



News Release

TICKER SYMBOL
UFS (NYSE, TSX)

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DOMTAR CLOSES SALE OF TEXT, COVER AND WRITING LINE OF PAPERS *Company impacted by cost inflation*

Montreal, April 22, 2008 – Domtar Corporation announced today the closing of the transaction for the sale of its text, cover and writing product line of papers to SMART Papers of Hamilton, Ohio, an independent manufacturer and marketer of premium cast-coated, matte-coated and uncoated printing papers.

“This is the result of an effort to support our customers through the streamlining of our manufacturing system by selling brands isolated within Domtar’s paper product offering. With this transaction we will continue to reinforce our focus as the North American market leader in the areas of commercial printing, business and office, as well as converting and other specialty papers,” stated Raymond Royer, President and Chief Executive Officer of Domtar Corporation. “This focus will be important as we continue to grapple with tough market conditions,” indicated Mr. Royer.

Mr. Royer also said, “Recent escalating energy prices are translating into rapidly rising costs for raw materials. Besides the impact on direct energy consumption, we are also facing significant inflation pressures for fiber, chemicals and freight, which represent more than half of our pulp and paper manufacturing delivered costs.”

Domtar estimates that inflation pressures will increase these costs in the first quarter of 2008 by \$35 to \$45 million compared to the fourth quarter of 2007.

About Domtar

Domtar Corporation (NYSE/TSX:UFS) is the largest integrated manufacturer of uncoated freesheet paper in North America and the second largest in the world based on production capacity, and is also a manufacturer of papergrade, fluff and specialty pulp. The Company designs, manufactures, markets and distributes a wide range of business, commercial printing and publication as well as converting and specialty papers including recognized brands such as Cougar®, Lynx® Opaque, Husky® Offset, First Choice® and Domtar EarthChoice® Office Paper, part of a family of environmentally and socially responsible papers. Domtar owns and operates Domtar Distribution Group, an extensive network of strategically located paper distribution facilities. Domtar also produces lumber and other specialty and industrial wood products. The Company employs nearly 13,000 people. To learn more, visit www.domtar.com.

Forward-Looking Statements

All statements in this press release that are not based on historical fact are “forward-looking statements.” While management has based any forward-looking statements contained herein on its current expectations, the information on which such expectations were based may change. These forward-looking statements rely on a number of assumptions concerning future events and are subject to a number of risks, uncertainties, and other factors, many of which are outside of our control that could cause actual results to materially differ from such statements. Such risks, uncertainties, and other factors include, but are not necessarily limited to, those set forth under the captions “Forward-Looking Statements” and “Risk Factors” of the Form 10-K filed with the SEC. Unless specifically required by law, we assume no obligation to update or revise these forward-looking statements to reflect new events or circumstances.

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