

**Certain Uncoated Paper from Australia, Brazil,  
China, Indonesia, and Portugal**

**701-TA-528-529 and 731-TA-1264-1268 (Preliminary)**

**Preliminary Conference  
February 11, 2015**

**Respondents' Injury Presentation**

## Geographic Business Segment Operating Results | Before Special Items

\$ Million	Segment Operating Profit				
	4Q13	3Q14	4Q14	2013	2014
<b>Industrial Packaging</b>					
North America	\$479	\$570	\$479	\$1,813	\$2,032
Europe	\$8	\$4	\$8	\$32	\$31
Brazil	(\$1)	(\$2)	(\$1)	\$2	(\$4)
Asia	\$0	(\$3)	(\$2)	\$2	(\$5)
<b>Printing Papers</b>					
North America	\$37	\$75	\$37	\$154	\$156
Europe	\$36	\$44	\$38	\$167	\$140
Brazil	\$61	\$58	\$53	\$210	\$209
Asia / India	(\$2)	(\$5)	(\$3)	(\$21)	(\$12)
N.A. Pulp	\$11	\$20	\$30	\$2	\$57
<b>Consumer Packaging</b>					
North America	\$4	\$52	\$32	\$110	\$100
Europe	\$25	\$27	\$27	\$100	\$91
Asia (Sun JV)	\$3	\$0	(\$4)	(\$2)	(\$5)

# First Quarter Outlook | Changes from 4Q14

		North America	EMEA & Russia	Brazil	Asia <sup>1</sup>
Volume	Paper	Stable	Seasonal Decrease	Seasonal Decrease	Stable
	Packaging	Stable	Stable	Seasonal Decrease	Stable
Pricing / Mix	Paper	Stable	Pressure	Stable	Stable
	Packaging	Stable	Pressure	Stable	Stable
Operations & Other	Paper	Stable	Stable	Improving	Stable
	Packaging	Industrial (+) Consumer (-)	Stable	Stable	Stable
Inputs & Freight	Paper	Stable	Stable	Stable	Stable
	Packaging	Improving	Stable	Stable	Stable
Mill Maintenance Outages	Paper	Decrease \$3MM	N/A	Decrease \$5MM	N/A
	Packaging	Increase \$22MM	N/A	N/A	N/A
ILIM JV Equity Earnings			Non-recurring currency impact <sup>2</sup>		
Other Items		<ul style="list-style-type: none"> <li>▪ Tax rate, in line with full-year outlook of 33%</li> <li>▪ Interest, flat</li> <li>▪ Corporate expense, ~\$15MM in 1Q2015</li> <li>▪ Operating pension expense, ~\$5MM higher in 1Q2015 (~\$20MM higher full year)</li> </ul>			

<sup>1</sup> Includes India    <sup>2</sup> Assumes F/X at 4Q14 exit rate

**JOHN D. WILLIAMS**  
**PRESIDENT & CHIEF EXECUTIVE OFFICER**  
**DOMTAR CORPORATION**

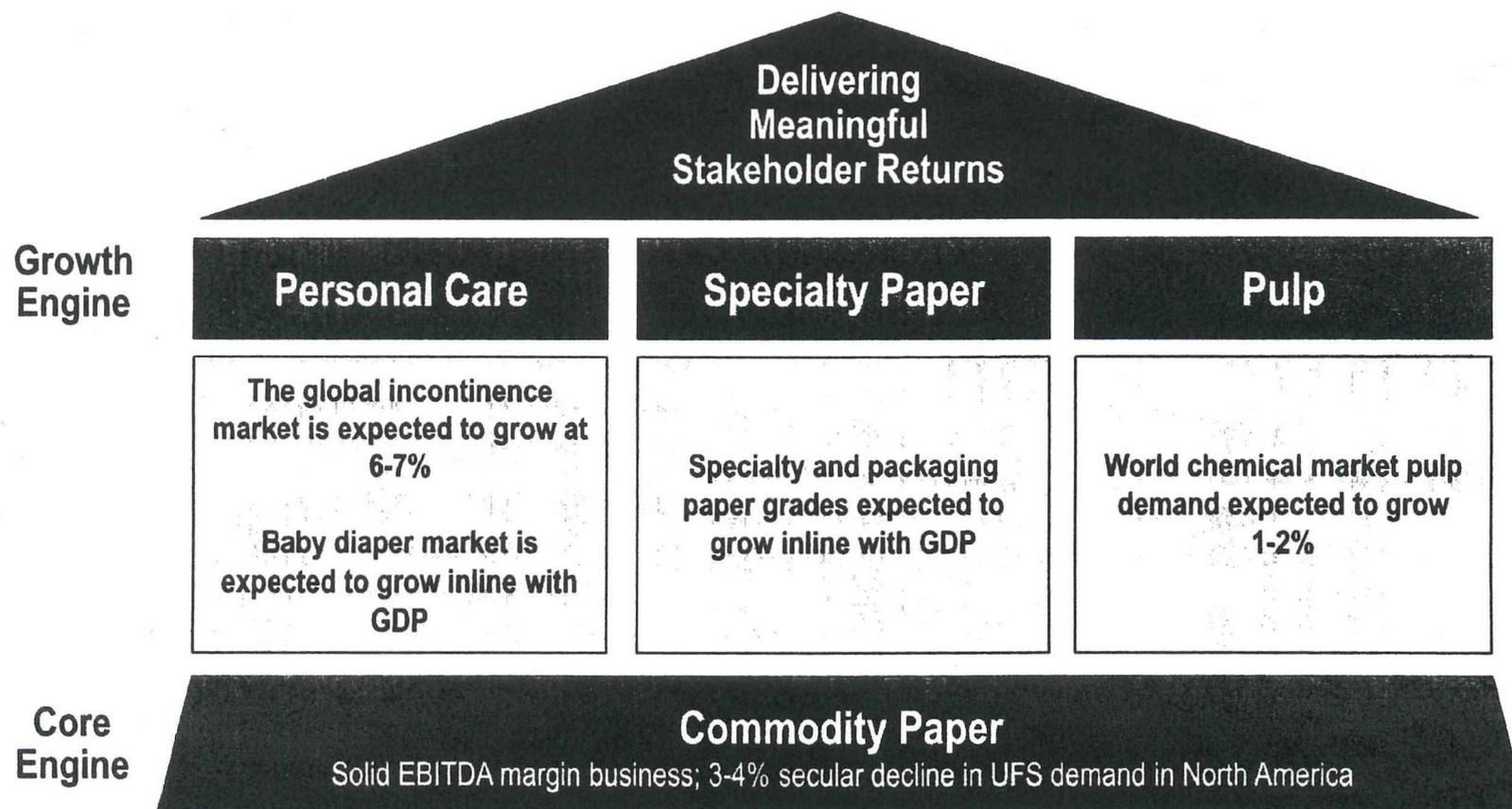
Bank of America Merrill Lynch Conference  
Boston, December 11, 2014

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

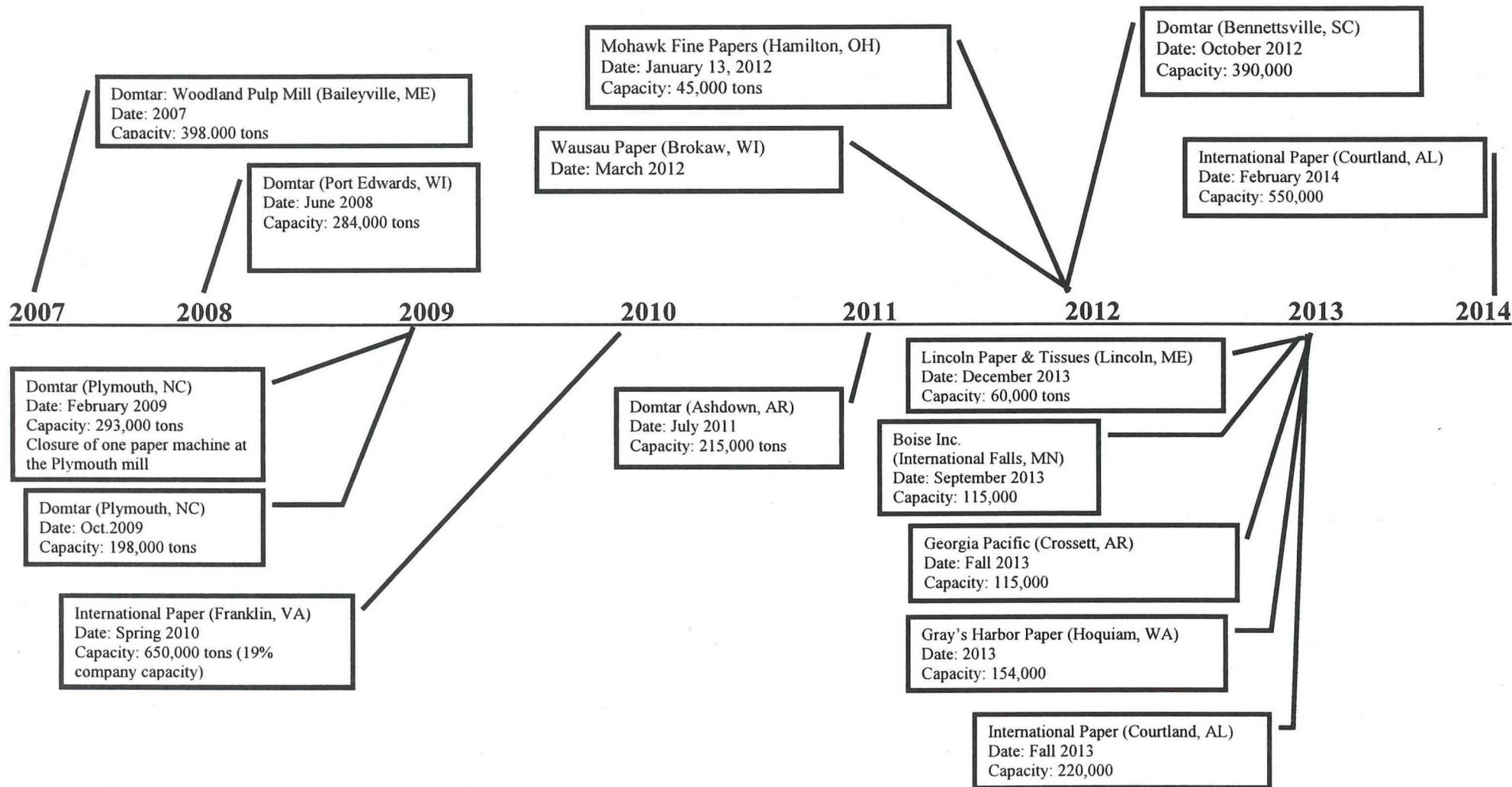


**Domtar**

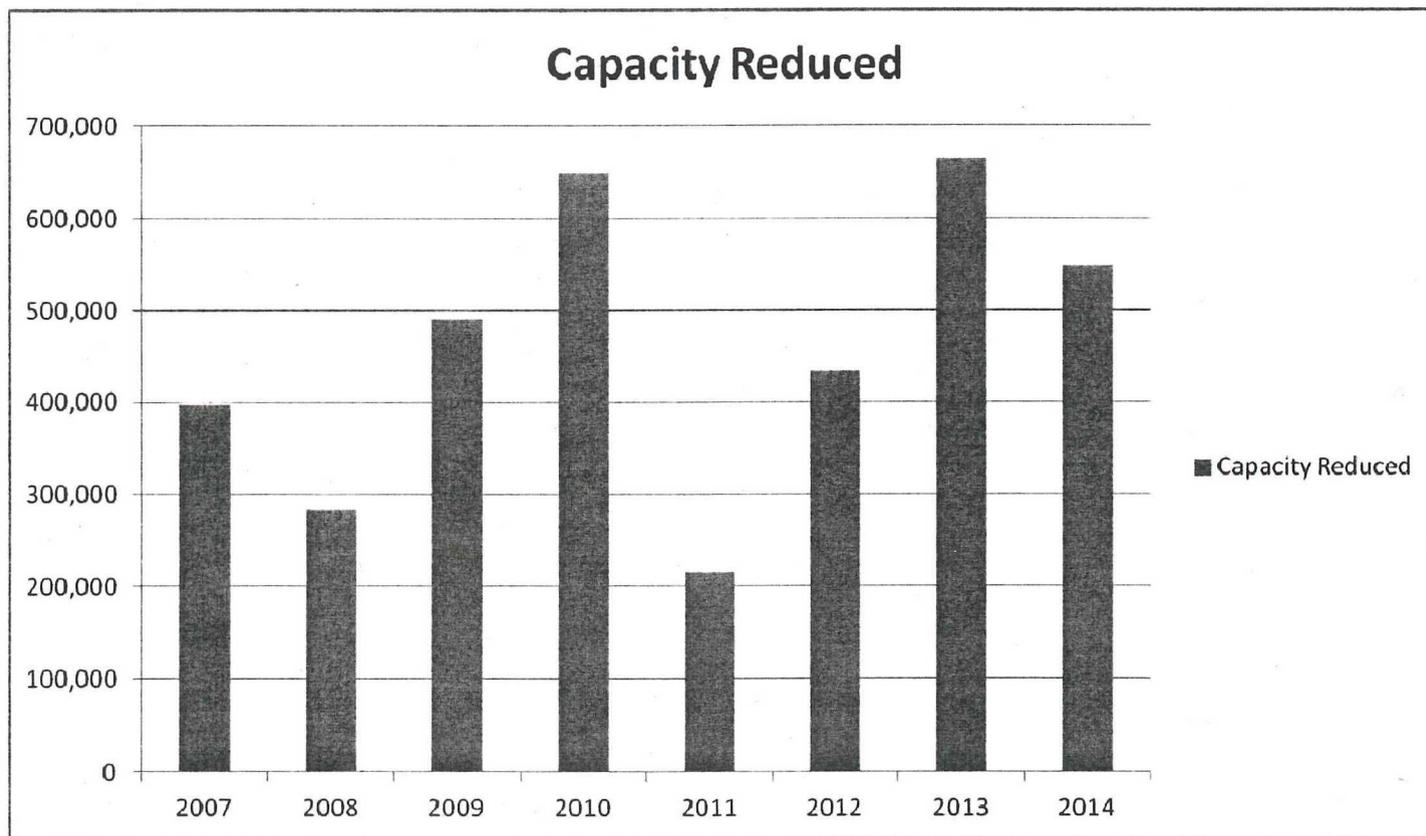
# CASH ENGINE TO SUPPORT EXPANSION IN HIGH GROWTH AREAS



## U.S. Domestic Mill and Machine Closures

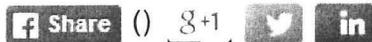


## Overall U.S. Domestic Uncoated Paper Capacity Annual Capacity Removals and Repurposing



# International Paper Announces Closure of its Courtland, Ala. Paper Mill

Permanent Closure to Reduce IP's North American Uncoated Freesheet Production Capacity



International Paper logo. (PRNew sFoto/INTERNATIONAL PAPER)



MEMPHIS, Tenn., Sept. 11, 2013 /PRNewswire/ -- International Paper (NYSE: IP (<http://studio-5.financialcontent.com/prnews?Page=Quote&Ticker=IP>)) today announced plans to permanently close its Courtland, Ala. Mill, a facility that is part of the company's Printing and Communications Papers Business. The mill will shut down in stages with a full closure expected to be complete by the end of the first quarter of 2014. This mill closure will reduce IP's North American uncoated and coated freesheet paper production capacity by 950,000 tons, of which 765,000 is uncoated freesheet.

(Logo: <http://photos.prnewswire.com/prnh/20020701/IPLOGO>  
(<http://photos.prnewswire.com/prnh/20020701/IPLOGO>))

"These decisions are especially difficult because of the impact to long-serving and hard-working employees, their families and the surrounding communities," said International Paper Chairman and CEO, John Faraci.

"This decision to permanently close capacity is primarily being driven by demand decline for uncoated freesheet paper products in the United States."

The Courtland Mill produces papers for forms, envelopes, labels, copiers, printers and magazines. The demand for uncoated freesheet in North America has been in decline since 1999 and has recently accelerated as consumers continue to switch to electronic alternatives such as online publications and electronic billing and filing.

International Paper is committed to helping the 1,100 employees impacted by the closure. The company will work closely with union officials concerning benefits and other assistance programs for impacted hourly employees. Salaried employees impacted by these machine shutdowns will be eligible for severance packages and outplacement assistance consistent with company policy. Employee assistance providers will be available to support employee and family needs.

"We explored numerous business and re-purposing options for the Courtland Mill, but concluded that permanently closing the mill best positions the business for the future," said Printing and Communications Papers Senior Vice-President Tim Nicholls.

International Paper's Printing and Communications Papers Business will consist of four paper mills focused on uncoated freesheet, bristols and specialty papers markets:

- Two uncoated freesheet paper mills, Eastover, S.C. and Riverdale, Ala.
- Two specialty paper mills, Georgetown, S.C. and Ticonderoga, N.Y.

The company's fluff pulp business is not impacted by this announcement.

"IP's Printing Papers business remains a valuable and strategic part of IP. Our manufacturing, commercial and supply chain capabilities are strong, as is our commitment to serving the North American uncoated freesheet market," Nicholls added.

The company estimates that the mill closure will result in pre-tax noncash asset write-off and accelerated depreciation charges of approximately \$550 million and pre-tax cash severance and other shutdown charges of approximately \$125 million to be recorded during the remainder of 2013 and in 2014.

### **About International Paper**

International Paper (NIP (<http://studio-5.financialcontent.com/prnews?Page=Quote&Ticker=IP>)) is a global leader in packaging and paper with manufacturing operations in North America, Europe, Latin America, Russia, Asia and North Africa. Its businesses include industrial and consumer packaging and uncoated papers, complemented by xpedx, the company's North American distribution company. Headquartered in Memphis, Tenn., the company employs approximately 70,000 people and is strategically located in more than 24 countries serving customers worldwide. International Paper net sales for 2012 were \$28 billion. For more information about International Paper, its products and stewardship efforts, visit [internationalpaper.com](http://internationalpaper.com).

## Boise paper mill to lay off 300 in International Falls

By John Myers Duluth News Tribune

Updated: 05/02/2013 05:17:15 PM CDT

TwinCities.com

Northern Minnesota's wood products industry woes continued in a big way Thursday when Boise Inc. announced it will close two of its four paper machines at its International Falls mill resulting in 300 jobs being permanently eliminated.

The announcement came in the company's first-quarter financial report, in which the paper company announced it lost \$1.2 million from January through March. That compares to the company's net income of \$21.3 million for the same period in 2012.

"To improve the cost competitiveness of our Paper business, where we operate against the background of secularly declining demand for our products, we have made the difficult decision to close two paper machines and an off-machine coater at our International Falls mill," Alexander Toeldte, president and chief executive officer, said in the report. "These closures we expect to occur no later than fourth quarter 2013."

The closures will reduce the company's production of white business paper by about 115,000 tons, or 9 percent, and allow the company to "focus our efforts on key products and machines that drive our profitability, improve our cash flow, and enhance the overall competitiveness of our International Falls mill and our Paper business," Toeldete said. "This decision will result in the loss of approximately 300 jobs. We understand the impact this decision has on our dedicated employees, as well as the community of International Falls. We appreciate their efforts and support over the years.

"

Boise will retain about 580 employees at the mill running two paper machines producing uncoated white office paper and producing the pulp that's made into paper, Virginia Aulin, Boise vice president of human resources and corporate affairs, told the News Tribune this morning.

"We will no longer have to buy pulp to make our paper in International Falls," Aulin said.

Boise Inc. is based in Boise, Idaho, with four large mills making white paper and another mill producing newsprint. The company also owns paper distributing facilities.

Aulin said the job elimination is permanent but that the downsizing should make the remaining mill jobs more secure.

"All of us use less paper," she said. "There's a declining demand for paper and we have to be sustainable if we want to survive as a company."

The downsizing probably will have a ripple effect through the Koochiching County economy and hit already-hurting loggers across the region who supply the mill with its wood fiber.

Earlier this year, Wisconsin-based Wausau Paper says it is closing its Brainerd mill and eliminating 134 jobs because of stiff global competition in overseas markets where the company was trying to expand.

Last August, Georgia-Pacific announced it would permanently close its Duluth hardboard plant, putting 141 employees out of work.

Since 2008, three oriented strand board manufacturing mills closed in Grand Rapids, Bemidji and Cook with a loss of hundreds of jobs. In Deerwood, 158 jobs were lost when Weyerhaeuser closed its strand lumber plant. And last year the Verso Paper Mill in Sartell closed for good after a deadly Memorial Day explosion and fire. It had already shed 175 jobs in late 2011 and the closure meant 260 more layoffs.

10

HOME PAGE	TODAY'S PAPER	VIDEO	MOST POPULAR	TIMES TOPICS
-----------	---------------	-------	--------------	--------------

**The New York Times** Search  
 Wednesday, February 4, 2015 **Business Day**  
**Markets**

WORLD	U.S.	N.Y. / REGION	BUSINESS	TECHNOLOGY	SCIENCE	HEALTH	SPORTS	OPINION	ARTS
-------	------	---------------	----------	------------	---------	--------	--------	---------	------

[Global](#)
[DealBook](#)
[Markets](#)
[Economy](#)
[Energy](#)
  
[Your Money](#)

Fees and fine print

## Domtar announces major investment at its Ashdown, AR mill

Published: December 10, 2014

- \$160 million capital project to convert a paper machine to a fluff pulp line
- Allows for the production of up to 516,000 metric tons of fluff pulp per year
- Conversion will reduce UFS capacity by approximately 364,000 short tons

### TICKER SYMBOL

(NYSE: UFS) (TSX: UFS)

MONTREAL, Dec. 10, 2014 /CNW Telbec/ - Domtar Corporation (NYSE: UFS) (TSX: UFS) today announced that its Board of Directors has approved a \$160 million capital project to convert a paper machine at the Ashdown, Arkansas mill to a high quality fluff pulp line used in absorbent applications such as baby diapers, feminine hygiene and adult incontinence products. The planned conversion is expected to come online by the third quarter 2016 and will allow for the production of up to 516,000 metric tons of fluff pulp per year once the machine is in full operation. The project will also result in the permanent reduction of 364,000 short tons of annual uncoated freesheet production capacity in the second quarter of 2016.

*"The fluff pulp conversion project at the Ashdown mill is an important step in advancing our strategy to generate \$300 to 500 million of EBITDA from*

12 *growth businesses," said John D. Williams, Chief Executive Officer. "We are expanding our presence in a growing business that will allow us to support our top-tier supplier position with some of the world's largest producers of absorbent hygiene products. Once completed, Ashdown, together with our Plymouth mill will provide a platform to further strengthen our leading position as an effective producer of high quality fluff pulp with nearly one million tonnes of total production capacity."*

Commenting on the reduction of papermaking capacity, Mr. Williams added, *"The conversion of the paper machine in 2016 will further help balance our supply with our customers' demand. In the interim, the flexibility of the two remaining paper machines at the Ashdown mill allows us to take measured steps to adjust our paper production while selling papergrade pulp."*

The conversion work is expected to commence during the second quarter of 2016 and the fluff pulp line is scheduled to start-up by the third quarter 2016. The cost of conversion will be approximately \$160 million of which \$40 million is expected to be invested in 2015 and \$120 million in 2016. The Company will also invest in a pulp bale line that will provide flexibility to manufacture papergrade softwood pulp, contingent on market conditions.

The aggregate pre-tax earnings charge in connection with this conversion is estimated to be \$117 million which includes an estimated \$114 million in non-cash charges relating to accelerated depreciation of the carrying amounts of the manufacturing equipment as well as the write-off of related spare parts. Of the estimated pre-tax charge of \$117 million, \$3 million relates to estimated cash severance, employee benefits and training. Of the estimated total pre-tax charge of \$117 million, \$9 million is expected to be recognized in the fourth quarter of 2014 and \$108 million is expected to be incurred during 2015 and 2016.

As a result of the fourth quarter decision to convert the nature and use of line A64 of the Ashdown Pulp and Paper mill, the carrying amount of the assets of the Ashdown mill is being tested for impairment and may result in a write

-down during the fourth quarter of 2014. The carrying amount of such assets was approximately \$813 million at November 30, 2014.

---

### 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 absorbent hygiene 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 broad line of absorbent hygiene products marketed primarily under the Attends<sup>®</sup>, IncoPack and Indasec<sup>®</sup> brand names. In 2013, Domtar had sales of \$5.4 billion from some 50 countries. The Company employs approximately 10,000 people. To learn more, visit [www.domtar.com](http://www.domtar.com).

### Safe Harbor

The statements in this release regarding our conversion plans with respect to our Ashdown facility are forward-looking statements. Actual results could differ materially for a number of reasons, including demand and price for fluff products, the availability of the parts and equipment for the conversion of the mill, the cost and availability of raw materials, and the other factors that impact our business generally.

SOURCE Domtar Corporation

ELSEWH



A depa  
Schrut

In perf  
Sign u

TRADI