

## News Release

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TICKER SYMBOL	MEDIA AND INVESTOR RELATIONS
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### **DOMTAR TO EXPAND ITS PERSONAL CARE BUSINESS WITH THE ACQUISITION OF ASSOCIATED HYGIENIC PRODUCTS**

(All financial information is in U.S. dollars, unless otherwise noted.)

- Acquired business is the #1 supplier of store brand infant diapers in the United States
- Purchase price of \$272 million, synergies of \$10 million to be achieved within two years
- Dramatically expands the North American footprint and product range of our Personal Care division
- Transaction is expected to close in the second quarter of 2013

**Montreal, May 28, 2013** – Domtar Corporation (NYSE: UFS) (TSX: UFS) today announced the signing of a definitive agreement for the acquisition of privately-held Associated Hygienic Products (“AHP”), the largest manufacturer and supplier of store brand infant diapers in the United States, from DSG International for \$272 million. The closing of the transaction is expected by the end of the second quarter of 2013, subject to customary closing conditions.

*“The market for store brand infant diapers is growing steadily in North America driven by high quality products and a strong value proposition. The acquisition of AHP will provide meaningful market expansion opportunities and innovative product development capabilities with our existing Personal Care business, as well as synergies to the bottom line,”* said John D. Williams, President and Chief Executive Officer of Domtar. *“This will be our fourth transaction in Personal Care in two years, and with it the division will reach over \$200 million in annualized EBITDA by 2017. This earnings runway is part of our Company-wide goal of having \$300-\$500 million in annualized EBITDA from growing businesses over the next four years.”*

AHP manufactures and markets infant diapers in the United States with established long-term relationships in the retail distribution channels. AHP operates two large modern facilities, a 376,000 square foot manufacturing facility in Delaware, Ohio and a 312,000 square foot manufacturing facility in Waco, Texas. The company also has administrative offices and operates a distribution center in Duluth, Georgia. AHP has 621 employees and has annual run rate sales and EBITDA of \$320 million and \$31 million respectively.

It is anticipated that the integration to Domtar's Personal Care division will provide annualized synergies of \$10 million within two years. The synergies will come from a combination of lower purchasing costs, a reduction in general and administrative costs and sharing of best practices in manufacturing and product development.

Commenting on the benefits of the acquisition, Michael Fagan, Senior Vice-President, Personal Care said *"This acquisition will add a key product line to our offering, a competitive manufacturing base to our existing footprint and solid access to the retail channels for our adult incontinence products. AHP invests heavily in research and development and brings to the marketplace quality products, a highly trained workforce and the know-how to service large retailers. I am also impressed with the substantial investments made in the past five years in the facilities which will limit the capital requirements for the foreseeable future."*

The acquired business will be integrated in the Personal Care segment of Domtar's financial information filed to the Securities and Exchange Commission.

Please refer to the attached fact sheet for further information.

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#### **About Domtar**

Domtar Corporation (NYSE: UFS) (TSX: UFS) designs, manufactures, markets and distributes a wide variety of fiber-based products including communication papers, specialty and packaging papers and adult incontinence products. The foundation of its business is a network of world class wood fiber converting assets that produce papergrade, fluff and specialty pulps. The majority of its pulp production is consumed internally to manufacture paper and consumer products. Domtar is the largest integrated marketer of uncoated freesheet paper in North America with recognized brands such as Cougar<sup>®</sup>, Lynx<sup>®</sup> Opaque Ultra, Husky<sup>®</sup> Opaque Offset, First Choice<sup>®</sup> and Domtar EarthChoice<sup>®</sup>. Domtar is also a leading marketer and producer of a complete line of incontinence care products marketed primarily under the Attends<sup>®</sup> brand name. Domtar owns and operates Ariva<sup>®</sup>, a network of strategically located paper and printing supplies distribution facilities. In 2012, Domtar had sales of US\$5.5 billion from some 50 countries. The Company employs approximately 9,300 people. To learn more, visit [www.domtar.com](http://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 latest Annual Report on Form 10-K filed with the SEC as updated by the Company's latest Quarterly Report on Form 10-Q. Unless specifically required by law, we assume no obligation to update or revise these forward-looking statements to reflect new events or circumstances.