

DOMTAR TO PARTICIPATE IN THE BIOMASS-FUELED POWER PLANT PROJECT AT ITS ROTHSCHILD, WISCONSIN PAPER MILL SITE

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TICKER SYMBOL (NYSE: [UFS](#)) (TSX: UFS)

MONTREAL, June 20, 2011 /PRNewswire/ - Domtar Corporation (NYSE: UFS) (TSX: UFS) today announced that its Board of Directors has authorized the signing by Domtar Paper Company, LLC (a wholly-owned subsidiary of Domtar) of the revised project agreements with Wisconsin Electric Power Company ("We Energies") to participate in the project that will see We Energies construct a biomass-fueled power plant at Domtar's Rothschild, Wisconsin paper mill site. The revised project agreements have been agreed to by the parties and reflect the order points contained in the Certificate of Authority issued on May 12, 2011 by the Wisconsin Public Service Commission ("PSC"). Under the timeline set out by the PSC, We Energies must submit a compliance filing within a 45-day period from the date of the Certificate of Authority, indicating that the order points have been addressed.

"This project is an innovative way to improve our mill's competitiveness and environmental performance while providing more **green power** to the State of Wisconsin," said John D. Williams, President and Chief Executive Officer of Domtar. "Wood is a renewable resource that can be used for producing pulp, paper, and electricity, and we are proud to leverage our expertise in sustainable fiber procurement."

The project is expected to create approximately 400 construction jobs and 150 permanent jobs in the surrounding community, including jobs for independent wood suppliers and haulers. **Wood, waste wood and sawdust** will be used to produce 50 megawatts of green electricity for the grid and to support Domtar's papermaking operations in Rothschild under a steam supply agreement. The project will result in a highly efficient use of bio-mass resources and Domtar mill's infrastructure while allowing Domtar to retire less efficient boilers, virtually eliminating its use of fossil fuels at the mill. The construction is expected to take 30 months for a start-up by the end of the third quarter of 2013.

Domtar Corporation is approximately 75% energy self-sufficient across its North American manufacturing footprint of 13 pulp and paper mills. The average

Domtar pulp and paper facility draws approximately 87% of its thermal energy (energy required to make steam) from renewable fuels such as biomass and spent cooking liquor.

About Domtar Domtar Corporation (NYSE: [UFS](#)) (TSX: UFS) is the largest integrated manufacturer and marketer of uncoated freesheet paper in North America and the second largest in the world based on production capacity, and is also a manufacturer of papergrade, fluff and specialty pulp. The Company designs, manufactures, markets and distributes a wide range of business, commercial printing and publishing as well as converting and specialty papers including recognized brands such as Cougar[®], Lynx[®] Opaque Ultra, Husky[®] Opaque Offset, First Choice[®] and Domtar EarthChoice[®] Office Paper, part of a family of environmentally and socially responsible papers. Domtar owns and operates Ariva[™], an extensive network of strategically located paper distribution facilities. The Company employs approximately 8,500 people. To learn more, visit www.domtar.com.

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