

SOLICITATION FOR DOMTAR'S NEWLY-MERGED STOCKHOLDER BASE EXCEEDS 75% SUPERMAJORITY VOTING STANDARD

CASE STUDY

FACTS

In March 2007 the operations of Domtar Inc. and Weyerhaeuser Company's fine papers business were combined to create Domtar Corporation.

In preparation for its first annual meeting of stockholders in May 2008, Domtar Corporation undertook an in-depth review of its corporate governance profile and decided to ask stockholders to approve a number of measures to enhance its corporate governance. These measures included replacing a classified board structure with annual election of directors and permitting the adoption of a majority vote standard for the election of directors in uncontested elections.

Not only was Domtar dealing with a newly merged stockholder base but, for certain matters, its Delaware certificate of incorporation required a "supermajority" vote of 75% of the total voting power of all outstanding shares of both common stock and exchangeable shares voting together as a single class. The management proxy statement required no fewer than 8 separate votes to be taken of which 4 had to meet the 75% supermajority standard.

Domtar had approximately 516 million outstanding common shares and exchangeable shares eligible to vote. Approximately 35 % of these were held in Canada with more than 60% held in the U.S. Shares of the new company were predominantly held by institutions but there remained a large number of retail holders as well.

CRITICAL ACTION

Starting 10 weeks before the meeting, Georgeson offices in both Canada and the US worked together to prepare a comprehensive solicitation program. The project started with strategic advice from Georgeson about how stockholders might be expected to react. A stockholder analysis was performed and tactics for the solicitation developed. In the end, more than 3,000 retail investor contacts and 80 institutional contacts were made by Georgeson on Domtar's behalf.

RESULTS

When the results were in, more than 438 million votes were received in favour of management's proposals, or more than 85 % of the total possible votes. Not only was the supermajority standard clearly met and exceeded, but this was accomplished with a newly merged stockholder base and special business issues.



"The service provided by Georgeson to Domtar was outstanding in every respect. Our challenging assignment was successfully and professionally handled on a cost-effective basis."

Razvan Theodoru, Vice-President and Secretary, Corporate Governance and Ethics

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