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News Release

TICKER SYMBOL	INVESTOR RELATIONS
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DOMTAR TO TRANSFER CDN \$461 MILLION (US \$348 MILLION) OF CANADIAN PENSION OBLIGATIONS THROUGH GROUP ANNUITY CONTRACTS

Fort Mill, December 5, 2019 – Domtar Corporation (NYSE: UFS) (TSX: UFS) today announced that it has entered into an agreement with Sun Life to purchase group annuity buy-out contracts and to transfer approximately CDN \$360 million (US \$271 million) in obligations and related assets from its defined benefit pension plans in Ontario, Canada. In addition, Domtar will convert approximately CDN \$101 million (US \$76 million) of existing buy-in annuities with existing insurers into buy-out annuities to complete the full transfer of these obligations. No cash contributions will be required by Domtar. The transactions will enable Domtar to reduce risk associated with volatility in the Company’s pension plan obligations and assets.

The annuity buy-out transactions will transfer responsibility for pension benefits for approximately 1,265 Domtar retirees and spouses in receipt of survivor pensions. The timing and amounts of current monthly benefit payments will not change. The insurance companies will begin making benefit payments to the affected retirees and spouses on March 1, 2020.

In the fourth quarter of 2019, Domtar expects to record a before tax, non-cash pension settlement charge of approximately CDN \$40 million (US \$30 million) related to these annuity transactions.

Mercer, a leading consulting firm with expertise in pension risk, advised Domtar on the transactions.

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 \$5.5 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.