiberline has been completed that makes it environmentally one of the very best in the world.



DONNACONA, QUEBEC

This operation consists of one machine that manufactures supercalendered grades primarily for retail flyers and inserts.



DOLBEAU, QUEBEC

The mill has two specialty paper machines that produce mostly book paper and supercalendered grades.



BENTON HARBOR, MICHIGAN

This Nuway coating facility has two machines that convert base stock from Bowater's mills into coated paper for magazines, catalogs and flyers.



COVINGTON, TENNESSEE

The second Nuway coating plant has one machine and began operations in 2002. Its coated paper is used for magazines, catalogs and flyers.

BOWATER SAWMILLS



MISTASSINI, QUEBEC

Bowater has 13 sawmills primarily located in eastern Canada. These facilities produce softwood lumber and wood chips used by Bowater in the paper-making process. The company has cutting rights, leases or owns in excess of 33 million acres in the United States and Canada.

NEWSPRINT MILLS



CALHOUN, TENNESSEE

This is the largest newsprint mill in North America. Groundwood specialty papers are also manufactured at this site along with market pulp. The facility has a total of five paper machines.



COOSA PINES, ALABAMA

This mill benefits from a new recycle facility providing fiber to two newsprint machines. Coosa Pines also manufactures fluff pulp commonly used in various sanitary products.



DALHOUSIE, NEW BRUNSWICK

Two newsprint machines provide paper primarily for foreign markets in a partnership with Oji Paper Co., Ltd. and Mitsui & Co., Ltd. of Japan. The mill also has its own pulping operation and a deep water port that allows shipping directly from the mill.



GATINEAU, QUEBEC

Gatineau has three paper machines producing primarily high-quality newsprint with recycled-content paper.



GRENADA, MISSISSIPPI

Beginning operations in 1989, this one-machine mill provides newsprint to customers primarily throughout the Southwest.



LIVERPOOL, NOVA SCOTIA

The Bowater Mersey Paper Company, Ltd. is a joint partnership with *The Washington Post*. Much of its newsprint is exported. This mill with two machines benefits from having its own port to ship its product.



MOKPO, SOUTH KOREA

This modern newsprint mill was acquired in 1998. It has one machine and provides paper for South Korea and other Pacific Rim locations. It is located about 400 miles south of Seoul.



USK, WASHINGTON

The Ponderay Newsprint Company is a partnership between Bowater and five newspaper publishers. It has one newsprint machine.



THUNDER BAY, ONTARIO

This is Canada's largest pulp and paper complex, housing three paper machines. The mill manufactures newsprint, specialty paper and base stock for Bowater's Nuway operations. Market pulp is also manufactured at this site.

ANNUAL CAPACITY AND PRODUCTION

By Product Line and Mill

2003

(In thousands of metric tons)	Annual Capacity	Production
NEWSPRINT		
Calhoun, Tennessee ^(1,2)	576	487
Coosa Pines, Alabama	336	331
Grenada, Mississippi	247	246
Liverpool, Nova Scotia	250	243
Thunder Bay, Ontario ⁽²⁾	528	423
Gatineau, Quebec ⁽²⁾	449	449
Dalhousie, New Brunswick	237	234
Usk, Washington ⁽³⁾	263	261
Mokpo, South Korea	252	239
Capacity Used for Nuway Production	(189)	(83)
	2,949	2,830
COATED AND SPECIALTY PAPERS		
Benton Harbor, Michigan	118	45
Catawba, South Carolina	646	524
Covington, Tennessee	75	46
Calhoun, Tennessee ⁽²⁾	180	143
Dolbeau, Quebec	228	220
Donnacona, Quebec ⁽⁴⁾	152	177
Gatineau, Quebec ⁽²⁾	18	18
Thunder Bay, Ontario ⁽²⁾	18	14
	1,435	1,187
MARKET PULP		
Catawba, South Carolina	245	211
Calhoun, Tennessee	187	158
Coosa Pines, Alabama	271	256
Thunder Bay, Ontario	543	490
	1,246	1,115
Total Tons of Pulp and Paper	5,630	5,132
Lumber ^(5,6)	1,149	870
Wood Treatment Plant ⁽⁵⁾	27	21

(1) Includes Calhoun Newsprint Company capacity of 222,625 and production of 216,780.

(2) Represents a facility that has swing newsprint/uncoated groundwood machines.

(3) Represents 100% production and capacity of Ponderay Newsprint Company, a 40% owned partnership.

(4) Year-end production reflects the closure of a paper machine in the second quarter of 2003.

(5) Figures are in MMBF (millions of board feet).

(6) Canadian lumber capacity based on allocated and available cutting allotment.

FINANCIAL SUMMARY

For the Year Ended December 31,

<i>(In millions, except per-share data, ratios and shareholders)</i>	2003	2002
Sales	\$ 2,721.1	\$ 2,581.1
Operating loss ⁽¹⁾	\$ (100.9)	\$ (95.7)
Net loss	\$ (205.0)	\$ (142.4)
Diluted loss per common share	\$ (3.60)	\$ (2.50)
Average common and common equivalent shares outstanding	57.0	56.9
Dividends declared per common share	\$ 0.80	\$ 0.80
Total assets	\$ 5,615.8	\$ 5,599.5
Total shareholders' equity	\$ 1,612.7	\$ 1,755.5
Percent return on average common equity ⁽¹⁾	(12.2)%	(7.5)%
Total debt	\$ 2,506.3	\$ 2,370.7
Total debt as a percentage of total capitalization in accordance with GAAP ⁽²⁾	59.8 %	56.5 %
Total debt as a percentage of total capitalization in accordance with credit facilities ⁽²⁾	56.8 %	55.5 %
Current ratio	1.28	0.98
Capital expenditures, including timberlands	\$ 216.3	\$ 238.7
Shareholders of record (common stock and exchangeable shares)	5,300	5,500
Common stock price range	\$34.23 – 47.25	\$31.00 – 55.80

*All amounts are in U.S. dollars.

(1) Operating loss includes net gain on sale of assets of \$124.0 and \$85.7 million for 2003 and 2002, respectively.

(2) The calculation of total debt as a percentage of total capitalization in accordance with our credit facilities, excludes, both in the numerator and denominator, reevaluation of debt assumed through acquisitions and minimum pension liability included in accumulated other comprehensive income (loss). Total debt as a percentage of total capitalization is the most directly comparable measure using GAAP. A reconciliation of the GAAP items to the non-GAAP calculation of total debt as a percentage of total capitalization, in accordance with credit facilities is presented on page 38 of our Annual Report on Form 10-K.

BOARD OF DIRECTORS AND OFFICERS

BOARD OF DIRECTORS

ARNOLD M. NEMIROW ⁽¹⁾
Chairman, President and
Chief Executive Officer of Bowater
Director since 1994
Age: 60

FRANCIS J. AGUILAR ^(1,4)
Professor Emeritus
Harvard University Graduate
School of Business
Director since 1984
Age: 71

RICHARD B. EVANS
Executive Vice President –
Office of the President
Alcan, Inc.
Aluminum Manufacturer
Director since 2003
Age: 56

GORDON D. GIFFIN ^(2,5)
Partner
McKenna Long & Aldridge, LLP
Attorneys at Law
Director since 2003
Age: 54

CHARLES J. HOWARD ^(2,3)
Chairman
Howard, Barclay & Associates Ltd.
Investment Counseling
Director since 1997
Age: 61

L. JACQUES MÉNARD ⁽³⁾
Chairman
BMO Nesbitt Burns
President
BMO Financial Group, Quebec
Director since 2002
Age: 58

DOUGLAS A. PERTZ
Chairman and Chief Executive Officer
IMC Global Inc.
Manufacturer
Director since 2004
Age: 53

JOHN A. ROLLS ^(1,2,3,5)
President and Chief Executive Officer
Thermion Systems International
Aerospace and Industrial Heating Systems
Director since 1990
Age: 62

ARTHUR R. SAWCHUK ^(4,5)
Chairman
Manulife Financial Corporation
Insurance and Financial Services
Director since 1998
Age: 68

TOGO D. WEST JR. ^(2,4)
Of Counsel
Covington & Burling
Law Firm
Director since 2002
Age: 61

(1) Executive Committee

(2) Audit Committee

(3) Finance Committee

(4) Human Resources and Compensation Committee

(5) Nominating and Governance Committee

CORPORATE OFFICERS

ARNOLD M. NEMIROW
Chairman, President and
Chief Executive Officer

ARTHUR D. FULLER
Executive Vice President
and President – Newsprint Division

R. DONALD NEWMAN
Executive Vice President
and Chief Operating Officer

DAVID G. MAFFUCCI
Executive Vice President
and Chief Financial Officer

E. PATRICK DUFFY
Senior Vice President and President –
Coated and Specialty Papers Division

RICHARD K. HAMILTON
Senior Vice President and President –
Forest Products Division

PIERRE MONAHAN
Senior Vice President and President –
Canadian Forest Products Division

DAVID J. STEUART
Senior Vice President and President –
Pulp Division

JERRY R. GILMORE
Senior Vice President –
Newsprint Operations

WILLIAM G. HARVEY
Vice President and Treasurer

STEVEN G. LANZL
Vice President –
Information Technology

RONALD T. LINDSAY
Vice President, General Counsel
and Corporate Secretary

MICHAEL F. NOCITO
Vice President and Controller

JAMES T. WRIGHT
Senior Vice President –
Human Resources

SHAREHOLDER INFORMATION

ANNUAL MEETING

Bowater's annual meeting of shareholders will be held on Wednesday, May 12, 2004, at 11:00 a.m. at The Gunter Theatre of the Peace Center for the Performing Arts, Greenville, South Carolina.

STOCK LISTINGS

Bowater Incorporated common stock is listed on the New York Stock Exchange (stock symbol BOW), the Pacific Exchange and the London Stock Exchange. A special class of stock exchangeable into Bowater common stock is listed on the Toronto Stock Exchange (stock symbol BWX).

INVESTOR INFORMATION AND FINANCIAL REPORTING

Investor inquiries about Bowater should be directed to the Investor Relations Department at Bowater's headquarters.

10-K REPORT

Bowater files an Annual Report on Form 10-K with the Securities and Exchange Commission, a copy of which is included in this Annual Report to Shareholders. An additional free copy of the 10-K (without exhibits) may be obtained by writing to the Investor Relations Department at Bowater's headquarters. The Company's SEC filings, Annual Report to Shareholders, news releases and other investor relations information may be accessed through its website – www.bowater.com.

DIVIDEND REINVESTMENT AND STOCK PURCHASE PLAN

Bowater has a Dividend Reinvestment and Stock Purchase Plan. Information regarding the plan is available from the Bank of New York.

INDEPENDENT AUDITORS

KPMG LLP
303 Peachtree Street
Suite 2000
Atlanta, GA 30308
Tel: 404-222-3000

COMMON STOCK REGISTRARS AND TRANSFER AGENTS (BOW)

The Bank of New York
Shareholder Relations Department
P.O. Box 11258
New York, NY 10286
Toll Free: 888-269-8845
International: 610-382-7833
e-mail: shareholders@bankofny.com
Website: <http://stockbny.com>

CIBC Mellon Trust Company
The Registry
34 Beckenham Road
Beckenham, Kent BR34TU
England
Tel: 001-212-815-5238
Fax: 001-212-815-3560
e-mail: trobins@bankofny.com

EXCHANGEABLE SHARE STOCK REGISTER AND TRANSFER AGENT (BWX)

Computershare Trust Company of Canada
1500 University Street
Suite 700
Montreal, QC H3A 3S8
Canada
Toll Free: 800-564-6253
Website: <http://www.computershare.com>

Corporate Services, Stock Transfer Services:
Tel: 514-982-7270
Fax: 514-982-7580

COMMON STOCK PRICES

Price ranges of Bowater's common stock during 2003 and 2002 as reported on the New York Stock Exchange were:

	2003		2002	
	HIGH	Low	HIGH	Low
First quarter	\$ 44.30	\$ 34.23	\$ 53.90	\$ 44.46
Second quarter	\$ 42.30	\$ 36.30	\$ 55.80	\$ 45.75
Third quarter	\$ 45.60	\$ 36.52	\$ 54.50	\$ 34.94
Fourth quarter	\$ 47.25	\$ 39.10	\$ 43.38	\$ 31.00

CORPORATE HEADQUARTERS

BOWATER INCORPORATED
55 East Camperdown Way
P.O. Box 1028
Greenville, SC 29602
864-271-7733
864-282-9482 (FAX)
<http://www.bowater.com>

DIVISION HEADQUARTERS

NEWSPRINT DIVISION
55 East Camperdown Way
P.O. Box 1028
Greenville, SC 29602
864-271-7733

**CANADIAN FOREST
PRODUCTS DIVISION**
1000 De La Gauchetière Street West
Suite 2820
Montreal, QC H3B 4W5
Canada
514-954-2100

**COATED AND SPECIALTY
PAPERS DIVISION**
11440 Carmel Commons Boulevard
Suite 201
Charlotte, NC 28226
877-251-6771

PULP DIVISION
5420 North Service Road
Burlington, ON L7L 6C7
Canada
905-332-4616

FOREST PRODUCTS DIVISION
4399 North Ocoee Street
Cleveland, TN 37312
423-728-2800

DIVISION SALES OFFICES

NEWSPRINT DIVISION
547 West Jackson Boulevard
Suite 1505
Chicago, IL 60661
312-588-2301

100 Merchant Street
Suite 195
Cincinnati, OH 45246
513-772-2744

55 East Camperdown Way
P.O. Box 1028
Greenville, SC 29602
864-271-7733

7200 Stonehenge Drive
Suite 205
Raleigh, NC 27613
919-676-7252

15310 Amberly Drive
Suite 250-50
Tampa, FL 33647
813-977-4945

BOWATER S. AMERICA LTDA.
Rua Engenheiro Carlos
Estevenson, #80
Sala #51 Lyon Office Center
Nova Campinas, São Paulo
Brazil CEP 13092310
5519-3259-1192

BOWATER EUROPE LTD.
Carolyn House
26 Dingwall Road
Croydon, Surrey CRO 9XF
England
44-208-667-0303

**BOWATER-HALLA PAPER
COMPANY LTD.**
Hong-Woo Building
945-1 Daechi-Dong
Gangnam-Gu, Seoul
Korea 135-280
82-2-567-1576

BOWATER ASIA PTE LTD.
260 Orchard Road, #08-09
The Heeren
Singapore 238855
65-6835-0488

**CANADIAN FOREST
PRODUCTS DIVISION**
Lumber Sales Office
1000 De La Gauchetière Street West
Suite 2820
Montreal, QC H3B 4W5
Canada
514-954-2713

**COATED AND SPECIALTY
PAPERS DIVISION**
Canada:
1000 De La Gauchetière Street West
Suite 2820
Montreal, QC H3B 4W5
Canada
514-954-2108

Southeast:
5885 Cumming Highway
Suite 108-#212
Sugar Hill, GA 30518
678-714-6661

Midwest:
701 Warrenville Road
Suite 320
Lisle, IL 60532
800-843-0375

Northeast:
177 Broad Street
10th Floor
Stamford, CT 06901
800-545-7248


West Coast:
28 Park Ridge Road
San Rafael, CA 94903
415-492-1100

PULP DIVISION
11440 Carmel Commons Boulevard
Suite 201
Charlotte, NC 28226
800-669-5452

© Bowater Incorporated
Printed in U.S.A.

Pages 1–12 of this annual report are printed
on BowMax 84 Gloss.

Bowater Incorporated is an
equal opportunity employer.

 is a registered trademark
of Bowater Incorporated.

Ce rapport est disponible en
version française.

This report is available in English and
French at <http://www.bowater.com>.