

**Verso Paper Corp.**

**Second Quarter 2014  
Earnings Conference Call**

**August 14, 2014**



# Forward-Looking Statements

In this presentation, all statements that are not purely historical facts are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements may be identified by the words “believe,” “expect,” “anticipate,” “project,” “plan,” “estimate,” “intend” and other similar expressions. Forward-looking statements are based on currently available business, economic, financial and other information and reflect management’s current beliefs, expectations and views with respect to future developments and their potential effects on Verso. Actual results could vary materially depending on risks and uncertainties that may affect Verso and its business. For a discussion of such risks and uncertainties, please refer to Verso’s filings with the Securities and Exchange Commission. Verso assumes no obligation to update any forward-looking statement made in this presentation to reflect subsequent events or circumstances or actual outcomes.

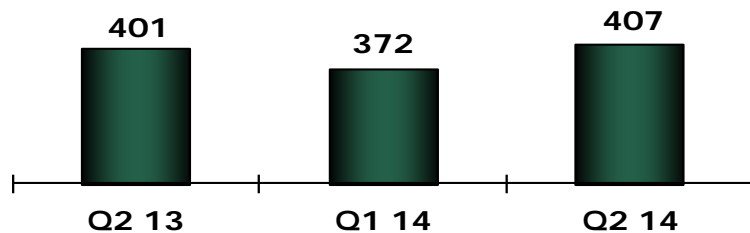
# Second Quarter 2014 Overview

- Integration efforts related to closing of NewPage acquisition are on track
- Coated price down versus last year (5.2%) and last quarter (1.6%)
- Total sales volume in line with prior year, up from Q1 14
- 33,000 tons less market downtime sequentially
- Energy costs decreased \$16MM from the high winter levels seen in Q1
- Maintenance costs were down \$7MM year over year as certain mill outages were delayed to Q3
- Inventory ended the quarter below last year and last quarter levels
- \$40 million hydro generation asset backed bridge loan obtained

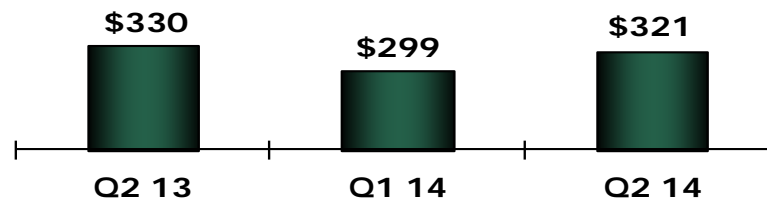
# Second Quarter 2014 Financial Overview

\$Millions

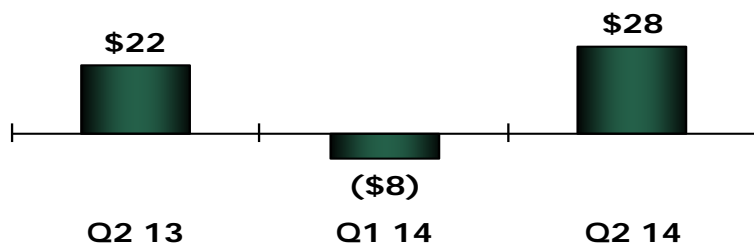
## Volume (000 Tons)



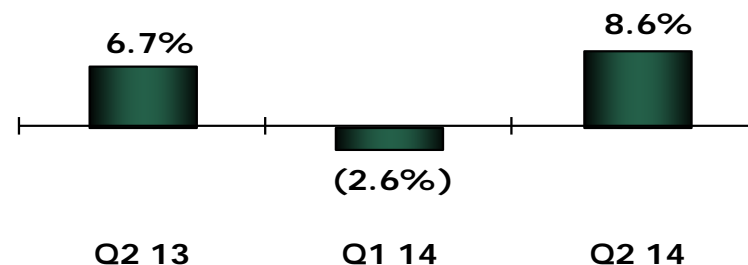
## Sales



## Adjusted EBITDA



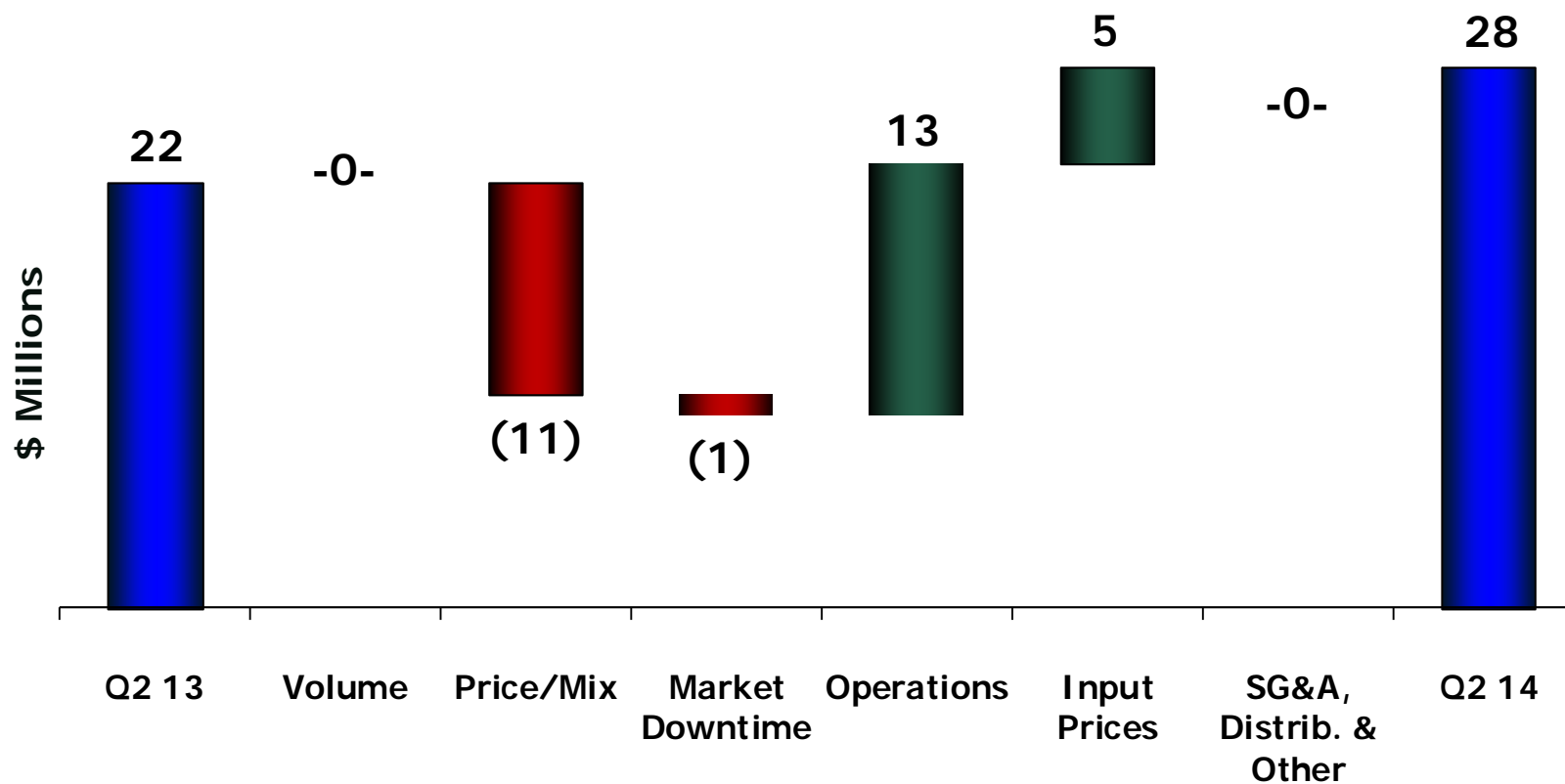
## Adjusted EBITDA Margin



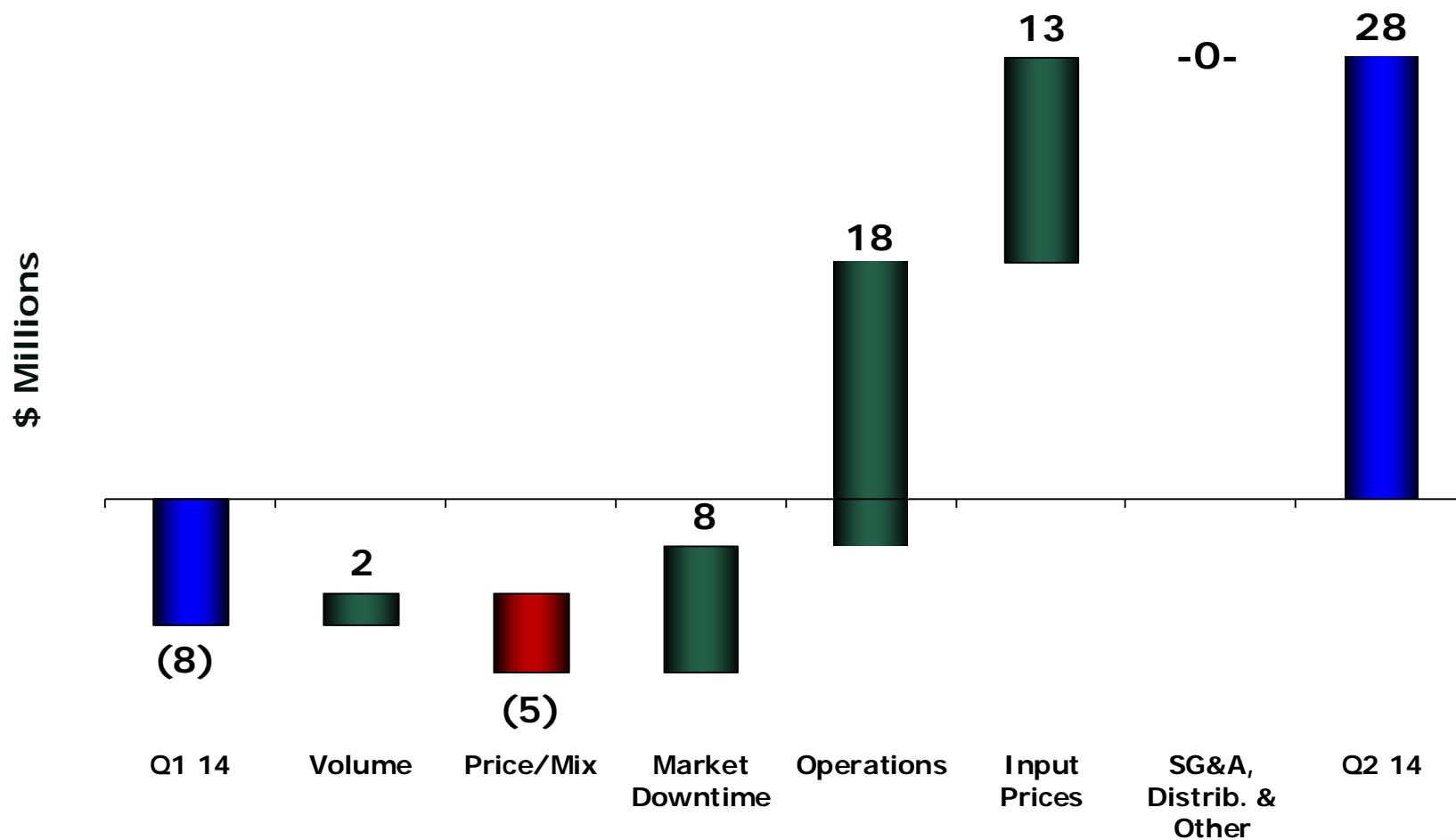
# Key Revenue Metrics

	Q2 2013	Q1 2014	Q2 2014
Coated Volume (tons)	296,100	265,000	278,200
Coated Price (per ton)	\$855	\$824	\$810
HW Pulp Volume (tons)	66,600	60,700	77,300
HW Pulp Price (per ton)	\$572	\$596	\$593





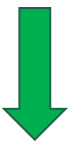

# Adjusted EBITDA Q2 14 vs. Q2 13



# Adjusted EBITDA Q2 14 vs. Q1 14



# Key Input Price Movements

Segment	Q2 14 vs. Q2 13	Q2 14 vs. Q1 14	Comments
<b>Chemicals</b>			<p>Y/Y – Latex prices down 8%, starch prices down 25%, &amp; clay prices down 1%</p> <p>Q/Q – Latex prices up 5%, starch prices up 2%, &amp; clay prices are flat</p>
<b>Wood</b>			<p>Y/Y – Wood prices are up 7% primarily due to extremely wet logging conditions causing a slow spring start-up. Inventories have not been at adequate levels and poor availability have driven prices up</p> <p>Q/Q – Prices are up 5% driven by scarcity of wood supply due to poor spring logging conditions. Groundwood and Hardwood inventories at Androscoggin and Quinnesec remain lower than desired</p>
<b>Energy</b>			<p>Y/Y – Natural gas is down 13%, electricity is down 14%, and fuel oil is up 10%</p> <p>Q/Q – Natural gas is down 54%, electricity is flat and fuel oil is up 3%</p>



# Outlook for Third Quarter 2014

- Continuation of efforts to close the NewPage acquisition
- Seasonally stronger volumes comparable to last year's levels
- Higher CFS prices with CGW prices relatively flat
- Input prices similar to Q2 14
- Manufacturing operations cost improved from cost reduction initiatives, but more than offset by scheduled maintenance outages moved from Q2 14
- Inventories managed at low to moderate levels

# APPENDIX



# Liquidity and Net Debt

Liquidity \$MM	6/30/13	3/31/14	6/30/14
Revolver	199*	183*	222*
- Balance Drawn	8	98	87
- Letters of Credit	44	40	40
Remaining Capacity	147	45	95
Cash	10	4	7
<b>Total Liquidity</b>	<b>\$157</b>	<b>\$49</b>	<b>\$102</b>

\*ABL availability limited, includes hydro revolving credit facility

Net Debt \$MM	6/30/13	3/31/14	6/30/14
Cash	10	4	7
Revolver	8	98	87
First Lien Notes (at par)	418	418	418
<b>Net First Lien Debt</b>	<b>416</b>	<b>512</b>	<b>498</b>
1.5 Lien Notes	272	272	272
Sec Priority Sr. Notes (at par)	409	409	409
Senior Sub notes	143	143	143
<b>Net Holdco Debt</b>	<b>\$1,240</b>	<b>\$1,336</b>	<b>\$1,322</b>

# Adjusted Net Income (Loss)/EPS Reconciliation

(\$ Millions)	Q2 13	Q1 14	Q2 14
Net Loss	(\$43)	(\$91)	(\$43)
Special Items	\$4	\$22	\$9
<b>Adjusted Net Loss</b>	<b>(\$39)</b>	<b>(\$69)</b>	<b>(\$34)</b>

Diluted Shares (M)	53,172	53,188	53,323
Earnings per Diluted Share	(\$0.81)	(\$1.70)	(\$0.80)
Special Items	\$0.07	\$0.40	\$0.16
<b>Adjusted Earnings per Share</b>	<b>(\$0.74)</b>	<b>(\$1.30)</b>	<b>(\$0.64)</b>

# Special Items

	Q2 13		Q1 14		Q2 14	
	Million \$	Per Share	Million \$	Per Share	Million \$	Per Share
M & A	--	--	\$10	\$0.18	\$9	\$0.16
Change in Hedge Valuation	\$4	\$0.07	\$12	\$0.22	--	--
<b>Total Special Items</b>	<b>\$4</b>	<b>\$0.07</b>	<b>\$22</b>	<b>\$0.40</b>	<b>\$9</b>	<b>\$0.16</b>

# EPS Before Special Items Q2 14 vs. Q1 14

