Verso Corporation

Third Quarter 2016
Earnings Conference Call

November 14th 2016

Forward Looking Statements and Non-GAAP Information

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 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements may be identified by the words "believe," "expect," "anticipate," "project," "plan," "estimate," "intend," “potential” and other similar expressions and include our guidance for our results for the year ending December 31, 2016. 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. Verso’s actual actions and results may differ materially from what is expressed or implied by these statements due to a variety of factors, including those risks and uncertainties listed from time to time in Verso’s filings with the Securities and Exchange Commission. Verso assumes no obligation to update any forward-looking statement made in this press release to reflect subsequent events or circumstances or actual outcomes.

Presentation of Predecessor and Successor Financial Results

Verso adopted fresh-start reporting as of July 15, 2016 (the "Effective Date"), the effective date of its First Modified Third Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code dated as of June 20, 2016 (the "Plan") and the date that Verso emerged from its Chapter 11 cases. As a result of the application of fresh-start reporting, Verso's financial statements for periods prior to the Effective Date are not comparable to those for periods subsequent to the Effective Date. References in this presentation to "Successor" refer to Verso on or after the Effective Date. References to "Predecessor" refer to Verso prior to the Effective Date. Operating results for the Successor and Predecessor periods are not necessarily indicative of the results to be expected for a full fiscal year. References such as the "Company," "we," "our" and "us" refer to Verso Corporation and its consolidated subsidiaries, whether Predecessor and/or Successor, as appropriate.

Business Overview: Industry and Verso

Allen Campbell, SVP and Chief Financial Officer

Michael Weinhold, SVP Sales, Marketing and Product Development

Improved Focus on Productivity and Performance

Verso announced the following initiatives today to enhance productivity and performance across the organization

- Consolidation of Corporate Headquarters in Miamisburg, OH
- Alignment of operating structure along product lines
- Development of additional cost savings measures

Industry Trends

- **Headwinds remain**
  - Imports up 15.3%
  - Lackluster Economy
  - Continued secular decline
  - Intense industry competitiveness
  - Competitors chasing value added products (CGW No. 4, CFS, C1S)
- **Price pressure**
  - FX continues to favor imports into North America
  - Very competitive situation CGW No. 4
  - Canadian SC producers continue to import into US despite duties
  - Many suppliers targeting growth in Specialty grades (label and release liner)
- **Volume**
  - Operating rates OK in 3rd quarter but globally weak in all grade categories
  - Verso has operated at ≈100% operating rate throughout this year (with exception of SP) with minimal inventory build to service 3rd quarter surge

Key Market Indicators (US)	Vs. Prior Year
Magazine Ad Pages	-12.1%
Catalog Mailings	-1.9%
Total Coated Paper Apparent Consumption	-1.9%
CFS Imports (% of demand)	+2.4%
CGW Imports (% of demand)	+3.0%

Despite market challenges, Verso has made significant gains in critical areas…

- Finished goods inventories are well within manageable levels
  - Build earlier in the year was sold off in 3rd quarter
- Announced price Increases on two product lines (SC and CGW)
- Improved product mix YTD vs. 2015
- Generally machine backlogs across the system are in good shape
- Key growth areas continue to be a bright spot (all showing YOY growth)
  - Digital
  - PL Points
  - MG Specialty
- Developing new products and customers for Specialty paper line A5 (Andro)
  - Breakeven 2016
  - Expect $\geq$ \$10M EBITDA contribution in 2017

Financial Overview

Allen Campbell, SVP and Chief Financial Officer

Company Highlights – 3rd Quarter

- Successfully exited from restructuring proceedings – improved capital structure
- Strong Liquidity
  - Borrowed $340M at exit
  - Substantially all Bankruptcy related payments completed in 3rd quarter
  - Paid $4.4M amortization on term loan at 9/30
  - $177M of total liquidity at quarter end
- Continued improvement in safety from last year with TIR at 1.18 versus 1.44 year end
- Major maintenance projects impacted costs in quarter
  - Wisconsin Rapids major outage costs of $13M
  - Luke outage costs of $5M
  - Others of $2M
- One mill experienced significant issues returning to service but performance is improving in 4th quarter

Finance Highlights – 3rd Quarter

- Fresh start impact to balance sheet – key items
  - Adjusted fixed asset value from $1.7B to $1.1B
  - Wrote off debt and other items of about $2B
  - Adjusted inventory to fair value
  - Remeasured pension liability
    - Liability increased by $132M primarily driven by lower discount rate
- Fresh start income statement items
  - Major maintenance expensed as incurred
  - Reclassified costs between SG&A and COGS including
    - Manufacturing Center of Excellence
    - Sourcing (80%)
    - Portion of IT and HR
- Several one time items booked in 3rd quarter
  - Inventory write up to fair value
  - Residual expenses related to reorganization

Q3 2016 Results of Operations

		Predecessor	Successor	
(Dollars in millions)	Q3-15	7/1 to 7/14	7/15 to 9/30	Δ
Net sales	$ 782	$ 97	$ 578	$ (107)
Costs and expenses:				
Cost of products sold	677	83	559	(35)
Depreciation, amortization, and depletion	60	7	24	(29)
Selling, general, and administrative expenses	33	8	23	(2)
Restructuring charges	55	-	2	(53)
Other operating expense	-	-	2	2
Operating loss	(43)	(1)	(32)	10
Interest expense	68	2	8	(58)
Loss before reorganization items, net	(111)	(3)	(40)	68
Reorganization items, net	-	(1,302)	-	(1,302)
(Loss) income before income taxes	(111)	1,299	(40)	1,370
Income tax (benefit) expense	-	-	-	-
Net (loss) income	$ (111)	$ 1,299	$ (40)	$ 1,370
EBITDA	$ 17	$ 1,308	$ (8)	$ 1,283
Reorganization items, net	-	(1,302)	-	(1,302)
Pre- and post-bankruptcy related charges	-	-	2	2
Fresh-start accounting adjustments	-	3	44	47
Restructuring charges	55	-	2	(53)
Gain on sale of assets	-	-	-	-
NewPage acquisition/integration	7	-	-	(7)
Other items, net	5	-	1	(4)
Adjusted EBITDA	$ 84	$ 9	$ 41	$ (34)
Adjusted EBITDA Margin %	10.7%	9.3%	7.1%	-3.3%

- Revenue down 14% YOY driven by volumes (10%) and lower pricing
- Input costs continue to be lower primarily driven by wood and energy
- Capacity actions at Androscoggin and Wickliffe have resulted in a YOY reduction of 90K tons of paper
- Maintenance expense up $18M (primarily spending & policy change)
- 2015 favorably impacted by bonus accrual reduction

Primary Driver	**Change in millions**
Price	(38)
Volume	(7)
Mix	6
Market Downtime	13
Input Costs	9
Operations	6
Maintenance	(18)
Other	(5)
Total	**(34)**

Key Metrics

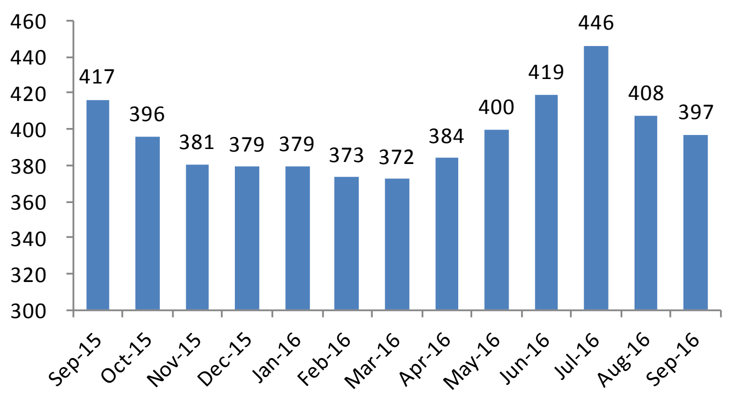
Quarter 3 vs Prior Year

	Q3-15	Q3-16	Δ	Δ %
Shipments				
- Paper	829	751	(78)	(9)%
- Pulp	81	65	(16)	(20)%
Total	910	816	(95)	(10)%
NSP				
- Paper	$887	$855	$(32)	(4)%
- Pulp	$566	$495	$(71)	(12)%
Paper Production	783	728	(55)	(7)%
Paper Inventory	417	397	(20)	(5)%

Year to Date vs Prior Year

	YTD-15	YTD-16	Δ	Δ %
Shipments				
- Paper	2,455	2,205	(250)	(10)%
- Pulp	287	183	(104)	(36)%
Total	2,741	2,388	(354)	(13)%
NSP				
- Paper	$895	$865	$(30)	(3)%
- Pulp	$559	$520	$(38)	(7)%
Paper Production	2,523	2,224	(299)	(12)%
Paper Inventory	417	397	(20)	(5)%

FG Inventory (K tons)



YTD 2016 Results of Operations

		Predecessor	Successor	
(Dollars in millions)	Q3-15 YTD	1/1 to 7/14	7/15 to 9/30	Δ
Net sales	$ 2,366	$ 1,417	$ 578	$ (371)
Costs and expenses:				
Cost of products sold	2,062	1,249	559	(254)
Depreciation, amortization, and depletion	181	100	24	(57)
Selling, general, and administrative expenses	134	95	23	(16)
Restructuring charges	83	151	2	70
Other operating expense (income)	-	(57)	2	(55)
Operating loss	(94)	(121)	(32)	(59)
Interest expense	201	39	8	(154)
Loss before reorganization items, net	(295)	(160)	(40)	95
Reorganization items, net	-	(1,338)	-	(1,338)
Loss (income) before income taxes	(295)	1,178	(40)	1,433
Income tax (benefit) expense	(2)	-	-	2
Net (loss) income	$ (293)	$ 1,178	$ (40)	$ 1,431
EBITDA	$ 87	$ 1,317	$ (8)	$ 1,222
Reorganization items, net	-	(1,338)	-	(1,338)
Pre- and post-bankruptcy related charges	-	6	2	8
Fresh-start accounting adjustments	-	3	44	47
Restructuring charges	83	151	2	70
Gain on sale of assets	-	(57)	-	(57)
NewPage acquisition/integration	33	-	-	(33)
Other items, net	5	13	1	9
Adjusted EBITDA	$ 208	$ 95	$ 41	$ (72)
Adjusted EBITDA Margin %	8.8%	6.7%	7.1%	-2.0%

- Revenue down 16% YOY driven by lower volumes (13%) and pricing overshadowing mix improvement
- Input costs continue to be lower primarily energy and wood
- Capacity actions at Androscoggin and Wickliffe equals approximately 310K tons of paper
- Reorganization costs included income from debt exchange plus debt for equity swap

Primary Driver	Change in millions
Price	(99)
Volume	(30)
Mix	25
Market Downtime	11
Input Costs	43
Operations	24
Maintenance	(29)
Other	(17)
Total	**(72)**

Strong Combined Free Cash Flow of Predecessor & Successor

(Dollars in millions)	YTD September 2015	YTD September 2016
Net loss	$(293)	$1,138
Income tax benefit	(2)	(8)
Depreciation & amortization	181	124
Non-cash charges reorg and restructuring(1)	39	(1,273)
Other operating cash flow changes	(209)	34
Net cash provided by (used in) operating activities	**$(284)**	**$15**
Plus: One-time operating cash costs(2)	77	79
Plus: Cash interest paid	223	17
Pro Forma Cash Flows provided by Operations	**16**	**111**
Less: Capital Expenditures	(48)	(55)
Net Pro Forma Free Cash Flow	**$(32)**	**$56**

(1) Primarily relates to non-cash debt related reorganization gain and non-cash loss on fresh-start revaluation of $1,410 million and non-cash restructuring charges of $137 million related to the Wickliffe closure.

(2) In 2016, one-time operating cash costs include $50 million of cash Reorganization expenses ($47 million of professional fees and $3 million for the settlement of general unsecured claims), $16 million of cash Restructuring (Wickliffe severance), $8 million of cash Pre-Reorganization expenses (professional fees), $5 million of other non-recurring cash expenses. In 2015, one-time operating costs include $44 million of cash Restructuring (Bucksport, NewPage Acquisition, Androscoggin, and Wickliffe) and $33 million of NewPage Acquisition costs including professional fees and integration costs.

Liquidity & Net Debt

Liquidity $'MM	6/30/2016	9/30/16
Revolving Credit Facilities*	372	368
- Balance Drawn	98	116
- Letter of Credit	79	82
Remaining Capacity	195	170
Cash	26	7
Total Liquidity	**221**	**177**

Net Debt $'MM	6/30/2016	9/30/16
Revolving Credit Facilities	98	116
Other Debt (Term Loan)**	356	216
Less: Cash	(26)	(7)
Net Verso Corporation Debt	**428**	**325**

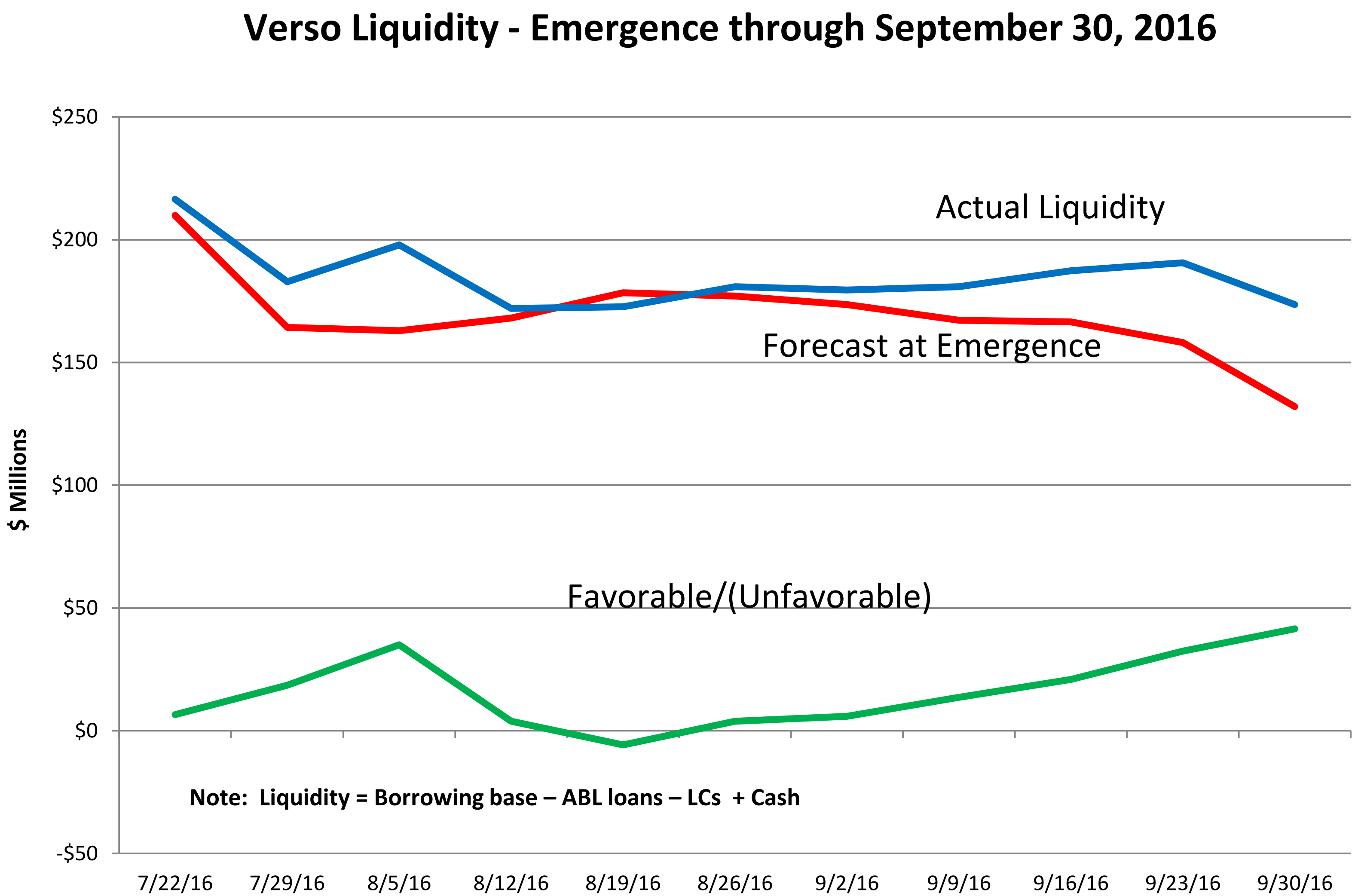
Liquidity $'MM	
June 30, 2016	221
Increase in Balance Drawn	(18)
Decrease in Availability	(23)
Increase in LOC	(3)
September 30, 2016	**177**

* ABL availability limited
** Par value of Term Loan will decrease due to quarterly payments of $4.4 million

Debt Covenant and Excess Cash Flow for 3rd quarter

- No Excess Cash Flow payment is required for 3rd quarter
- Fixed Charge Coverage Ratio is well above minimum requirements

Liquidity Update



Guidance

- Confirming previously announced 2016 EBITDA of \$180M-\$190M
- Sales guidance for 4th quarter to be in the range of \$625M-\$645M
- Routine and major maintenance expense in the 4th quarter is expected to decline by \$30M-\$35M versus 3rd quarter
- Expect to pay no cash taxes in 4th quarter
- CapEx is expected to be \$70M-\$75M for the year
- Term debt will decline by \$4M in 4th quarter through scheduled amortization
- Cash pension and OPEB funding expected to be \$8M in 4th quarter
- Not expecting additional Excess Cash Flow sweep in 4th quarter
- Credit agreement to be amended to allow for the administrative reorganization of company's legal entities

Maintenance history

$M	2015				2016		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Incurred	57	74	65	60	55	67	76
Reported	54	57	58	57	60	69	76

VERSO

Verso Looking Ahead

- Strong cash flow and liquidity position continues
  - Managing CAPEX and inventory effectively
  - More opportunities in trade payables
- Investing in our mills
  - Higher maintenance spend impacted Q3 results but lower spending expected for Q4
  - Improvement initiatives underway (RGAP, safety and others)
  - One mill experienced difficulty returning on-line but has since recovered
  - Efforts underway to negotiate our master labor agreement
- Addressing market issues head-on
  - Price increases announced on SC and CGW
  - Announced temporary idling of CGW machine
- Focusing the company
  - Aligning along product lines
  - Combining HQ and business center
  - Cost saving initiatives
  - Capturing commercial opportunities in specialty, digital and other product areas

Finance Appendix

Adjusted EBITDA Definition

EBITDA consists of earnings before interest, taxes, depreciation, and amortization. Adjusted EBITDA reflects adjustments to EBITDA to eliminate the impact of certain items that we do not consider to be indicative of the performance. It is a financial term commonly used in our industry. We use Adjusted EBITDA as a way of evaluating our performance relative to that of our peers. We believe that Adjusted EBITDA is an operating performance measure that provides investors and analysts with a measure of ongoing operating results unaffected by differences in capital structures, capital investment cycles, and ages of related assets among otherwise comparable companies.

You are encouraged to evaluate each adjustment and to consider whether the adjustment is appropriate. In addition, in evaluating Adjusted EBITDA, you should be aware that in the future, we may incur expenses similar to the adjustments included in the presentation of Adjusted EBITDA. We believe that the supplemental adjustments applied in calculating Adjusted EBITDA are reasonable and appropriate to provide additional information to investors.

Because EBITDA and Adjusted EBITDA are not measurements determined in accordance with U.S. GAAP and are susceptible to varying calculations, EBITDA and Adjusted EBITDA, as presented, may not be comparable to similarly titled measures of other companies. You should consider our EBITDA and Adjusted EBITDA in addition to, and not as a substitute for, or superior to, our operating or net income or cash flows from operating activities, which are determined in accordance with GAAP.

Consolidated Net Income/Loss to Adjusted EBITDA Reconciliation

	Historical					Projected	
	Predecessor				Successor	Low	High
(Dollars in millions)	Three Months Ended Sept. 30, 2015	Nine Months Ended Sept. 30, 2015	July 1, 2016 Through July 14, 2016	January 1, 2016 Through July 14, 2016	July 15, 2016 Through Sept. 30, 2016	Oct. 1, 2016 Through Dec. 31, 2016	Oct. 1, 2016 Through Dec. 31, 2016
Net (loss) income	$ (111)	$ (293)	$ 1,299	$ 1,178	$ (40)	$ 4	$ 14
Income tax benefit	-	(2)	-	-	-	-	-
Interest expense, net	68	201	2	39	8	8	8
Depreciation, amortization and depletion	60	181	7	100	24	26	26
EBITDA	$ 17	$ 87	$ 1,308	$ 1,317	$ (8)	$ 38	$ 48
Adjustments to EBITDA:							
Reorganization items, net (1)	-	-	(1,302)	(1,338)	-	-	-
Restructuring charges (2)	55	83	-	151	2	2	2
Fresh-start accounting adjustments (3)	-	-	3	3	44	-	-
Gains on disposal of assets (4)	-	-	-	(57)	-	-	-
Pre- and post-reorganization costs (5)	-	-	-	6	2	3	3
NewPage acquisition and integration-related costs/charges (6)	7	33	-	-	-	-	-
Other items, net (7)	5	5	-	13	1	1	1
Adjusted EBITDA	$ 84	$ 208	$ 9	$ 95	$ 41	$ 44	$ 54

(1) Net gains associated with the Chapter 11 cases.
(2) For 2016, charges are primarily associated with the closure of the Wickliffe mill, of which $137 million is non-cash. For 2015, charges represent severance and employee related costs and other restructuring charges associated with the NewPage acquisition, the closure of the Bucksport mill and the capacity reductions at the Androscoggin and Wickliffe mills.
(3) Non-cash charges related to the one-time impacts of adopting fresh-start accounting.
(4) Realized gains on the sale of assets, which are primarily attributable to the sale of hydroelectric facilities in January 2016.
(5) Costs incurred in connection with advisory and legal services related to planning for and emerging from the Chapter 11 cases.
(6) Professional fees and other charges and integration costs incurred in connection with the NewPage acquisition, including one-time impacts of purchase accounting.
(7) Amortization of non-cash incentive compensation, unrealized losses (gains) on energy-related derivative contracts, Wickliffe operating costs while idled, and miscellaneous other non-recurring adjustments.