

DOMTAR INC /CANADA  
Form SUPPL  
August 03, 2005

Table of Contents

**Filed pursuant to General Instruction II.L of Form F-10;  
File No. 333-124781**

**Prospectus supplement****(To prospectus dated May 17, 2005)****US\$400,000,000 7<sup>1</sup>/<sub>8</sub>% Notes due 2015***Interest payable February 15 and August 15***Issue Price: 99.904%**

We are offering US\$400,000,000 aggregate principal amount of our 7<sup>1</sup>/<sub>8</sub>% notes due August 15, 2015. We will pay interest on the notes semi-annually in arrears on February 15 and August 15 of each year, beginning on February 15, 2006. We may redeem some or all of the notes at any time at the redemption prices described on page S-17. In the event of certain changes affecting Canadian withholding taxes, the notes may be redeemed at our option, in whole but not in part, at 100% of their principal amount plus accrued and unpaid interest to the date of redemption.

The notes will rank equally with all of our other unsecured, unsubordinated obligations from time to time outstanding. The notes will be effectively subordinated to all existing and future indebtedness and other liabilities of Domtar's subsidiaries.

**See Risk factors beginning on page S-12 of this prospectus supplement, as well as the risk factors discussed in the accompanying prospectus and the documents incorporated by reference in this prospectus supplement and the accompanying prospectus for a discussion of certain risks that you should consider in connection with an investment in the notes.**

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus supplement and the accompanying prospectus. Any representation to the contrary is a criminal offense.**

**We are permitted, under a multijurisdictional disclosure system adopted by the United States and Canada, to prepare this prospectus supplement and the accompanying prospectus in accordance with Canadian disclosure requirements, which are different from United States disclosure requirements. We prepare our financial statements, which are incorporated by reference herein, in accordance with Canadian generally accepted accounting principles, and they are subject to Canadian auditing and auditor independence standards. As a result, they may not be comparable to financial statements of United States companies.**

**Owning the notes may subject you to tax consequences both in the United States and Canada. This prospectus supplement may not describe these tax consequences fully. You should read the tax discussion contained in this prospectus supplement.**

**Your ability to enforce civil liabilities under the United States federal securities laws may be affected adversely because we are incorporated under the laws of Canada, most of our officers and directors and some of the experts named in this prospectus supplement and the accompanying prospectus are Canadian residents, and certain of our assets and the assets of those officers, directors and experts are located in Canada.**

	Public offering price <sup>(1)</sup>	Underwriting fee	Proceeds, before expenses, to Domtar
Per Note	99.904%	1.000%	98.904%
Total	US\$399,616,000	US\$4,000,000	US\$395,616,000

(1) Plus accrued interest, if any, from August 5, 2005 if settlement occurs after that date.

The notes will not be listed on any securities exchange. Currently, there is no public market for the notes. We expect that delivery of the notes will be made to investors in book-entry form through The Depository Trust Company on or about August 5, 2005.

*Joint book-running managers*

**JPMorgan**

**Citigroup**

*Co-managers*

**CIBC World Markets  
Putnam Lovell NBF Securities  
Scotia Capital  
Banc of America Securities LLC  
Deutsche Bank Securities  
UBS Investment Bank  
BNP PARIBAS**

**Harris Nesbitt  
RBC Capital Markets  
TD Securities  
Desjardins Securities International Inc.  
Morgan Stanley  
Rabo Securities USA, Inc.**

August 2, 2005

**Table of contents**

	<b>Page</b>
<b>Prospectus supplement</b>	
<u>About this prospectus supplement</u>	S-2
<u>Documents incorporated by reference</u>	S-3
<u>Forward-looking statements</u>	S-3
<u>Exchange rate data</u>	S-4
<u>Prospectus summary</u>	S-5
<u>Risk factors</u>	S-12
<u>Use of proceeds</u>	S-14
<u>Capitalization</u>	S-15
<u>Earnings coverage</u>	S-16
<u>Description of the notes</u>	S-16
<u>Credit ratings</u>	S-20
<u>Certain income tax considerations</u>	S-21
<u>Underwriting</u>	S-25
<u>Legal matters</u>	S-27
<u>Experts</u>	S-27
<u>Auditors consent</u>	S-27
<b>Prospectus</b>	
<u>About this prospectus</u>	1
<u>Documents incorporated by reference</u>	1
<u>Forward-looking statements</u>	2
<u>Domtar Inc.</u>	3
<u>Recent developments</u>	4
<u>Use of proceeds</u>	4
<u>Earnings coverage</u>	5
<u>Description of debt securities</u>	5
<u>Plan of distribution</u>	18
<u>Risk factors</u>	20
<u>Legal matters</u>	22

<u>Experts</u>	22
<u>Where you can find more information</u>	22
<u>Documents filed as part of the registration statement</u>	23
<u>Auditors consent</u>	A-1

### **About this prospectus supplement**

This document is in two parts. The first part is this prospectus supplement, which describes the terms of the notes we are offering and also adds to the information contained in the accompanying prospectus and the documents incorporated by reference in the accompanying prospectus. The second part is the accompanying prospectus of Domtar dated May 17, 2005, or the prospectus, which gives more general information, some of which may not apply to this offering.

**If the description of the notes varies between this prospectus supplement and the prospectus, you should rely on the information in this prospectus supplement.**

**In making your investment decision, you should rely only on the information contained or incorporated by reference in this prospectus supplement and the prospectus. We have not, and the underwriters have not, authorized any other person to provide you with different or additional information. If anyone provides you with different or additional information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell the notes in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus supplement, the prospectus and the documents incorporated by reference is accurate only as of their respective dates. Our business, financial condition, results of operations and prospects may have changed since those dates.**

Unless otherwise specified or the context otherwise requires, in this prospectus supplement, Domtar, we, us and our refer to Domtar Inc., its subsidiaries, its 50% investment interest in Norampac Inc. and its other joint ventures. In this prospectus supplement, unless otherwise indicated, all dollar amounts are expressed in, and the term dollars and the symbol \$ refer to, Canadian dollars. The term US dollars and the symbol US\$ refer to United States dollars. Except as otherwise indicated, all financial statements and financial data contained in this prospectus supplement and in the documents incorporated by reference in this prospectus supplement have been prepared in accordance with Canadian generally accepted accounting principles, or Canadian GAAP, which may differ from United States generally accepted accounting principles, or US GAAP.

The notes have not been and will not be qualified for sale under the securities laws of Canada or any province or territory of Canada. The notes are not being offered for sale and may not be offered or sold, directly or indirectly, in Canada or to any resident thereof, in violation of the securities laws of Canada or any province or territory of Canada.

**Table of Contents**

**Documents incorporated by reference**

This prospectus supplement is deemed, as of the date hereof, to be incorporated by reference into the prospectus only for the purposes of the offering of the notes. Other documents are also incorporated or deemed to be incorporated by reference into the prospectus and reference should be made to the prospectus for full details. The documents listed under the heading Documents Incorporated by Reference in the prospectus are specifically incorporated by reference in, and form an integral part of, this prospectus supplement. Material change reports (excluding confidential material change reports), interim or annual consolidated financial statements, including comparative interim consolidated financial statements and comparative consolidated financial statements for Domtar Inc. s more recently completed financial year, together with the accompanying report of Domtar Inc. s auditors, any exhibits to interim and annual consolidated financial statements containing updated earnings coverage information and any information circulars of Domtar Inc. filed by Domtar Inc. with the various securities regulatory authorities in Canada after the date of this prospectus supplement and prior to the completion or withdrawal of any offering hereunder, shall be deemed to be incorporated by reference into this prospectus supplement.

**Any statement contained in the prospectus, in this prospectus supplement or in any other document incorporated or deemed to be incorporated by reference in the prospectus for the purposes of the offering of the notes shall be deemed to be modified or superseded for purposes of the prospectus, to the extent that a statement contained in this prospectus supplement or in any other subsequently filed document which also is or is deemed to be incorporated by reference in the prospectus for the purposes of the offering of the notes modifies or supersedes that statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not constitute a part of the prospectus or this prospectus supplement, except as so modified or superseded.**

**Forward-looking statements**

This prospectus supplement, and the documents incorporated by reference in this prospectus supplement, may contain forward-looking statements relating to trends in, or representing management s beliefs about, Domtar s future growth, results of operations, performance and business prospects and opportunities. These forward-looking statements are generally denoted by the use of words such as anticipate , believe , expect , intend , aim , target , plan , continue , may , will , should and similar expressions. These statements reflect management s current beliefs and are based on information currently available to management. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by management, are inherently subject to known and unknown risks and uncertainties such as, but not limited to, general economic and business conditions, product selling prices, raw material and operating costs, changes in foreign currency exchange rates, our ability to integrate acquired businesses into our existing operations, the ability to realize anticipated cost savings, the performance of

**Table of Contents**

operations, and other factors referenced herein and in Domtar's continuous disclosure filings. These factors should be considered carefully and prospective investors should not place undue reliance on the forward-looking statements. Although the forward-looking statements contained in this prospectus supplement, and the documents incorporated herein by reference, are based upon what management believes to be reasonable estimates and assumptions, Domtar cannot assure prospective purchasers that actual results will not be materially different from those expressed or implied by these forward-looking statements. Domtar assumes no obligation to update or revise these forward-looking statements to reflect new events or circumstances. These risks, uncertainties and other factors include, among other things, those discussed under "Risk factors" in this prospectus supplement and the accompanying prospectus as well as those discussed elsewhere in the documents incorporated by reference in this prospectus supplement and the accompanying prospectus.

**Exchange rate data**

The following table sets forth, for each period indicated, the low and high exchange rates for one US dollar expressed in Canadian dollars, the exchange rate at the end of such period and the average of such exchange rates on the last day of each month during such period, based on the Bank of Canada noon rate:

<b>Year Ended December 31,</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>
Low	1.4341	1.4936	1.5110	1.2924	1.1774
High	1.5593	1.6021	1.6132	1.5747	1.3968
Period End	1.5002	1.5926	1.5796	1.2924	1.2036
Average	1.4850	1.5484	1.5704	1.4015	1.3015

The following table sets forth, for each of the last six months, the low and high exchange rates for one US dollar expressed in Canadian dollars and the exchange rate at the end of the month based on the Bank of Canada noon rate as described above:

<b>Month</b>	<b>January</b>	<b>February</b>	<b>March</b>	<b>April</b>	<b>May</b>	<b>June</b>
High	1.2421	1.2566	1.2462	1.2569	1.2704	1.2577
Low	1.1987	1.2299	1.2019	1.2147	1.2372	1.2256
End of Month	1.2380	1.2314	1.2096	1.2555	1.2510	1.2256

On August 2, 2005, the Bank of Canada noon rate was \$1.2125 = US\$1.00

**Table of Contents**

**Prospectus summary**

*The following is a summary only and is qualified in its entirety by, and should be read in conjunction with, the more detailed information and financial statements appearing elsewhere in this prospectus supplement and the accompanying prospectus and in the documents incorporated by reference in this prospectus supplement and the accompanying prospectus.*

**Domtar Inc.**

Domtar Inc. was formed in 1929 under the laws of Canada and is the third largest producer of uncoated freesheet paper in North America. We are also a leading manufacturer of business papers, commercial printing and publication papers, and technical and specialty papers. We manage, according to internationally recognized standards, 18 million acres of forestland in Canada and the United States, and produce lumber and other wood products. We have 10,000 employees across North America. We also have a 50% investment interest in Norampac Inc., the largest Canadian producer of containerboard.

Our reporting segments correspond to the following business activities: Papers, Paper Merchants, Wood and Packaging.

**Papers**

We are the third largest integrated manufacturer and marketer of uncoated freesheet paper in North America. We operate six pulp and paper facilities in Canada and five in the United States, with an annual paper production capacity of approximately 2.6 million tons, complemented by strategically located warehouses and sales offices. Over 50% of our paper production capacity is located in the United States and approximately 90% of our paper sales are made to customers in the United States. Uncoated and coated freesheet papers are used for business, commercial printing and publication, and technical and specialty applications.

We sell paper primarily through a large network of owned and independent merchants that distribute our paper products throughout North America. We also sell our products to a variety of customers, including business offices, office equipment manufacturers, retail outlets, commercial printers, publishers and converters. In addition, we sell pulp in excess of our own internal requirements. We also purchase pulp to optimize paper production and reduce freight costs. For the first six months of 2005, our net market pulp position (shipments less purchases) was approximately 295,000 tons.

Our Papers business is our most important segment, representing 55% of consolidated sales in the first six months of 2005, or 60% when including sales of Domtar paper through our own Paper Merchants business.

**Paper Merchants**

Our Paper Merchants business comprises the purchasing, warehousing, sale and distribution of various products made by Domtar and other manufacturers. These products include business and printing papers, graphic arts supplies and certain industrial products. Domtar-owned paper merchants operate in the United States and Canada under a single banner and umbrella name, the Domtar Distribution Group, the fifth largest paper merchant organization in North America. Ris Paper operates throughout the Northeast, Mid-Atlantic and Midwest areas from 20 locations in the United States, including 16 distribution centers. The Canadian business

**Table of Contents**

operates as Buntin Reid in three locations in Ontario; JBR/ La Maison du Papier in two locations in Quebec; and The Paper House in two locations in Atlantic Canada. Our Paper Merchants business represented 20% of consolidated sales in the first six months of 2005, or 15% when excluding sales of Domtar paper.

**Wood**

Our Wood business comprises the manufacturing and marketing of lumber and wood-based value-added products, and the management of forest resources. We operate ten sawmills (six in Quebec and four in Ontario, following the permanent closure of the Chapleau, Ontario sawmill effective March 6, 2005) and one remanufacturing facility (in Quebec), for an annual capacity of approximately 1.1 billion board feet of lumber. We also have investments in four businesses that produce wood products. We seek to optimize 18 million acres of forestland directly licensed or owned by us in Canada and the United States through efficient management and the application of certified sustainable forest management practices such that a continuous supply of wood is available for future needs. Our Wood business represented 12% of consolidated sales in the first six months of 2005.

**Packaging**

Our Packaging business comprises our 50% ownership interest in Norampac, a joint venture between Domtar Inc. and Cascades Inc. We do not manage the day-to-day operations of Norampac. The Board of Directors of Norampac is composed of four representatives each from Domtar Inc. and Cascades Inc. The Chairman of the Board is proposed by Domtar Inc. and appointed by the Board, while the President and Chief Executive Officer is proposed by Cascades Inc. and appointed by the Board. Norampac's debt is non-recourse to Domtar Inc. As required by Canadian GAAP, we account for our 50% interest in Norampac using the proportionate consolidation method.

Norampac's network of 25 corrugated packaging plants, strategically located across Canada and the United States, provides full-service packaging solutions and produces a broad range of products. Norampac's eight containerboard mills (located in Ontario, Quebec, British Columbia, New York State and northern France), having a combined annual capacity of approximately 1.6 million tons, directly or indirectly supply essentially all the containerboard requirements of the converting plants. Our Packaging business represented 13% of consolidated sales in the first six months of 2005.



**Table of Contents**

**The offering**

<b>Issuer</b>	Domtar Inc.
<b>Notes offered</b>	US\$400,000,000 aggregate principal amount of 7 <sup>1</sup> / <sub>8</sub> % notes due August 15, 2015.
<b>Interest</b>	7 <sup>1</sup> / <sub>8</sub> % per year, payable on February 15 and August 15 of each year, commencing February 15, 2006.
<b>Maturity</b>	August 15, 2015.
<b>Issue date</b>	August 5, 2005.
<b>Issue price</b>	99.904%.
<b>Ranking</b>	The notes will be unsecured and unsubordinated obligations of Domtar and will rank equally with all of Domtar's other unsecured, unsubordinated obligations outstanding from time to time. Domtar conducts a substantial portion of its operations through subsidiaries and the notes will be effectively subordinated to all existing and future indebtedness and other liabilities of Domtar's subsidiaries.
<b>Optional redemption</b>	Domtar may redeem the notes, in whole or in part, at any time, at the redemption prices described in this prospectus supplement. See Description of the notes Optional redemption.  Domtar may also redeem the notes in whole, but not in part, at any time at 100% of principal amount of the notes, plus accrued interest to the date of redemption, in the event of certain changes affecting Canadian withholding taxes that would require Domtar to pay additional amounts to holders of the notes. See Description of the notes Redemption for changes in withholding taxes.
<b>Use of proceeds</b>	Domtar intends to use the gross proceeds from the sale of the notes to redeem its outstanding 8.75% notes due in August 2006 in an aggregate principal amount of US\$150 million and the balance to repay a substantial portion of its unsecured revolving credit facility. See Use of proceeds.
<b>Additional amounts</b>	Any payments made by Domtar with respect to the notes will be made without withholding or deduction for Canadian taxes unless required by law. If Domtar is required by law to withhold or deduct for Canadian taxes with respect to a payment to the holders of notes, Domtar will pay the additional amount necessary so that the net amount received by the holders of notes after the withholding is not less than the amount that they would have received in the absence of the withholding. See Description of Debt Securities Payment of additional amounts in the accompanying prospectus.
<b>Form and settlement</b>	Domtar will issue the notes in the form of one or more fully registered global securities. We will deposit these global securities in book-entry form with, or on behalf of, The Depository Trust Company, which we refer to as the Depository, and register these

**Table of Contents**

securities in the name of the Depository's nominee. See Description of the notes Book-entry system.

**Minimum denomination** US\$1,000 and integral multiples thereof.

**No public market** The notes will be new securities for which there is no market. Domtar cannot assure you that a liquid market for the notes will develop or be maintained.

**Risk factors** Investment in the notes involves certain risks. You should carefully consider the information in this prospectus supplement and the accompanying prospectus and in the documents incorporated by reference in this prospectus supplement and the accompanying prospectus before investing in the notes. See Risk factors .

**Recent developments**

**Operating results**

Our unaudited interim consolidated financial statements and the related notes for the six months ended June 30, 2005 (including Management's Discussion and Analysis relating thereto) and June 30, 2004 were filed with the United States Securities and Exchange Commission and the *Autorité des marchés financiers* in Canada on July 27, 2005 and are incorporated herein by reference.

**Credit rating downgrades**

During the second quarter of 2005, we were downgraded by Moody's Investors Service ( Moody's ), from a Baa3 rating to a Ba2 rating, and by Standard & Poor's Rating Services ( Standard & Poor's ), from a BBB- rating to a BB+ rating. Both Moody's and Standard & Poor's have a stable outlook with respect to our credit ratings. Reductions in our credit ratings can impact our access to and cost of capital and financial flexibility in the future.

**Table of Contents****Selected historical consolidated financial data**

We have derived the following selected historical consolidated financial data for the years ended December 31, 2002, 2003 and 2004 and as of December 31, 2003 and 2004 from our audited consolidated financial statements. The consolidated financial statements for the years ended December 31, 2002, 2003 and 2004 and as of December 31, 2003 and 2004 incorporated by reference in this prospectus supplement have been audited by PricewaterhouseCoopers LLP.

We have derived the following selected historical consolidated financial data for the six months ended June 30, 2005 and 2004 and as of June 30, 2005 from our unaudited interim consolidated financial statements. In the opinion of management, the unaudited interim consolidated financial statements include all adjustments (consisting solely of normal recurring adjustments) necessary to present fairly the financial information for such periods. Our historical results are not necessarily indicative of the results that may be expected for any future period or for a full year. You should read the selected historical consolidated financial data in conjunction with our audited consolidated financial statements and the related notes and our unaudited interim consolidated financial statements and the related notes and, in each case, Management's Discussion and Analysis, all incorporated by reference in this prospectus supplement. Our consolidated financial statements are prepared in accordance with Canadian GAAP, which differs in some respects from US GAAP. For a discussion of the principal differences between Canadian GAAP and US GAAP, see note 25 to our audited consolidated financial statements.

(In millions of Canadian dollars, except per share amounts)	Six months ended June 30,		Years ended December 31,		
	2005	2004	2004	2003	2002
	(unaudited)				
<b>Operating results:</b>					
Sales	\$ 2,546	\$ 2,571	\$ 5,115	\$ 5,167	\$ 5,859
Operating expenses					
Cost of sales	2,159	2,236	4,381	4,335	4,686
Selling, general and administrative	128	147	306	319	329
Amortization	185	185	368	385	398
Closure and restructuring costs	16	8	48	24	63
Impairment loss				201	
Net gains on disposals of property, plant and equipment	(7)		(37)	(2)	(1)
	2,481	2,576	5,066	5,262	5,475
Operating profit (loss) <sup>(1)</sup>	65	(5)	49	(95)	384
Financing expenses	73	80	148	169	192
Amortization of deferred gain	(2)	(2)	(5)	(4)	(5)
Earnings (loss) before income taxes	(6)	(83)	(94)	(260)	197
Income tax expense (recovery)	(18)	(38)	(52)	(67)	56
Net earnings (loss)	12	(45)	(42)	(193)	141
Dividend requirements of preferred shares	1	1	1	2	1
Net earnings (loss) applicable to common shares	\$ 11	\$ (46)	\$ (43)	\$ (195)	\$ 140



**Table of Contents**

(In millions of Canadian dollars, except per share amounts)	Six months ended June 30,		Years ended December 31,		
	2005	2004	2004	2003	2002
	(unaudited)				
Net earnings (loss) per common share:					
Basic	\$ 0.05	\$ (0.20)	\$ (0.19)	\$ (0.86)	\$ 0.62
Diluted	\$ 0.05	\$ (0.20)	\$ (0.19)	\$ (0.86)	\$ 0.61
<b>Other financial data:</b>					
EBITDA <sup>(1)</sup>	\$ 252	\$ 180	\$ 428	\$ 514	\$ 809
Capital expenditures	80	95	204	236	226
Weighted average number of common shares outstanding (millions):					
Basic	229.5	228.4	228.7	227.3	227.2
Diluted	230.6	228.4	228.7	227.3	228.1
<b>Amounts under U.S. GAAP:</b>					
Net earnings (loss)	\$ 4	\$ (69)	\$ (76)	\$ (153)	\$ 218
Net earnings (loss) per common share:					
Basic	\$ 0.01	\$ (0.31)	\$ (0.34)	\$ (0.68)	\$ 0.96
Diluted	\$ 0.01	\$ (0.31)	\$ (0.34)	\$ (0.68)	\$ 0.95

(In millions of Canadian dollars)

June 30, 2005

(unaudited)

**Balance sheet data:**

Cash and cash equivalents	\$ 70
Property, plant and equipment	4,123
Total assets	5,763
Short-term bank indebtedness	29
Long-term debt <sup>(5)</sup>	2,169
Shareholders' equity	2,040

	Six Months ended June 30,		Years ended December 31,		
	2005	2004	2004	2003	2002
<b>Trade shipments<sup>(2)</sup></b>					
Papers (in thousands of ST) <sup>(3)</sup>	1,253	1,322	2,562	2,499	2,613
Market pulp (in thousands of ADST)	302	409	808	769	789
Lumber (in millions of FBM)	584	495	1,009	999	1,037
Containerboard (in thousands of ST) <sup>(4)</sup>	164	151	300	320	338
Corrugated containers (in millions of SF) <sup>(4)</sup>	3,421	3,366	6,802	6,699	6,378

(1) Operating profit is a non-GAAP measure that is determined by deducting cost of sales, selling, general and administrative expenses (SG&A), amortization expense, closure and restructuring costs, impairment loss and net gains on disposal of property, plant and equipment from sales. EBITDA (Earnings Before Interest (Financing Expenses), Taxes and Amortization) is also a non-

**Table of Contents**

GAAP measure and is determined by adding back amortization expense, including portions related to specified items (impairment losses and write-downs), financing expenses and income taxes to net earnings. We focus on operating profit and EBITDA as these measures enable us to compare our results between periods without regard to debt service or income taxes (for operating profit) and without regard to amortization (for EBITDA). As such, we believe it would be useful for investors and other users to be aware of these measures so they can better assess our performance. Our operating profit and EBITDA measures have no standardized meaning prescribed by GAAP and are not necessarily comparable to similar measures presented by other companies and therefore should not be considered in isolation. The following table reconciles net earnings under Canadian GAAP to EBITDA for the six months ended June 30, 2005 and 2004 and for the years ended December 31, 2004, 2003 and 2002:

(In millions of Canadian dollars)	Six Months ended June 30,		Years ended December 31,		
	2005	2004	2004	2003	2002
	(unaudited)				
Net earnings (loss)	\$ 12	\$ (45)	\$ (42)	\$ (193)	\$ 141
Income tax expense (recovery)	(18)	(38)	(52)	(67)	56
Financing expenses	73	80	148	169	192
Amortization of deferred gain	(2)	(2)	(5)	(4)	(5)
Amortization	185				