

## News Release

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TICKER SYMBOL	MEDIA AND INVESTOR RELATIONS	FOR MORE INFORMATION
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**DOMTAR INAUGURATES COMMERCIAL LIGNIN PRODUCTION**  
*Plymouth Mill to produce bio-material with wide range of industrial applications as  
petro-chemical alternative - the first of its kind in over quarter century*

**Montreal, March 12, 2013** – Domtar Corporation (NYSE: UFS) (TSX: UFS) today announced that it has successfully installed a commercial-scale lignin separation plant at its Plymouth, North Carolina mill, the first U.S. facility of its type in over 25 years. The production of BioChoice™ lignin began in February, with a targeted rate of 75 tons a day, destined for a wide range of industrial applications as a bio-based alternative to the use of petroleum and other fossil fuels.

The successful installation of commercial-scale lignin removal capacity at the Plymouth Mill is the culmination of a research and engineering project launched by Domtar in 2010. This project was further boosted when the U.S. Department of Agriculture and the U.S. Department of Energy awarded the company a grant through the Biomass Research and Development Initiative. Domtar's lignin operation sets a new path for the industry and also marks the latest sustainability milestone for a company that has long been recognized as an industry leader in forest certification and environmental stewardship.

“Our vision is to be a global leader in fiber-based innovation,” said Bruno Marcoccia, Domtar’s director of research and development. “A big part of this is our focus on partnering with best-in class collaborators to develop new products and markets for a wide portfolio of initiatives, like BioChoice.”

“The possibilities for making a real difference in terms of offering manufacturers a bio-based alternative to the use of petro-chemicals is truly exciting,” said Hasan Jameel, a professor in North Carolina State University’s Department of Forest Biomaterials. “This is a big win for sustainability on two counts - Domtar improves the efficiency of its pulp-making process, and at the same time the market gets a reliable, high-quality source of this underused material with so much potential.”

A wide range of potential applications for BioChoice lignin exists, including fuels, resins and thermoplastics.

For more information, please visit [www.domtar.com](http://www.domtar.com).

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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>, an extensive network of strategically located paper and printing supplies distribution facilities. In 2012, Domtar had sales of US\$5.5 billion from nearly 50 countries. The Company employs approximately 9,300 people. To learn more, visit [www.domtar.com](http://www.domtar.com).

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