

Growing in a growing market

Domtar's acquisition of Associated Hygienic Products

Transaction Overview

Purchase price of \$272 MILLION	Transaction is expected to close in the SECOND QUARTER of 2013	Company has annual sales and EBITDA of \$320 MILLION and \$31 MILLION respectively	Estimated annualized synergies of \$10 MILLION
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Strategic Rationale:

- Dramatically expands the North American footprint and product range of Domtar's Personal Care division
- AHP will provide meaningful market expansion opportunities and innovative product development capabilities
- Combination with Domtar will add a key product line to Domtar's offering and solid access to the retail channels for Domtar's adult incontinence products
- Substantial capital investments made in the past five years which will limit capital requirements for the foreseeable future
- Market for store brand infant diapers growing steadily in North America
- Estimated annualized synergies of \$10 million within two years

Associated Hygienic Products 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 sales and EBITDA of \$320 million and \$31 million respectively



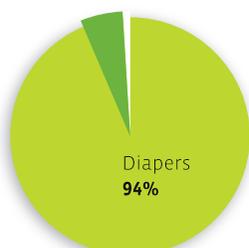
INVESTMENT HIGHLIGHTS

- #1 player in store brand infant diapers in the US
- Strong and established relationships in the retail sales channel
- Two modern and efficient manufacturing facilities
- Significant investments to support innovation and cost competitiveness
- Highly trained workforce and the know-how to service large retailers

Product Breakdown 2012

Trainings
Pants 5%

Youth
Pants 1%



To find out more about Domtar, its people, its products and operations, go to:
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Forward-Looking Statements

All statements in this fact sheet that are not based on historical fact including those relating to the growth of Attends and its impact on earnings, 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 whether product demand grows as expected, competitive responses by other manufacturers and those set forth under the captions "Forward-Looking Statements" and "Risk Factors" of the latest Form 10-K filed with the SEC as periodically updated by subsequently filed Form 10-Q's. Unless specifically required by law, we disclaim any obligation to update or revise these forward-looking statements to reflect new events or circumstances.