

Domtar CORP  
Form DEF 14A  
March 28, 2014  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934**

(Amendment No. \_\_\_\_\_)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

**Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

**DOMTAR CORPORATION**

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

.. Fee paid previously with preliminary materials.

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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**Domtar Corporation**

395 de Maisonneuve Blvd. West

Montreal, Quebec H3A 1L6 Canada

March 28, 2014

Dear Stockholder:

You are cordially invited to attend the 2014 Annual Meeting of Stockholders of Domtar Corporation. The meeting this year will be held on April 30, 2014 at the Montreal Museum of Fine Arts, Claire and Marc Bourgie Pavilion, 1339 Sherbrooke Street West, Montreal, Quebec, H3G 1J5, starting at 9:00 a.m. (EDT).

The enclosed Notice of Annual Meeting of Stockholders and Proxy Statement provide information about all matters to be acted upon by the stockholders, including information about our 10 directors nominated for election, our corporate governance system, and compensation of our senior management. Financial and other information concerning Domtar Corporation is contained in the enclosed 2013 Annual Report on Form 10-K.

Your vote and participation are very important to us. As a holder of our common stock or of exchangeable shares of Domtar (Canada) Paper Inc., please take the time to review the proxy statement and accompanying materials and provide your vote on the business items of the meeting. If you are unable to attend the meeting in person, you can vote your shares by phone, via the internet or by signing, dating and returning the enclosed proxy card promptly. We will also webcast the meeting at [www.domtar.com](http://www.domtar.com).

On behalf of the Board of Directors, we thank you for your continued support of Domtar Corporation.

Sincerely,

Harold H. MacKay  
Chairman of the Board

John D. Williams  
President and Chief Executive Officer

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# NOTICE OF ANNUAL MEETING OF STOCKHOLDERS OF DOMTAR CORPORATION

**Time:** Wednesday, April 30, 2014, 9:00 a.m. (Eastern Daylight Time)

**Place:** Montreal Museum of Fine Arts, Claire and Marc Bourgie Pavilion, 1339 Sherbrooke Street West, Montreal, Quebec, H3G 1J5

**Proposals:** Stockholders will be asked to vote on the following matters:

1. The election of the 10 members of our Board of Directors named in the proxy statement;
2. The approval, by a non-binding advisory vote, of the compensation paid by the Corporation to its Named Executive Officers;
3. The ratification of the appointment of PricewaterhouseCoopers LLP as the Corporation's independent registered public accounting firm for the 2014 fiscal year; and
4. The transaction of any other business that may properly be brought before the annual meeting.

**Who Can Vote:** The record date for the annual meeting is March 7, 2014. The only securities eligible to vote at the annual meeting are the Corporation's common stock and a special share of voting stock held for the benefit of holders of exchangeable shares of Domtar (Canada) Paper Inc. issued in connection with the combination of Domtar Inc. and the fine paper business of Weyerhaeuser Company in March 2007.

**Date of Mailing:** This proxy statement and accompanying materials are first being mailed to stockholders on or about March 28, 2014.  
*NOTE: If you plan to attend the annual meeting, please note that registration and seating will begin at 8:00 a.m. Each stockholder will be asked to sign an admittance card and may be asked to present valid picture identification. Stockholders holding stock in brokerage accounts will need to bring a copy of a brokerage statement reflecting stock ownership as of the March 7, 2014 record date. Cameras and recording devices will not be permitted at the meeting. To obtain directions to attend the meeting and vote in person, please call Louise Larouche at (514) 848-5536.*

**Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting to Be Held on April 30, 2014:**

The proxy statement and our 2013 Annual Report on Form 10-K are available at [www.edocumentview.com/ufs](http://www.edocumentview.com/ufs).

Razvan L. Theodoru

Vice-President, Corporate Law and Secretary

Montreal, Quebec

March 28, 2014

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**PROXY SUMMARY**

*This summary highlights information contained elsewhere in this proxy statement. This summary does not contain all of the information that you should consider and you should read the entire proxy statement before voting. For more complete information regarding the Corporation's 2013 performance, please review the Corporation's Annual Report on Form 10-K.*

**2014 Annual Meeting of Stockholders**

**Date and Time** Wednesday, April 30, 2014, 9:00 a.m. (Eastern Daylight Time)

**Place** Montreal Museum of Fine Arts, Claire and Marc Bourgie Pavilion, 1339 Sherbrooke Street West, Montreal, Quebec, H3G 1J5

**Record Date** March 7, 2014

**Voting Matters and Board Recommendations**

	Board Recommendation
Election of 10 Directors (page 8)	FOR each Director Nominee
Advisory Vote to Approve Executive Compensation (page 54)	FOR
Ratification of Auditors (page 58)	FOR

**Our Business**

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 absorbent hygiene products. The foundation of our business is a network of world class wood fiber converting assets that produce papergrade, fluff and specialty pulps. The majority of our 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®, Lynx® Opaque Ultra, Husky® Opaque Offset, First Choice® and Domtar EarthChoice®. Domtar is also a leading marketer and producer of a complete line of incontinence care products marketed primarily under the Attends®, IncoPack and Indasec® brand names, as well as baby diapers. In 2013, Domtar had sales of US\$5.4 billion from over 50 countries. The Corporation employs approximately 10,000 people.

**2013 Business Highlights**

Secular demand decline continued in the North American commodity grades paper market in 2013. Our manufactured paper shipments decreased 1.8%, while our pulp shipments decreased 7% primarily due to the closure of a pulp line at one of our pulp mills. Our financial performance was impacted by price erosion in our uncoated paper business, productivity challenges in both our pulp and paper manufacturing during the first half of the year, and slow recovery in market pulp prices.

Domtar Personal Care, created just over two years ago, continued its growth with two additional acquisitions – a product line expansion into store brand infant diapers in North America, and, early in 2014, a geographic expansion into Southern Europe's adult incontinence (AI) products market.

Overall, our net earnings amounted to \$91 million (\$2.72 per share on a diluted basis) and cash flow provided from operating activities amounted to \$411 million for 2013. In addition, EBITDA before items<sup>1</sup> and free cash flow<sup>1</sup> amounted to \$658 million and \$169 million, respectively, while net debt-to-total capitalization ratio<sup>1</sup> stood at 24% at December 31, 2013.

<sup>1</sup> Non-GAAP financial measure. Refer to the Reconciliation of Non-GAAP Measures on page 62 of this Proxy Statement.





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Our 2013 accomplishments include:

Continued product line and geographic expansion of Domtar Personal Care:

**AHP** The acquisition of Associated Hygienic Products (AHP) in July 2013 made Domtar Personal Care a leading manufacturer of store brand infant diapers in the United States, as well as opening up a wide network of retail opportunities for the division's AI products.

**Indas** The early 2014 acquisition of Indas, Spain's largest manufacturer and marketer of branded adult incontinence products, positions Domtar Personal Care for pan-European growth.

Continued growth of our paper business - strong brand approach:

Domtar Pulp and Paper acquired the Xerox paper and media products business in North America and, with it, added a household brand to its line of environmentally responsible, high performing papers, as well as accessing Xerox research and development for printer technologies and paper performance. Continued rationalization of surplus assets:

We sold the U.S. arm of our stand-alone paper distribution business, Ariva.

We signed a purchase and sale agreement, subject to successful re-zoning by the developer, for the Ottawa, Ontario and Gatineau, Quebec mill sites. This is a major step towards disposing of this unique site, with a rich industrial history in the heart of Canada's National Capital Region, in a way that meets both stockholder and community expectations.

Continued investments in competitiveness:

\$91 million in capital investments in Domtar Personal Care

\$147 million in capital investments in Domtar Pulp and Paper

Continued proof points of Domtar values in action - Agility, Caring and Innovation:

Successful completion of conversion at our Marlboro, South Carolina mill from commodity to specialty paper grades

Successful start-up of Biochoice™ lignin production at our Plymouth, North Carolina mill

Best-ever safety performance with a Total Frequency Rate of 0.95, where a rate of 1.0 is considered world class in manufacturing  
Developments on capital allocation:

We announced an increase to our regular quarterly dividend by 22% from \$0.45 to \$0.55 and we repurchased 2.5 million shares or 7% of our outstanding float

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We successfully completed a \$250 million 30-year maturity debt offering

### **Important Dates for 2015 Annual Meeting of Stockholders**

Stockholder proposals submitted for inclusion in our 2015 proxy statement pursuant to SEC Rule 14a-8 must be received by us by November 28, 2014.

Notice of stockholder proposals to be raised from the floor of the 2015 Annual Meeting of Stockholders outside of SEC Rule 14a-8 must be received by us by January 29, 2015.

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# IMPORTANT INFORMATION ABOUT ANNUAL MEETING AND PROXY PROCEDURES

The Board of Directors is soliciting proxies to be used at the annual meeting of stockholders to be held on Wednesday, April 30, 2014, beginning at 9:00 a.m. (Eastern Daylight Time) at the Montreal Museum of Fine Arts, Claire and Marc Bourgie Pavilion, 1339 Sherbrooke Street West, Montreal, Quebec, H3G 1J5. This proxy statement and the accompanying materials are being mailed to stockholders beginning on or about March 28, 2014. We will bear the costs of the preparation, printing and distribution of the proxy statement and the accompanying materials.

*Unless the context otherwise requires, in this proxy statement (i) Corporation, Domtar, we, us and our, mean Domtar Corporation, a Delaware corporation, and its subsidiaries; (ii) our Board or the Board means the Board of Directors of the Corporation; (iii) our common stock means the common stock of the Corporation; (iv) exchangeable shares means the exchangeable shares of Domtar (Canada) Paper Inc.; (v) stockholders means holders of our common stock and holders of Domtar (Canada) Paper Inc. exchangeable shares; and (vi) all references herein are to U.S. dollars, unless otherwise indicated.*

**Q: Who may vote at the annual meeting?**

**A:** Our Board has established the record date for the annual meeting as March 7, 2014. The only securities eligible to vote at the annual meeting are the Corporation's common stock and a special share of voting stock held for the benefit of holders of exchangeable shares of Domtar (Canada) Paper Inc. Holders of our common stock and the trustee acting for the holders of exchangeable shares will vote together as a single class on all matters.

This proxy statement and the accompanying materials are being sent to holders of our common stock and holders of exchangeable shares at the direction of the Board. You may vote all of the shares of our common stock or provide voting instructions for all of the exchangeable shares that you owned at the close of business on the record date. Each share of our common stock and each exchangeable share not held by the Corporation or our affiliates entitles the holder to one vote on each of the 10 director nominees and one vote on all other matters presented at the meeting. On the record date, we had 32,055,527 shares of common stock outstanding and entitled to vote at the meeting and there were 429,408 exchangeable shares outstanding and entitled to give voting instructions for the meeting.

**Q: How do I provide voting instructions for my exchangeable shares?**

**A:** A trustee, Computershare Trust Company of Canada, holds the special share of voting stock under a trust agreement. The trust agreement provides that each holder of exchangeable shares issued by Domtar (Canada) Paper Inc., a Canadian subsidiary of the Corporation, is entitled to instruct the trustee how to vote at the Corporation's stockholder meeting. Voting instruction cards are enclosed for holders of exchangeable shares. As of the record date, each exchangeable share is exchangeable into one share of our common stock and therefore entitles the holder thereof to provide instructions for one vote on all matters presented at the meeting. The trustee will cast votes equal to the number of outstanding exchangeable shares as to which the trustee has timely received voting instructions from the holders. If the trustee does not receive voting instructions from a holder of exchangeable shares, such holder's votes will not be cast at the annual meeting unless the stockholder attends the meeting in person, obtains a proxy from the trustee and votes the stock at the meeting as proxy for the trustee.

**Q: What proposals will be voted on at the annual meeting?**

**A:** At the annual meeting, stockholders will act upon the following matters:

1. The election of the 10 members of our Board of Directors named in the proxy statement;

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2. The approval, by a non-binding advisory vote, of the compensation paid by the Corporation to its Named Executive Officers;
3. The ratification of the appointment of PricewaterhouseCoopers LLP as the Corporation's independent registered public accounting firm for the 2014 fiscal year; and
4. The transaction of any other business that may properly be brought before the annual meeting.

The Corporation's senior management will also present information about the Corporation's financial performance during 2013 and will answer questions from stockholders.

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**Q: How does the Board recommend I vote?**

**A:** Our Board unanimously recommends that you vote **FOR** each proposal. Please see the information included in this proxy statement relating to each item being submitted to stockholder vote at the meeting.

**Q: What happens if additional matters are presented at the annual meeting?**

**A:** Other than the items of business described in this proxy statement, we are not aware of any other business to be acted upon at the annual meeting. If you grant a proxy with respect to shares of our common stock or provide voting instructions with respect to exchangeable shares, the persons named as proxyholders or the trustee, as the case may be, will have the discretion to vote your shares on any additional matters properly presented for a vote at the meeting in accordance with Delaware law and our by-laws.

**Q: What vote is required to approve each proposal?**

**A:** Each share of our common stock and each exchangeable share not held by the Corporation or our affiliates is entitled to one vote on each of the 10 director nominees and one vote on all other matters presented at the meeting. With respect to Item 1, director nominees must receive a majority of the votes cast (the number of votes cast for a director nominee must exceed the number of votes cast against that nominee) in order to be elected. The adoption of Item 2 proposal Advisory Vote to approve Named Executive Compensation and Item 3 Ratification of Appointment of Independent Registered Public Accounting Firm proposal require the affirmative vote of a majority of the voting power of the shares present in person or represented by proxy at the annual meeting and entitled to vote thereon.

**Q: What if a director nominee does not receive a majority of the votes cast?**

**A:** In accordance with our Corporate Governance Guidelines, the Board will nominate for re-election as a director only candidates who agree to tender an irrevocable, contingent resignation that shall only become effective upon (i) the director's failure to receive a majority of the votes cast in an uncontested election of directors at any meeting of stockholders of the Corporation duly held for such purpose, and (ii) the Board's acceptance of such resignation. If an incumbent director fails to receive the required vote for re-election, then, within 90 days following the applicable stockholders meeting, the Nominating and Corporate Governance Committee will act to determine whether to accept the director's resignation and will submit the recommendation for prompt consideration by the Board, and the Board will act on the Committee's recommendation. Thereafter, the Board will promptly disclose publicly its determination whether to accept the director's resignation offer. No director may participate in the Nominating and Corporate Governance Committee recommendation or Board action regarding whether to accept such director's resignation offer.

**Q: What is the difference between a stockholder of record and a street name holder?**

**A:** These terms describe the manner in which your shares are held. If your shares are registered directly in your name through Computershare Trust Company, N.A., our transfer agent, you are a stockholder of record. If your shares are held in the name of a brokerage firm, bank, trust or other nominee as custodian on your behalf, you are a street name holder.

**Q: How do I vote my shares?**

**A:** Subject to the limitations described below, you may vote by proxy or provide your voting instructions:

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1. by completing and signing each proxy card or voting instruction card provided to you and returning it to the address provided on the proxy card or voting instruction card;
2. over the telephone by calling a toll-free number provided on the enclosed proxy card; or
3. electronically through the internet as described on the enclosed proxy card.

**Submitting a proxy card or voting instruction card.** Each stockholder may grant a proxy to have his or her shares voted at the annual meeting by submitting the proxy card(s) provided to him or her. Each holder of exchangeable shares of Domtar (Canada) Paper Inc. may instruct the trustee how to cast such holder's votes at the annual meeting by submitting the voting instruction card provided to him or her. When you return a proxy card or voting instruction card that is properly signed and completed, the shares of common stock or exchangeable shares represented by that card will be voted as specified by you.

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**Submitting a proxy by telephone or through the internet.** If you are a stockholder of record, you may also submit a proxy or provide voting instructions by telephone or through the internet. Please see the proxy card(s) provided to you for instruction on how to access the telephone and internet systems. If your shares are held in street name for your account, your broker or other nominee will advise you whether you may submit a proxy by telephone or through the internet. A number of banks and brokerage firms participate in programs that permit stockholders to submit a proxy by telephone or through the internet. If your shares are held by such a bank or brokerage firm, you may submit a proxy to have these shares voted at the annual meeting by telephone or internet by following the instructions on the voting instruction form accompanying this proxy statement.

**Q: Can I vote my shares in person at the annual meeting?**

**A:** If you are a holder of record of common stock, you may vote your shares in person at the annual meeting. If you hold your shares of common stock in street name, you must obtain a proxy or voting instruction card from your broker, banker, trustee or nominee, giving you the right to vote the shares at the annual meeting. If you are a holder of record of exchangeable shares, you must obtain a proxy from the trustee and vote your shares as proxy for the trustee to have the right to vote your shares at the annual meeting.

**Q: What constitutes a quorum, and why is a quorum required?**

**A:** A quorum is required for the Corporation's stockholders to conduct business at a meeting of stockholders. The presence of the holders of one-third of the voting power of all outstanding shares of the Corporation entitled to vote generally in the election of directors, represented in person or by proxy, will constitute a quorum at the annual meeting.

**Q: What if I don't vote or abstain from voting my shares of common stock? How are broker non-votes counted? If my shares of common stock are held in street name by my broker, will my broker vote my shares for me?**

**A:** Abstentions and broker non-votes are included in the determination of shares present for quorum purposes. Abstentions are not counted as a vote for or against the election of directors. If you abstain from voting for the proposal in Item 2 or Item 3, your abstention will have the same effect as a vote against that proposal. A broker non-vote occurs when a nominee, such as a broker, holding shares in street name for a beneficial owner, does not vote on a particular proposal because that nominee does not have discretionary voting power with respect to a proposal and has not received instructions from the beneficial owner. If you are a stockholder of shares held in street name, and you would like to instruct your broker how to vote your shares, you should follow the directions provided by your broker. Because the NYSE rules currently view the ratification of independent registered public accounting firms as a routine matter, your broker is permitted to vote on the proposal in Item 3 of this proxy statement if it does not receive instructions from you. **However, your broker does not have discretion to vote for or against the election of directors or to approve the compensation of the Named Executive Officers pursuant to the Say-on-Pay vote. In order to avoid a broker non-vote of your shares on these proposals, we encourage you to sign and return your proxy and vote your shares before the meeting so that your shares will be represented and voted at the meeting even if you cannot attend in person.**

**Q: What if I don't provide voting instructions with respect to my exchangeable shares?**

**A:** Exchangeable shares for which no voting instructions have been provided will not be voted by the trustee at the annual meeting. A holder of exchangeable shares may obtain a proxy from the trustee to cast the number of votes equal to the number of shares of common stock into which such holder's exchangeable shares are exchangeable and attend the annual meeting in person to cast such votes as proxy for the trustee.



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**Q: Can I change my vote after I have delivered my proxy or voting instruction card?**

**A:** Yes. If you are a stockholder of record, you may revoke your proxy or voting instructions at any time before your voting rights are exercised at the annual meeting by delivering a signed revocation letter to the Vice-President, Corporate Law and Secretary of the Corporation or the Trustee, as the case may be, or by submitting a new proxy or voting instruction card, dated later than your first proxy or voting instruction card, in one of the ways described in this proxy statement. If you are attending in person and have previously mailed your proxy card, you may revoke your proxy and vote in person at the meeting. Your attendance at the annual meeting will not by itself revoke your proxy. If you are a stockholder of shares held in street name by your broker and you have directed your broker to vote your shares, you should instruct your broker to change your vote or obtain a proxy to vote your shares if you wish to cast your vote in person at the meeting.

**Q: Will proxies be solicited in connection with the annual meeting?**

**A:** Yes. Proxies may be solicited on behalf of our Board by mail, telephone, other electronic means or in person and the Corporation will pay the solicitation costs. Copies of proxy materials and of our annual report to stockholders for 2013 will be supplied to brokers, dealers, banks and voting trustees, or their nominees for purposes of soliciting proxies from beneficial owners and the Corporation will reimburse those record holders for their reasonable expenses on behalf of the Corporation. Georgeson Inc. has been retained by the Corporation to facilitate the distribution of proxy materials at a fee of approximately \$32,000.00.

**Q: Where can I find voting results of the annual meeting?**

**A:** We will announce preliminary voting results at the meeting and publish final results in a Current Report on Form 8-K filed with the Securities and Exchange Commission (the "SEC") within four (4) business days following the meeting.

**Q: How can I submit a proposal to the Corporation for inclusion in the 2015 proxy statement?**

**A:** The Corporation will review for inclusion in next year's proxy statement stockholder proposals received by November 28, 2014. Proposals should be sent to Razvan L. Theodoru, Vice-President, Corporate Law and Secretary of the Corporation, at 395 de Maisonneuve Blvd. West, Montreal, Quebec, Canada, H3A 1L6.

Stockholder proposals not included in next year's proxy statement may be brought before the 2015 annual meeting of stockholders by a stockholder of the Corporation who is entitled to vote at the meeting, has given a written notice to the Secretary of the Corporation containing certain information specified in the by-laws and was a stockholder of record at the time such notice was given. Such notice must be delivered to or mailed and received at the address in the preceding paragraph no earlier than December 30, 2014 and no later than January 29, 2015, except that if the 2015 annual meeting of the stockholders is held before March 30, 2015 or after June 28, 2015, such notice must be delivered at the address in the preceding paragraph no earlier than 120 days prior to the new date of such annual meeting and not later than the 90th day prior to the new date of such annual meeting. In the event that less than 100 calendar days' notice or prior public disclosure by the Corporation of the date of the meeting is given or made to stockholders, notice by the stockholder to be timely must be so received not later than the close of business on the 10th day following the day on which such notice of the date of the annual meeting was mailed or such public announcement was made by the Corporation, whichever occurs first.

**Q: How can I obtain additional information about the Corporation?**

**A:** General information about the Corporation is available on our website at [www.domtar.com](http://www.domtar.com). You may view the investor relations section of our website at <http://www.domtar.com/en/investors/index.asp> for additional copies of this proxy statement and filings we have made with the SEC, which are also available in print, without charge, to any stockholder who requests them. In addition, the corporate section of our website at <http://www.domtar.com/en/corporate/index.asp> contains the Corporation's corporate governance documents, as adopted by our Board, including committee charters, the Corporate Governance Guidelines, the Code of Business Conduct for Members of the Board of Directors and Director

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Independence Standards.

Requests for print copies of any of the above-listed documents should be addressed to Domtar Corporation, 395 de Maisonneuve Blvd. West, Montreal, Quebec, Canada, H3A 1L6, Attention: Vice-President, Corporate Law and Secretary.

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For further information, you may also contact the Corporation's Investor Relations Department at the following address: Domtar Corporation, 395 de Maisonneuve Blvd. West, Montreal, Quebec, Canada, H3A 1L6.

*This proxy statement may contain forward-looking statements relating to expectations concerning matters that are not historical facts including but not limited to performance goals. These forward-looking statements are generally denoted by the use of words such as anticipate, believe, expect, intend, aim, target, plan, continue, estimate, project, may, will, should and similar expressions. These forward-looking statements are subject to certain risks and uncertainties, including but not limited to the factors described in our 2013 Annual Report on Form 10-K under the heading Item 1 Business Forward-Looking Statements, which could cause actual results to differ materially from the expected results, performance or achievements expressed or implied by the forward-looking statements. We undertake no obligation to revise or update any forward-looking statements for any reason.*

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# PROXY STATEMENT

## ITEM 1 ELECTION OF DIRECTORS

### Election

Pursuant to our by-laws, our Board of Directors has set the size of our Board at 10 members and has approved the nomination of the persons named in this proxy statement for election at this year's annual meeting, by unanimous vote.

The 10 nominees for election as directors are listed below. If elected, the nominees for election as directors will serve for a term of one year that will expire at our 2015 annual meeting or until their successors are elected and qualify.

**Unless you instruct us via proxy to vote differently, we will vote valid proxies FOR the election of such nominees.** *If for any reason any nominee cannot or will not serve as a director, we may vote such proxies for the election of a substitute nominee designated by the Board of Directors.*

**Please note that if you hold your shares in street name, your broker is not able to vote on your behalf with respect to the election of directors without specific voting instructions from you. As a result, it is important if you are a stockholder in street name that you provide instructions to your broker or vote your shares as provided in this proxy statement.**

### Selection of Nominees for Election to the Board

The Board believes that in fulfilling its overall stewardship responsibility to the Corporation and its stockholders, it is of utmost importance that the Board functions effectively as a team and that this requires the experience, qualifications and skills of each Board member to complement those of the others. The Nominating and Corporate Governance Committee reviews and updates the skills matrix on an ongoing basis in light of current business conditions and the changing face of both the industry and the Corporation. The comments which follow reflect the process and factors taken into account by the Nominating and Corporate Governance Committee in recommending to the Board the Board nominees described in this proxy statement, bearing in mind both the Corporation's Corporate Governance Guidelines and the skills matrix.

The Nominating and Corporate Governance Committee considers potential nominees for Board membership suggested by its members and other Board members, by members of management and stockholders, as well as by recruitment consultants who may be retained by the Committee to source potential candidates meeting the nomination criteria. As noted above, the Nominating and Corporate Governance Committee evaluates prospective nominees against the skills matrix and the personal and other qualifications set out in the Corporation's Corporate Governance Guidelines. In that evaluation the Committee considers the need for the Board, as a whole, to be diverse in the broadest sense and to consist of individuals (a) with relevant career experience and technical skills, industry knowledge and experience, financial and capital markets expertise, international business experience, and senior executive management experience, together with (b) valuable individual personal qualifications, including strength of character, mature judgment, independence of thought and an ability to work collegially. The Nominating and Corporate Governance Committee makes a recommendation to the full Board as to the persons who should be nominated by the Board, and the Board determines the nominees after considering the recommendations and report of the Nominating and Corporate Governance Committee.

The Nominating and Corporate Governance Committee will consider director candidates recommended by stockholders in accordance with the procedures set forth in the Corporation's by-laws. A stockholder who wishes to recommend a prospective nominee for the Board should provide notice to the Vice-President, Corporate Law and Secretary of the Corporation, in the time and manner as specified in the Corporation's by-laws, which sets forth: the nominating stockholder's name and address; the name and address of the proposed nominee; a representation that the nominating stockholder is a holder of record of stock of the Corporation entitled to vote at the next annual meeting of stockholders and intends to appear in person or by proxy at the next annual meeting of stockholders to nominate the nominee; a description of any arrangements or understandings between the nominating stockholder and the nominee and any other person involved in the nomination process; such other information regarding the nominee as would have been required to be included in a proxy statement filed pursuant to the rules of the SEC had such nominee been nominated by the Board; the consent of the nominee to serve as a director of the Corporation if so elected; and a representation as to whether the nominating stockholder intends to solicit proxies in support of the nominee. The Corporation may require any proposed nominee to furnish such other information as it may reasonably require determining the eligibility of such proposed nominee to serve as a director.

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**Nominees**

A nominee must receive a majority of the votes cast with respect to the nominee at the annual meeting to be elected. The majority vote standard means that the number of shares voted for a director nominee must exceed the number of votes cast against that nominee. There are no other nominees competing for these seats on the Board of Directors, which means that we have uncontested elections. Following is certain information about each director nominee, including information regarding each nominee's specific experience, qualifications, attributes and skills that led our Board to the conclusion that he or she should serve as a director.

Nominee	Business experience
<b>Giannella Alvarez</b>	Ms. Alvarez served as executive vice-president and general manager of the Pet Business Unit at Del Monte Corporation, one of the United States' largest producers, distributors and marketers of branded pet and food products, between July 2013 and February 2014. From 2011 to 2013, Ms. Alvarez served as group president and CEO for Barilla Americas, where she was responsible for North, Central and South America's operations of Barilla S.p.A., a global food and beverages company headquartered in Parma, Italy, and where she also served as chairman of the board for Barilla America, Inc. and Barilla Canada. From 2006 to 2010 she held senior global management positions at The Coca-Cola Company as vice-president & general manager for the Active Lifestyle businesses and as global vice-president for the Hydration, Sports, Energy and New Beverages businesses. Prior to that Ms. Alvarez served in a number of increasingly senior positions in marketing and general management spanning several global locations and product categories including the personal care, beauty care, home care and business to business categories in Kimberly Clark Corporation, and at The Procter and Gamble Company.
Corporate Director	
Atlanta, Georgia	
Age: 54	

**Director Since:** 2012

We believe that Ms. Alvarez' extensive managerial and executive experience in international consumer product markets, including her knowledge of the personal care and paper products businesses, her consumer and branding experience gained through executive positions with global brand leaders, as well as her strategic abilities, brings a unique contribution to our Board.

**2013 Meeting Attendance:** 100%

**Committee**

**Memberships:** Audit

**Independent:** Yes

**Robert E. Apple**

Chief Operating Officer, MasTec, Inc.

Miami, Florida

Mr. Apple is the chief operating officer of MasTec, Inc., a national infrastructure construction company active in the engineering, building, installation, maintenance and upgrade of energy, communication and utility infrastructure. He has been in that position since 2006. During 2005 and 2006, he also served as president of the MasTec Energy Group. Prior to that, he was the senior vice-president of operations for the DIRECTV Group, Inc. Mr. Apple also served in various senior executive capacities from 1989 to 2001 within the Hughes Electronics and Telefonica S.A. organizations in Europe, including as chief executive officer of Hughes Electronics-Spain.

Age: 64

We believe that Mr. Apple's significant senior executive experience and managerial know-how, as well as his knowledge of European issues, qualify him as a member of our Board and the committee on which he serves.

**Director Since:** 2012

**2013 Meeting Attendance:** 100%

**Committee**

**Memberships:** Human Resources

**Independent:** Yes  
**Louis P. Gignac**

President, G Mining Services Inc.

Montreal, Quebec

Mr. Gignac has been a director of the Corporation and/or Domtar Inc. since 1995. From 1986 to 2006, he served as president and CEO of Cambior Inc., an international mining and exploration company with operations, development projects and exploration activities in the Americas that was acquired by IAMGOLD Corporation in 2006. In addition to leading Cambior, Mr. Gignac has held senior management positions with Falconbridge Copper Corp, and Exxon Minerals Company. He is currently the president of G Mining Services Inc., a private mining consulting firm with international activities.

**Age:** 63

We believe that Mr. Gignac's extensive experience as chief executive officer of a natural resources company, together with his financial and risk management experience, and his knowledge of international issues qualify him as a member of our Board and the committees on which he serves.

**Director Since:** 2007

**Other Board Service:**

**2013 Meeting Attendance:** 96%

Franco-Nevada Corporation

Marengo Mining Ltd. (until June 2013)

St. Andrew Goldfields Ltd. (until May 2013)

**Committee**

**Memberships:** Human Resources

Gaz Metro Inc. (until 2011)

Environmental, Health, Safety

Andean Resources Ltd. (until 2010)

and Sustainability

Norsemont Mining (until 2011)

**Independent:** Yes

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Nominee	Business experience
<b>David J. Illingworth</b>	Mr. Illingworth was elected to our Board in October 2013, and stands for election by the stockholders for the first time. Mr. Illingworth was the chief executive officer and a director of Smith & Nephew plc, a leading global orthopaedics devices public company, from 2007 until his retirement in 2011. Prior to 2007, he served as Smith & Nephew's Chief Operating Officer in 2006, and as president of the orthopaedics business from 2002 to 2006. Prior to his tenure with Smith & Nephew, Mr. Illingworth held senior executive positions with VidaMed, Inc., Nellcor Puritan Bennett LLC and GE Medical Systems, Inc.
Corporate Director	
Orchid, Florida	

**Age:** 60

We believe that Mr. Illingworth's extensive senior business leadership experience in the area of health care and medical products, as well as in-depth international knowledge of the life sciences and institutional health care sectors, provide him with a unique perspective that will significantly contribute to our Board and the committees on which he serves.

**Director Since:** 2013

**2013 Meeting Attendance:** 100%

**Other Board Service:**

Varian Medical Systems, Inc. (audit committee)

Universal Hospital Services, Inc.

**Committee**

**Memberships:** Audit

Environmental, Health, Safety  
and Sustainability

**Independent:** Yes

**Brian M. Levitt**

Non-executive co-chair, Osler, Hoskin & Harcourt LLP

Montreal, Quebec

Mr. Levitt has been a director of the Corporation and/or Domtar Inc. since 1997. Prior to the formation of the Corporation in March 2007, he was the Chairman of the Board of Domtar Inc. from 2004. From 1991 to 2000, Mr. Levitt was president and then chief executive officer of Imasco Limited, a public consumer products and services company. Mr. Levitt is the non-executive co-chair of Osler, Hoskin & Harcourt LLP, a major Canadian law firm. From 2001 to 2010, he was co-chair of the firm, and, prior to his time at Imasco, he was a partner in the firm. Mr. Levitt has served on boards of directors of public companies since 1987.

**Age:** 66

We believe that Mr. Levitt's extensive experience as chief executive officer of a large public company, as a board member and chair, and as a legal advisor to boards of directors of various public companies, in addition to his experience with, and understanding of the workings of, financial markets, corporate governance practices and regulatory matters make him a valuable member to our Board of Directors and the committees on which he serves.

**Director Since:** 2007

**2013 Meeting Attendance:** 100%

**Other Board Service:**

The Toronto-Dominion Bank (Chairman of the Board; chair, corporate governance committee; human resources committee)

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**Committee** Talisman Energy Inc.

**Memberships:** Finance (Chair) BCE Inc. (until 2011)

Nominating and Corporate

Governance

**Independent:** Yes

**David G. Maffucci**

Corporate Director

Charlotte, North Carolina

**Age:** 63

From 2005 to 2006, Mr. Maffucci served as executive vice-president of Bowater Incorporated and president of its newsprint division. He served as chief financial officer of Bowater Incorporated from 1995 to 2005 and held a variety of positions in its finance organization throughout much of his career. Mr. Maffucci served on the board of directors of Xerium Technologies, Inc., a manufacturer and supplier of consumable products used in paper production, from November 2008 to August 2010. From June 2009 to August 2010, he also served as executive vice-president and chief financial officer of Xerium and helped guide Xerium through a pre-packaged Chapter 11 bankruptcy. Xerium filed a voluntary petition for relief under Chapter 11 of the federal bankruptcy law as part of a pre-arranged restructuring plan with the support of its lenders on March 30, 2010 and emerged from Chapter 11 protection on May 25, 2010. Mr. Maffucci previously worked at KPMG and is a CPA.

**Director Since:** 2011

We believe that Mr. Maffucci's extensive financial and operating experience in our industry, his knowledge and understanding of corporate finance, strategic planning and risk management processes as well as his experience with a large public accounting firm make him a valuable contributor to our Board.

**2013 Meeting Attendance:** 100%

### Other Board Service:

**Committee**

Martin Marietta Materials Inc. (chair, audit committee)

**Memberships:** Audit

Xerium Technologies, Inc. (until 2010)

Environmental, Health, Safety

and Sustainability

Finance

**Independent:** Yes



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<p>Nominee  <b>Robert J. Steacy</b>                  Corporate Director                  Toronto, Ontario</p>	<p><b>Business experience</b>                  Mr. Steacy has been a director of the Corporation and/or Domtar Inc. since 2005. In addition to having worked for Ernst &amp; Young from 1973 to 1978 in its audit practice, Mr. Steacy has over 25 years of senior financial officer experience, including as vice-president, finance and as executive vice-president and chief financial officer of Torstar Corporation, an international publisher and a major Canadian media company, from 1989 until his retirement in 2005.</p>
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**Age:** 64

We believe that Mr. Steacy’s extensive financial expertise, as well as his risk assessment and risk management experience, uniquely qualify him as a member of our Board and the committees on which he serves, notably as the Chair of our Audit Committee.

**Director Since:** 2007

**Other Board Service:**

- Postmedia Network Canada Corporation (chair, audit committee)
- Cineplex Inc. (chair, audit committee)
- Canadian Imperial Bank of Commerce (until 2012)

**2013 Meeting Attendance:** 97%

**Committee**

**Memberships:** Audit (Chair)

- Nominating and Corporate
- Governance
- Finance

**Independent:** Yes  
**Pamela B. Strobel**

<p>Corporate Director                  Chicago, Illinois</p>	<p>In 2005, Ms. Strobel retired as an executive vice-president and chief administrative officer of Exelon Corporation, one of the largest U.S. electric utilities. During her tenure with Exelon and its predecessor companies, starting in 1993, Ms. Strobel served as an executive vice-president and chief administrative officer and as chief executive officer of Commonwealth Edison Company, as an executive vice-president and general counsel of Unicom Corporation and Commonwealth Edison Company, as president of Exelon’s Business Services Company, and as chairman and chief executive officer of Exelon Energy Delivery, the holding company for Exelon’s energy delivery business. Prior to her career at Exelon, she was a partner with Sidley, Austin, LLP. Ms. Strobel was named as one of Fortune Magazine’s Top 50 Women in Business in 2002.</p>
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**Age:** 61

We believe that Ms. Strobel’s extensive experience in senior executive positions and her in-depth knowledge and understanding of the energy sector provide a unique contribution to our Board and the committees on which she serves.

**Director Since:** 2007

**Other Board Service:**

- State Farm Mutual Automobile Insurance Company

**2013 Meeting Attendance:** 96%

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### Committee

Illinois Tool Works, Inc. (chair, audit committee; executive committee)

### Memberships: Human Resources (Chair)

Nominating and Corporate

Governance

### Independent: Yes

#### Denis Turcotte

President and CEO, North Channel Management and North Channel Capital Partners

Sault Ste. Marie, Ontario

Mr. Turcotte is currently president and CEO of North Channel Management and North Channel Capital Partners, business consulting and private investing firms. He is also a member of the advisory board of the Brookfield Capital Partners Funds, affiliates of Brookfield Asset Management. From 2002 to 2008, Mr. Turcotte was the president and CEO and a director of Algoma Steel Inc., a North American flat steel products manufacturer. From 1992 to 2002, he held a number of senior executive positions with companies in the pulp and paper industry, including president of the paper group and executive vice-president of corporate development and strategy of Tembec Inc., a leading integrated forest products company with operations in North America and France.

### Age: 52

We believe that Mr. Turcotte brings to the Board and the committees on which he serves his extensive experience as a senior executive of capital intensive and commodity-based industries.

### Director Since: 2007

#### Other Board Service:

### 2013 Meeting Attendance: 97%

Coalspur Mines, Ltd. (chair, remuneration and nomination committee; audit committee)

Norbord Inc. (audit committee; human resources committee; health, safety and environment committee)

### Committee

### Memberships: Environmental, Health,

Safety and Sustainability (Chair)

Human Resources

Finance

### Independent: Yes

#### John D. Williams

President and CEO, Domtar Corporation

Charlotte, North Carolina

Mr. Williams has been the President and Chief Executive Officer and a director of the Corporation since joining Domtar on January 1, 2009. Mr. Williams served in senior executive positions for over eight years with SCA Packaging Ltd. and SCA Packaging Europe, Europe's second largest producer of containerboard paper used for the manufacturing of corrugated box products. He served as president of SCA Packaging Europe, from 2005 to December 2008, where he assumed leadership over sales, marketing, finance, operations, manufacturing, distribution, supply chain and human resources. Prior to joining SCA Packaging, Mr. Williams held a number of increasingly senior positions in sales, marketing, management and operational roles, with Rexam PLC, Packaging Resources, Inc., Huhtamaki, Alberto Culver UK Ltd., and MARS Group.

### Age: 59

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**Director Since:** 2009

We believe that Mr. Williams' extensive international experience in key leadership roles in our industry, combined with his knowledge and understanding of global risks, challenges and opportunities facing our business, in addition to his outstanding leadership skills, are invaluable assets to our Board and our Corporation.

**2013 Meeting Attendance:** 100%

**Other Board Service:**

**Independent:** No

Owens Corning (audit committee; finance committee)

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**The Board of Directors unanimously recommends a vote FOR the election of each of the 10 director nominees.**

**Director Not Standing for Re-election**

Director	Business experience
<b>Harold H. MacKay</b>	Mr. MacKay has served as counsel to the law firm MacPherson Leslie & Tyerman LLP in Regina, Saskatchewan since 2005 and, prior to that, he was a partner in MacPherson from 1969 to 2004. In his legal practice, Mr. MacKay represented natural resources and manufacturing companies in their commercial transactions and provided advice in relation to corporate structure and governance issues. Mr. MacKay chaired the Task Force on the Future of the Canadian Financial Services Sector in 1997 and 1998 and subsequently served as the Clifford Clark policy advisor to the Department of Finance Canada. Mr. MacKay has been a director of several manufacturing, natural resources and financial services companies, including as chair of board governance committees. He has specific experience in the forest products industry, having served as a director of Weyerhaeuser Canada Ltd. and as an advisor to the International Committee of the Weyerhaeuser Company board. Mr. MacKay is also an Officer of the Order of Canada, and a fellow of the Institute of Corporate Directors.
Counsel, MacPherson Leslie & Tyerman LLP	
Regina, Saskatchewan	
<b>Chairman of the Board</b>	

**Age:** 73 We believe that Mr. MacKay’s legal expertise and knowledge of governmental and regulatory affairs, his work in respect of corporate governance, and his prior extensive board participation in a wide range of businesses equipped him to play a leadership role on our Board.

**Director Since:** 2007

**Other Board Service:**

**2013 Meeting Attendance:** 100%

The Toronto-Dominion Bank (risk committee (until April 2013); audit committee; corporate governance committee)

The Mosaic Company (until October 2013)

**Committee**

**Memberships:** Nominating and

Corporate Governance (Chair)

**Independent:** Yes

**Director Compensation**

**Process and Objectives**

The Board of Directors, on the recommendation of the Nominating and Corporate Governance Committee, is responsible for setting director compensation. Management is not involved in the process, and directors who are Domtar Corporation employees do not receive compensation for their service as directors.

The objectives of the Nominating and Corporate Governance Committee and the Board in setting director compensation are to:

attract highly qualified candidates to serve on the Board by remaining competitive with compensation paid to outside directors of comparable companies;

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align the interests of directors with the interests of stockholders by fostering a long-term commitment to Corporation stock ownership; and

establish total compensation on a simple, easy to understand flat fee basis with appropriate differentiation between levels of responsibility (such as serving as a committee chair).

### **Components of Director Compensation**

Our non-employee directors receive an annual cash retainer fee (\$85,000 in 2013 and \$100,000 in 2014) and annual equity-based compensation of equal value. The Chairman receives an annual cash retainer (\$150,000 in 2013 and \$175,000 in 2014) and annual equity-based compensation of equal value. Members of the Audit Committee are paid an additional cash retainer of \$10,000. The Chairs of the Audit and Human Resources committees receive additional cash retainers of \$30,000 and \$20,000, respectively. Each other committee Chair receives an additional cash retainer of \$10,000 (\$20,000 in 2014). The Chairman is not eligible for any of the committee retainers described above. There will generally be no Board or committee meeting fees; however, if more than 10 Board meetings are held in a calendar year, directors may be paid Board meeting fees of \$1,500 per additional meeting attended. In addition, each non-executive director traveling over three or more time zones from his or her residence in connection with his or her duties as a Board member is entitled to an annual travel fee of \$10,000 (\$15,000 in 2014) to compensate him or her for substantial additional travel time.

During 2013 the Nominating and Corporate Governance Committee (the NCGC ) completed a review of directors compensation and recommended the changes for 2014 described in the previous paragraph. As a part of its review, the NCGC engaged Hugessen

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Consulting Inc. ( Hugessen ) as its independent compensation advisor to conduct a benchmarking study to assess the competitiveness of the Corporation's director compensation programs. Hugessen advised that director compensation lagged the market median for a comparator group and recommended the changes which were made. The NCGC concluded that the changes would provide appropriate competitive positioning of director compensation and recommended the changes, which were approved by the Board in December 2013. The NCGC had last reviewed directors' compensation in 2010.

The equity portion of the directors' fees is paid in deferred share units granted under the Corporation's Omnibus Incentive Plan. A non-employee director may also elect to defer receipt of the cash portion of his or her annual retainer fee into deferred share units, subject to compliance with applicable tax requirements and rules established by the Human Resources Committee. Deferred share units are paid quarterly in arrears, with the number of deferred share units to be paid to be determined by dividing the dollar amount of the portion of that quarter's retainer fees to be paid in deferred share units by the closing market price of a share of Domtar common stock on the last day of the quarter. Dividends, when declared, on Domtar's common stock are notionally invested in additional deferred share units based on the closing share price on the dividend payment date. Deferred share units are generally settled in cash or shares of our common stock, as determined by the director, upon termination of his or her Board service as an eligible Director.

The NCGC assessed the independence of its compensation advisor, Hugessen, including the potential for conflicts of interest in light of recent changes to the NYSE listing standards. Based on its assessment, the NCGC concluded that its advisor was appropriately independent and free from potential conflicts of interests.

Effective in 2013, the Board, upon recommendation of the NCGC after consultation with Hugessen, approved the introduction of a new category of deferred share units that may be granted to those directors who have achieved 100% of their stock ownership requirements. Such directors may elect to receive the equity component of their annual retainer in deferred share units that may be settled in either cash or stock one year after the grant date. The grants of this new category of deferred share units will be made at the same time as the other deferred share units, and generally subject to the same terms and conditions pursuant to the Corporation's Omnibus Incentive Plan.

**Director Stock Ownership Requirements**

In order to align the long-term financial interest of our directors with those of our stockholders, directors are required to own a significant equity stake in the Corporation having a value of at least \$425,000 (\$500,000 in 2014) which is equivalent to five times the annual cash retainer, valued at the greater of cost or market value. Directors must meet this requirement within five years of becoming a director. All shares owned outright, as well as all deferred share units, are taken into consideration in determining compliance with these ownership guidelines. As of the date of this proxy statement, all current directors have reached the stock ownership requirements, except for Mr. Maffucci who joined the Board in May 2011, Ms. Alvarez who joined the Board in May 2012, Mr. Apple who joined the Board in October 2012 and Mr. Illingworth who joined the Board in October 2013.

**Director Compensation Table**

Name	Fees Earned or			
	Paid in Cash <sup>(1)</sup>	Stock Awards <sup>(2)</sup>	All Other Compensation <sup>(3)</sup>	Total
	(\$)	(\$)	(\$)	(\$)
Harold H. MacKay	156,000	150,000	32,724	338,724
Giannella Alvarez	111,000	85,000	1,986	197,986
Robert E. Apple	91,000	85,000	875	176,875
Louis P. Gignac	91,000	85,000	24,076	200,076
David J. Illingworth	23,750	21,250		45,000
Brian M. Levitt	101,000	85,000	34,139	220,139
David G. Maffucci	101,000	85,000	4,093	190,093
Robert J. Steacy	121,000	85,000	24,315	230,315
Pamela B. Strobel	84,750	111,250	24,387	220,387
Denis Turcotte	101,000	85,000	30,422	216,422

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- (1) The amounts in this column include an additional \$6,000 earned by directors who attended 14 Board meetings in 2013 (except for Mr. Illingworth, who joined the Board in October 2013). As per the Corporation's policy, directors may be paid Board meeting fees of \$1,500 per additional meeting attended if more than 10 Board meetings are held in a calendar year.
- (2) The amounts in this column represent the grant date fair value of the deferred share units granted under the Omnibus Incentive Plan in fiscal 2013. The fair value of the awards was determined using the valuation methodology and assumptions set forth in Note 5 to the Corporation's financial statements included in the Corporation's annual report on Form 10-K for the fiscal year ended December 31, 2013, which are incorporated by reference herein. The amounts in the table do not reflect the value, if any, that ultimately may be realized by the directors. As described above, the number of deferred share units to be paid under the Omnibus Incentive Plan is determined by dividing the dollar amount of the portion of that quarter's retainer fees to be paid in deferred share units by the closing market price of a share of Domtar common stock on the last day of the quarter.
- (3) The amounts in this column represent the grant date fair value of additional deferred share units granted as dividend equivalents for fiscal 2013 on the directors deferred share units, in accordance with the Omnibus Incentive Plan. Mr. Illingworth, having been elected to the Board of Directors in October 2013, did not receive any dividend equivalent in 2013. The fair value of the awards was determined using the valuation methodology and assumptions set forth in Note 5 to the Corporation's financial statements included in the Corporation's annual report on Form 10-K for the fiscal year ended December 31, 2013, which are incorporated by reference herein. These dividend equivalents were credited at the same time as dividends were paid to stockholders, i.e. on January 15, 2013, April 15, 2013, July 15, 2013 and October 15, 2013. Amounts differ for each director as a) a number of directors accumulated deferred shares units under the predecessor company Domtar Inc. deferred share unit plan and b) certain directors elected to defer fees into deferred share units pursuant to the Omnibus Incentive Plan.

The following table sets forth, by grant date, the number of deferred share units credited to each director and the grant date fair value of each award with respect to service as a director in 2013. All deferred share units were vested upon grant.

**Equity Awards for Service as a Director of Domtar Corporation**

Name	March 31, 2013 Grant Date		June 30, 2013 Grant Date		September 30, 2013 Grant Date		December 31, 2013 Grant Date	
	Units (#)	Fair Value (\$)	Units (#)	Fair Value (\$)	Units (#)	Fair Value (\$)	Units (#)	Fair Value (\$)
Harold H. MacKay	483	37,500	563	37,500	472	37,500	397	37,500
Giannella Alvarez	274	21,250	320	21,250	268	21,250	225	21,250
Robert E. Apple	274	21,250	320	21,250	268	21,250	225	21,250
Louis P. Gignac	274	21,250	320	21,250	268	21,250	225	21,250
David J. Illingworth*							225	21,250
Brian M. Levitt	274	21,250	320	21,250	268	21,250	225	21,250
David G. Maffucci	274	21,250	320	21,250	268	21,250	225	21,250
Robert J. Steacy	274	21,250	320	21,250	268	21,250	225	21,250
Pamela B. Strobel	612	47,500	320	21,250	268	21,250	225	21,250
Denis Turcotte	274	21,250	320	21,250	268	21,250	225	21,250

\* Elected to the Board in October 2013

**Table of Contents****GOVERNANCE OF THE CORPORATION****Board Governance**

Our Board has adopted written Corporate Governance Guidelines that comply with the listing standards of the NYSE (the Guidelines). The Guidelines set forth requirements relating to director responsibilities, director qualification standards, including director independence, director compensation, our director resignation policy with respect to majority voting in uncontested elections, director retirement age, director orientation and continuing education, CEO succession planning, and assessment of the Board's performance, among other matters.

Copies of our Corporate Governance Guidelines are available without charge on the corporate governance portion of our website at [http://www.domtar.com/files/corporate/CORPORATE\\_GOVERNANCE\\_GUIDELINES\\_February\\_20\\_2013\\_FINAL.pdf](http://www.domtar.com/files/corporate/CORPORATE_GOVERNANCE_GUIDELINES_February_20_2013_FINAL.pdf) or upon request in writing to Domtar Corporation, 395 de Maisonneuve Blvd. West, Montreal (Quebec) Canada, H3A 1L6, Attention: Vice-President, Corporate Law and Secretary. The Corporation also complies with the listing standards of the TSX.

**Current Members of Our Board of Directors**

The members of the Board on the date of this proxy statement, and the committees of the Board on which they serve, are identified below.

Director	Audit Committee	Nominating and Corporate Governance Committee	Human Resources Committee	Environmental, Health, Safety and Sustainability Committee	Finance Committee
Giannella Alvarez	*				
Robert E. Apple			*		
Louis P. Gignac			*	*	
David J. Illingworth	*			*	
Brian M. Levitt		*			Chair
Harold H. MacKay		Chair			
David G. Maffucci	*			*	*
Robert J. Steacy	Chair	*			*
Pamela B. Strobel		*	Chair		
Denis Turcotte			*	Chair	*
John D. Williams					

**Board and Committee Meetings**

From January 1 through December 31, 2013, our Board held 14 meetings and the committees of the Board held 31 meetings. Each of our directors attended more than 95% of the aggregate of the total number of meetings of the Board and the total number of meetings held by all Board committees on which the director served.



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**Board Committees**

The Board has standing Audit, Human Resources, Nominating and Corporate Governance, Environmental, Health, Safety and Sustainability, and Finance committees.

**Audit Committee**

**Four members**

Robert J. Steacy, Chair  
Giannella Alvarez  
David J. Illingworth  
David G. Maffucci

The Audit Committee is composed solely of directors who meet the independence requirements of the NYSE and the Securities Exchange Act of 1934, as amended (the Exchange Act ) and are financially literate, as required by the NYSE. In addition, the Board has determined that Mr. Steacy and Mr. Maffucci each qualifies as an audit committee financial expert and has accounting and related financial management expertise within the meaning of the listing standards of the NYSE.