

Threat of Injury Presentation

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Domtar

“Purposeful” Shift of Production

BANK OF AMERICA MERRILL LYNCH US BASIC MATERIALS CONFERENCE | DECEMBER 11TH 2014

STRATEGIC PRIORITIES

1

Intensely focused on executing our strategic priorities with clear vision to generate long-term, profitable growth

2

Building on our expertise as fiber innovators and leveraging our cash-generating Pulp & Paper platform to expand into growth businesses

3

Strategically deploying capital towards growth opportunities while continuing track record of returning cash to shareholders

Source: John D. Williams, Domtar President & CEO, Bank of America Merrill Lynch Conference Presentation, Boston, December 11, 2014



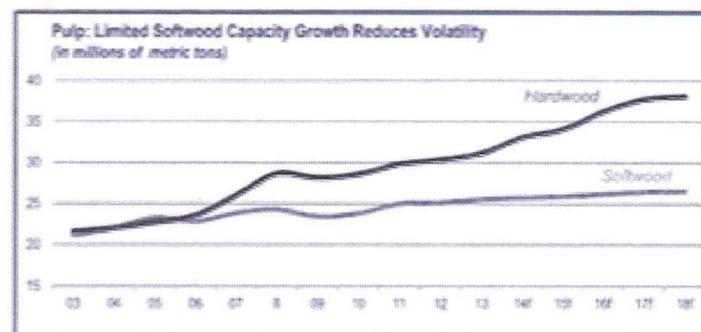
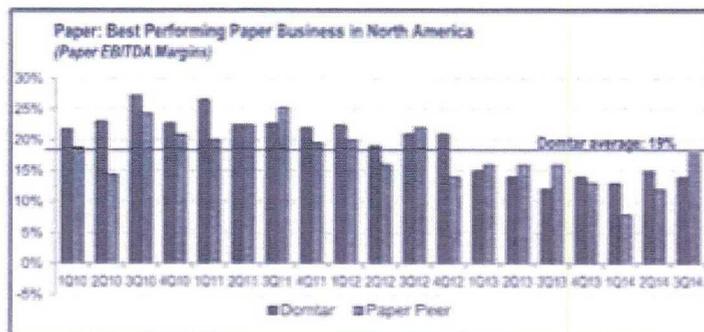
Domtar Growth Strategy

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EFFICIENT PULP & PAPER OPERATIONS TO DRIVE MAXIMUM VALUE

- Maintain leading position in N.A. through broad manufacturing network and product diversity
- Reduce costs and adjust manufacturing system according to our customer demand
- Extract maximum value from our assets to generate cash and fund expansion into new growth areas

- Leverage our fluff pulp position to grow with key producers of absorbent hygiene products
- Continue to shift customer base towards hygiene, personal care and strategic P&W markets
- Build on our sustainability and certification platform



Source: PPPC

Source: John D. Williams, Domtar President & CEO, Bank of America Merrill Lynch Conference Presentation, Boston, December 11, 2014

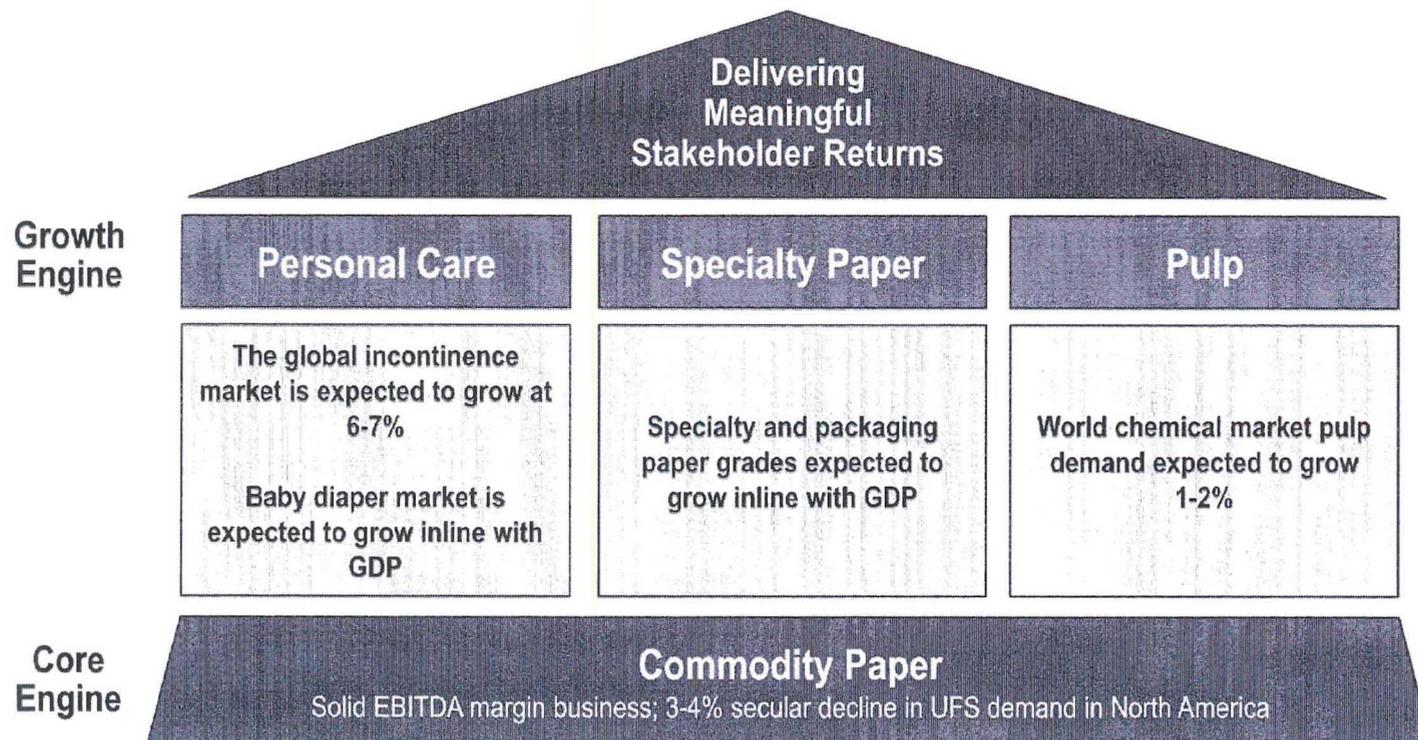
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Domtar Growth Strategy

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CASH ENGINE TO SUPPORT EXPANSION IN HIGH GROWTH AREAS



Source: John D. Williams, Domtar President & CEO, Bank of America Merrill Lynch Conference Presentation, Boston, December 11, 2014

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Canada-based Domtar Corporation plans a \$160 million capital project to convert a paper machine at its 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 firm 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. 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 growth businesses," said John D. Williams, CEO. "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, Williams added, "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."

According to the firm, 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.

Domtar Corporation Plans \$160 Million Conversion At Ashdown, Arkansas, Mill

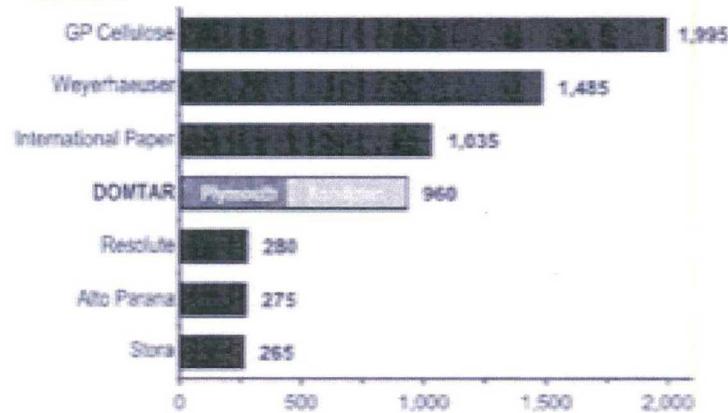
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ASHDOWN CONVERSION

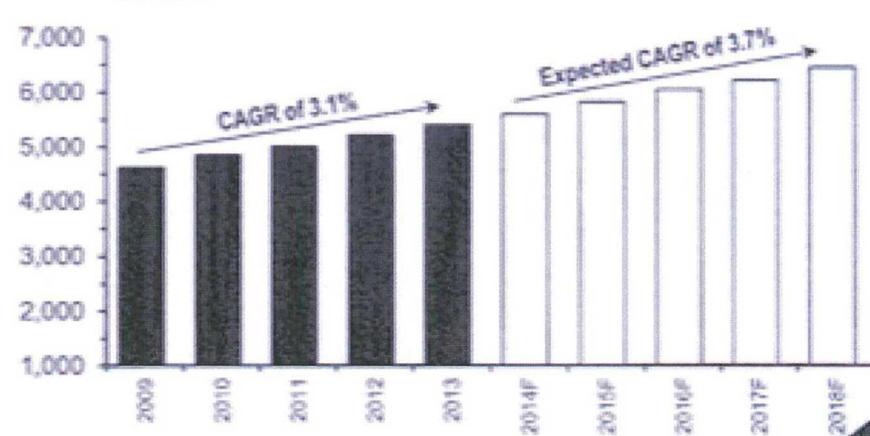
- Allows us to diversify into growth markets while capitalizing on our core competencies
- Expands our established presence in a growing business
- Provides us with the ability and scale to meet the needs of some of the world's largest producers of absorbent hygiene products
- Positions us as a global leader and effective producer of high quality fluff pulp with nearly 1 million tonnes of capacity

Global Fluff Pulp Production Capacity
'000 admt



Source: RISI, Domtar

Global Fluff Pulp Demand
'000 admt

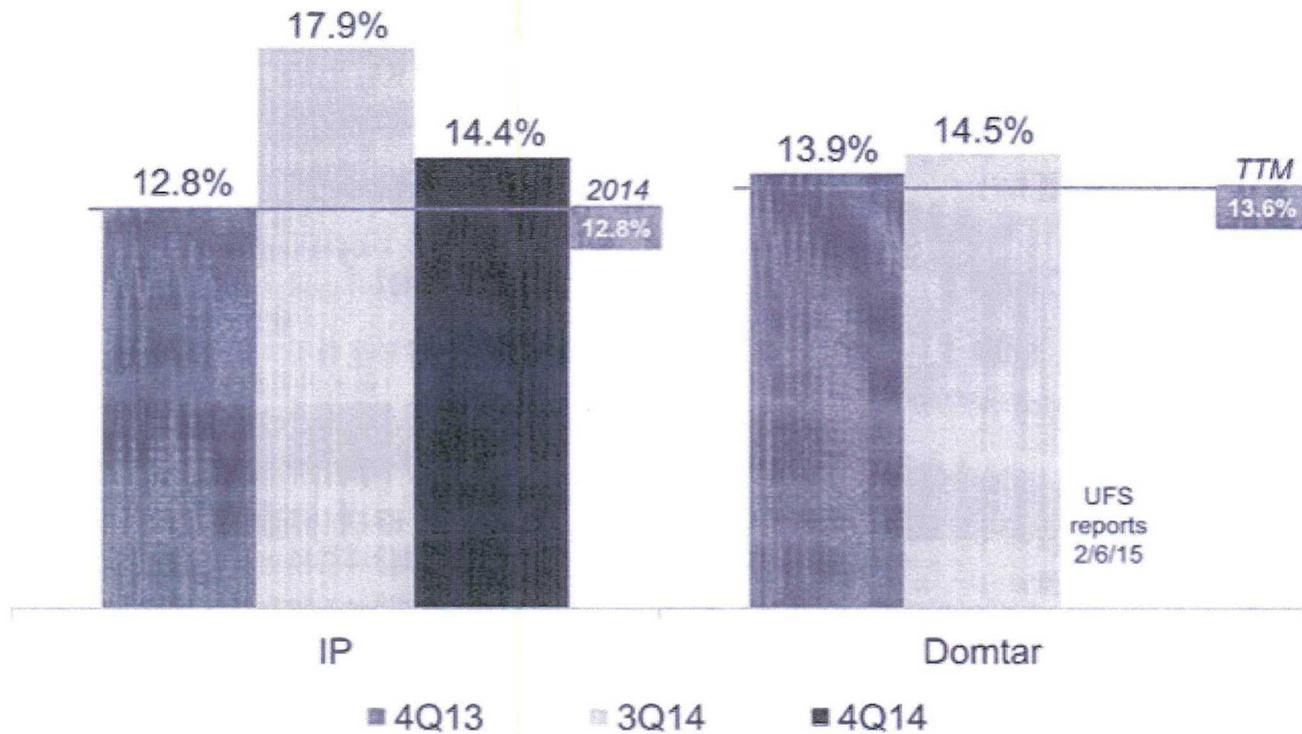


Source: RISI

Source: John D. Williams, Domtar President & CEO, Bank of America Merrill Lynch Conference Presentation, Boston, December 11, 2014

IP Paper Margins

N.A. Printing Papers Relative EBITDA Margins



IP EBITDA margins based on operating profit from continuing operations before special items
 Competitor EBITDA margin estimates obtained from public filings and IP analysis
 EBITDA margins reflect the Printing Papers and Pulp businesses

Source: IP Earnings Presentation: Fourth Quarter and Full-Year 2014
 Earnings, IP Power Point Presentation (January 28, 2015)

IP Growth Projections

Key Financial Metrics

Continued Strong Cash From Operations
and Cash Flow Generation

\$ Million (Except as noted)	2013	2014	2015 Estimate
Capital Spending	\$1.2 B	\$1.4 B	~ \$1.5 B
Depreciation & Amortization	\$1.5 B	\$1.4 B	~ \$1.4 B
Net Interest Expense ¹	\$618	\$601	~ \$580
Corporate Items	\$61	\$51	~ \$60
Effective Tax Rate	26%	31%	~ 33%

¹Before special items

23 Earnings Presentation | Fourth Quarter and Full-Year 2014

INTERNATIONAL  PAPER

Source: IP Earnings Presentation: Fourth Quarter and Full-Year 2014
Earnings, IP Power Point Presentation (January 28, 2015)

Shift of Resource Allocation

The shift of resource allocation by International Paper, Domtar and other U.S. producers away from uncoated free sheet paper to other products has accomplished **two important commercial objectives**:

- First, their **operations have been reoriented** to segments of the paper market that they characterize as growth opportunities
- Second, as domestic producers have decommissioned their most inefficient lines, the **performance of the industry on its uncoated free sheet paper operations is robust and improving** by any objective measure

Given the success of its restructuring over the past year, it is unsurprising the domestic industry is continuing to maximize its profitability by continuing to shift its resources to products other than uncoated free sheet paper for reasons that have nothing to do with subject imports

No Threat of Injury

Imports of uncoated free sheet paper have been *drawn into* the U.S. market as the U.S. industry shut down production lines or converted them to other types of paper products

The capacity reduction by the U.S. industry are part of deliberate corporate strategies that are driven *not by imports*, but *by the secular decline* in demand for copy paper coupled with a rise in demand for other paper products

The uncoated free sheet paper capacity reductions/conversions will continue, underscoring the demand pull that is behind the rise in imports

The financials of the major players which show 2014 profitability gains that they say will continue into 2015, prove that the business strategy is working, thus undermining the claim of present and future injury “by reason of” subject imports