



234 Kingsley Park Drive
Fort Mill, South Carolina 29715



News Release

TICKER SYMBOL (NYSE: UFS) (TSX: UFS)	DOMTAR MEDIA RELATIONS Leo Makowski Manager Communications Tel.: 803-578-2403	APPVION MEDIA RELATIONS Wendy Melzer Vice President Human Resources & Communications Tel.: 920-991-7546	DOMTAR INVESTOR RELATIONS Nicholas Estrela Director Investor Relations Tel.: 514-848-5049
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DOMTAR AGREES TO PURCHASE APPVION POINT OF SALE BUSINESS

Fort Mill, SC, February 14, 2020 – Domtar Corporation (NYSE: UFS) (TSX: UFS) today entered into an asset purchase agreement with Appvion Operations, Inc. to acquire Appvion's Point of Sale (POS) paper business. The agreement includes the coater and related equipment located only at the West Carrollton, Ohio, facility as well as a license for all corresponding intellectual property. The transaction is expected to close in the second quarter of 2020.

"The combination of Domtar's world-class paper-making capabilities with the West Carrollton coater's significant scale will make a globally competitive point of sale paper business and provide new options for our future growth," Domtar President & Chief Executive Officer John Williams said.

"Appvion and Domtar have enjoyed a strong mutually beneficial relationship over the last several years as part of our long term supply agreement," Graeme Hodson, president of Appvion's Paper division said. "The West Carrollton asset sale builds on that relationship and provides an opportunity for our POS business employees to become a part of a large integrated pulp and paper producer with the capability to leverage the coating asset to its maximum potential. Appvion will work closely with Domtar to enable a smooth transition of the business and ensure our POS customers continue to receive the exemplary customer service and high quality products they have come to expect."

Appvion will continue its focus and development efforts on its broad range of products servicing its customers in the Tag, Label & Entertainment markets, the Carbonless & Specialty paper markets, as well as the newly formed Packaging & Specialty Coating Division.

About Domtar

Domtar is a leading provider of a wide variety of fiber-based products including communication, specialty and packaging papers, market pulp and absorbent hygiene products. With approximately 10,000 employees serving more than 50 countries around the world, Domtar is driven by a commitment to turn sustainable wood fiber into useful products that people rely on every day. Domtar's annual sales are approximately \$5.2 billion, and its common stock is traded on the New York and Toronto Stock Exchanges. Domtar's principal executive office is in Fort Mill, South Carolina. To learn more, visit www.domtar.com.

About Appvion

Appvion creates product solutions through its development and use of coating formulations and applications. The Company produces thermal, carbonless, security, inkjet, digital specialty and colored papers. Appvion, headquartered in Appleton, Wisconsin, has manufacturing operations in Wisconsin, Ohio and Pennsylvania, and employs approximately 1,000 people. For more information, visit www.appvion.com.