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News Release

TICKER SYMBOL	MEDIA AND INVESTOR RELATIONS
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DOMTAR ANNOUNCES SALE OF ITS WOODLAND, MAINE MARKET PULP MILL

Montreal, October 1, 2010 – Domtar Corporation (NYSE/TSX: UFS) announced today that it has sold its Woodland hardwood market pulp mill, hydro electric assets and related assets, located in Baileyville, Maine and New Brunswick, Canada, to International Grand Investment Corporation (IGIC). The purchase price is for an aggregate value of US\$60 million plus net working capital of US\$4 million. All customary closing conditions have been met.

“The sale of the Woodland mill is part of our strategy to reduce our exposure to hardwood pulp markets; the majority of our market pulp activities are in softwood and fluff pulp grades,” said John D. Williams, President and Chief Executive Officer. “Woodland, an early adopter of FSC[®] certification as well as ISO 9000 and 14000, has been responsibly manufacturing quality pulp for several decades. We concluded that this transaction was in the best interest of the company, in terms of strategy, and for the mill as it continues the employment of its dedicated workforce.”

Woodland was Domtar’s only non-integrated hardwood market pulp mill. It has an annual production capacity of 395,000 metric tons and currently employs approximately 300 people.

International Grand Investment Corporation (IGIC) is a U.S.-based Delaware registered company that represents international, individual investors in pulp trade and imports. This is IGIC’s second pulp mill acquisition in the United States this year. IGIC is committed to maintaining and enhancing the Woodland mill’s PEFC and FSC[®] certifications, to ensure sustainable and responsible fiber sourcing.

For IGIC media relations please contact Bert Martin at 207-316-8778.

About Domtar

Domtar Corporation (NYSE/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 Domtar Distribution Group, an extensive network of strategically located paper distribution facilities. The Company employs over 8,700 people. To learn more, visit www.domtar.com.

Forward-Looking Statements

All statements in this press release that are not based on historical fact are “forward-looking statements.” While management has based any forward-looking statements contained herein on its current expectations, the information on which such expectations were based may change. These forward-looking statements rely on a number of assumptions concerning future events and are subject to a number of risks, uncertainties, and other factors, many of which are outside of our control that could cause actual results to materially differ from such statements. Such risks, uncertainties, and other factors include, but are not necessarily limited to, those set forth under the captions “Forward-Looking Statements” and “Risk Factors” of the latest Annual Report on Form 10-K filed with the SEC as updated by the Company’s latest Quarterly Report on Form 10-Q. Unless specifically required by law, we assume no obligation to update or revise these forward-looking statements to reflect new events or circumstances.