

Domtar Exchange Offer

On March 7, 2007, Weyerhaeuser Company ("Weyerhaeuser") distributed common shares of Domtar Corporation to holders of common shares of Weyerhaeuser and holders of exchangeable shares (the "Exchangeable Shares") of Weyerhaeuser Company Limited whose Weyerhaeuser common shares and Exchangeable Shares were accepted in the exchange offer (the "Exchange Offer"). The Exchange Offer is more fully described in the Prospectus -- Offer to Exchange dated February 2, 2007. Under the terms of the Exchange Offer, 11.1442 shares of Domtar Corporation common stock were exchanged for each share of Weyerhaeuser common stock and Exchangeable Share accepted for exchange in the Exchange Offer. The Exchange Offer was oversubscribed. As a result, all validly tendered shares of Weyerhaeuser common stock (except for validly tendered "odd lots") were accepted on a prorated basis. Shareholders received cash for any fractional share of Domtar Corporation stock that was distributed to the shareholders and sold on their behalf.

This letter explains certain U.S. federal income tax consequences of the Exchange Offer to holders of Weyerhaeuser common shares and describes how to determine their tax basis in any Domtar Corporation stock received and their tax basis allocable to any fractional shares sold on their behalf.

Tax Treatment of the Exchange Offer. Weyerhaeuser obtained a ruling (the "Ruling") from the Internal Revenue Service on February 5, 2007 that stated that the Exchange Offer is tax-free and that holders of Weyerhaeuser common shares will not recognize any gain or loss for income tax purposes upon receipt of Domtar Corporation stock, except in connection with cash received in lieu of fractional shares (as described below). Shareholders, however, who subsequently sell shares of Domtar Corporation stock will need to know their tax basis in the shares sold in order to calculate any gain or loss realized in such sale. The tax basis of the shares of Domtar Corporation stock (including fractional shares) issued to a holder in the Exchange Offer will equal the tax basis of the Weyerhaeuser common shares exchanged therefore. A worksheet is attached to help shareholders determine the tax basis in the Domtar Corporation stock they received and calculate the gain from the cash they received in lieu of fractional shares.

Fractional Shares. No fractional shares of Domtar Corporation stock were issued. Shareholders otherwise entitled to such fractional shares were paid cash in lieu of fractional shares (approximately \$9.76 per share, which is net of pro rated selling costs). The taxable gain or loss that a shareholder recognizes with respect to any cash received is equal to the difference between the amount of cash received and the shareholder's tax basis (as determined in the worksheet) in the fractional share of Domtar Corporation stock. Shareholders should keep a record of the amount of cash received in lieu of fractional shares of Domtar Corporation stock for purposes of completing their U.S. federal income tax returns for the period including the date of the Exchange Offer.

Consult Your Own Tax Advisor: The information regarding the U.S. federal income tax consequences of the Exchange Offer presented in this letter is for general reference only and does not purport to cover all U.S. federal income tax consequences that may apply to all categories of shareholders. All shareholders should consult their own tax advisors regarding the particular federal, foreign, state and local tax consequences of the Exchange Offer to them. This document was not intended or written to be used, and it cannot be used, for the purposes of avoiding tax penalties that may be imposed on the taxpayer.