

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2021

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

001-34056

(Commission File Number)



VERSO CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

(State of Incorporation
or Organization)

75-3217389

(IRS Employer
Identification Number)

8540 Gander Creek Drive

Miamisburg, Ohio 45342

(Address, including zip code, of principal executive offices)

(877) 855-7243

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A common stock, par value \$0.01 per share	VRS	New York Stock Exchange

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.
 Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act:

Large accelerated filer

Non-accelerated filer

Accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act:

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes No

As of April 30, 2021, Verso Corporation had 32,650,370 shares of Class A common stock, par value \$0.01 per share, outstanding.

Entity Names and Organization

In this report, the term “Verso,” “the Company,” “we,” “us,” and “our” refer to Verso Corporation, which is the ultimate parent entity and the issuer of Class A common stock listed on the New York Stock Exchange, and its consolidated subsidiaries. Verso is the sole member of Verso Holding LLC, which is the sole member of Verso Paper Holding LLC. As used in this report, the term “Verso Holding” refers to Verso Holding LLC, and the term “Verso Paper” refers to Verso Paper Holding LLC.

Forward-Looking Statements

In this quarterly report, 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, or “Securities Act,” and Section 21E of the Securities Exchange Act of 1934, as amended, or “Exchange Act.” Forward-looking statements may be identified by the words “believe,” “expect,” “anticipate,” “project,” “plan,” “estimate,” “intend” and other similar expressions. They include, for example, statements relating to our business and operating outlook, including our plans with respect to our Duluth Mill and Wisconsin Rapids Mill; the continued impact of the COVID-19 pandemic; assessment of market conditions; and the growth potential of the industry in which we operate. 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 us. Actual results could vary materially depending on risks and uncertainties that may affect us and our business. The following factors, among others, could cause actual results to differ from those set forth in the forward-looking statements: the adverse impact of idling production, shutting down machines or facilities, restructuring our operations and selling non-core assets; changes in the costs of raw materials and purchased energy; security breaches and other disruption to our information technology infrastructure; uncertainties regarding the impact, duration and severity of the COVID-19 pandemic and measures intended to reduce its spread; the long-term structural decline and general softening of demand facing the paper industry; adverse developments in general business and economic conditions; developments in alternative media, which are expected to adversely affect the demand for some of our key products, and the effectiveness of our responses to these developments; intense competition in the paper manufacturing industry; our limited ability to control the pricing of our products or pass through increases in our costs to our customers; our business being less diversified because of the Pixelle Sale (as defined below), closure of our Luke Mill, our Duluth Mill and the No. 14 paper machine and certain other long-lived assets at our Wisconsin Rapids Mill; our dependence on a small number of customers for a significant portion of our business; our ability to compete with respect to certain specialty paper products for a period of two years after the closing of the Pixelle Sale (as defined below); any failure to comply with environmental or other laws or regulations; legal proceedings or disputes; any labor disputes; and the potential risks and uncertainties described in Part I, Item 1A, “Risk Factors” of our Annual Report on Form 10-K for the year ended December 31, 2020, Part II, Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and other sections of this Quarterly Report on Form 10-Q as such disclosures may be amended, supplemented or superseded from time to time by other reports we file with the Securities and Exchange Commission, including subsequent annual reports on Form 10-K and quarterly reports on Form 10-Q. We assume no obligation to update any forward-looking statement made in this Quarterly Report to reflect subsequent events or circumstances or actual outcomes.

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

**VERSO CORPORATION
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS**

(Dollars in millions, except per share amounts)	December 31, 2020	March 31, 2021
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 137	\$ 118
Accounts receivable, net	83	93
Inventories	224	204
Assets held for sale	17	26
Prepaid expenses and other assets	5	4
Total current assets	466	445
Property, plant and equipment, net	613	505
Deferred tax assets	122	137
Intangibles and other assets, net	44	40
Total assets	\$ 1,245	\$ 1,127
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	\$ 80	\$ 82
Accrued and other liabilities	92	85
Current maturities of long-term debt and finance leases	1	1
Total current liabilities	173	168
Long-term debt and finance leases	4	3
Pension benefit obligation	350	337
Other long-term liabilities	34	37
Total liabilities	561	545
Commitments and contingencies (Note 11)		
Equity:		
Preferred stock -- par value \$0.01 (50,000,000 shares authorized, no shares issued)	—	—
Common stock -- par value \$0.01 (210,000,000 Class A shares authorized with 35,877,533 shares issued and 33,133,649 outstanding on December 31, 2020 and 36,238,549 shares issued and 32,719,539 outstanding on March 31, 2021; 40,000,000 Class B shares authorized with no shares issued and outstanding on December 31, 2020 and March 31, 2021)	—	—
Treasury stock -- at cost (2,743,884 shares on December 31, 2020 and 3,519,010 shares on March 31, 2021)	(39)	(49)
Paid-in-capital	705	706
Retained deficit	(42)	(135)
Accumulated other comprehensive income	60	60
Total equity	684	582
Total liabilities and equity	\$ 1,245	\$ 1,127

See notes to Unaudited Condensed Consolidated Financial Statements.

VERSO CORPORATION
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Dollars in millions, except per share amounts)	Three Months Ended March 31,	
	2020	2021
Net sales	\$ 471	\$ 282
Costs and expenses:		
Cost of products sold (exclusive of depreciation and amortization)	427	264
Depreciation and amortization	23	102
Selling, general and administrative expenses	27	15
Restructuring charges	6	11
Other operating (income) expense	(88)	(1)
Operating income (loss)	76	(109)
Interest expense	—	1
Other (income) expense	(4)	(6)
Income (loss) before income taxes	80	(104)
Income tax expense (benefit)	26	(14)
Net income (loss)	\$ 54	\$ (90)
Income (loss) per common share:		
Basic	\$ 1.53	\$ (2.71)
Diluted	1.52	(2.71)
Weighted average common shares outstanding (in thousands)		
Basic	35,107	33,044
Diluted	35,381	33,044

See notes to Unaudited Condensed Consolidated Financial Statements.

VERSO CORPORATION
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(Dollars in millions)	Three Months Ended March 31,	
	2020	2021
Net income (loss)	\$ 54	\$ (90)
Other comprehensive income (loss), net of tax	—	—
Comprehensive income (loss)	\$ 54	\$ (90)

See notes to Unaudited Condensed Consolidated Financial Statements.

VERSO CORPORATION
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

(Dollars in millions, shares in thousands)	Class A		Treasury Shares	Treasury Stock	Paid-in- Capital	Retained Earnings (Deficit)	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
	Common Shares	Common Stock						
Balance - December 31, 2019	34,949	\$ —	245	\$ (5)	698	\$ 172	\$ 122	\$ 987
Net income (loss)	—	—	—	—	—	54	—	54
Treasury shares	—	—	472	(7)	—	—	—	(7)
Common stock issued for restricted stock	817	—	—	—	—	—	—	—
Equity award expense	—	—	—	—	2	—	—	2
Balance - March 31, 2020	35,766	\$ —	717	\$ (12)	700	\$ 226	\$ 122	\$ 1,036
Balance - December 31, 2020	35,878	\$ —	2,744	\$ (39)	705	\$ (42)	\$ 60	\$ 684
Net income (loss)	—	—	—	—	—	(90)	—	(90)
Treasury shares	—	—	775	(10)	—	—	—	(10)
Common stock issued for restricted stock	361	—	—	—	—	—	—	—
Dividends and dividend equivalents declared	—	—	—	—	—	(3)	—	(3)
Equity award expense	—	—	—	—	1	—	—	1
Balance - March 31, 2021	36,239	\$ —	3,519	\$ (49)	706	\$ (135)	\$ 60	\$ 582

See notes to Unaudited Condensed Consolidated Financial Statements.

VERSO CORPORATION
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Dollars in millions)	Three Months Ended March 31,	
	2020	2021
Cash Flows From Operating Activities:		
Net income (loss)	\$ 54	\$ (90)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	23	102
Noncash restructuring charges	—	8
Net periodic pension cost (income)	(4)	(6)
Pension plan contributions	(8)	(7)
Equity award expense	2	1
Gain on Sale of Androscoggin/Stevens Point Mills	(88)	—
Deferred taxes	26	(14)
Changes in assets and liabilities:		
Accounts receivable, net	(26)	(10)
Inventories	(24)	16
Prepaid expenses and other assets	—	1
Accounts payable	(18)	1
Accrued and other liabilities	(14)	(3)
Net cash provided by (used in) operating activities	(77)	(1)
Cash Flows From Investing Activities:		
Capital expenditures	(22)	(4)
Net proceeds from Sale of Androscoggin/Stevens Point Mills	340	—
Net cash provided by (used in) investing activities	318	(4)
Cash Flows From Financing Activities:		
Borrowings on ABL Facility	36	—
Payments on ABL Facility	(36)	—
Principal payment on financing lease obligation	—	(1)
Acquisition of treasury stock	(7)	(10)
Dividends paid to stockholders	—	(3)
Net cash provided by (used in) financing activities	(7)	(14)
Change in Cash and cash equivalents and restricted cash	234	(19)
Cash and cash equivalents and restricted cash at beginning of period	44	139
Cash and cash equivalents and restricted cash at end of period	\$ 278	\$ 120
Supplemental cash flow disclosures:		
Total interest paid	\$ —	\$ —
Total income taxes paid	—	—
Noncash investing and financing activities:		
Right-of-use assets obtained in exchange for new finance lease liabilities	\$ —	\$ —
Right-of-use assets obtained in exchange for new capitalized operating lease liabilities	1	—

See notes to Unaudited Condensed Consolidated Financial Statements.

1. SUMMARY OF BUSINESS AND BASIS OF PRESENTATION

Nature of Business — Verso is a producer of graphic paper, specialty paper, packaging paper and Northern Bleached Hardwood Kraft, or “NBHK,” pulp. Verso’s products are used primarily in media, marketing applications and commercial printing applications. Uses include catalogs, magazines, high-end advertising brochures, direct-mail advertising, and specialty applications, such as labeling and other special applications. Verso’s NBHK pulp is used to manufacture printing, writing and specialty paper grades, tissue and other products. Verso operates in the pulp and paper market segments. However, Verso determined that the operating income (loss) of the pulp segment is immaterial for disclosure purposes. Verso’s assets are utilized across segments in an integrated mill system and are not identified by segment or reviewed by management on a segment basis. Verso operates primarily in North America.

Sale of Androscoggin Mill and Stevens Point Mill — On November 11, 2019, Verso and Verso Paper entered into a membership interest purchase agreement, or the “Purchase Agreement,” with Pixelle Specialty Solution LLC, or “Pixelle,” whereby Verso and Verso Paper agreed to sell to Pixelle, or the “Pixelle Sale,” or “Sale of Androscoggin/Stevens Point Mills,” all of the outstanding membership interests in Verso Androscoggin, LLC an indirect wholly owned subsidiary of Verso and the entity that, as of the closing date of the Pixelle Sale, held all the assets primarily related to Verso’s Androscoggin Mill located in Jay, Maine, and Stevens Point Mill, located in Stevens Point, Wisconsin. The transaction was approved by Verso’s stockholders on January 31, 2020 and closed on February 10, 2020 (see Note 5).

Duluth Mill and Wisconsin Rapids Mill — On June 9, 2020, Verso announced plans to indefinitely idle its mills in Duluth, Minnesota and Wisconsin Rapids, Wisconsin, while exploring viable and sustainable alternatives for both mills including restarting, selling or permanently closing one or both mills. Verso’s decision to reduce its production capacity was driven by the accelerated decline in graphic paper demand, primarily resulting from the COVID-19 pandemic. The production capacity of the Duluth Mill is approximately 270,000 tons of supercalendered/packaging paper and the production capacity of the Wisconsin Rapids Mill is approximately 540,000 tons of coated and packaging paper. Verso idled production at the Duluth Mill on July 1, 2020 and at the Wisconsin Rapids Mill on July 27, 2020. On December 31, 2020, Verso decided to permanently shut down the Duluth Mill while continuing with efforts to sell the mill (see Note 10). On February 8, 2021, Verso decided to permanently shut down the No. 14 paper machine and certain other long-lived assets at the Wisconsin Rapids Mill (see Note 10). Verso continues to operate the facility at the Wisconsin Rapids Mill to convert paper produced at the Quinnesec and Escanaba mills to sheets for the commercial print market.

COVID-19 Pandemic — The COVID-19 Pandemic has impacted our operations and financial results since the first quarter of 2020 and continues to have an impact on us. Verso serves as an essential manufacturing business and, as a result, Verso’s mills have continued to be operational during the time of the pandemic in order to meet the ongoing needs of its customers, including those in other essential business sectors, which provide food, medical and hygiene products needed in a global health crisis. The guidelines and orders enacted by federal, state and local governments have, however, impacted demand from retailers, political campaigns, and sports and entertainment events, driving reduced purchases of printed materials and substantially impacting Verso’s graphic paper business.

Verso’s COVID-19 preparedness and response team has been monitoring the pandemic and related events and preparing and implementing responses in accordance with Centers for Disease Control and Prevention, or “CDC,” and the Occupational Safety and Health Administration, or “OSHA,” recommendations as well as federal, state and local guidelines.

While Verso cannot reasonably estimate the full impact of COVID-19 on the business, financial position, results of operations and cash flows, Verso expects the pandemic will continue to have a negative impact on business and financial results.

Basis of Presentation — This report contains the Unaudited Condensed Consolidated Financial Statements of Verso as of December 31, 2020 and March 31, 2021 and for the three months ended March 31, 2020 and 2021. The December 31, 2020 Unaudited Condensed Consolidated Balance Sheet data was derived from audited financial statements, but it does not include all disclosures required annually by accounting principles generally accepted in the United States of America, or “GAAP.” In Verso’s opinion, the Unaudited Condensed Consolidated Financial Statements include all adjustments that are necessary for the fair presentation of Verso’s respective financial condition, results of operations and cash flows for the interim periods

presented. Except as disclosed in the notes to the Unaudited Condensed Consolidated Financial Statements, such adjustments are of a normal, recurring nature. Intercompany balances and transactions are eliminated in consolidation. The results of operations and cash flows for the interim periods presented may not necessarily be indicative of full-year results. These financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto of Verso contained in its Annual Report on Form 10-K for the year ended December 31, 2020.

2. RECENT ACCOUNTING PRONOUNCEMENTS

Accounting Guidance Adopted in 2021

ASC Topic 740, Income Taxes. In December 2019, the FASB issued ASU 2019-12, *Simplifying the Accounting for Income Taxes*, which removes certain exceptions for investments, intraperiod allocations and interim calculations, and adds guidance to reduce the complexity in accounting for income taxes. Verso adopted this guidance on January 1, 2021, and the effect on the Unaudited Condensed Consolidated Financial Statements was not material.

3. REVENUE RECOGNITION

The following table presents the revenues disaggregated by product included on the Unaudited Condensed Consolidated Statements of Operations:

(Dollars in millions)	Three Months Ended March 31,	
	2020	2021
Paper	\$ 421	\$ 250
Packaging	24	7
Pulp	26	25
Total Net sales	\$ 471	\$ 282

The following table presents the revenue disaggregated by sales channel included on the Unaudited Condensed Consolidated Statements of Operations:

(Dollars in millions)	Three Months Ended March 31,	
	2020	2021
End-users and Converters	\$ 170	\$ 87
Brokers and Merchants	219	150
Printers	82	45
Total Net sales	\$ 471	\$ 282

4. SUPPLEMENTAL FINANCIAL STATEMENT INFORMATION

Restricted Cash — As of December 31, 2020 and March 31, 2021, \$2 million of restricted cash was included in Intangibles and other assets, net on the Unaudited Condensed Consolidated Balance Sheets primarily related to asset retirement obligations in the state of Michigan. These cash deposits are required by the state and may only be used for the future closure of a landfill. As of both March 31, 2020 and 2021, Cash and cash equivalents and restricted cash on the Unaudited Condensed Consolidated Statements of Cash Flows includes restricted cash of \$2 million.

Inventories — The following table summarizes inventories by major category:

(Dollars in millions)	December 31, 2020	March 31, 2021
Raw materials	\$ 45	\$ 41
Work-in-process	31	30
Finished goods	125	114
Replacement parts and other supplies	23	19
Inventories	\$ 224	\$ 204

Property, plant and equipment — Depreciation expense for the three months ended March 31, 2020 and 2021 was \$22 million and \$101 million, respectively. Depreciation expense for the three months ended March 31, 2021 includes \$84 million in accelerated depreciation associated with the permanent shutdown of the No. 14 paper machine and certain other long-lived assets at the Wisconsin Rapids Mill (see Note 10). Property, plant and equipment as of March 31, 2020 and 2021 include \$3 million and \$4 million, respectively, of capital expenditures that were unpaid and included in Accounts payable and Accrued and other liabilities on the Unaudited Condensed Consolidated Balance Sheets.

Income Taxes — Income tax expense for the three months ended March 31, 2020 was \$26 million and income tax benefit for the three months ended March 31, 2021 was \$14 million. During the three months ended March 31, 2020 and 2021, Verso recognized \$6 million and \$4 million, respectively, of additional valuation allowance against state tax credits.

5. DISPOSITIONS

Sale of Androscoggin Mill and Stevens Point Mill

On February 10, 2020, Verso completed the Pixelle Sale, selling all of the outstanding membership interests in Verso Androscoggin, LLC, an indirect wholly owned subsidiary of Verso and the entity that, as of the closing date of the Pixelle Sale, held all the assets primarily related to Verso's Androscoggin Mill located in Jay, Maine and Verso's Stevens Point Mill, located in Stevens Point, Wisconsin. The Pixelle Sale did not qualify as a discontinued operation. As consideration for the Pixelle Sale, Verso received \$352 million in cash, which reflected certain adjustments related to Verso's estimates of cash, indebtedness and working capital of Verso Androscoggin, LLC and Pixelle assumed \$37 million of Verso's unfunded pension liabilities, which reflected certain adjustments in connection with the completed transfer of the unfunded pension liabilities during the year ended December 31, 2020.

During the three months ended March 31, 2020, Verso received \$340 million in net cash proceeds, consisting of \$346 million in cash reduced by \$6 million in selling costs and recognized an \$88 million gain on the sale. In connection with the Pixelle Sale, Verso provided certain transition services to Pixelle and recognized \$1 million for these services as a reduction of Selling, general and administrative expenses on the Unaudited Condensed Consolidated Statement of Operation during the three months ended March 31, 2020.

Luke Mill Equipment and Other Asset Sales

On August 1, 2020, Verso entered into an equipment purchase agreement with Halkali Kagit Karton Sanayi ve Tic. A.S., or the "Purchaser," a company organized under the laws of Turkey, whereby Verso agreed to sell, and the Purchaser agreed to purchase, certain equipment at Verso's Luke Mill, primarily including two paper machines. The purchase price is \$11 million in cash due at various milestones. Verso has received \$9 million in non-refundable deposits associated with this sale which includes \$1 million in the first quarter of 2021. Verso expects to receive an additional \$1 million in the second quarter of 2021 and the final payment of \$1 million by the third quarter of 2021. The closing of the equipment purchase, including the transfer of title and ownership of the equipment to the Purchaser, will occur upon satisfactory completion of the disassembly and removal of the equipment and the receipt by Verso of all payments due from the Purchaser. Verso is exploring options for disposal of the remaining assets of the Luke Mill. In connection with these sales, Verso classified \$17 million in assets as held for sale on the Unaudited Condensed Consolidated Balance Sheets as of December 31, 2020 and March 31, 2021.

6. DEBT

As of December 31, 2020 and March 31, 2021, Verso Paper had no outstanding borrowings on its \$350 million asset-based revolving credit facility, as amended, or the “ABL Facility.”

The amount of borrowings and letters of credit available to Verso Paper pursuant to the ABL Facility is limited to the lesser of \$350 million or an amount determined pursuant to a borrowing base (\$167 million as of March 31, 2021). As of March 31, 2021, there were no borrowings outstanding under the ABL Facility, with \$21 million issued in letters of credit and \$146 million available for future borrowings.

7. EARNINGS PER SHARE

The following table provides a reconciliation of basic and diluted income (loss) per common share:

	Three Months Ended	
	March 31,	
	2020	2021
Net income (loss) available to common stockholders (in millions)	\$ 54	\$ (90)
Weighted average common shares outstanding - basic (in thousands)	35,107	33,044
Dilutive shares from stock awards (in thousands)	274	—
Weighted average common shares outstanding - diluted (in thousands)	35,381	33,044
Basic income (loss) per share	\$ 1.53	\$ (2.71)
Diluted income (loss) per share	\$ 1.52	\$ (2.71)

As a result of the net loss from continuing operations for the three months ended March 31, 2021, 0.8 million restricted stock units were excluded from the calculation of diluted earnings per share as their inclusion would be anti-dilutive. As of March 31, 2020 and 2021, Verso had 1.8 million warrants outstanding at an adjusted exercise price per share of \$27.86 and \$21.34, respectively (see Note 9). As a result of the exercise price of the warrants exceeding the average market price of Verso’s common stock during the three months ended March 31, 2020 and 2021, 1.8 million and 2.4 million shares, respectively, were excluded from the calculations of diluted earnings per share as their inclusion would be anti-dilutive.

8. RETIREMENT BENEFITS

The following table summarizes the components of net periodic pension cost (income) for the periods presented:

(Dollars in millions)	Three Months Ended	
	March 31,	
	2020	2021
Service cost	\$ 1	\$ —
Interest cost	12	10
Expected return on plan assets	(17)	(16)
Net periodic pension cost (income)	\$ (4)	\$ (6)

Verso makes contributions that are sufficient to fund actuarially determined costs, generally equal to the minimum amounts required by the Employee Retirement Income Security Act. Verso made contributions to its pension plan of \$8 million during the three months ended March 31, 2020 and \$7 million during the three months ended March 31, 2021. On March 11, 2021, the government signed into law the American Rescue Plan Act of 2021, or “ARPA”. This act provides for pension funding relief which will reduce Verso’s expected 2021 required cash contribution to \$26 million from \$46 million. Verso expects to make at least \$19 million in required contributions to the pension plan in the remainder of 2021.

9. EQUITY

Equity Awards

During the three months ended March 31, 2021, Verso granted 0.2 million time-based restricted stock units and 0.2 million performance-based restricted stock units to its executives and certain senior managers. The performance-based restricted stock

unit awards granted vest on the performance determination date following the end of the performance period, as measured using an adjusted EBITDAP (earnings before interest, taxes, depreciation, amortization and pension expense/income) metric and a return on invested capital metric over a 3-year period ending December 31, 2023. The vesting criteria of the performance-based restricted stock unit awards meet the definition of a performance condition for accounting purposes. The number of shares which will ultimately vest at the vesting date ranges from 0% to 200% of the number of performance-based restricted stock units granted based on performance during the 3-year cumulative performance period. The compensation expense associated with these performance awards is currently estimated at 100%.

On March 5, 2021, Verso modified certain outstanding restricted stock unit awards as part of a retention arrangement for its Chief Financial Officer. If the Chief Financial Officer does not voluntarily terminate employment with Verso before June 30, 2021 then his performance-based restricted stock units will remain outstanding and can vest on a pro-rata basis and the next tranche of his time-based restricted stock units will vest. This change was considered a modification and resulted in a revaluation of his 2019 and 2020 performance-based restricted stock units to a fair value of \$0.67 and \$8.66, respectively, and a revaluation of his 2018, 2019 and 2020 time-based restricted stock units that will vest as a result of the modification to a fair value of \$13.32.

Verso recognized equity award expense of \$2 million and \$1 million for the three months ended March 31, 2020 and 2021 respectively. As of March 31, 2021, there was approximately \$7 million of unrecognized compensation cost related to the 0.8 million non-vested restricted stock units, which is expected to be recognized over the weighted average period of 2.3 years.

Time-based Restricted Stock Units

Changes to non-vested time-based restricted stock units for the three months ended March 31, 2021 were as follows:

Shares (in thousands)	Restricted Stock Units Outstanding	Weighted Average Grant Date Fair Value
Non-vested at December 31, 2020	421	\$ 9.95
Granted ⁽¹⁾	178	12.56
Vested	(211)	8.82
Forfeited	(2)	11.60
Non-vested at March 31, 2021 ⁽²⁾	386	11.77

⁽¹⁾ Includes 3 thousand dividend equivalent units on certain time-based restricted stock unit awards for dividends related to the stock units granted but not yet vested at the time cash dividends were paid.

⁽²⁾ Includes the modified value of the time-based restricted stock units associated with the retention agreement for the Chief Financial Officer.

Performance-based Restricted Stock Units

Changes to non-vested performance-based restricted stock units for the three months ended March 31, 2021 were as follows:

Shares (in thousands)	Restricted Stock Units Outstanding	Weighted Average Grant Date Fair Value
Non-vested at December 31, 2020	424	\$ 12.21
Granted ⁽¹⁾	179	12.54
Incremental shares vested ⁽²⁾	10	—
Vested	(143)	12.90
Forfeited	(21)	10.44
Non-vested at March 31, 2021 ⁽³⁾	449	10.95

⁽¹⁾ Includes 3 thousand dividend equivalent units on certain performance-based restricted stock unit awards for dividends related to the stock units granted but not yet vested at the time cash dividends were paid.

⁽²⁾ Incremental shares are a result of performance at 113% of the target level of shares subject to the performance based restricted stock units.

⁽³⁾ Includes the modified value of the performance-based restricted stock units associated with the retention agreement for the Chief Financial Officer.

Share Repurchase Authorization and Dividends

On February 26, 2020, Verso's Board of Directors authorized up to \$250 million of net proceeds from the Pixelle Sale to be used to repurchase outstanding shares of Verso common stock. In conjunction with the declaration of the special cash dividend of \$3.00 per share, or \$101 million, on August 5, 2020, Verso's Board of Directors reduced Verso's total share repurchase authorization from \$250 million to \$150 million. During the three months ended March 31, 2021, Verso purchased approximately 0.7 million shares of its common stock under the share repurchase authorization at a weighted average cost of \$13.06 per share. As of March 31, 2021, \$112 million of the \$150 million authorized remained.

On February 5, 2021, Verso's Board of Directors declared a quarterly cash dividend of \$0.10 per share of Verso's common stock, which was paid on March 29, 2021, to stockholders of record on March 18, 2021. On May 6, 2021, Verso's Board of Directors declared a quarterly cash dividend of \$0.10 per share of Verso's common stock, payable on June 29, 2021, to stockholders of record on June 17, 2021.

Warrants

On July 15, 2016, warrants to purchase up to an aggregate of 1.8 million shares of Class A common stock were issued to holders of first-lien secured debt at an initial exercise price of \$27.86 per share and a seven-year term, subject to customary anti-dilution adjustments. In connection with the 2.8 million shares of Verso common stock repurchased pursuant to Verso's share repurchase authorization and ordinary and special dividends declared, the number of shares of Verso common stock issuable upon exercise of each warrant increased from one share of common stock to 1.31 shares of common stock and the warrant exercise price was reduced from \$27.86 per share to \$21.34 per share, each effective as of March 17, 2021. If all warrants were exercised, Verso would issue 2.4 million shares of Class A common stock and receive \$50 million in proceeds. The warrants expire on July 15, 2023. As of March 31, 2021, no warrants have been exercised.

10. RESTRUCTURING CHARGES

Wisconsin Rapids Mill - On February 8, 2021, Verso decided to permanently shut down the No. 14 paper machine and certain other long-lived assets at its paper mill in Wisconsin Rapids, Wisconsin, while continuing to explore viable and sustainable alternatives with the remaining assets, including its converting operation, No. 16 paper machine and other remaining long-lived assets. This decision was made in response to the continued accelerated decline in printing and writing paper demand. The decision to permanently shut down the No. 14 paper machine and certain other long-lived assets, which have been idle since July 2020, permanently reduced Verso's total annual production capacity by approximately 185,000 tons of coated paper.

In connection with the permanent shutdown of No. 14 paper machine at the Wisconsin Rapids Mill, Verso recognized \$84 million of accelerated depreciation which is included in Depreciation and amortization on the Unaudited Condensed Consolidated Statements of Operations for the three months ended March 31, 2021.

The following table details the charges incurred related to the shutdown of No. 14 paper machine and certain other long-lived assets as included in Restructuring charges on the Unaudited Condensed Consolidated Statement of Operations:

(Dollars in millions)	Three Months Ended		Cumulative	
	March 31, 2021		Incurred	
Property, plant and equipment, net	\$	5	\$	5
Write-off of spare parts and inventory		3		3
Total restructuring costs	\$	8	\$	8

Duluth Mill — On December 31, 2020, Verso decided to permanently shut down the paper mill in Duluth, Minnesota while continuing with efforts to sell the mill. In connection with these efforts, Verso classified \$9 million in Assets held for sale on the Unaudited Condensed Consolidated Balance Sheet as of March 31, 2021. Management's decision to permanently shut down the Duluth Mill was made in response to the continued accelerated decline in printing and writing paper demand resulting from the COVID-19 pandemic. The closure of the Duluth Mill, which has been idle since July 2020, reduced Verso's total annual production capacity by approximately 270,000 tons of supercalendered/packaging paper.

The following table details the charges incurred related to the Duluth Mill closure as included in Restructuring charges on the Unaudited Condensed Consolidated Statement of Operations:

(Dollars in millions)	Three Months Ended		Cumulative Incurred
	March 31, 2021		
Property, plant and equipment, net	\$	—	\$ 3
Severance and benefit costs		—	1
Write-off of spare parts and inventory		—	2
Write-off of purchase obligations and commitments		2	3
Other costs		1	1
Total restructuring costs	\$	3	\$ 10

The following table details the changes in the restructuring reserve liabilities related to the permanent shutdown of the Duluth Mill which are included in Accrued and other liabilities on the Unaudited Condensed Consolidated Balance Sheet:

(Dollars in millions)	Three Months Ended March 31, 2021
Beginning balance of reserve	\$ 2
Severance and benefit payments	(1)
Purchase obligations	2
Other costs	1
Payments on other costs	(1)
Ending balance of reserve	\$ 3

Closure of Luke Mill — On April 30, 2019, Verso announced that it would permanently shut down its paper mill in Luke, Maryland in response to the continuing decline in customer demand for the grades of coated freesheet paper produced at the Luke Mill, along with rising input costs, a significant influx of imports and rising compliance costs and infrastructure challenges associated with environmental regulation. Verso completed the shutdown and closure of the Luke Mill in June 2019, which reduced Verso's coated freesheet production capacity by approximately 450,000 tons and eliminated approximately 675 positions.

The following table details the charges incurred related to the Luke Mill closure as included in Restructuring charges on the Unaudited Condensed Consolidated Statements of Operations:

(Dollars in millions)	Three Months Ended		Cumulative Incurred
	March 31,		
	2020	2021	
Property, plant and equipment, net	\$	—	\$ 10
Severance and benefit costs		(1)	18
Write-off of spare parts and inventory		—	9
Write-off of purchase obligations and commitments		—	1
Other costs ⁽¹⁾		7	19
Total restructuring costs	\$	6	\$ 57

⁽¹⁾ Other costs primarily relate to activities associated with the shutdown of property, plant and equipment, such as draining, cleaning, dismantling, securing and disposing of such assets. Other costs for the three months ended March 31, 2020 includes \$6 million for the final cleaning and shutdown of various storage tanks.

11. COMMITMENTS AND CONTINGENCIES

General Litigation — Verso is involved from time to time in legal proceedings incidental to the conduct of its business. While any proceeding or litigation has the element of uncertainty, Verso believes that the outcome of any of these lawsuits or claims that are pending or threatened or all of them combined (other than those that cannot be assessed due to their preliminary nature) will not have a material effect on the Unaudited Condensed Consolidated Financial Statements.

In November 2019, the state of West Virginia asserted in an administrative enforcement action that three above-ground storage tanks at Verso's Luke Mill leaked and that Verso had failed to take certain actions to prevent and report the release of pollutants

into the North Branch of the Potomac River. In March 2020, the Potomac Riverkeeper Network (“PRKN”) filed a federal lawsuit against Verso alleging the improper handling, storage and disposal of wastes generated at the Luke Mill. In May 2020, Maryland joined the PRKN lawsuit and in July 2020, Maryland obtained dismissal of a lawsuit that it previously had filed with respect to the same facts. The Luke Mill sits on the border of West Virginia and Maryland, and it was closed in June 2019.

On April 1, 2021, a consent decree was approved and entered by the court in the federal lawsuit, setting forth the terms agreed by Verso with the PRKN and the Maryland Department of the Environment (“the Department”), to settle the claims by PRKN and the state of Maryland. Pursuant to the consent decree, Verso has agreed to pay an aggregate of \$1 million in penalties and fees to the Department and PRKN. Verso has also agreed to reimburse the Department for any future response and oversight costs at the Luke Mill up to a maximum of \$25,000 for the first year after the effective date of the consent decree and \$20,000 per year thereafter until termination of monitoring oversight under the consent decree. In addition to the penalties and fees paid pursuant to the consent decree, Verso also agreed to continue its ongoing remedial activities at the Luke Mill and to monitor the site for at least three years after completion of its remedial efforts.

Verso is currently engaged in settlement negotiations with the state of West Virginia. Verso believes it is nearing an agreement with the state of West Virginia to settle claims related to the environmental impacts at the Luke Mill.

As a result of the consent decree approval on April 1, 2021, Verso has revised its estimates of costs related to the ongoing environmental remediation and monitoring efforts and has recorded an additional \$5 million in Cost of products sold on the Unaudited Condensed Consolidated Statements of Operations during the three months ended March 31, 2021. As of March 31, 2021, \$10 million of environmental remediation costs are included on the Unaudited Condensed Consolidated Balance Sheet, including \$5 million in Accrued and other liabilities and \$5 million in Other long-term liabilities. As of December 31, 2020, \$5 million of environmental remediation costs, which included the cost related to the consent decree mentioned above, are included in Accrued and other liabilities on the Unaudited Condensed Consolidated Balance Sheet.

ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

We are a leading North American producer of coated paper, shipped in both roll and sheet formats, which is used primarily in printing applications to produce high-end advertising brochures, catalogs and magazines among other media and marketing publications as well as specialty and packaging applications. We also produce and sell NBHK pulp, which is used to manufacture printing and writing paper grades and tissue products.

We currently operate three paper machines at our mill in Escanaba, Michigan and one paper machine and one NBHK pulp machine at our mill in Quinnesec, Michigan. The mills have an aggregate annual production capacity of approximately 1,400,000 tons of paper and NBHK pulp. We also operate the sheeting facility at our Wisconsin Rapids Mill to convert paper produced at our Michigan mills to sheets for the commercial print market.

2021 Developments

Wisconsin Rapids Mill

On February 8, 2021, we decided to permanently shut down the No. 14 paper machine and certain other long-lived assets at our paper mill in Wisconsin Rapids, Wisconsin, while continuing to explore viable and sustainable alternatives with the remaining assets, including our converting operations, No. 16 paper machine and other remaining long-lived assets. This decision permanently reduced our total annual production capacity by 185,000 tons of coated paper. In the first quarter of 2021, we recognized \$84 million of accelerated depreciation which is included in Depreciation and amortization on the Unaudited Condensed Consolidated Statement of Operations for the three months ended March 31, 2021. In addition, we recognized \$8 million in charges associated with the write-off of property, plant and equipment and spare parts and inventory which is included in Restructuring charges on the Unaudited Condensed Consolidated Statement of Operations for the three months ended March 31, 2021.

Luke Mill

On August 1, 2020, we entered into an equipment purchase agreement with Halkali Kagit Karton Sanayi ve Tic. A.S., a company organized under the laws of Turkey, whereby we agreed to sell, and the buyer agreed to purchase, certain equipment at our Luke Mill, primarily including two paper machines. The purchase price is \$11 million in cash due at various milestones.

We have received \$9 million in non-refundable deposits associated with this sale which includes \$1 million in the first quarter of 2021. We expect to receive an additional \$1 million in the second quarter of 2021 and the final payment of \$1 million by the third quarter of 2021. The closing of the equipment purchase, including the transfer of title and ownership of the equipment to the buyer, will occur upon satisfactory completion of the disassembly and removal of the equipment and the receipt, by us, of all payments due from the buyer.

We continue to evaluate options for sale of the remaining assets of our Luke Mill.

Changes to Directors and Officers

On January 27, 2021, the Board of Directors appointed Randy J. Nebel as Verso's President and Chief Executive Officer, prior to which he served as our interim President and Chief Executive Officer since September 30, 2020.

On March 5, 2021, Allen Campbell, our Senior Vice President and Chief Financial Officer, informed us of his intent to retire on June 30, 2021.

On April 5, 2021, Matthew Archambeau notified Verso of his decision to resign as Verso's Senior Vice President of Manufacturing and Energy. His resignation was effective on April 5, 2021.

COVID-19 Pandemic

The COVID-19 Pandemic has impacted our operations and financial results since the first quarter of 2020 and continues to have an impact on us. We serve as an essential manufacturing business and, as a result, we have continued to be operational during the time of the pandemic in order to meet the ongoing needs of our customers, including those in other essential business sectors, which provide food, medical and hygiene products needed in a global health crisis. The guidelines and orders enacted by federal, state and local governments have, however, impacted demand from retailers, political campaigns, and sports and entertainment events, driving reduced purchases of printed materials and substantially impacting our graphic paper business.

Our COVID-19 preparedness and response team has been monitoring the pandemic and related events and preparing and implementing responses in accordance with CDC and OSHA recommendations as well as federal, state and local guidelines.

While we cannot reasonably estimate the full impact of COVID-19 on our business, financial position, results of operations and cash flows, we expect the pandemic will continue to have a negative impact on our business and financial results.

Results of Operations

The following table sets forth the historical results of operations of Verso for the periods indicated below. The following discussion of our financial condition and results of operations should be read in conjunction with our Unaudited Condensed Consolidated Financial Statements and notes thereto included elsewhere in this report.

Three Months Ended March 31, 2021 Compared to Three Months Ended March 31, 2020

(Dollars in millions)	Three Months Ended		Three Months \$ Change
	2020	March 31, 2021	
Net sales	\$ 471	\$ 282	\$ (189)
Costs and expenses:			
Cost of products sold (exclusive of depreciation and amortization)	427	264	(163)
Depreciation and amortization	23	102	79
Selling, general and administrative expenses	27	15	(12)
Restructuring charges	6	11	5
Other operating (income) expense	(88)	(1)	87
Operating income (loss)	76	(109)	(185)
Interest expense	—	1	1
Other (income) expense	(4)	(6)	(2)
Income (loss) before income taxes	80	(104)	(184)
Income tax expense (benefit)	26	(14)	(40)
Net income (loss)	\$ 54	\$ (90)	\$ (144)

Net sales. Net sales for the three months ended March 31, 2021 decreased \$189 million compared to the three months ended March 31, 2020, as a result of significant declines in sales volume and unfavorable price/mix. Of the \$189 million, or 40%, net sales decline, \$59 million, or 13%, was a result of the sale of our Androscoggin and Stevens Point mills in February 2020, and \$33 million, or 7%, was attributable to the indefinite idling of our Duluth Mill in July 2020. The remaining \$97 million was a combination of market declines and the idling of our Wisconsin Rapids Mill. Total company sales volume was down from 554 thousand tons during the three months ended March 31, 2020, to 339 thousand tons during the same period of the current year. Of the 215 thousand ton volume decline, 59 thousand tons were a result of the sale of our Androscoggin and Stevens Point mills in February 2020, 54 thousand tons were attributable to the indefinite idling of our Duluth Mill in July 2020, and the additional decline in volume resulted from lower customer demand and the idling of our Wisconsin Rapids Mill.

Operating income (loss). Operating loss was \$109 million for the three months ended March 31, 2021, a decrease of \$185 million when compared to operating income of \$76 million for the three months ended March 31, 2020.

Our operating results for the three months ended March 31, 2021 were positively impacted by:

- Reduced planned major maintenance costs of \$1 million
- Lower Selling, general and administrative costs of \$12 million driven primarily by cost reduction initiatives in connection with the sale of our Androscoggin and Stevens Point mills in February 2020, lower equity compensation expense and lower severance costs

Our operating results for the three months ended March 31, 2021 were negatively impacted by:

- Unfavorable price/mix of \$6 million
- Lower sales volume resulting in a decrease of \$12 million in net operating income, driven by the impact of the COVID-19 pandemic, the sale of our Androscoggin and Stevens Point mills in February 2020 and the indefinite idling of our Duluth and Wisconsin Rapids mills in July 2020
- Higher net operating expenses of \$7 million driven primarily by costs incurred to idle our Duluth and Wisconsin Rapids mills, partially offset by improved performance and cost reduction initiatives across our mill system and reduced corporate overhead
- Higher freight costs of \$2 million
- Higher depreciation expense of \$79 million due primarily to \$84 million in accelerated depreciation associated with the permanent shutdown of No. 14 paper machine and certain other long-lived assets at our Wisconsin Rapids Mill in February 2021
- Higher restructuring charges of \$5 million primarily associated with the permanent shutdown of our Duluth Mill in December 2020 and of the No. 14 paper machine and certain other long-lived assets at our Wisconsin Rapids Mill in February 2021 partially offset by costs associated with the closure of our Luke Mill in June 2019
- Lower other operating income of \$87 million, primarily as a result of the \$88 million gain on the sale of our Androscoggin and Stevens Point mills in February 2020

Other (income) expense. Other income for the three months ended March 31, 2021 and 2020 includes income of \$6 million and \$5 million, respectively, associated with the non-operating components of net periodic pension cost (income).

Income tax expense (benefit). Income tax benefit of \$14 million for the three months ended March 31, 2021 primarily reflects estimated tax benefit for the period partially offset by \$4 million of additional valuation allowance recognized against state tax credits. Income tax expense of \$26 million for the three months ended March 31, 2020 primarily reflects estimated taxes for the period and \$6 million of additional valuation allowance recognized against state tax credits.

Reconciliation of Net Income (Loss) to EBITDA and Adjusted EBITDA

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 our ongoing performance. We use EBITDA and Adjusted EBITDA as a way of evaluating our performance relative to that of our peers and to assess compliance with our credit facilities. We believe that EBITDA and Adjusted EBITDA are non-GAAP operating performance measures commonly used in our industry that provide investors and analysts with measures of ongoing operating results, unaffected by differences in capital structures, capital investment cycles and ages of related assets among otherwise comparable companies.

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 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 (loss), which are determined in accordance with GAAP.

The following table reconciles Net income (loss) to EBITDA and Adjusted EBITDA for the periods presented:

(Dollars in millions)	Three Months Ended March 31,	
	2020	2021
Net income (loss)	\$ 54	\$ (90)
Income tax expense (benefit)	26	(14)
Interest expense	—	1
Depreciation and amortization	23	102
EBITDA	103	(1)
Adjustments to EBITDA:		
Restructuring charges ⁽¹⁾	6	11
Luke Mill post-closure costs ⁽²⁾	3	8
Noncash equity award compensation ⁽³⁾	2	1
Gain on Sale of the Androscoggin/Stevens Point Mills ⁽⁴⁾	(88)	—
Duluth and Wisconsin Rapids mills idle/post-closure costs ⁽⁵⁾	—	10
Stockholders proxy solicitation costs ⁽⁶⁾	4	—
Other severance costs ⁽⁷⁾	4	1
Other items, net ⁽⁸⁾	1	—
Adjusted EBITDA	\$ 35	\$ 30

⁽¹⁾ For 2020, charges are primarily associated with the closure of our Luke Mill in June 2019. For 2021, charges are primarily associated with the permanent shutdown of our Duluth Mill in December 2020 and of the No. 14 paper machine and certain other long-lived assets at our Wisconsin Rapids Mill in February 2021.

⁽²⁾ Costs recorded after the permanent shutdown of our Luke Mill that are not associated with product sales or restructuring activities, including \$5 million in March 2021 associated with the approval of a consent decree on April 1, 2021 relating to the ongoing environmental remediation and monitoring efforts.

⁽³⁾ Amortization of noncash incentive compensation.

⁽⁴⁾ Gain on the sale of outstanding membership interests in Verso Androscoggin, LLC in February 2020, which included our Androscoggin Mill and Stevens Point Mill.

⁽⁵⁾ Idle/post-closure costs associated with our Duluth and Wisconsin Rapids mills that are not associated with product sales or restructuring activities.

⁽⁶⁾ Costs incurred in connection with the stockholders proxy solicitation contest.

⁽⁷⁾ Severance and related benefit costs not associated with restructuring activities.

⁽⁸⁾ Other miscellaneous adjustments.

Liquidity and Capital Resources

Our principal cash requirements include ongoing operating costs for working capital needs, capital expenditures for maintenance and strategic investments in our mills and pension contributions. We believe our cash and cash equivalents at March 31, 2021, future cash generated from operations and, to the extent necessary, the availability under our ABL Facility, will be sufficient to meet these needs for at least the next twelve months. While changes in these ongoing operating costs can impact operating cash generation, we believe that our planning and strategies on pricing and cost control have resulted in our improved liquidity in recent years.

As of March 31, 2021, we had cash and cash equivalents of \$118 million while the outstanding balance of our ABL Facility was zero, with \$21 million issued in letters of credit and \$146 million available for future borrowings. We expect to enter into an amendment to our credit agreement during the second quarter of 2021. As part of that amendment, we anticipate we will reduce our available borrowing capacity from \$350 million to \$200 million, subject to a borrowing base calculation, and revise certain of our covenants. We do not expect any reduction in available liquidity as a result of this action.

On February 26, 2020, our Board of Directors authorized up to \$250 million of net proceeds from the Pixelle Sale to be used to repurchase outstanding shares of our common stock. In conjunction with the declaration of the special cash dividend of \$3.00 per share, or \$101 million, on August 5, 2020, our Board of Directors reduced the total amount of the share repurchase authorization from \$250 million to \$150 million. During the three months ended March 31, 2020 and March 31, 2021, we purchased approximately 0.2 million and 0.7 million shares, respectively, of our common stock through open market purchases and 10b-5 programs under the share repurchase authorization at weighted average costs of \$13.16 and \$13.06 per share, respectively. As of March 31, 2021, \$112 million of the \$150 million authorized remained.

On February 5, 2021, our Board of Directors declared a quarterly cash dividend of \$0.10 per share of Verso's common stock, which was paid on March 29, 2021, to stockholders of record on March 18, 2021. On May 6, 2021, our Board of Directors declared a quarterly cash dividend of \$0.10 per share of Verso's common stock, payable on June 29, 2021, to stockholders of record on June 17, 2021. We commenced paying quarterly dividends in the second quarter of 2020.

Verso makes contributions to its pension plan that are sufficient to fund actuarially determined costs, generally equal to the minimum amounts required by the Employee Retirement Income Security Act. Verso made contributions to its pension plan of \$8 million during the three months ended March 31, 2020 and \$7 million during the three months ended March 31, 2021. On March 11, 2021, the government signed into law the American Rescue Plan Act of 2021, or "ARPA". This act provides for pension funding relief which will reduce Verso's expected 2021 required cash contribution to \$26 million from \$46 million. Verso expects to make at least \$19 million in required contributions to the pension plan in the remainder of 2021.

Our cash flows from operating, investing and financing activities, as reflected on the Unaudited Condensed Consolidated Statements of Cash Flows, are summarized in the following table:

(Dollars in millions)	Three Months Ended March 31,	
	2020	2021
Net cash provided by (used in):		
Operating activities	\$ (77)	\$ (1)
Investing activities	318	(4)
Financing activities	(7)	(14)
Change in Cash and cash equivalents and restricted cash	\$ 234	\$ (19)

Operating Activities

Our operating cash flow requirements are primarily for salaries and benefits, the purchase of raw materials including wood fiber, wood pulp, chemicals and energy, and other expenses such as maintenance and warehousing costs. For the three months ended March 31, 2021, net cash used in operating activities of \$1 million primarily reflects a net loss of \$90 million, \$6 million of noncash pension income, \$7 million of pension plan contributions and deferred taxes of \$14 million, offset by noncash charges associated with the permanent shutdown of the No. 14 paper machine and certain other long-lived assets, including \$84 million in accelerated depreciation and \$8 million in other noncash charges, and net cash provided from working capital related changes of \$5 million. For the three months ended March 31, 2020, net cash used in operating activities of \$77 million primarily reflects a noncash gain of \$88 million on the Sale of the Androscoggin/Stevens Point Mills, \$8 million of pension plan contributions and net cash used for working capital related changes of \$82 million, partially offset by net income of \$54 million, noncash depreciation and amortization of \$23 million and deferred taxes of \$26 million. The net cash used for working capital related changes during the three months ended March 31, 2020 was primarily attributable to increases in accounts receivable, raw material inventory levels and payments that reduced our accounts payable and accrued liabilities.

Investing Activities

For the three months ended March 31, 2021, net cash used in investing activities consisted of cash paid for capital expenditures of \$4 million. For the three months ended March 31, 2020, net cash provided by investing activities of \$318 million consisted of \$340 million in proceeds from the Sale of the Androscoggin/Stevens Point Mills, partially offset by cash paid for capital expenditures of \$22 million.

Financing Activities

For the three months ended March 31, 2021, net cash used in financing activities of \$14 million primarily reflects \$3 million in cash dividends paid to stockholders and \$10 million for the acquisition of treasury stock, consisting of \$9 million of share repurchases and \$1 million associated with the vesting of restricted stock units. For the three months ended March 31, 2020, net cash used in financing activities of \$7 million primarily reflects the acquisition of treasury stock, including \$3 million of share repurchases and \$4 million associated with the vesting of restricted stock units.

ABL Facility

Verso Paper currently maintains an asset-based revolving credit facility, or our “ABL Facility,” that provides for revolving commitments of up to \$350 million, with a \$100 million sublimit for letters of credit and a \$35 million sublimit for swingline loans. The amount of borrowings and letters of credit available to Verso Paper pursuant to our ABL Facility is limited to the lesser of \$350 million or an amount determined pursuant to a borrowing base (\$167 million as of March 31, 2021). As of March 31, 2021, there were no borrowings outstanding under our ABL Facility, \$21 million issued in letters of credit and \$146 million available for future borrowings. Verso Paper may request one or more incremental revolving commitments in an aggregate principal amount up to the greater of (i) \$75 million or (ii) the excess of the borrowing base over the revolving facility commitments of \$350 million; however, the lenders are not obligated to increase the revolving commitments upon any such request. Availability under our ABL Facility is subject to customary borrowing conditions. Our ABL Facility will mature on February 6, 2024.

Outstanding borrowings under our ABL Facility bear interest at an annual rate equal to, at the option of Verso Paper, either (i) a customary London interbank offered rate plus an applicable margin ranging from 1.25% to 1.75% or (ii) the Federal Funds Rate plus an applicable margin ranging from 0.25% to 0.75%, determined based upon the average excess availability under our ABL Facility. Verso Paper also is required to pay a commitment fee for the unused portion of our ABL Facility of 0.25% per year, based upon the average revolver usage under our ABL Facility.

All obligations under our ABL Facility are unconditionally guaranteed by Verso Holding and certain of the subsidiaries of Verso Paper. The security interest with respect to our ABL Facility consists of a first-priority lien on certain assets of Verso Paper, Verso Holding and the other guarantor subsidiaries, including accounts receivable, inventory, certain deposit accounts, securities accounts and commodities accounts.

Our ABL Facility contains financial covenants requiring Verso, among other things, to maintain a minimum fixed charge coverage ratio if availability were to drop below prescribed thresholds. As of March 31, 2021, we were above the prescribed thresholds in our ABL Facility. Our ABL Facility also requires that certain payment conditions, as defined therein, are met in order for Verso to incur debt or liens, pay cash dividends, repurchase equity interest, prepay indebtedness, sell or dispose of assets and make investments in or merge with another company.

If Verso Paper were to violate any of the covenants under our ABL Facility and were unable to obtain a waiver, it would be considered a default after the expiration of any applicable grace period. If Verso Paper were in default under our ABL Facility, then the lenders thereunder may exercise remedies in accordance with the terms thereof. In addition, if Verso Paper were in default under our ABL Facility, no additional borrowings under our ABL Facility would be available until the default was waived or cured. Our ABL Facility provides for customary events of default, including a cross-event of default provision with respect to any other existing debt instrument having an aggregate principal amount that exceeds \$25 million.

Critical Accounting Policies

Our accounting policies are fundamental to understanding management’s discussion and analysis of financial condition and results of operations. Our Unaudited Condensed Consolidated Financial Statements are prepared in conformity with GAAP and follow general practices within the industry in which we operate. The preparation of the financial statements requires management to make certain judgments and assumptions in determining accounting estimates. Accounting estimates are considered critical if the estimate requires management to make assumptions about matters that were highly uncertain at the time the accounting estimate was made, and different estimates reasonably could have been used in the current period, or changes in the accounting estimate are reasonably likely to occur from period to period, that would have a material impact on the presentation of our financial condition, changes in financial condition or results of operations.

For a discussion of our critical accounting policies and estimates, see “Critical Accounting Policies” included in our Annual Report on Form 10-K for the year ended December 31, 2020, under the caption “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” We have made no significant changes to our critical accounting policies and estimates from those described in our Annual Report on Form 10-K for the year ended December 31, 2020.

Recent Accounting Pronouncements

See Note 2, “Recent Accounting Pronouncements” in the Notes to our Unaudited Condensed Consolidated Financial Statements included elsewhere in this report.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risk from fluctuations in our paper prices, interest rates, energy prices and commodity prices for our inputs.

Paper Prices

Our sales, which we report net of rebates, allowances and discounts, are a function of the number of tons of paper that we sell and the price at which we sell our paper. Paper prices historically have been a function of macroeconomic factors that influence supply and demand, and have been substantially more variable than volume and can change significantly over relatively short time periods. Price is also subject to volatility due to fluctuations in foreign exchange rates of the U.S. dollar relative to other currencies, especially the euro, which can lead to lower average sales price realization.

We are primarily focused on serving the following end-user markets: specialty converters, general commercial print, catalogs and magazine publishers. Coated paper demand is primarily driven by advertising and print media usage. Advertising spending and magazine and catalog circulation tend to correlate with gross domestic product in the United States, as they rise with a strong economy and contract with a weak economy, which impacts media spend which further impacts magazine and catalog subscriptions.

Many of our customers provide us with forecasts, which allows us to plan our production runs in advance, optimizing production over our integrated mill system and thereby reducing costs and increasing overall efficiency. Generally, our sales agreements do not extend beyond the calendar year, and they typically provide for quarterly or semiannual price adjustments based on market price movements.

We reach our end-users through several channels, including merchants, brokers, printers and direct sales to end-users. We sell our products to approximately 200 customers. During the three months ended March 31, 2021, our largest two customers, Central National-Gottesman and Veritiv Corporation, together accounted for 34% of our net sales.

Interest Rates

As of March 31, 2021, we had no borrowings outstanding under our ABL Facility. Borrowings under our ABL Facility bear interest at a variable rate based on LIBOR or the Federal Funds Rate, in each case plus an applicable margin (see "Liquidity and Capital Resources - ABL Facility" above for additional information).

An increase in interest rates would increase the costs of our variable rate debt obligations, if we were borrowing under our ABL Facility. While we may enter into agreements limiting our exposure to higher interest rates, any such agreements may not offer complete protection from this risk. In addition, there is currently uncertainty around whether LIBOR will continue to exist after 2021. However, for U.S. dollar LIBOR, it now appears that the relevant date may be deferred to June 30, 2023 for certain tenors (including overnight and one, three, six and 12 months), at which time the LIBOR administrator has indicated that it intends to cease publication of U.S. dollar LIBOR. Despite this potential deferral, the LIBOR administrator has advised that no new contracts using U.S. dollar LIBOR should be entered into after December 31, 2021. We expect to enter into an amendment to our credit agreement during the second quarter of 2021. That amendment will include transition language for the elimination of LIBOR.

Commodity Prices

We are subject to changes in our cost of sales caused by movements in underlying commodity prices. The principal components of our cost of sales are wood fiber, wood pulp, chemicals, energy, labor and maintenance. The cost of commodities, including wood fiber, wood pulp, chemicals and energy, is the most variable component of our cost of sales because prices can fluctuate substantially, sometimes within a relatively short period of time. In addition, our aggregate commodity purchases fluctuate based on the volume of paper that we produce.

Wood Fiber. We source our wood fiber from a broad group of timberland and sawmill owners located in the regions around our mills. Our cost to purchase wood is affected directly by the market price of wood in our regional markets and indirectly by the variability of fuel cost for the logging and transportation of timber to our facilities. While we have fiber supply agreements in place that ensure delivery of a substantial portion of our wood requirements, purchases under these agreements are typically at market rates.

Wood Pulp. We source bleached wood pulp from market producers to supplement fiber requirements at our mills. The primary pulp procured is Northern Bleached Softwood Kraft, or “NBSK.” We expect weather events and imbalances in supply and demand to create volatility in prices for NBSK from time to time.

Chemicals. Chemicals utilized in the manufacturing of coated paper include latex, clay, starch, calcium carbonate, caustic soda, sodium chlorate and titanium dioxide. We purchase these chemicals from a variety of suppliers and are not dependent on any single supplier to satisfy our chemical needs. We expect imbalances in supply and demand and weather events to periodically create volatility in prices and supply for certain chemicals.

Energy. We produce a significant portion of our energy needs for our paper mills from sources such as waste wood, waste heat recovery, liquid biomass from our pulping process and internal energy cogeneration facilities. Our external energy purchases include fuel oil, natural gas, coal and electricity. Our overall energy expenditures are mitigated by our internal energy production capacity and ability to switch between certain energy sources. The use of derivative contracts is also considered as part of our risk management strategy to manage our exposure to market fluctuations in energy prices.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to provide reasonable assurance that information required to be disclosed in reports that we file and submit under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission’s rules and forms and is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

There are inherent limitations to the effectiveness of any disclosure controls and procedures, including the possibility of human error or the circumvention or overriding of the controls and procedures, and even effective disclosure controls and procedures can provide only reasonable assurance of achieving their objectives. Our disclosure controls and procedures are designed to provide reasonable assurance of achieving their objectives.

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the design and operation of our disclosure controls and procedures as of March 31, 2021. Based upon this evaluation, and subject to the foregoing, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective at the reasonable assurance level as of March 31, 2021.

Changes in Internal Control over Financial Reporting

There was no change in our internal control over financial reporting during the quarter ended March 31, 2021, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

See Note 11 to our Unaudited Condensed Consolidated Financial Statements for information regarding legal proceedings, which information is incorporated by reference in this Item 1.

ITEM 1A. RISK FACTORS

There have been no material changes to the risk factors disclosed in “*Part I - Item 1A. Risk Factors*” in our Annual Report on Form 10-K for the year ended December 31, 2020.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

On February 26, 2020, our Board of Directors authorized up to \$250 million of net proceeds from the Pixelle Sale to be used to repurchase outstanding shares of Verso common stock. In conjunction with the declaration of the special cash dividend of \$3.00 per share on August 5, 2020 (see “Liquidity and Capital Resources” above for more information), our Board of Directors reduced the total amount of the share repurchase authorization from \$250 million to \$150 million. As a result of this reduction in authorization, as of March 31, 2021, \$112 million of the \$150 million authorized remained. During the three months ended March 31, 2021, we purchased approximately 0.7 million shares of our common stock through open market purchases and 10b-5 programs under the share repurchase authorization at weighted average costs of \$13.06 per share.

The table below discloses the shares of our common stock repurchased during the first quarter 2021:

	Total Number of Shares (or Units) Purchased (1)	Average Price Paid per Share (or Unit) (a)	Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs (b) (in millions)
January 1, 2021 through January 31, 2021	170,141	\$ 12.48	170,141	\$ 119
February 1, 2021 through February 28, 2021	174,690	12.41	174,690	116
March 1, 2021 through March 31, 2021	312,134	13.75	312,134	112
Total	656,965			

⁽¹⁾ Does not include 118,161 shares of Verso common stock repurchased during the three months ended March 31, 2021 at an average price of \$12.31 per share to meet participant tax withholding obligations on restricted stock units that vested during the quarter.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

Not applicable.

ITEM 6. EXHIBITS

The following exhibits are included with this report:

<u>Exhibit Number</u>	<u>Description of Exhibit</u>
3.1	<u>Amended and Restated Certificate of Incorporation of Verso Corporation, as amended by the Certificate of Amendment, dated February 18, 2020.</u> ⁽¹⁾
3.2	<u>Amended and Restated Bylaws of Verso Corporation.</u> ⁽²⁾
4.1	<u>Form of specimen Class A Common Stock certificate.</u> ⁽³⁾
4.2	<u>Form of specimen Class B Common stock certificate.</u> ⁽⁴⁾
4.3	<u>Form of specimen Warrant certificate.</u> ⁽⁵⁾
4.4	<u>Warrant Agreement dated as of July 15, 2016, between Verso Corporation and Computershare Inc. and its wholly owned subsidiary, Computershare Trust Company N.A., collectively, as warrant agent.</u> ⁽⁶⁾
10.1	<u>Letter dated March 5, 2021 from Verso Corporation to Allen J. Campbell.</u> ⁽⁷⁾
10.2	<u>Severance Agreement, dated March 11, 2021, by and between Verso Corporation and Terrance M. Dyer.</u>
10.3	<u>Employment Agreement, dated March 12, 2020, by and between Verso Corporation and Aaron D. Haas.</u>
10.4	<u>Verso Corporation Directors Deferred Compensation Plan.</u>
10.5	<u>Directors Deferred Compensation Plan Deferral Election Form.</u>
10.6	<u>Form of Non-Employee Director Restricted Stock Unit Award Agreement - 2021.</u>
31.1	<u>Certification of Principal Executive Officer of Verso Corporation pursuant to Rule 13a-14(a) under Securities Exchange Act of 1934.</u>
31.2	<u>Certification of Principal Financial Officer of Verso Corporation pursuant to Rule 13a-14(a) under Securities Exchange Act of 1934.</u>
32.1	<u>Certification of Principal Executive Officer of Verso Corporation pursuant to Rule 13a-14(b) under Securities Exchange Act of 1934 and Section 1350 of Chapter 63 of Title 18 of the United States Code.</u> ⁽⁸⁾
32.2	<u>Certification of Principal Financial Officer of Verso Corporation pursuant to Rule 13a-14(b) under Securities Exchange Act of 1934 and Section 1350 of Chapter 63 of Title 18 of the United States Code.</u> ⁽⁸⁾
101.INS	Inline XBRL Instance Document.
101.SCH	Inline XBRL Taxonomy Extension Schema.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase.
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase.
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase.
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101).

⁽¹⁾ Incorporated herein by reference to Exhibit 3.1 to Verso Corporation's Annual Report on Form 10-K for the year ended December 31, 2020 filed with the SEC on March 1, 2021.

⁽²⁾ Incorporated herein by reference to Exhibit 3.1 to Verso Corporation's Current Report on Form 8-K filed with the SEC on June 26, 2020.

⁽³⁾ Incorporated herein by reference to Exhibit 4.1 to Verso Corporation's Current Report on Form 8-K filed with the SEC on July 19, 2016.

⁽⁴⁾ Incorporated herein by reference to Exhibit 4.2 to Verso Corporation's Current Report on Form 8-K filed with the SEC on July 19, 2016.

⁽⁵⁾ Included in Exhibit 4.4.

- ⁽⁶⁾ Incorporated herein by reference to Exhibit 10.4 to Verso Corporation's Current Report on Form 8-K filed with the SEC on July 19, 2016.
- ⁽⁷⁾ Incorporated herein by reference to Exhibit 10.1 to Verso Corporation's Current Report on Form 8-K filed with the SEC on March 8, 2021.
- ⁽⁸⁾ Furnished herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, each registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: May 7, 2021

VERSO CORPORATION

By: _____
/s/ Randy J. Nebel
Randy J. Nebel
President, Chief Executive Officer and Director
(Principal Executive Officer)

By: _____
/s/ Allen J. Campbell
Allen J. Campbell
Senior Vice President and Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

SEVERANCE AGREEMENT

This SEVERANCE AGREEMENT ("Agreement") is made and entered into on March 11, 2021, by and between Verso Corporation ("Verso"), a Delaware corporation, and Terrance M. Dyer, an individual ("Employee").

WHEREAS, Verso desires to establish the terms and conditions upon which Employee may receive certain benefits upon termination of employment, including in the context of a change in control of Verso; and

WHEREAS, Verso and Employee are parties to a Noncompete Agreement / Restrictive Covenant Agreement dated the date hereof (the "Restrictive Covenant Agreement"), which provides for certain Employee obligations that survive termination of Employee's employment with Verso.

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Verso and Employee hereby agree as set forth below.

1. Certain Definitions. Capitalized terms used, but not defined, elsewhere in this Agreement will for purposes of this Agreement have the meanings defined for such terms below.
 - 1.1. "Bonus Target" means the amount of annual cash incentive bonus that Employee would receive for the full year in which Employee's termination of employment occurs, if all of Verso's and Employee's performance goals applicable to Employee's incentive bonus for such year (as such bonus arrangement is in effect at time of termination of Employee's employment) were achieved at the target level of performance.
 - 1.2. "Cause" means that any one or more of the following has occurred:
 - (1) Employee's indictment for, conviction of, or pleading guilty or nolo contendere to, a felony (other than motor vehicle offenses the effect of which do not materially impair Employee's performance of Employee's duties to Verso).
 - (2) Employee's willful failure to substantially perform the material duties of Employee's position with Verso (other than any such failure resulting from Employee's incapacity due to physical or mental illness), provided that Employee have been provided written notice of such failure and, if such failure is curable, Employee has not cured the failure to the satisfaction of Verso within 15 days after delivery of such notice.
 - (3) Employee's willful failure to obey legal orders consistent with Employee's position at Verso given in good faith by Verso's Chief Executive Officer or any other person to whom Employee reports at Verso, directly or indirectly, other than any such failure resulting from incapacity due to physical or mental illness; *provided, however*, that Employee has been given written notice of such failure and, if such failure is curable, Employee has not cured the failure to the satisfaction of Verso within 15 days after delivery of such notice.

- (4) Employee's willful misconduct or breach of fiduciary duty (including, without limitation, any act of fraud, embezzlement, or dishonesty) which causes or is reasonably expected to result in material injury to Verso or its business reputation.
- (5) Employee's entering into an agreement or consent decrease or being the subject of any regulatory order that in any of such cases prohibits Employee from serving as an officer or director of a company that has publicly-traded securities.
- (6) Employee's material breach of any agreement that Employee may have with Verso or of any written policies or procedures of Verso, which is injurious to Verso; *provided, however*, that Employee has been given written notice of such failure and, if such breach is curable, Employee has not cured the breach to the satisfaction of Verso within 15 days after delivery of such notice.

1.3. "Change in Control" means that any one or more of the following have occurred:

- (1) A transaction or series of transactions occurs whereby any "person" or related "group" of "persons" (as such terms are used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended ("Exchange Act")), directly or indirectly acquires beneficial ownership, within the meaning of Rule 13d-3 under the Exchange Act, of securities of Verso possessing more than 50% of the total combined voting power of Verso's securities outstanding immediately after such acquisition.
- (2) During any period of two consecutive calendar years, the Continuing Directors cease to constitute at least a majority of the board of directors of Verso ("Board"). For purposes of this definition, the term "Continuing Director" means any director who was (a) a member of the Board at the beginning of the two-year period, or (b) elected to the Board by Verso's stockholders, or (c) appointed to the Board by a majority of the Continuing Directors then serving on the Board; in the case of clause (b) and (c), whose election or appointment to the Board did not occur in connection with any actual or threatened director election contest or proxy solicitation contest or any transaction or proposed transaction involving Verso or any subsidiary of Verso.
- (3) Verso, directly, or indirectly through one or more subsidiaries or intermediaries, enters into an agreement to, or consummates, a sale or other disposition of all or substantially all of Verso's assets in any single transaction or series of transactions (including pursuant to a spin-off, split-up or similar transaction) (each, a "Sale of Substantially All Assets"). Without limiting the generality of the foregoing sentence, and subject to the exclusions below, a Sale of Substantially All Assets will include the sale or other disposition, within any two-year period, in any one transaction or series of transactions, of more than two-thirds of the mills (whether determined by reference to mill-generated revenue or by number of mills) owned by Verso and its subsidiaries at the beginning of the two-year period. For purposes of this clause (3), however, in determining whether a Sale of Substantially All Assets has occurred the following assets and mills (or sales of assets and mills, as the case may be) shall be

disregarded (together, any sales of such assets and mills, including related assets and real estate) are referred to as the "Excluded Sales"): (a) all or any portion of Verso's mills, including related assets and real estate, in Duluth, MN, Wisconsin Rapids, WI, and Luke MD, (b) all or any portion of Consolidated Water Power Company, including related assets and real estate, and (c) any disposition of assets (including mills) that has been proposed as of, or that occurred prior to, the effective date of this Agreement.

- (4) Verso, whether directly involving Verso or indirectly involving Verso through one or more subsidiaries or intermediaries, enters into an agreement to or consummates (a) a merger, combination, consolidation, conversion, exchange of securities, reorganization or business combination, or (b) an acquisition of the assets or stock of another entity, in any single transaction or series of transactions, which event results in the voting securities of Verso outstanding immediately prior thereto failing to continue to represent (either by remaining outstanding or by being converted into voting securities of the surviving or another entity) at least 66% percent of the combined voting power of the voting securities of Verso or such surviving or other entity outstanding immediately after such event.
 - (5) Any transaction or series of transactions that has the substantial effect of any one or more of the foregoing events occurs.
- 1.4. "Disability" means Employee's physical or mental illness or incapacity that, as determined by a physician selected by Verso, has rendered or will render Employee unable to perform Employee's duties hereunder with or without reasonable accommodation as required by applicable law (including some additional period of leave) for a period of 120 consecutive days (including weekends and holidays) or for 180 days within any twelve (12) month period.
 - 1.5. "Eligible Termination" means a termination of Employee's employment with Verso either (1) by Verso without Cause (and other than due to Employee's death or Disability) or (2) by Employee for Good Reason. For clarity, if Employee ceases to be employed by Verso Corporation or one of its subsidiaries (referred to in this paragraph as the "Verso group of companies"), but continues immediately thereafter to be employed by any other company in the Verso group of companies, such transition of Employee's employment within the Verso group of companies will not be considered a termination of Employee's employment by Verso.
 - 1.6. "Good Reason" means that any one or more of the following events has occurred without Employee's written consent:
 - (1) a material reduction by Verso in Employee's annual base salary or target-level annual incentive award opportunity, other than a general reduction in the base salaries or target-level annual incentive award opportunities of all or substantially all of Verso's executives;
 - (2) a material demotion by Verso with respect to Employee's job duties and responsibilities; or

(3) Verso's material breach of any material agreement between Employee and Verso;

provided, however, that Employee's termination of his or her employment with Verso will not be considered a termination by Employee for Good Reason unless Employee has: (a) notified Verso in writing of the event(s) claimed to constitute Good Reason, no later than 30 days after the initial occurrence of the event(s); (b) Verso has failed to cure or remedy such event(s), no later than 30 days after its receipt of Employee's written notice; and (c) Employee has notified Verso in writing that Employee's is terminating his or her employment for Good Reason on account of such event(s), and Employee actually terminates Employee's employment with Verso no later than 30 days after the expiration of such 30-day cure period. For clarity, a reduction in duties or responsibilities as a result of the Excluded Sales shall not constitute "Good Reason" pursuant to clause (2) above.

- 1.7. "Monthly Base Salary" means Employee's annualized rate of base salary from Verso as in effect immediately prior to termination of Employee's employment with Verso, divided by 12.
- 1.8. "Prorated Bonus" means, if Employee's employment with Verso terminates other than on a December 31, the annual cash incentive award payable to Employee under the applicable annual incentive bonus plan of Verso (such as the Verso Incentive Plan (VIP)) in which Employee participates for the year in which Employee's termination occurs, which will be (1) prorated on a daily basis with respect to the period of Employee's employment with Verso during such year, (2) based on Verso's actual level of achievement of its performance objectives for such year (for the entire year, even though Employee's employment terminated during the year), (3) based on the assumption that Employee satisfied all of Employee's performance goals at target level and service criteria for the receipt of such incentive award, and (4) payable to Employee at the same time that Verso pays its annual cash incentive awards under the applicable incentive plan to its executive officers generally (but in no event later than March 15 of the immediately following year).
- 1.9. "Separation from Service" means a "separation from service" with Verso, as such term is defined in Treasury Regulation 1.409A-1(h), or any successor thereto, promulgated under the Internal Revenue Code of 1986, as amended ("IRC"). For the avoidance of doubt, references to a "separation," "termination," "termination of employment" or like terms means a "Separation from Service."

2. Termination Benefits

- 2.1. Entitlement. In the event of Employee's Separation from Service from Verso in an Eligible Termination, Employee will be entitled to the payments and benefits identified in section 2.2, below, subject to the terms and conditions of this Agreement and provided that the Severance Conditions set forth in section 2.7 are met.
- 2.2. Termination Allowance and Other Benefits. If Employee is entitled to payments and benefits pursuant to this Section 2.2, Verso will pay a termination allowance ("Termination Allowance") to Employee and provide to Employee the other benefits described in this Section 2.2 (collectively with the Termination Allowance, the "Termination Benefits"). As specified below, the level of

Termination Benefits provided will be determined based on whether (a) the Separation from Service is not in connection with a Change in Control and not within 12 months after a Change in Control or (b) the Separation from Service is in connection with a Change in Control or occurs within twelve calendar months after the month in which a Change in Control occurs (a "Change in Control Termination").

- (1) Termination Allowance. Employee's Termination Allowance will equal the sum of (a) Employee's Monthly Base Salary multiplied by twelve (12) plus (b) Employee's Bonus Target; *provided, however*, that if the Eligible Termination is a Change in Control Termination, Employee's Termination Allowance will equal the sum of (x) Employee's Monthly Base Salary multiplied by eighteen (18) plus (y) Employee's Bonus Target multiplied by one and one half (1.5). Verso will pay the Termination Allowance to Employee, less all applicable reductions, taxes and other withholdings, in a lump sum cash payment within 60 days following Employee's Separation from Service, provided that if the period for Employee to provide (and not revoke) the Release defined below spans two calendar years, the payment will be made in the second of such two years (and within the 60-day period following Employee's Separation from Service).
 - (2) Prorated Bonus. Verso will pay the Prorated Bonus to Employee, less all applicable reductions, taxes and other withholdings, when payment of the applicable incentive bonus would have been paid to Employee in the normal course if Employee had remained employed with Verso through the end of the applicable year.
 - (3) Outplacement Services. Verso will provide Employee with outplacement services using a provider selected by Verso in its reasonable discretion and paid for in full by Verso, (a) for twelve (12) months or (b) if shorter, until Employee becomes re-employed with another employer.
 - (4) COBRA. If Employee elects to receive continued medical and dental insurance coverage provided by Verso for Employee and Employee's eligible dependents, pursuant to the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA"), then Employee will be reimbursed by Verso for the amount of Employee's COBRA premiums to continue the coverage that was in effect immediately prior to Employee's termination of employment with Verso, for twelve (12) months; *provided, however*, that such period shall be eighteen (18) months in the case of a Change in Control Termination. If elected, such coverage will begin on the first day of the month immediately following the date of termination of Employee's employment, and Verso's obligations with respect to such continued coverage will cease upon the first to occur of Employee's death, the date that Employee becomes eligible for coverage under the health plan of a future employer, or the date that Verso ceases to offer group health coverage to its active executive employees or Verso is otherwise under no obligation to offer COBRA continuation coverage to Employee; *provided, further*, that Verso's obligations with respect to such continued coverage are subject to Verso's ability to comply with applicable law and provide such benefit without resulting in adverse tax consequences.
- 2.3. Payment of Termination Benefits; Taxes. The Termination Benefits will be payable as and when prescribed above in section 2.2, subject to any delays and

modifications that may be required in accordance with the provisions of this Agreement set forth below under the heading "Tax Matters." In the event any withholding is required with respect to any Termination Benefits or amounts owed Employee by Verso, Verso may deduct the applicable reductions, taxes and other withholdings from the applicable payment or benefit or from any other amounts otherwise payable to Employee, or it may require Employee to make arrangements reasonably satisfactory to Verso to provide for such withholding amounts. Except for Verso's withholding rights, Employee will be solely responsible for Employee's own tax liability with respect to participation in this Agreement.

- 2.4. No Termination Benefits. Verso will not be obligated to pay or provide any Termination Benefits to Employee under this Agreement if (1) Employee's employment is terminated under any circumstance other than those set forth in Section 2.2, above, including, without limitation, if Employee quits or resigns for any reason that is not Good Reason, if Verso terminates Employee's employment for Cause, or in the event Employee's employment ends due to Employee's death or Disability, or (2) any of the Severance Conditions are not timely satisfied. Employee agrees to reasonably cooperate with Verso and any physician selected by Verso, including providing such information as Verso or such physician may reasonably request and submitting to an examination by such physician, in connection with a determination as to whether or not Employee has a Disability.
- 2.5. Other Payments and Benefits. The Termination Benefits are not in lieu of, but are in addition to, (1) amounts owed Employee by Verso, but not yet paid, upon termination of Employee's employment (for example, Employee's unpaid salary through the date of termination) and (2) benefits to which Employee may be entitled under any and all other policies, plans and procedures of Verso applicable to Employee, to the extent not duplicative of the benefits set forth herein. The determination of whether a payment or other benefit is duplicative will be within the sole discretion of Verso. For clarity, without limiting the generality of the foregoing sentence, Employee will not be entitled to any benefits under any severance policy for employees of Verso, unless Employee specifically is approved in writing by Verso to receive any such benefits under any such severance policy and such approval is explicit that such benefits are in addition to the benefits provided under this Agreement.
- 2.6. Equity Programs. This Agreement does not modify or apply as to any stock option, restricted stock, stock unit, or other equity award granted pursuant to the Verso Corporation Performance Incentive Plan (or any successor Verso equity incentive plan). In the event of any termination of employment, any such equity award will be governed by the applicable award agreement and the terms of the plan under which it was granted.
- 2.7. Severance Conditions. The payment of Termination Benefits is subject to all the following conditions precedent ("Severance Conditions"):
 - (1) Employee must work until Employee's last day of employment by Verso as reasonably instructed by Verso, provided that if Employee has accrued vacation that Employee may take, taking such vacation will not be a violation of this requirement; and Employee must fulfill in all material respects all of Employee's duties to Verso in good faith through that date.

- (2) Employee must meet, in all material respects through the date that Employee's Termination Allowance is actually paid to Employee, all of Employee's obligations under this Agreement, the Restrictive Covenant Agreement, and all other agreements, if any, between Employee and Verso that survive termination of Employee's employment with Verso.
 - (3) Employee must execute and not revoke a Waiver and Release of Claims Agreement ("Release") in accordance with the timing and other requirements set forth in this paragraph. The Release must be signed in connection with the termination of Employee's employment with Verso and not any earlier than Verso may prescribe. The Release will be in substantially the form attached hereto as Exhibit A, with such changes as Verso may reasonably believe are necessary or advisable to comply with applicable laws, rules and regulations or as Verso may otherwise believe are appropriate and consistent with the purposes and intent of the Release. Verso will provide the final form of Release to Employee no later than ten (10) days following Employee's termination of employment, and Employee will be required to execute and return the Release to Verso within twenty-one (21) days (or forty-five (45) days if such longer period of time is required to make the Release maximally enforceable under applicable law) after Verso provides the form of Release to Employee.
 - (4) If as of Employee's last day of employment with Verso, Employee is no longer or otherwise not party to a Restrictive Covenant Agreement providing that Employee will not compete with Verso for a period of at least eighteen (18) months after Employee's Separation of Service from Verso, then Employee must execute and not revoke a Restrictive Covenant Agreement requiring Employee not to compete with Verso (or solicit Verso employees or customers) for 18 months after Employee's Separation from Service, and Employee will be required to execute and return the Restrictive Covenant Agreement to Verso not later than the date on which Employee must provide the Release to Verso. In such circumstances, Verso will provide the form of Restrictive Covenant Agreement to Employee not later than the last day of the period of time in which Verso has to provide the form of Release to Employee.
3. Resignations. Upon termination of Employee's employment for any reason, Employee will be deemed to have resigned from all offices and directorships, if any, then held with Verso or any of its affiliates, and, at Verso's request, Employee will execute such documents as are necessary or desirable to effectuate such resignations.
 4. Employee's Representations. Employee hereby represents and warrants all of the following to Verso:
 - 4.1. The execution, delivery and performance of this Agreement by Employee does not and will not conflict with, breach, violate or cause a default under any contract, agreement, instrument, order, judgment or decree to which Employee is a party or by which he or she is bound.
 - 4.2. Employee is not a party to or bound by any employment agreement, non-compete agreement, confidentiality agreement or other restriction with any other person or entity, which would be breached by entering into this Agreement.

4.3. Upon the execution and delivery of this Agreement by Verso, this Agreement will be the valid and binding obligation of Employee, enforceable in accordance with its terms. Employee hereby acknowledges and represents that he has consulted with independent legal counsel regarding his or her rights and obligations under this Agreement and that he or she fully understands the terms and conditions contained in this Agreement.

5. Tax Matters.

5.1. Section 409A.

- (1) The Termination Benefits described herein are intended to be exempt from or comply with the provisions of Section 409A of the IRC, as well as any regulations or other guidance issued by the Secretary of Treasury and the Internal Revenue Service (collectively, "Section 409A"), so as to avoid the imposition of any tax, penalty or interest under Section 409A. To the extent such section or regulations apply, the provisions hereof will be construed and interpreted accordingly.
- (2) It is intended that (a) each payment or installment of payments provided hereunder is a separate "payment" for purposes of Section 409A and (b) the payments satisfy, to the maximum extent possible, the exemptions from the application of Section 409A, including those exceptions provided under Treasury Regulations 1.409A-1(b)(4) (regarding short-term deferrals), 1.409A-1(b)(9)(iii) (regarding the two-times, two year exception for separation pay), and 1.409A-1(b)(9)(v) (regarding reimbursements and other separation pay).
- (3) Notwithstanding anything to the contrary herein, if Verso determines that (a) on the date of Employee's Separation from Service or at such other time that Verso determines to be relevant, Employee is a "specified employee" (as such term is defined under Treasury Regulation 1.409A-1(i)(1)) of Verso and (b) any payments to be provided to Employee pursuant to this Agreement are or may become subject to the additional tax under Section 409A(a)(1)(B) of the IRC or any other taxes or penalties imposed under Section 409A ("Section 409A Taxes") if provided at the time otherwise required hereunder, then such payments will be delayed until the date that is six months after the date of Employee's Separation from Service with Verso (or if earlier, Employee's death) if and to the extent such delay is required to avoid the imputation of any tax, penalty or interest pursuant to Section 409A. Any payments delayed pursuant to this section will be made in a lump sum (without interest) on the first day of the seventh month following Employee's Separation from Service (or, if earlier, within 30 days after the date of Employee's death).
- (4) Notwithstanding any other provision hereof to the contrary, in no event will any payment hereunder that constitutes "deferred compensation" for purposes of Section 409A and the Treasury Regulations promulgated thereunder be subject to offset (excluding any forfeiture of benefits hereunder) by any other amount unless otherwise permitted by Section 409A.

5.2. Section 280G.

- (1) If it is determined (as hereafter provided) that any payment or distribution by Verso to or for Employee's benefit, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise pursuant to or by reason of any other agreement, Agreement, plan, program or arrangement, including without limitation any stock option, stock appreciation right or similar right, or the lapse or termination of any restriction on or the vesting or exercisability of any of the foregoing (a "Payment") would be subject to the excise tax imposed by Section 4999 of the IRC (or any successor provision thereto) by reason of being contingent on a change in ownership or effective control of Verso or of a substantial portion of the assets of Verso, within the meaning of Section 280G of the IRC (or any successor provision thereto) or to any similar tax imposed by state or local law, or any interest or penalties with respect to such excise tax (such tax or taxes, together with any such interest or penalties, are hereafter collectively referred to as the "Excise Tax"), then, in the event that the after-tax value of all Payments to Employee (such after-tax value to reflect the reduction for the Excise Tax and all federal, state and local income, employment and other taxes on such Payments) would, in the aggregate, be less than the after-tax value to Employee (reflecting a reduction for all such taxes in a like manner) of the Safe Harbor Amount (as defined below), (a) the cash portions of the Payments payable to Employee under this Agreement will be reduced, in the reverse order in which they are due to be paid commencing with the latest such payment, until the Parachute Value (as defined below) of all Payments paid to Employee, in the aggregate, equals the Safe Harbor Amount, and (b) if the reduction of the cash portions of the Payments, payable under this Agreement, to zero would not be sufficient to reduce the Parachute Value of all Payments to the Safe Harbor Amount, then any other Payments payable to Employee under any other agreements, policies, plans, programs or arrangements will be reduced until the Parachute Value of all Payments paid to Employee, in the aggregate, equals the Safe Harbor Amount.
- (2) If a reduction in Payments is required pursuant to section 5.2(1), then Payments will first be reduced or eliminated (if and to the extent necessary) by reducing any Payment that is treated as contingent on the change in ownership or control but is not covered by Treas. Reg. Section 1.280G-1 Q/A 24(b) or (c), then from any Payment that is covered by Treas. Reg. Section 1.280G-1 Q/A 24(c), in each case in reverse order beginning with Payments which are to be paid the farthest in time from applicable event. All calculations under this section will be determined by a national accounting firm selected by Verso (which may include Verso's outside auditors) and will be provided to Verso and Employee within 15 days prior to the date on which any Payment is payable to Employee. Verso will pay all costs to obtain and provide such calculations to Employee and Verso.
- (3) For purposes of this section 5.2, (a) the term "Parachute Value" of a Payment will mean the present value (as of the date of the applicable change in ownership or effective control of Verso or of a substantial portion of the assets of Verso, within the meaning of Section 280G of the IRC) of the portion of such Payment that constitutes a "parachute

payment” under Section 280G(b)(2) of the IRC, as determined for purposes of determining whether and to what extent the Excise Tax will apply to such Payment; and (b) the term “Safe Harbor Amount” will mean 2.99 times Employee’s “base amount” within the meaning of Section 280G(b)(3) of the IRC.

6. Other Provisions.

- 6.1. Entire Agreement; Amendments. This Agreement contains the entire agreement of the parties relating to the subject matter herein and supersedes in full and in all respects any prior oral or written agreement, arrangement or understanding between the parties with respect to Employee's employment with Verso. This Agreement may not be amended or changed orally but only by an agreement in writing signed by the party against whom enforcement of any waiver, change, modification, extension or discharge is sought. For clarity, the Restrictive Covenant Agreement is outside of the scope of the foregoing integration provision.
- 6.2. Waivers. The waiver by either party of any provision of this Agreement will not operate or be construed as a waiver of any subsequent breach by the other party. No waiver of any provision of this Agreement will be implied from any course of dealing between the parties hereto or from any failure by either party hereto to assert any rights hereunder on any occasion or series of occasions.
- 6.3. Not an Employment Agreement. This Agreement does not give Employee any right to continued employment with Verso, and all employees remain subject to discharge to the same extent as if this Agreement had never been adopted.
- 6.4. No Conflicting Agreements. Employee hereby represents and agrees that he is not a party to or bound by any agreement which would affect or otherwise limit the performance of his obligations hereunder.
- 6.5. Mitigation. If Employee is eligible to receive Termination Benefits under this Agreement, Employee will not be required to mitigate the amount of such Termination Benefits by seeking employment or otherwise.
- 6.6. Severability and Enforceability. If any provision of this Agreement or the application of any such provision to any party or circumstances will be determined by any court of competent jurisdiction to be invalid and unenforceable to any extent, the remainder of this Agreement or the application of such provision to such person or circumstances other than those to which it is so determined to be invalid and unenforceable, will not be affected thereby, and each provision hereof will be validated and enforced to the fullest extent permitted by law. Employee agrees the restrictions set forth in this Agreement are reasonable and necessary to protect the interests of Verso. If any of the covenants set forth herein are deemed to be invalid or unenforceable for any reason, the parties contemplate that such provisions will be modified to make them enforceable to the fullest extent permitted by law.
- 6.7. Assignment. The rights and obligations of Verso under this Agreement will inure to the benefit of and will be binding upon the successors and assigns of Verso. Employee acknowledges that the services to be rendered by him are unique and personal, and except as otherwise provided by law, Employee may not assign or transfer, in whole or in part, either directly or by operation of law or

otherwise, including without limitation by execution, levy, garnishment, attachment, pledge or in any manner, any interest that Employee have under this Agreement. If Termination Benefits are due under this Agreement to Employee at a time when Verso determines Employee are unable to care for Employee's affairs, payment may instead be made directly to Employee's legal guardian or personal representative. If Employee dies after a termination of employment with Verso and at a time when a Termination Benefits are due to Employee under this Agreement, then Verso may make payment of the applicable Termination Benefits to the executor, personal representative or administrators of Employee's estate.

- 6.8. Section Headings. The section headings of, and titles of paragraphs and subparagraphs contained in, this Agreement are for the purpose of convenience only, and they neither form a part of this Agreement nor are they to be used in the construction or interpretation thereof.
- 6.9. Choice of Law and Venue. This Agreement will be governed by, construed under, and enforced in accordance with the internal laws of the State of Ohio, without regard to the conflicts-of-law provisions or principles thereof. This Agreement and its subject matter have substantial contacts with the State of Ohio, and any lawsuit or other legal proceeding with respect to this Agreement must be brought in a court of competent jurisdiction in Hamilton County, Ohio, or in the United States District Court for the Southern District of Ohio (Western Division). In any such lawsuit or other legal proceeding, any such court will have personal jurisdiction over all the parties hereto, and service of process upon them under any applicable law, statute or rule will be deemed valid and good.
- 6.10. Waiver of Jury Trial. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE MATTERS CONTEMPLATED HEREBY.
- 6.11. Electronic Execution; Counterparts. This Agreement may be executed electronically and in separate counterparts, each of which is deemed to be an original and all of which taken together constitute one and the same agreement. Photographic, facsimile and PDF copies of such signed counterparts may be used in lieu of the originals for any purpose.
- 6.12. Notices. Any notices provided hereunder must be in writing and will be deemed effective upon the earlier of two days following personal delivery (including personal delivery by e-mail provided that receipt is confirmed by the recipient by reply email), or on the date received by the recipient by Federal Express or courier, if sent to the recipient address indicated below:

To Verso:

Verso Corporation
8540 Gander Creek Drive
Miamisburg, Ohio 45342
Attention: President and Chief Executive Officer

With a copy to:

Verso Corporation
8540 Gander Creek Drive
Miamisburg, Ohio 45342
Attention: Law Department

To Employee:

Terrance M. Dyer
Home address provided
by Employee on file with Verso

or to such other address or to the attention of such other person as the recipient will have specified by prior written notice to the sending party.

- 6.13. Survival. Anything contained in this Agreement to the contrary notwithstanding, the provisions of this Agreement reasonably expected to be performed or applicable after expiration or termination of this Agreement, will survive termination of this Agreement and any termination of Employee's employment hereunder.
- 6.14. Legal Counsel. Each party recognizes that this is a legally binding contract and acknowledges and agrees that they have had the opportunity to consult with legal counsel of their choice. Each party has cooperated in the drafting, negotiation and preparation of this Agreement. Hence, in any construction to be made of this Agreement, the same shall not be construed against either party on the basis of that party being the drafter of such language.

IN WITNESS WHEREOF, the parties have hereto executed this Agreement as of the day and year first above written.

Verso Corporation

By: /s/ Randy J. Nebel
Randy J. Nebel
President and Chief Executive Officer

Employee:

/s/ Terrance M. Dyer
Terrance M. Dyer

EXHIBIT A

FORM OF WAIVER AND RELEASE OF CLAIMS AGREEMENT

I, Terrance M. Dyer, am a party to a Severance Agreement (the "Severance Agreement") with Verso Corporation ("Verso") dated March 11, 2021. In exchange for the Benefits (as defined below), I freely and voluntarily agree to enter into and be bound by this Waiver and Release of Claims Agreement (this "Waiver"). All capitalized terms used but not defined in this Waiver have the meanings given to them in the Severance Agreement.

1. Ending of Employment. I acknowledge and agree that my employment with Verso ended on [_____, 20__] (the "End Date"). I confirmed that I resigned, effective as of the End Date, from each and every position (whether as an employee, director, member, manager, or otherwise) I held with Verso and each of its affiliates.
2. Delivery of Waiver. I acknowledge that Verso delivered this Waiver to me on [_____, 20__].
3. Effect on Benefits. In consideration of (among other things) my entering into (and not revoking) this Waiver, Verso will pay or provide to me (in accordance with and subject to the terms and conditions of the Severance Agreement) the applicable severance benefits set forth in Section 2 of the Severance Agreement (the "Benefits"). I acknowledge and agree that unless I sign and do not revoke this Waiver within the time periods described herein, and unless I comply with all the covenants and perform all the obligations imposed on me in the Severance Agreement, this Waiver, the Restrictive Covenant Agreement, and any other contract between Verso and me, I will not be entitled to receive any of the Benefits. I acknowledge and agree that if any portion of the Benefits is not paid as a result of my not complying with all the covenants and obligations imposed on me in the Severance Agreement, this Waiver, the Restrictive Covenant Agreement, and any other contract between Verso and me, my waivers and releases set forth in this Waiver shall continue to be binding and effective.
4. Waiver and Release. Subject in all respects to the Retained Rights (as such term is defined below), which shall remain with me and are not waived, released, discharged or affected in any way by this Waiver, I and anyone claiming through me (including my agents, representatives, assigns, heirs, beneficiaries, executors and administrators) hereby irrevocably, unconditionally and forever waive, release and discharge Verso, its direct and indirect parents, subsidiaries and other affiliates, its and their respective predecessors, successors and assigns, and its and their respective former, current and future stockholders, members, partners, directors, officers, managers, employees, agents, representatives, attorneys and insurers (collectively, the "Releasees") from any and all claims, causes of action, charges, complaints, demands and rights of any nature whatsoever, whether known or unknown, and whether fixed or contingent, arising from, based on, or relating to my employment with Verso, the ending of my employment with Verso, my status at any time as a holder of any securities of any Releasee, any act or omission of any Releasee occurring prior to or on the date of my signature to this Waiver set forth below (the "Execution Date"), and any dealing, transaction or event involving any Releasee occurring prior to or on the Execution Date, including any and all such claims, causes of action, charges, complaints, demands and rights under the Civil Rights Act of 1866, the Civil Rights Act of 1871, the Fair Labor Standards Act of 1938, the Civil Rights Act of 1964, the Age Discrimination in Employment Act of 1967, the Rehabilitation Act of 1973, the Employee Retirement Income Security Act of 1974, the Worker Adjustment and Retraining Notification Act of 1988, the Older Workers Benefit Protection Act of 1990, the Americans with Disabilities Act of 1990, the Family and Medical Leave Act of 1993, the Securities Act of 1933, the

Securities Exchange Act of 1934, the Sarbanes-Oxley Act of 2002, all laws of the State of Ohio relating to any subject matter covered by the foregoing laws of the United States of America (including Ohio Revised Code Section 4112), and any other federal, state or local law, rule, regulation or common law, in each case as the same may be amended from time to time. This Waiver includes all wrongful termination and constructive discharge claims, all discrimination claims, all claims for compensation for the time worked and the services performed for Verso and each of the other Releasees, all claims (except the Retained Rights) relating to the Restrictive Covenant Agreement or any contract of employment (whether express or implied) with Verso or any of the other Releasees, all claims for the breach of any covenant of good faith or fair dealing whether express or implied), and any tort of any nature. This Waiver is for any relief or remedy, regardless of how it is denominated, including wages, back pay, front pay, reinstatement, benefits, compensatory damages, punitive or exemplary damages, and attorneys' fees and expenses. Notwithstanding any provision of this Waiver to the contrary, this Waiver does not apply to any claim or right that may not be waived under applicable law, any claim for my vested interest in any employee benefit plan, program or arrangement maintained by Verso or the benefits provided thereunder, any claim for unemployment insurance benefits or workers' compensation, any claim arising from or relating to this Waiver, or any claim that may arise after the Execution Date.

5. No Unreported Work; Proper Payment. I represent that I have reported all hours that I have worked for Verso, and that Verso has properly paid me for all of my hours worked.

6. No Unreported Work-Related Injury or Illness. I represent that I have no unreported work-related injury or illness, and I have no basis to report any such injury or illness.

7. No Claim, Charge, Etc. I represent that I have not made or filed any claim, charge, complaint, demand or lawsuit against any Releasee to such Releasee or with the United States Equal Employment Opportunity Commission, the Ohio Civil Rights Commission, or any other federal, state or local governmental authority or court. Except as expressly contemplated in the last sentence of Section 4 of this Waiver or as to the Retained Rights, and only if and to the extent permitted by applicable law, I agree that (a) I will not make any claim, charge, complaint, demand or lawsuit against any Releasee, and (b) if any federal, state or local governmental authority or court assumes jurisdiction of any claim, charge, complaint, demand or lawsuit against any Releasee on my behalf, I will request that such governmental authority or court withdraw from the matter and I will refuse any and all benefits derived therefrom. I hereby irrevocably waive any right that I may have to bring any representative action or to serve in any representative capacity in any class or collective action against any Releasee, such that any action by me or taken on my behalf may proceed, if at all, only as an individual action.

8. No Unlawful Act or Omission; Investigations. I represent that I have not knowingly engaged in any unlawful act or omission in the course of my employment with Verso, and I know of no basis on which any such claim could be asserted. I will cooperate fully in any investigation conducted by or on behalf of Verso into any matter that occurred at any time during my employment with Verso. I understand that this Waiver does not prevent me from cooperating in any investigation conducted by or on behalf of any federal, state, local or foreign governmental authority. To the fullest extent permitted by applicable law, I hereby irrevocably assign to the government of the United States of America any right that I might have to any proceeds or award in connection with any false claim proceeding against Verso or any other Releasee.

9. Protected Rights. I understand that (a) nothing contained in this Waiver or in any other contract to which I am a party with Verso is intended to limit, or shall be construed as limiting, my ability to file a charge or complaint with the United States Equal Employment Opportunity Commission, the National Labor Relations Board, the Occupational Safety and Health Administration, the Securities and Exchange Commission or any other federal, state or local governmental agency or commission (each a "Government Agency"); (b) this Waiver (and any other contract to which I am a party with Verso) does not limit my ability to communicate with any Government Agency or otherwise participate in any investigation or proceeding that may be conducted by any Government Agency, including providing documents or other information, without notice to Verso; and (c) this Waiver (and any other contract to which I am a party with Verso) does not limit my right to receive an incentive award for information provided to any Government Agency. For clarity, and as required by law, this Waiver (and any other contract to which I am a party with Verso) does not prevent me from accepting a whistleblower award from the Securities and Exchange Commission pursuant to Section 21F of the Securities Exchange Act of 1934, as amended. Notwithstanding the foregoing, I agree to take all reasonable precautions to prevent any unauthorized use or disclosure of any information that may constitute the confidential information of Verso or any of its subsidiaries (as such confidential information is determined pursuant to the Restrictive Covenant Agreement) to any parties other than the Government Agencies. I further understand that the protected rights described in this Section 9 do not include the disclosure of any Verso (or other Releasee) attorney-client privileged communications or attorney work product. In addition, pursuant to the Defend Trade Secrets Act of 2016, I acknowledge that I am hereby notified that an individual will not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that (i) is made in confidence to a federal, state, or local government official (directly or indirectly) or to an attorney solely for the purpose of reporting or investigating a suspected violation of law, or (ii) is made in a complaint or other document filed in a lawsuit or other proceeding, if (and only if) such filing is made under seal. In addition, an individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the individual's attorney and use the trade secret information in the court proceeding, if the individual files any document containing the trade secret under seal and does not disclose the trade secret, except pursuant to court order.

10. Return of Company Property. I agree to commit no act or omission that harms, impairs or in any way damages Verso's (or any of its subsidiaries') computer systems and resources, including but not limited to, data, servers, storage, personal computers, mobile devices, security systems, network systems, and software. I represent and covenant that I have returned to Verso (a) all physical, computerized, electronic or other types of records, documents, proposals, notes, lists, files and any and all other materials, including computerized electronic information, that refer, relate or otherwise pertain to Verso or any of its subsidiaries that were in my possession, subject to my control or held by me for others; and (b) all property or equipment that I have been issued by Verso or any of its subsidiaries during the course of my employment or property or equipment that I otherwise possessed, including any keys, credit cards, office or telephone equipment, computers, tablets, cell phones/smartphones, other devices, and automobile. I acknowledge that I am not authorized to retain any physical, computerized, electronic or other types of copies of any such physical, computerized, electronic or other types of records, documents, proposals, notes, lists, files or materials, and am not authorized to retain any property or equipment of Verso or any of its subsidiaries. I further agree that I will immediately forward to Verso (and thereafter destroy any electronic copies thereof) any business information relating to Verso or any of its subsidiaries that has been or is inadvertently directed to me following the date of the termination of my employment. Verso will reasonably cooperate with me, if

requested, to transfer to me the phone numbers associated with my Company cell phones/smartphones.

11. Ongoing Confidentiality, Non-Compete and Other Obligations. I represent and agree that my Restrictive Covenant Agreement remains in force and I will comply with my obligations thereunder.

12. Inventions. I acknowledge and agree that Verso owns all rights to and interests in any Invention that I conceived of, developed or assisted in developing, in whole or in part, while employed with Verso and prior to the End Date that (a) relates to Verso's (or any of its subsidiaries) current business or anticipated future businesses, (b) involves the use of Verso's (or any of its subsidiaries) information, equipment, facilities or supplies, (c) is or was created or conceived of, in whole or in part, while working on Verso's (or any of its subsidiaries) time, or (d) results from my work for Verso (or any of its subsidiaries). I represent and agree that I have disclosed to Verso all Inventions that I conceived of, developed or assisted in developing, in whole or in part, while employed with Verso or any of its subsidiaries and prior to the End Date. As used herein, the term "Inventions" means inventions (whether or not patentable), discoveries, innovations, improvements, designs and ideas and related technologies and methodologies (whether or not shown or described in writing or reduced to practice). I understand that my acknowledgement of Verso's ownership of such Inventions and the required disclosure thereof do not apply to an Invention that does not meet any of the characteristics identified in the first sentence of this Section 12.

13. Enforceability. This Waiver is binding upon and enforceable against me and my agents, representatives, heirs, beneficiaries, executors and administrators.

14. Choice of Law and Jurisdiction. This Waiver will be governed by, construed under, and enforced in accordance with the internal laws of the State of Ohio, without regard to the conflicts-of-law provisions or principles thereof. This Waiver and its subject matter have substantial contacts with the State of Ohio, and any lawsuit or other legal proceeding with respect to this Waiver must be brought in a court of competent jurisdiction in Montgomery County, Ohio, or in the United States District Court for the Southern District of Ohio. In any such lawsuit or other legal proceeding, any such court will have personal jurisdiction over all the parties hereto, and service of process upon them under any applicable law, statute or rule will be deemed valid and good.

15. CONSIDERATION AND CONSULTATION. **VERSO HEREBY ADVISES ME THAT BEFORE I SIGN THIS WAIVER, I MAY TAKE 21 DAYS TO CONSIDER WHETHER OR NOT TO SIGN IT. VERSO ALSO HEREBY ADVISES ME TO CONSULT WITH AN ATTORNEY AND TO HAVE THE ATTORNEY REVIEW THIS WAIVER WITH ME BEFORE I SIGN IT. I HEREBY ACKNOWLEDGE THAT I HAVE HAD AN OPPORTUNITY TO CONSULT WITH AN ATTORNEY AND EITHER HAVE HELD SUCH CONSULTATION OR HAVE DETERMINED NOT TO CONSULT WITH AN ATTORNEY.**

16. REVOCAION. **VERSO HEREBY ADVISES ME THAT I MAY REVOKE THIS WAIVER BY DELIVERING WRITTEN NOTICE OF MY REVOCATION TO [_____], [VICE PRESIDENT, LEGAL AND CORPORATE AFFAIRS], VERSO CORPORATION, 8540 GANDER CREEK DRIVE, MIAMISBURG, OHIO 45342, WITHIN THE 7-DAY PERIOD FOLLOWING THE DAY THAT I SIGN THIS WAIVER (THE "REVOCAION PERIOD"). I UNDERSTAND THAT IF I REVOKE THIS WAIVER WITHIN THE REVOCATION PERIOD, I WILL NOT BE ENTITLED TO RECEIVE THE BENEFITS. I ALSO UNDERSTAND THAT IF I DO NOT REVOKE THIS WAIVER WITHIN THE REVOCATION PERIOD, THIS WAIVER WILL BE FOREVER LEGALLY BINDING AND ENFORCEABLE BEGINNING ON THE DAY IMMEDIATELY**

FOLLOWING THE LAST DAY OF THE REVOCATION PERIOD. THIS WAIVER IS NOT EFFECTIVE OR ENFORCEABLE UNTIL THE REVOCATION PERIOD HAS EXPIRED.

17. Retained Rights. Nothing in this Waiver shall result in any waiver, release, discharge or effect of any kind upon (a) my rights to indemnification and the advancement of expenses as an officer and/or director of Verso and/or as a director or officer of any of its subsidiaries as set forth in Verso Corporation's Amended and Restated Bylaws, the constituent documents of its subsidiaries, or the Indemnification Agreement dated as of [_____], between Verso and me, to the maximum extent provided therein, (b) my entitlement to protection under any and all insurance policies that Verso may elect to maintain generally for the benefit of its directors and officers against all costs, charges and expenses incurred or sustained by me in connection with any action, suit or proceeding to which I may be made a party by reason of my being or having been a director, officer or employee of Verso or any of its subsidiaries (other than any dispute, claim or controversy arising under or relating to the Agreement or this Waiver); or (c) any dispute, claim or controversy arising under this Waiver.

18. Amendments. This Waiver may not be amended or changed orally but only by an agreement in writing signed by Verso.

19. Waivers. The waiver of any provision of this Waiver will not operate or be construed as a waiver of any subsequent breach by the other party. No waiver of any provision of this Waiver will be implied from any course of dealing between the parties hereto or from any failure by either party hereto to assert any rights hereunder on any occasion or series of occasions.

20. Severability and Enforceability. If any provision of this Waiver or the application of any such provision to any party or circumstances will be determined by any court of competent jurisdiction to be invalid and unenforceable to any extent, the remainder of this Waiver or the application of such provision to such person or circumstances other than those to which it is so determined to be invalid and unenforceable, will not be affected thereby, and each provision hereof will be validated and enforced to the fullest extent permitted by law.

21. Assignment. The rights and obligations of Verso under this Waiver will inure to the benefit of and will be binding upon the successors and assigns of Verso. I acknowledge and agree that I may not assign or transfer, in whole or in part, either directly or by operation of law or otherwise, including without limitation by execution, levy, garnishment, attachment, pledge or in any manner, any interest that I have under this Waiver.

22. Section Headings. The section headings of, and titles of paragraphs and subparagraphs contained in, this Waiver are for the purpose of convenience only, and they neither form a part of this Waiver nor are they to be used in the construction or interpretation thereof.

[The signature page follows on the next page.]

I acknowledge and agree that I have carefully read this Waiver in its entirety, fully understand and agree to all of its terms, conditions and provisions, and have signed this Waiver knowingly, voluntarily and free from any fraud, duress, coercion or mistake of fact. Upon signing this Waiver, I agree to deliver it to [_____], [Vice President, Legal and Corporate Affairs] of Verso Corporation.

Agreed to and Accepted:

Date: [_____, 20__]

EMPLOYMENT AGREEMENT

This EMPLOYMENT AGREEMENT ("Agreement") is made and entered into effective as of the 13th day of March, 2020, by and between Verso Corporation ("Verso") and Aaron D. Haas ("Employee").

WHEREAS, Verso desires to employ Employee, and Employee desires to be employed by Verso, as Verso's Senior Vice President, Sales and Marketing, on the terms and conditions set forth below;

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Verso and Employee hereby agree as follows:

1. Employment.

- 1.1. Position. Employee will serve as Senior Vice President, Sales and Marketing, for Verso. Employee will report to Verso's President and Chief Executive Officer. Employee will faithfully perform for Verso the duties of said office.
- 1.2. Exclusivity. Employee will devote substantially all of his business time and efforts to the performance of his duties hereunder. Employee will not engage in any other business activity or serve in any industry, trade, professional, governmental or academic position, except as may be expressly approved in advance by Verso; provided, however, that Employee may without advance consent engage in charitable activities and personal investment activities, if such activities do not interfere or conflict with the performance of his duties under this Agreement.
- 1.3. Employment At-Will. Employee's employment will be "at-will" employment, wherein neither Verso nor Employee will have a contractual obligation with respect to Employee's continued employment, and either Verso or Employee may terminate the employment relationship at any time; provided, however, that in the event of termination of Employee's employment by Verso without "Cause" or by Employee for "Good Reason" (each as defined below), Employee will be entitled to (a) the termination payments and benefits set forth in this Agreement applicable to termination without Cause or for Good Reason, subject to this Agreement's terms and conditions applicable thereto, and (b) the severance and termination benefits under Verso's plans and policies in effect at the time that notice of termination is given that are normally afforded Verso's senior executives in connection with termination of their employment.
- 1.4. Location. Employee's employment will be based at Verso's headquarters. Employee will perform his duties at Verso's headquarters and elsewhere as necessary or appropriate as reasonably directed by the Chief Executive Officer or as reasonably determined by Employee in his discretion.

2. Compensation and Benefits.

- 2.1. Base Salary. Verso will pay Employee a salary at the rate of \$325,000 per year ("Base Salary"), in accordance with the customary payroll practices of Verso for senior executives generally and subject to withholding for federal, state and local payroll and all other taxes or

withholdings applicable to Employee. Verso may review Employee's Base Salary periodically and, in its sole discretion, may determine to increase or decrease such Base Salary. A decrease in Base Salary may give rise to a right of termination by Employee for "Good Reason," in accordance with the applicable provisions set forth below in this Agreement.

- 2.2. Verso Incentive Plan. Employee will be eligible to participate in the Verso Incentive Plan or any successor annual performance incentive plan (collectively, the "VIP") and to receive an annual incentive award thereunder with a target level of achievement equal to 75% of Employee's Base Salary in accordance with the provisions thereof.
 - 2.3. Performance Incentive Plan. Employee will be eligible to receive long-term equity incentive awards to be granted from time to time by Verso, in its sole discretion, under the Verso Performance Incentive Plan or any successor long-term equity incentive award plan (collectively, the "LTIP") in accordance with the provisions thereof. Upon or near the time of Employee's entry into this Agreement with Verso, Employee will receive an award of restricted stock units under the LTIP having a value of \$177,694 (*i.e.*, the difference between \$250,000 and Employee's previous LTIP award for 2020 valued at \$72,306) on its grant date).
 - 2.4. Retirement Savings Plan. Employee will be eligible to participate in the Retirement Savings Plan for Non-Union Employees, a tax-qualified, 401(k) defined contribution plan, in accordance with the provisions thereof.
 - 2.5. Deferred Compensation Plan. Employee will be eligible to participate in Verso's deferred compensation plans and programs, in accordance with the provisions thereof, Employee's elections thereunder, and applicable Company policies.
 - 2.6. Insurance Benefits. Employee will be entitled to participate in Verso's group medical, dental, life and disability insurance plans normally available to similarly situated management employees of Verso (subject to all applicable eligibility and contribution policies and rules), as may be in effect from time to time, based on the grade level to which he has been mapped by Verso at that time. Subject to the foregoing, Verso may, from time to time, amend, eliminate or establish additional benefit programs as it deems appropriate.
 - 2.7. Vacation. Employee will be entitled to vacation in an amount determined by Verso's vacation policy.
 - 2.8. Expenses. Verso will pay or reimburse Employee for all ordinary and reasonable out-of-pocket expenses actually incurred (and, in the case of reimbursement, paid) by Employee in the performance of Employee's duties under this Agreement in accordance with Verso's policies and procedures, subject to provision by Employee of documentation reasonably satisfactory to Verso.
3. Termination of Employment.
- 3.1. Termination by Verso Without Cause/by Employee With Good Reason. If Verso terminates Employee's employment Without Cause, or Employee terminates his employment for Good

Reason, then Employee will receive all of the payments and benefits listed on *Schedules 1 and 2* to this Agreement, which schedules are incorporated into and made a part of this Agreement, subject to (1) Employee's compliance with all obligations of Employee under this Agreement and any other agreement between Employee and Company that survive termination of Employee's employment with Company, and (2) Employee's execution and non-revocation of a waiver and release of claims agreement in Verso's customary form.

3.2. Other Severance Benefits. Except as otherwise provided in this Agreement and its schedules, the severance payments and benefits provided to Employee under this Section 3 will not reduce or offset in any way the payments and benefits that Employee is entitled to receive under any other employee benefit plan, program, policy or arrangement maintained by Verso.

3.3. "Good Reason" and "Cause". For purposes of this Agreement, "Good Reason" will mean that any of the following events have occurred without Employee's written consent:

3.3.1. a material reduction in Employee's Base Salary or target-level annual incentive award opportunity, other than a general reduction in the base salaries or targetlevel annual incentive award opportunities of all or substantially all of Verso's senior executives;

3.3.2. A material demotion with respect to Employee's job duties or responsibilities; and

3.3.3. Verso's material breach of any material agreement between Verso and Employee;

provided, however, that any of the circumstances set forth Subsections 3.3.1, 3.3.2 and 3.3.3 will not constitute Good Reason unless (a) Employee notifies Verso in writing of such circumstance(s) claimed to constitute Good Reason within 30 days after the initial existence of such condition(s), (b) Verso fails to cure or remedy such circumstance(s) within 30 days after its receipt of the notice; and (c) Employee notifies Verso in writing of Employee's termination for Good Reason on account of such circumstance(s) within 30 days after the expiration of such 30-day cure period.

3.4 Termination by Verso for Cause. Verso may terminate this Agreement for Cause immediately at any time that Cause exists. Upon such termination, Verso will be released from any and all further obligations under this Agreement, except for the payments and benefits listed on Schedule 1. For purposes of this Agreement, "Cause" will mean any one or more of the following have occurred:

3.4.1. Employee's indictment for, or pleading guilty or nolo contendere to, a felony;

3.4.2. Willful failure by Employee to substantially perform the material duties of his position as Senior Vice President, Sales and Marketing, for Verso (other than any such failure resulting from Employee's incapacity due to physical or mental illness), provided that Employee has been provided written notice of such failure and Employee has not cured the failure to the satisfaction of Verso within 15 days after delivery of such notice;

- 3.4.3. Willful failure by Employee to obey legal orders given in good faith by the Chief Executive Officer consistent with Employee's position as Senior Vice President, Sales and Marketing (other than any such failure resulting from incapacity due to physical or mental illness), provided that Employee has been provided written notice of such failure and Employee has not cured the failure to the satisfaction of Verso within 15 days after delivery of such notice and has been given the opportunity to explain his failure to obey such orders prior to the termination;
- 3.4.4. Employee's willful misconduct or breach of fiduciary duty in connection with the performance of any of Employee's duties and which causes material injury to Verso or its business reputation; and
- 3.4.5. A material breach of this Agreement by Employee, or a material breach of any written policies or procedures of Verso by Employee which is injurious to Verso, provided that Employee has been provided written notice of such breach and Employee has failed to cure such breach within 15 days after receiving such notice.
- 3.5. Termination by Employee without Good Reason. In the event Employee terminates his employment with Verso without Good Reason, then Verso will be released from any and all further obligations under this Agreement, except for the payments and benefits listed on *Schedule 1* and *Section 2.1 of Schedule 2*.
- 3.6. Termination Upon Disability or Death. If Employee suffers from a "Disability" (as defined below), then Verso will have the right to terminate Employee's employment upon delivery of written notice to Employee. "Disability" will mean a physical or mental illness or incapacity that, as determined by a physician selected by Verso, has rendered or will render Employee unable to perform his duties hereunder with or without reasonable accommodation as required by applicable law (including some additional period of leave) for a period of 120 consecutive days (including weekends and holidays) or for 180 days within any twelve (12) month period. In addition, Employee's employment will automatically terminate upon his death. Upon termination of employment as a result of death or Disability (the date of such termination, in either instance, will be the "Termination Date"), Verso will pay or provide to Employee or his estate, within thirty (30) days of the Termination Date (or at such earlier time as may be required by applicable law) the payments and benefits set forth in *Schedule 1* and *Sections 2.1 and 2.2 of Schedule 2*. Upon the making of such payments, Verso will have no further obligations to Employee or his estate under this Agreement.
- 3.7. Resignations. Upon termination of Employee's employment for any reason, Employee will be deemed to have resigned from all offices and directorships, if any, then held with Verso or any of its affiliates, and, at Verso's request, Employee will execute such documents as are necessary or desirable to effectuate such resignations.
4. Restrictive Covenant Agreement. It will be a condition of Employee's employment that Employee execute the Restrictive Covenant Agreement attached to this Agreement as *Exhibit A*. The Restrictive Covenant Agreement is hereby incorporated into, and forms a part of, this Agreement.

5. Employee's Representations. Employee hereby represents and warrants to Verso that:
- 5.1. the execution, delivery and performance of this Agreement by Employee does not and will not conflict with, breach, violate or cause a default under any contract, agreement, instrument, order, judgment or decree to which Employee is a party or by which he is bound;
 - 5.2. Employee is not a party to or bound by any employment agreement, non-compete agreement, confidentiality agreement or other restriction with any other person or entity, which would be breached by entering into this Agreement; and
 - 5.3. upon the execution and delivery of this Agreement by Verso, this Agreement will be the valid and binding obligation of Employee, enforceable in accordance with its terms. Employee hereby acknowledges and represents that he has consulted with independent legal counsel regarding his rights and obligations under this Agreement and that he fully understands the terms and conditions contained in this Agreement.
6. Section 409(A).
- 6.1. General. Employee and Verso acknowledge and agree that, to the extent applicable, this Agreement will be interpreted in accordance with, and incorporate the terms and conditions required by, Section 409A of the Internal Revenue Code of 1986, as amended ("Code"), and the Department of Treasury Regulations and other interpretive guidance issued thereunder, including, without limitation, any such regulations or other guidance that may be issued after the date hereof (collectively, "Section 409A"), so as to avoid (to the extent possible) any tax, penalty or interest under Section 409A. No provision of this Agreement will be interpreted or construed to transfer any liability for failure to comply with the requirements of Section 409A from Employee or any other individual to Verso or any of its affiliates, employees or agents. Except for Verso's withholding rights, Employee is responsible for any and all taxes, penalties and interest that may result from the compensation and benefits provided for in connection with Employee's services to Verso.
 - 6.2. Separation from Service under 409A. Notwithstanding any provision to the contrary in this Agreement: (a) no amount will be payable pursuant to Section 3 unless the termination of Employee's employment constitutes a "separation from service" within the meaning of Section 1.409A-1(h) of the Department of Treasury Regulations; (b) if Employee is deemed at the time of his separation from service to be a "specified employee" for purposes of Section 409A(a)(2)(B)(i) of the Code, to the extent that delayed commencement of any portion of the termination benefits to which Employee is entitled under this Agreement (after taking into account all exclusions applicable to such termination benefits under Section 409A), including, without limitation, any portion of the additional compensation awarded pursuant to Section 3, is required in order to avoid a prohibited distribution under Section 409A(a)(2)(B)(i) of the Code, such portion of Employee's termination benefits will not be provided to Employee prior to the earlier of (i) the expiration of the six-month period measured from the date of Employee's "separation from service" with Verso (as such term is defined in the Department of Treasury Regulations issued under Section 409A) or (ii) the date of Employee's death, provided that upon the earlier of such dates, all payments deferred pursuant to this Section

6.2(b) will be paid in a lump sum to Employee, and any remaining payments due under this Agreement will be paid as otherwise provided herein; (c) the determination of whether Employee is a "specified employee" for purposes of Section 409A(a)(2)(B)(i) of the Code as of the time of his separation from service will be made by Verso in accordance with Section 409A (including, without limitation, Section 1.409A-1(i) of the Department of Treasury Regulations and any successor provision thereto); (d) for purposes of Section 409A, Employee's right to receive installment payments pursuant to Section 3 will be treated as a right to receive a series of separate and distinct payments; and (e) to the extent that any reimbursement of expenses or in-kind benefits constitutes "deferred compensation" under Section 409A, such reimbursement or benefit will be provided no later than December 31 of the year following the year in which the expense was incurred. The amount of expenses reimbursed in one year will not affect the amount eligible for reimbursement in any subsequent year. The amount of any in-kind benefits provided in one year will not affect the amount of in-kind benefits provided in any other year.

6.3. Release. Notwithstanding any provision to the contrary in this Agreement, to the extent that any payments of "nonqualified deferred compensation" within the meaning of Section 409A due under this Agreement as a result of Employee's termination of employment are subject to Employee's execution and delivery of a release (a "Release"), (a) Verso will deliver the Release to Employee within 10 business days following the Termination Date, and Verso's failure to deliver a Release prior to the expiration of such IO-business-day period will constitute a waiver of any requirement to execute a Release; (b) if Employee fails to execute the Release on or prior to the Release Expiration Date (as defined below) or timely revokes his acceptance of the Release thereafter, Employee will not be entitled to any payments or benefits otherwise conditioned on the Release; and (c) if the Termination Date and the Release Expiration Date fall in two separate taxable years, any payments required to be made to Employee that are conditioned on the Release and are treated as nonqualified deferred compensation for purposes of Section 409A will be made in the later taxable year. For purposes of this Section 6, the term "Release Expiration Date" will mean the date that is 21 days following the date upon which Verso timely delivers the Release to Employee, or, in the event that Employee's termination of employment is "in connection with an exit incentive or other employment termination program" (as such phrase is defined in the Age Discrimination in Employment Act of 1967), the date that is 45 days following such delivery date. To the extent that any payments of nonqualified deferred compensation within the meaning of Section 409A due under this Agreement as a result of Employee's termination of employment are delayed pursuant to this Section 6.3, such amounts will be paid in a lump sum on the first payroll date following the date that Employee executes and does not revoke the Release (and the applicable revocation period has expired) or, in the case of any payments subject to Section 6.3(c), on the first payroll date to occur in the subsequent taxable year, if later.

7. Section 280G.

7.1. General. If it is determined (as hereafter provided) that any payment or distribution by Verso to or for the benefit of Employee, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise pursuant to or by reason of any other agreement, policy, plan, program or arrangement, including without limitation any stock option, stock

appreciation right or similar right, or the lapse or termination of any restriction on or the vesting or exercisability of any of the foregoing (a "Payment") would be subject to the excise tax imposed by Section 4999 of the Code (or any successor provision thereto) by reason of being contingent on a change in ownership or effective control of Verso or of a substantial portion of the assets of Verso, within the meaning of Section 280G of the Code (or any successor provision thereto) or to any similar tax imposed by state or local law, or any interest or penalties with respect to such excise tax (such tax or taxes, together with any such interest or penalties, are hereafter collectively referred to as the "Excise Tax"), then, in the event that the after-tax value of all Payments to Employee (such after-tax value to reflect the reduction for the Excise Tax and all federal, state and local income, employment and other taxes on such Payments) would, in the aggregate, be less than the after-tax value to Employee (reflecting a reduction for all such taxes in a like manner) of the Safe Harbor Amount (as defined below), (a) the cash portions of the Payments payable to Employee under this Agreement will be reduced, in the reverse order in which they are due to be paid commencing with the latest such payment, until the Parachute Value (as defined below) of all Payments paid to Employee, in the aggregate, equals the Safe Harbor Amount, and (b) if the reduction of the cash portions of the Payments, payable under this Agreement, to zero would not be sufficient to reduce the Parachute Value of all Payments to the Safe Harbor Amount, then any other Payments payable to Employee under any other agreements, policies, plans, programs or arrangements will be reduced until the Parachute Value of all Payments paid to Employee, in the aggregate, equals the Safe Harbor Amount. If a reduction in Payments is required pursuant to clause (b) of the preceding sentence, Payments will first be reduced or eliminated (if and to the extent necessary) by reducing any Payment that is treated as contingent on the change in ownership or control but is not covered by Treas. Reg. Section 1.280G-1 Q/A 24(b) or (c), then from any Payment that is covered by Treas. Reg. Section 1.280G-1 QIA 24(c), in each case in reverse order beginning with Payments which are to be paid the farthest in time from applicable event. All calculations under this section will be determined by a national accounting firm selected by Verso (which may include Verso's outside auditors) and will be provided to Verso and Employee within 15 days prior to the date on which any Payment is payable to Employee. Verso will pay all costs to obtain and provide such calculations to Employee and Verso.

7.2. Certain Defined Terms. For purposes of this Section 7, (a) the term "Parachute Value" of a Payment will mean the present value as of the date of the change in ownership or effective control, within the meaning of Section 280G of the Code, of the portion of such Payment that constitutes a "parachute payment" under Section 280G(b)(2) of the Code, as determined for purposes of determining whether and to what extent the Excise Tax will apply to such Payment; and (ii) the term "Safe Harbor Amount" will mean 2.99 times Employee's "base amount" within the meaning of Section 280G(b)(3) of the Code.

8. Other Provisions.

8.1. Entire Agreement; Amendments. This Agreement (including its schedules and the Restrictive Covenant Agreement attached as Exhibit A) contains the entire agreement of the parties relating to the subject matter herein and supersedes in full and in all respects any prior oral or written agreement, arrangement or understanding between the parties with respect to Employee's employment with Verso. This Agreement may not be amended or changed orally

but only by an agreement in writing signed by the party against whom enforcement of any waiver, change, modification, extension or discharge is sought.

- 8.2. Waivers. The waiver by either party of any provision of this Agreement will not operate or be construed as a waiver of any subsequent breach by the other party. No waiver of any provision of this Agreement will be implied from any course of dealing between the parties hereto or from any failure by either party hereto to assert any rights hereunder on any occasion or series of occasions.
- 8.3. No Conflicting Agreements. Employee hereby represents and agrees that he is not a party to or bound by any agreement which would affect or otherwise limit the performance of his obligations hereunder.
- 8.4. Severability and Enforceability. If any provision of this Agreement or the application of any such provision to any party or circumstances will be determined by any court of competent jurisdiction to be invalid and unenforceable to any extent, the remainder of this Agreement or the application of such provision to such person or circumstances other than those to which it is so determined to be invalid and unenforceable, will not be affected thereby, and each provision hereof will be validated and enforced to the fullest extent permitted by law. Employee agrees the restrictions set forth in this Agreement are reasonable and necessary to protect the interests of Verso. If any of the covenants set forth herein are deemed to be invalid or unenforceable for any reason, the parties contemplate that such provisions will be modified to make them enforceable to the fullest extent permitted by law.
- 8.5. Assignment. The rights and obligations of Verso under this Agreement will inure to the benefit of and will be binding upon the successors and assigns of Verso. Employee acknowledges that the services to be rendered by him are unique and personal, and Employee may not assign any of his rights or delegate any of his duties or obligations under this Agreement.
- 8.6. Binding Effect. This Agreement will be binding upon and inure to the benefit of the parties and their respective successors, permitted assigns, heirs, executors and legal representatives.
- 8.7. Choice of Law/Venue. This Agreement will be governed by, construed under, and enforced in accordance with the internal laws of the State of Ohio, without regard to the conflicts-of-law provisions or principles thereof. This Agreement and its subject matter have substantial contacts with the State of Ohio, and any lawsuit or other legal proceeding with respect to this Agreement must be brought in a court of competent jurisdiction in Hamilton County, Ohio, or in the United States District Court for the Southern District of Ohio (Western Division). In any such lawsuit or other legal proceeding, any such court will have personal jurisdiction over all the parties hereto, and service of process upon them under any applicable law, statute or rule will be deemed valid and good.
- 8.8. Electronic Execution; Counterparts. This Agreement may be executed electronically and/or in separate counterparts, each of which is deemed to be an original and all of which taken together constitute one and the same agreement.

8.9. Indemnification. During Employee's employment and service as an officer or director (or both) and at all times thereafter during which Employee may be subject to liability, Employee will be entitled to indemnification as set forth in the Verso's Certificate of Incorporation and Bylaws and the Indemnification Agreement to be entered into between the Verso and Employee on or about the Date hereof, to the maximum extent allowed by law, and he will be entitled to the protection of any insurance policies the Verso may elect to maintain generally for the benefit of its officers and directors against all costs, charges and expenses incurred or sustained by him in connection with any action, suit or proceeding to which he may be made a party by reason of his being or having been a director, officer or employee of the Verso or any of its subsidiaries (other than any dispute, claim or controversy arising under or relating to this Agreement). Notwithstanding anything to the contrary herein, Employee's rights under this Section 6.9 will survive the termination of his employment for any reason and the expiration of this Agreement for any reason.

8.10. Notices. Any notices provided hereunder must be in writing and will be deemed effective upon the earlier of two days following personal delivery (including personal delivery by e-mail), on the date received by Federal Express or courier or the fourth day after mailing first class mail to the recipient at the address indicated below:

To Verso:

Verso Corporation
8540 Gander Creek Drive
Miamisburg, Ohio 45342
Attention: President and Chief Executive Officer

With a copy to:

Verso Corporation
8540 Gander Creek Drive
Miamisburg, Ohio 45342
Attention: Law Department

To Employee:

Aaron D. Haas
7739 Country Brook Ct.
Springboro, OH 45066

or to such other address or to the attention of such other person as the recipient party will have specified by prior written notice to the sending party.

8.11. Survival. Anything contained in this Agreement to the contrary notwithstanding, the provisions of this Agreement reasonably expected to be performed or applicable after expiration or termination of this Agreement, and the confidentiality, non-compete and non

solicitation provisions of Exhibit A to this Agreement, will survive termination of this Agreement and any termination of Employee's employment hereunder.

[Signatures appear on next page]

IN WITNESS WHEREOF, the parties have hereto executed this Employment Agreement as of the day and year first above written.

Verso Corporation

By: /s/ Adam St. John
Adam St. John
President and Chief Executive Officer

Employee:

/s/ Aaron D. Haas
Aaron D. Haas

Schedule 1

Payments and Benefits

All capitalized terms used but not defined in this Schedule 1 have the meanings given to them elsewhere in the Agreement.

- 1.1. Employee's accrued but unpaid Base Salary as of the Termination Date; provided that in connection with any resignation for Good Reason based on a reduction in Base Salary, the Base Salary for this purpose will be the Base Salary prior to such reduction;
- 1.2. any unused vacation pay owed to Employee as of the Termination Date, in accordance with Verso's vacation policy and procedures in effect immediately prior to the Termination Date;
- 1.3. reimbursement of reasonable travel and other business expenses incurred by Employee in the performance of his duties to Verso through the Termination Date, in accordance with Verso's expense reimbursement policy and procedures; and
- 1.4. any amount arising from Employee's participation in, and any benefit under, Verso's employee benefit plans, programs, policies and arrangements in effect immediately prior to the Termination Date, in accordance with such employee benefit plans, programs, policies and arrangements and the procedures thereunder.

The amounts payable above will be paid at such times as are customary with respect to employees in the same pay grade as Employee under Verso's applicable policies and procedures.

Schedule 2

Additional Payments and Benefits

All capitalized terms used but not defined in this Schedule 2 have the meanings given to them elsewhere in the Agreement.

- 2.1. any incentive award payable to Employee under Verso's annual performance-based incentive plan for any year completed on or prior to the Termination Date that has not been paid to Employee as of the Termination Date, payable when the incentive awards under such plan are paid to the other senior executives of Verso (and in all events not later than two and one-half months following the end of the year in which the amount is no longer subject to a substantial risk of forfeiture);
- 2.2. a prorated incentive award under Verso's annual performance-based incentive plan for any year in which the Termination Date is prior to December 31, determined on a daily basis with respect to the period of employment during such year, based solely on the actual level of achievement of Verso's performance objectives for such year, and payable when the incentive awards under such plan are paid to the other senior executives of Verso (and in all events not later than two and one halfmonths following the end of the year in which the amount is no longer subject to a substantial risk of forfeiture);
- 2.3. a lump sum amount equal to 175% of Employee's annual base salary in effect immediately prior to the Termination Date, payable within 65 days after the Termination Date, which payment will be in lieu of any severance payment to which Employee might otherwise be entitled under Verso's severance policy;
- 2.4. health and welfare benefits, as follows:
 - 2.4.1. if, and to the extent that, Employee elects to receive continued medical and dental insurance coverage in accordance with continuation of the group medical and dental insurance coverage provided by Verso for Employee and Employee's eligible dependents pursuant to the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA"), Employee will receive continued medical and dental insurance coverage during the 18 months beginning on the first day of the month immediately following the Termination Date, fully subsidized by Verso for the first 6 months, and with the Employee paying the standard, active-employee portion and Verso paying the balance of the cost for the remaining 12 months of coverage;
 - 2.4.2. notwithstanding the foregoing, Verso's obligation to pay its portion of the continued coverage set forth in Section 2.4.1 of this Schedule, will terminate effective as of the last day of the month in which the Employee first becomes eligible for comparable coverage from another employer, as reasonably determined by Verso; and

2.6 senior executive-level outplacement services performed by a nationally recognized outplacement firm until the earliest to occur of (a) Employee's obtaining new employment, (b) Employee electing in writing not to continue such outplacement services, or (c) the first anniversary of the Termination Date.

Exhibit A

RESTRICTIVE COVENANT AGREEMENT

This RESTRICTIVE COVENANT AGREEMENT (this "Agreement") is made and entered into effective as of March 13, 2020 ("Effective Date"), by and between Verso Corporation, a Delaware corporation ("Verso"), and Aaron D. Haas ("Employee").

WHEREAS, Verso and Employee are parties to an employment agreement dated on or about the date hereof ("Employment Agreement"), and in connection therewith, Verso is willing to employ Employee in a senior executive position, and Employee is willing to accept such employment, contingent on Employee's execution of this Agreement.

NOW, THEREFORE, in consideration of foregoing and the mutual covenants and agreements hereinafter set forth, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Verso and Employee hereby agree as follows:

1. Definitions. As used below in this Agreement, the terms:

- 1.1. "Business" will mean the business of coated and supercalendered paper products, the operation of coated and supercalendered paper mills, specialty paper mills producing those specialty paper products that can be manufactured at the specialty paper mills operated by Verso and its subsidiaries ("Verso Group"), and/or the manufacturing of other papers to the extent that at the time of Employee's termination the Verso Group manufactures, or has undertaken material steps to engage in the manufacturing of, such other papers, anywhere in the world as conducted by the Verso Group, and/or any other business that any member of the Verso Group participated in, or undertook business planning to participate or engage in, at any point since commencement of Employee's employment under the Employment Agreement.
- 1.2. "Protected Information" will mean any and all nonpublic information, confidential information, proprietary information, trade secrets, or other sensitive information (whether in oral, written, electronic, or any other form) concerning any member of the Verso Group and/or any of their respective agents, consultants, contractors, directors, employees, fiduciaries, investors, potential investors, members, officers, partners, principals, and representatives, that (a) Verso takes reasonable measures to maintain in secrecy, (b) is required to be maintained as confidential under governing law or regulation or under an agreement with any third parties, (c) would otherwise appear to a reasonable person to be confidential or proprietary, and/or (d) pertains in any manner to Verso's business, including but not limited to: Research and Development (as defined below); customers or prospective customers, targeted national accounts, or strategies or data for identifying and satisfying their needs; present or prospective business relationships; present, short term, or long term strategic plans; acquisition candidates; plans for corporate restructuring; products under consideration or development; cost, margin or profit information; data from which any of the foregoing types of information

could be derived; human resources (including compensation information and internal evaluations of the performance, capability and potential of Verso employees); business methods, data bases and computer programs. The fact that individual elements of the information that constitutes Protected Information may be generally known does not prevent an integrated compilation of information, whether or not reduced to writing, from being Protected Information if that integrated whole is not generally known.

1.3. "Research and Development" will include, but not be limited to, all (a) short-term and long term basic, applied and developmental research and technical assistance and specialized research support of customers or active prospects, targeted national accounts, of Verso operating divisions; (b) information relating to: manufacturing and converting processes, methods, techniques and equipment and the improvements and innovations relating to same; quality control procedures and equipment; identification, selection, generation and propagation of tree species having improved characteristics; forest resource management; innovation and improvement to manufacturing and converting processes such as shipping, pulping bleaching chemical recovery papermaking, coating and calendering processes and in equipment for use in such processes; reduction and remediation of environmental discharges; minimization or elimination of solid and liquid waste; use and optimization of raw materials in manufacturing processes; recycling and manufacture of paper products; recycling of other paper or pulp products; energy conservation; computer software and application of computer controls to manufacturing and quality control operations and to inventory control; radio frequency identification and its use in paper and packaging products; and product or process improvement, development or evaluation; and (c) information about methods, techniques, products, equipment, and processes that Verso has learned do not work or do not provide beneficial results ("negative know-how") as well as those that do work or provide beneficial results.

1.4. "Unauthorized" will mean (a) in contravention of Verso's policies or procedures; (b) otherwise inconsistent with Verso's measures to protect its interests in the Protected Information; (c) in contravention of any lawful instruction or directive, either written or oral, of any Verso employee empowered to issue such instruction or directive; (d) in contravention of any duty existing under law or contract; (e) to the detriment of Verso; or (e) for the use or advantage of any entity or person other than the Verso Group.

1.5. "Verso Group" will mean Verso, and/or its subsidiaries, and/or its mills.

2. Confidentiality.

2.1. Employee acknowledges and agrees that by reason of Employee's employment with Verso, Employee has been and will be entrusted with Protected Information and may develop Protected Information, that such information is valuable and useful to Verso, that it would also be valuable and useful to competitors and others who do not know it and that such information constitutes confidential and proprietary trade secrets of Verso. While an employee or consultant of Verso, or at any time thereafter regardless of the

reasons for leaving Verso, Employee agrees not to use or disclose, directly or indirectly, any Protected Information in an Unauthorized manner or for any Unauthorized purpose unless such information will have become generally known in the relevant industry or independently developed with no assistance from, nor as a result of a breach of the covenants and obligations hereunder by, Employee. Further, promptly upon termination, for any reason, of Employee's employment with Verso or upon the request of Verso, Employee agrees to deliver to Verso all property and materials and copies thereof within Employee's possession or control that belong to the Verso Group or that contain Protected Information and to permanently delete upon Verso's request all Protected Information from any computers or other electronic storage media Employee owns or uses.

- 2.2. While an employee of Verso and after termination of Employee's employment with Verso for any reason, Employee agrees not to take any actions that would constitute or facilitate the Unauthorized use or disclosure of Protected Information, including transmitting or posting such Protected Information on the internet, anonymously or otherwise. Employee further agrees to take all reasonable measures to prevent the Unauthorized use and disclosure of Protected Information and to prevent Unauthorized persons or entities from obtaining or using Protected Information.
- 2.3. If Employee becomes legally compelled (by deposition, interrogatory, request for documents, subpoena, investigation, demand, order or similar process) to disclose any Protected Information, then before any such disclosure may be made, Employee will immediately notify Verso thereof and, at Verso's expense, will consult with Verso on the advisability of taking steps to resist or narrow such request and cooperate with Verso in any attempt to obtain a protective order or other appropriate remedy or assurance that the Protected Information will be afforded confidential treatment. If such protective order or other appropriate remedy is not obtained, Employee will furnish only that portion of the Protected Information that it is advised by legal counsel is legally required to be furnished.
- 2.4. In accordance with the Defend Trade Secrets Act, 18 U.S.C. § 1833(b), and other applicable law, nothing in this Agreement, or any other agreement or policy, will prevent Employee from, or expose Employee to criminal or civil liability under federal or state trade secret law for, (a) directly or indirectly sharing any of the Verso Group's trade secrets or other Protected Information (except information protected by any member of the Verso Group's attorney-client or work product privilege) with an attorney or with any federal, state, or local government agencies, regulators, or officials, for the purpose of investigating or reporting a suspected violation of law, whether in response to a subpoena or otherwise, without notice to the Verso Group, or (b) disclosing trade secrets in a complaint or other document filed in connection with a legal claim, provided that the filing is made under seal. Further, nothing herein will prevent Employee from discussing or disclosing information related to Employee's general job duties or responsibilities and/or regarding employee compensation. Employee may disclose Protected Information as

required in response to a subpoena or other legal process, in accordance with the terms and procedures set forth in Section 2.3, above.

3. Non-Competition.

- 3.1. Employee acknowledges and agrees that the Business is worldwide in scope, the Verso Group's competitors and customers are located throughout the world, and the Verso Group's strategic planning and Research and Development activities have application throughout the world and are for the benefit of customers and the Business throughout the world, and therefore, the restrictions on Employee's competition after employment as described below apply to anywhere in the world in which the Verso Group does business. Employee acknowledges that any such competition within that geographical scope will irreparably injure the Verso Group. Employee acknowledges and agrees that, for that reason, the prohibitions on competition described below are reasonably tailored to protect the interests of the Verso Group.
- 3.2. While an employee or consultant of Verso, Employee agrees not to compete in any manner, either directly or indirectly and whether for compensation or otherwise, with the Business or to assist any other person or entity to compete with the Business.
- 3.3. Upon termination of Employee's employment with Verso for any reason occurring more than ninety (90) days after the Effective Date, Employee agrees that for a period of twelve (12) months ("Non-Compete Period") following such termination Employee will not compete with the Business anywhere in the world in which the Verso Group is doing business; in this context "compete" means to do any one or more of the following:
 - 3.3.1. directly or indirectly in any capacity engage in the Business or assisting others to engage in the Business;
 - 3.3.2. engaging in any sales, marketing, Research and Development or managerial duties (including, without limitation, financial, human resources, strategic planning, or operation duties) for, whether as an employee, consultant, or otherwise, any entity that produces, develops, sells, markets or operates in the Business;
 - 3.3.3. owning, managing, operating, controlling or consulting for any entity that engages in the Business; provided, however, that this Section 3(c)(iii) will not prohibit Employee from being a passive owner of not more than 5% of the outstanding stock of any class of a corporation that is publicly traded, so long as Employee has no active participation in the business of such corporation; or
 - 3.3.4. soliciting the business of any actual or active prospective customers, or targeted national accounts of the Verso Group for any product, process or service that is competitive with the Business, whether existing or contemplated for the future, on which Employee has worked, or concerning which Employee has in any manner

acquired knowledge or Protected Information about, during the 12 months preceding termination of Employee's employment.

- 3.4. It will not be a violation of any provision of Section 3.2 for Employee to accept employment with a non-competitive division or business unit of a multi-divisional company of which one or more divisions or business units are competitors of Verso, so long as Employee does not engage in, oversee, provide input or information regarding, or participate in any manner in the activities described in this paragraph as they relate to any division or business unit that is a competitor of Verso.
- 3.5. Employee will not assist others in engaging in activities that Employee is not permitted to take.
4. Non-Solicitation/Non-Hire. During Employee's employment at Verso and for a period of twelve (12) months following the termination of such employment for any reason, Employee agrees that Employee will not, either on Employee's own behalf or on behalf of any other person or entity, directly or indirectly:
 - 4.1. encourage, induce, solicit, hire or attempt to encourage, induce, or solicit or hire any then current employee of the Verso Group, or otherwise interfere with or encourage any such employee to terminate or limit his or her employment or consulting relationship with Verso; or
 - 4.2. induce, encourage or assist any other person to engage in any of the activities described above; provided, however, that there will be no violation of this Section 4.2 in the event that a Verso Group employee responds to a public solicitation for new hires by an entity with which Employee is associated;
 - 4.3. encourage, induce, solicit, or attempt to encourage, induce, or solicit any former, current or prospective customer of the Verso Group, about whom Employee acquired confidential information during the course of Employee's employment with Verso, to cease, or reduce the amount of, or change the terms and conditions of, business it does with the Verso Group; or
 - 4.4. interfere with, disrupt, or attempt to interfere with or disrupt the business relationships (contractual or otherwise) existing (now or at any time in the future) between Verso and any third party (including, without limitation, the Verso Group's customers, vendors, suppliers, licensors, lessors, joint venturers, associates, consultants, agents and partners).
5. Tolling Period of Restrictions. Employee agrees that the periods of non-competition and nonsolicitation/non-hire set forth in Sections 3 and 4, respectively, will be extended by the period of violation if Employee is found to be in violation of those provisions.
6. Duty to Show Agreement to Prospective Employer. During Employee's employment with Verso and for twelve (12) months after the Termination Date (as defined in the Employment

Agreement), Employee will, prior to accepting other employment, provide a copy of this Agreement to any recruiter who assists Employee in locating employment other than with Verso and to any prospective employer with which Employee discusses potential employment.

7. Representations, Warranties and Acknowledgements. In addition to the representations, warranties and obligations set forth throughout this Agreement, Employee acknowledges that (a) Protected Information is commercially and competitively valuable to Verso and critical to its success; (b) the Unauthorized use or disclosure of Protected Information or the violation of the covenants set forth in Sections 2, 3, or 4 would cause irreparable harm to Verso; (c) by this Agreement, Verso is taking reasonable steps to protect its legitimate interests in its Protected Information; (d) Employee has developed, or will develop, legally unique relationships with customers of Verso; and (e) nothing herein will prohibit Verso from pursuing any remedies, whether in law or equity, available to Verso for breach or threatened breach of this Agreement. Employee further acknowledges and agrees that, as a senior executive of Verso, Employee performs unique and valuable services to Verso of an intellectual character and that Employee's services will be difficult for Verso to replace. Employee further acknowledges and agrees that Verso is providing Employee with significant consideration in this Agreement for entering into this Agreement and that Verso's remedies for any breach of this Agreement are in addition to and not in place of any other remedies Verso may have at law or equity or under any other agreements.

8. General.

8.1. Employee acknowledges and agrees that the parties have attempted to limit Employee's right to compete only to the extent necessary to protect Verso from unfair competition and protect the legitimate interests of Verso. If any provision or clause of this Agreement or portion thereof will be held by any court of competent jurisdiction to be illegal, void or unenforceable in such jurisdiction, the remainder of such provisions will not thereby be affected and will be given full effect, without regard to the invalid portion. It is the intention of the parties and Employee agrees, that if any court construes any provision or clause of this Agreement or any portion thereof to be illegal, void or unenforceable because of the duration of such provision or the area or matter covered thereby, such court will reduce the duration, area or matter of such provision and in its reduced form, such provision will then be enforceable and will be enforced.

8.2. Employee acknowledges that neither this Agreement nor any provision hereof can be modified, abrogated or waived except in a written document signed by the President and Chief Executive Officer of Verso, or in the event of the absence of such person or the vacancy of such position, such other person as Verso's Chairman of the Board or board of directors designates in writing.

8.12. This Agreement will be governed by, construed under, and enforced in accordance with the internal laws of the State of Ohio, without regard to the conflicts-of-law provisions or principles thereof. This Agreement and its subject matter have

substantial contacts with the State of Ohio, and any lawsuit or other legal proceeding with respect to this Agreement must be brought in a court of competent jurisdiction in Hamilton County, Ohio, or in the United States District Court for the Southern District of Ohio (Western Division). In any such lawsuit or other legal proceeding, any such court will have personal jurisdiction over all the parties hereto, and service of process upon them under any applicable law, statute or rule will be deemed valid and good.

- 8.13. This Agreement may be executed electronically and/or in separate counterparts, each of which is deemed to be an original and all of which taken together constitute one and the same agreement.
- 8.3. This Agreement and any rights thereunder may be assigned by Verso and, if so assigned, will operate to protect the Protected Information and relationships of Verso as well as such information and relationships of the assignee.
- 8.4. Employee agrees that Verso's determination not to enforce this or similar agreements as to specific violations will not operate as a waiver or release of Employee's obligations under this Agreement.
- 8.14. If any provision of this Agreement or the application of any such provision to any party or circumstances will be determined by any court of competent jurisdiction to be invalid and unenforceable to any extent, the remainder of this Agreement or the application of such provision to such person or circumstances other than those to which it is so determined to be invalid and unenforceable, will not be affected thereby, and each provision hereof will be validated and enforced to the fullest extent permitted by law. Employee agrees the restrictions set forth in this Agreement are reasonable and necessary to protect the interests of Verso. If any of the covenants set forth herein are deemed to be invalid or unenforceable for any reason, the parties contemplate that such provisions will be modified to make them enforceable to the fullest extent permitted by law.
- 8.15. Employee acknowledges and agrees that Verso has advised Employee that Employee may consult with an independent attorney before signing this Agreement.
- 8.16. This Agreement sets forth the entire agreement of the parties, and fully supersedes any and all prior agreements or understandings between the parties pertaining to the subject matter hereof.

[signatures appear on next page]

IN WITNESS WHEREOF, the parties have hereto executed this Employment Agreement as of the day and year first above written.

Verso Corporation

By: /s/ Adam St. John
Adam St. John
President and Chief Executive Officer

Employee:

/s/ Aaron D. Haas
Aaron D. Haas

VERSO CORPORATION
DIRECTORS DEFERRED COMPENSATION PLAN

1. PURPOSE OF PLAN

The purpose of this Plan is to afford members of the Board who are not officers or employees of the Corporation or one of its Subsidiaries the opportunity to defer the payment of equity awards granted for their service on the Board in the form of Stock Units which further align the interests of participating Board members and stockholders.

2. DEFINITIONS

Whenever the following words and phrases are used in this Plan, with the first letter capitalized, they shall have the meanings specified below.

“Account” shall mean the bookkeeping account maintained by the Corporation on behalf of each Director that elects to defer his or her Equity Awards under this Plan and is credited with Stock Units in accordance with Section 5.1 and Dividend Equivalents thereon in accordance with Section 5.2. Subaccounts of an Account may be established for recordkeeping purposes to track Stock Units credited to the Account that are subject to different payment elections.

“Administrator” shall mean the administrator of this Plan as appointed by the Board in accordance with Section 8 of this Plan, which shall administer this Plan in accordance with the provisions hereof.

“Beneficiary” or “Beneficiaries” as to a Director shall mean the duly appointed and currently acting personal representative of the Director’s estate (which shall include either the Director’s probate estate or living trust). In any case where there is no such personal representative of the Director’s estate duly appointed and acting in that capacity within ninety (90) days after the Director’s death (or such extended period as the Administrator determines is reasonably necessary to allow such personal representative to be appointed, but not to exceed one hundred eighty (180) days after the Director’s death), then the Director’s Beneficiary shall be deemed to be the person or persons who can verify by court order that they are legally entitled to receive the benefits specified hereunder. The payment of benefits under this Plan to a Beneficiary shall fully and completely discharge the Corporation, its Subsidiaries and the Administrator from all further obligations under this Plan with respect to the Director.

“Board of Directors” or “Board” shall mean the Board of Directors of the Corporation.

“Change in Control” shall be deemed to have occurred as of the first day that any one or more of the following conditions shall have been satisfied:

(a) The acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (a “Person”) of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Securities Exchange Act of 1934, as amended) of 35% or more of either (1) the sum of the then outstanding shares of Common Stock and Class B common stock, par value \$0.01 per share, of the Corporation (collectively, the “Outstanding Company Common Stock”)

or (2) the combined voting power of the then outstanding voting securities of the Corporation entitled to vote generally in the election of directors (the “Outstanding Company Voting Securities”); provided, however, that, for purposes of this definition, the following acquisitions shall not constitute a Change in Control: (A) any acquisition directly from the Corporation, (B) any acquisition by the Corporation, (C) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Corporation or any affiliate of the Corporation or a successor, or (D) any acquisition by any entity pursuant to a transaction that complies with Sections (c)(1), (2) and (3) below;

(b) Individuals who, as of the Effective Date, constitute the Board (the “Incumbent Board”) cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the Effective Date whose election, or nomination for election by the Corporation’s stockholders, was approved by a vote of at least two-thirds of the directors then comprising the Incumbent Board (including for these purposes, the new directors whose election or nomination was so approved, without counting the director and his predecessor twice) shall be considered as though such individual were a director serving on the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board;

(c) Consummation of a reorganization, merger, statutory share exchange or consolidation or similar corporate transaction involving the Corporation or any of its Subsidiaries, or the acquisition of assets or stock of another entity by the Corporation or any of its Subsidiaries (each, a “Business Combination”), in each case unless, following such Business Combination, (1) all or substantially all of the individuals and entities that were the beneficial owners of the Outstanding Company Common Stock and the Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the entity resulting from such Business Combination (including, without limitation, an entity that, as a result of such event, owns the Corporation or all or substantially all of the Corporation’s assets directly or through one or more subsidiaries (a “Parent”)) in substantially the same proportions as their ownership immediately prior to such Business Combination of the Outstanding Company Common Stock and the Outstanding Company Voting Securities, as the case may be, (2) no Person (excluding any entity resulting from such Business Combination or a Parent or any employee benefit plan (or related trust) of the Corporation or such entity resulting from such Business Combination or Parent) beneficially owns, directly or indirectly, 35% or more of, respectively, the then outstanding shares of common stock of the entity resulting from such Business Combination or the combined voting power of the then outstanding voting securities of such entity, except to the extent that the ownership in excess of 35% existed prior to the Business Combination, and (3) at least a majority of the directors serving on the board of directors or trustees of the entity resulting from such Business Combination or a Parent were directors serving on the

Incumbent Board at the time of the execution of the initial agreement or of the action of the Board providing for such Business Combination; or

(d) Approval by the stockholders of the Corporation of a complete liquidation or dissolution of the Corporation other than in the context of a transaction that does not constitute a Change in Control event under clause (c) above.

For the purposes of paying any Stock Units pursuant to Section 7, however, an occurrence or event contemplated by clause (a), (b), (c) or (d) above shall not constitute a Change in Control unless such occurrence or event also constitutes a “change in the ownership or effective control” of the Corporation or a “change in the ownership of a substantial portion of the assets” of the Corporation, in each case within the meaning of Section 409A of the Code.

“Closing Price” shall mean, unless otherwise determined or provided by the Administrator in the circumstances and subject to adjustment pursuant to Section 6, the closing price (in regular trading) for a share of Common Stock on the Exchange for the date in question (or, if such date is not a trading day on the Exchange, as of the most recent Exchange trading day preceding the date on question) or, if the Common Stock is no longer listed or is no longer actively traded on the Exchange as of the applicable date, the Closing Price of the Common Stock shall be the value as reasonably determined by the Administrator for purposes of this Plan in the circumstances.

“Code” shall mean the Internal Revenue Code of 1986, as amended.

“Common Stock” shall mean the Class A common stock of the Corporation, par value \$0.01 per share, subject to adjustment pursuant to Section 6 of this Plan.

“Corporation” shall mean Verso Corporation, a Delaware corporation, and any successor corporation.

“Director” shall mean a member of the Board who is not an officer or employee of the Corporation or one of its Subsidiaries.

“Dividend Equivalent” shall mean Stock Units credited to a Director’s Account pursuant to Section 5.2.

“Effective Date” shall mean December 7, 2020, the date this Plan was adopted by the Board.

“Equity Award” shall mean any award of restricted stock or restricted stock units granted during a particular Plan Year by the Corporation to a Director for services as a member of the Board.

“Exchange” shall mean the principal national securities exchange on which the Common Stock is then listed or admitted to trade.

“Exchange Act” shall mean the Securities Exchange Act of 1934, as amended.

“Fair Market Value” shall mean, unless otherwise determined or provided by the Administrator in the circumstances and subject to adjustment pursuant to Section 6, the average closing price (in regular trading) for a share of Common Stock on the Exchange for the period of ten (10) consecutive trading days ending with the last trading day before the date in question or, if the Common Stock is no longer listed or is no longer actively traded on the Exchange as of the applicable date, the Fair Market Value of the Common Stock shall be the value as reasonably determined by the Administrator for purposes of this Plan in the circumstances.

“Performance Incentive Plan” shall mean the Verso Corporation Performance Incentive Plan, as amended from time to time (or a successor plan thereto).

“Plan” shall mean this Verso Corporation Directors Deferred Compensation Plan as set forth herein and as amended from time to time.

“Plan Year” shall mean the calendar year, with the first Plan Year being 2021.

“Separation from Service” shall mean a Director’s ceasing to serve as a member of the Board for any reason. For purposes of clarity, if at the relevant time a Director provides services for the Corporation as both an employee and as a member of the Board, to the extent permitted by Treasury Regulation Section 1.409A-1(h)(5), the services provided by such Director as an employee shall not be taken into account in determining whether the Director has experienced a Separation from Service as a director for purposes of the Plan.

“Stock Unit” shall mean a non-voting unit of measurement which is deemed solely for bookkeeping purposes to be equivalent to one outstanding share of Common Stock (subject to Section 6) solely for purposes of this Plan.

“Subsidiary” shall mean any corporation or other entity a majority of whose outstanding voting stock or voting power is beneficially owned directly or indirectly by the Corporation.

3. PARTICIPATION

Directors will be eligible to defer all or a portion of their Equity Awards in accordance with Section 4.1. Notwithstanding anything else contained in this Plan to the contrary, the Administrator may, in its sole discretion and effective as of the end of any Plan Year, terminate the ability of a Director to defer additional amounts under Section 4.1.

4. CONTRIBUTIONS

4.1 *Elections to Defer Equity Awards.*

4.1.1 Amount and Timing of Deferrals. Subject to Section 3 above, a Director may elect to receive all or a portion of any Equity Award granted or to be granted, as the case may be, to the Director during a Plan Year in the form of Stock Units credited under this Plan and defer the payment of up to 100% of such Stock Units as provided herein. Except as provided in Section 4.1.2, any election by a Director to defer any Equity Award must be filed with the Corporation, on a form and in a manner prescribed by the

Corporation, by December 31 preceding the Plan Year with respect to which such election is effective or such earlier deadline as may be established by the Administrator with respect to such Plan Year.

- 4.1.2 First Year of Eligibility.** In the case of an individual to be elected or appointed to the Board for the first time (i.e., a new Director) who was not previously employed by the Corporation or one of its Subsidiaries, he or she may make an election to defer any Equity Award by filing a deferral election with the Corporation, on a form and in a manner prescribed by the Corporation, prior to the first day on which he or she is a Director. Such election shall be effective beginning with the Plan Year in which the individual is first a Director as to any Equity Award earned for services performed on or after the date he or she is first a Director.
- 4.1.3 Changes to Deferral Elections.** Any election to defer any Equity Award made under Section 4.1.1 or Section 4.1.2 shall be irrevocable and shall continue in effect for the Plan Year for which it is effective. If a Director makes a new election pursuant to Section 4.1.1, such new election shall take effect beginning with the first new Plan Year to commence after such election.

5. ACCOUNTS

- 5.1 *Crediting of Stock Units.*** The Corporation shall establish and maintain an Account for each Director who has elected under Section 4.1 to defer all or a portion of his or her Equity Awards. On or as soon as administratively practical after the date an Equity Award that a Director has elected to defer under Section 4.1 is granted, the Corporation shall credit such Director's Account with a number of Stock Units equal to the number of Stock Units the Director has elected to defer hereunder.
- 5.2 *Dividend Equivalents.*** As of any date on which the Corporation pays a cash dividend on its Common Stock (the "Dividend Payment Date"), the Director's Account shall be credited with additional Stock Units equal to (i) the per-share cash dividend paid by the Corporation on a single share of its Common Stock on such date, multiplied by (ii) the total number of Stock Units (including any Dividend Equivalents previously credited hereunder) in the Director's Account at the start of business as of the related dividend payment record date, divided by (iii) the Closing Price of a share of Common Stock as of the Dividend Payment Date. For clarity and to avoid duplication, Stock Units credited under this Plan will accrue dividend equivalents pursuant to this Section 5.2 and will not accrue dividend equivalents pursuant to the applicable award agreement.
- 5.3 *Account Not Funded; No Stockholder Rights.*** A Director's Account shall be a memorandum account on the books of the Corporation. The Stock Units credited to a Director's Account shall be used solely as a device for the determination of the number of shares of the Corporation's Common Stock that will be eventually paid

to such Director in accordance with this Plan. The Stock Units shall not be treated as property or as a trust fund of any kind. No Director shall be entitled to any voting or other stockholder rights with respect to Stock Units credited under this Plan. The number of Stock Units credited (and the underlying shares of Common Stock to which the Stock Units relate) shall be subject to adjustment in accordance with Section 6 of this Plan.

5.4 *Reduction in Stock Units.* A Director's Account shall be reduced by the number of Stock Units with respect to which payment is made or that terminate because the vesting requirements applicable to the Stock Units are not satisfied.

5.5 *Vesting of Stock Units.* Stock Units (and any underlying Dividend Equivalents) credited to a Director's Account pursuant to an election to defer an Equity Award shall be subject to the vesting conditions applicable to such Equity Award pursuant to the award agreement evidencing such Equity Award and the Performance Incentive Plan (and, to the extent such vesting conditions are not met, shall be subject to termination without payment in accordance with the terms with the underlying award agreement and the Performance Incentive Plan).

6. ADJUSTMENTS IN CASE OF CHANGES IN COMMON STOCK

Upon (or, as may be necessary to effect the adjustment, immediately prior to): any reclassification, recapitalization, stock split (including a stock split in the form of a stock dividend) or reverse stock split; any merger, combination, consolidation, conversion or other reorganization; any spin-off, split-up, or similar extraordinary dividend distribution in respect of the Common Stock; or any exchange of Common Stock or other securities of the Corporation, or any similar, unusual or extraordinary corporate transaction in respect of the Common Stock; then the Administrator shall equitably and proportionately adjust (1) the number, amount and type of shares of Common Stock (or other securities or property) that may become payable (or with respect to which the value of Stock Units is measured, as the case may be) with respect to the Stock Units credited under this Plan, as well as (2) the closing prices taken into account in determining Fair Market Value to the extent such an event occurs during the trading days over which the Fair Market Value is determined, in each case to the extent necessary to preserve the intended level of benefits (but without duplication of benefits if Dividend Equivalents are credited with respect to any such event). Without limiting the generality of Section 8, any good faith determination by the Administrator as to whether an adjustment is required in the circumstances pursuant to this Section 6, and the extent and nature of any such adjustment, shall be conclusive and binding on all persons.

7. PAYMENT OF STOCK UNITS

7.1 *Timing of Payment of Stock Units.*

7.1.1 Timing of Payment Generally. Except as provided in Section 7.1.2 below, Stock Units credited to a Director's Account, to the extent such Stock Units are then vested, shall be paid to the Director in a lump sum upon or as soon as administratively practical following (and in all events within thirty (30)

days following) the Director's Separation from Service; provided, however, that at the time of making a deferral election pursuant to Section 4.1, a Director may elect to have the Stock Units subject to such election paid in substantially equal annual installments over a period of three (3) or five (5) years, with the first such installment to be paid upon or as soon as administratively practical following (and in all events within thirty (30) days following) the Director's Separation from Service and the remaining installments to be paid each year thereafter in the same calendar month in which the Director's Separation from Service occurs until the entire Account has been paid. For example, if a Director elects payment in annual installments over five (5) years, the first installment payment would equal one-fifth (1/5th) of the Stock Units subject to such election and credited to the Director's Account as of the Director's Separation from Service (rounded to the nearest whole share), the second installment payment would equal one-fourth (1/4th) of the Stock Units subject to such election and credited to the Director's Account as of the start of the month for the month in which the first anniversary of the Director's Separation from Service occurs (rounded to the nearest whole share), and so on. The final payment (whether lump sum or installments) shall be rounded down to the nearest whole share.

7.1.2 Change in Control. Notwithstanding the foregoing, if a Change in Control occurs before any Stock Units credited to a Director's Account otherwise become payable (including any installment payments that the Director may have elected that have not yet become payable), such Stock Units shall be paid to the Director in a lump sum upon or as soon as administratively practical following (and in all events within thirty (30) days following) the Change in Control.

7.1.3 Changes to Payment Elections. A Director's election as to the form of payment of his or her Account made under this Section 7.1 shall be irrevocable and shall apply to Stock Units (including Dividend Equivalent Stock Units) credited in respect of deferrals of Equity Awards for the Plan Year for which it is effective. Prior to the commencement of a subsequent Plan Year, a Director may make a new election pursuant to Section 4.1 that provides a different timing of payment for the deferred Equity Awards for such subsequent Plan Year (but, for purposes of clarity, any such new election shall not apply to the Plan Year in which it is made or any prior Plan Year).

7.2 ***Form of Payment***. Distribution of Stock Units shall be made in the form of a share of the Corporation's Common Stock for each Stock Unit to be paid (with any fractional Stock Units to be rounded down to the nearest whole Stock Unit; provided that fractional Stock Units shall be cumulated until sufficient to produce a whole Stock Unit, in all cases remaining fractional Stock Unit interests shall terminate in the event the remaining Stock Units terminate, and any remaining

fractional Stock Unit interest shall terminate on the final payment date applicable to the Director's Account). The Director or any other person entitled under this Plan or the Performance Incentive Plan to receive a payment of shares of Common Stock shall deliver to the Corporation any representations or other documents or assurances required pursuant to Section 8.1 of the Performance Incentive Plan. The Corporation may make payment of shares of Common Stock either by delivering one or more certificates for such shares or by entering such shares in book entry form, as determined by the Corporation in its discretion.

- 7.3 Specified Employees.** Notwithstanding any provision of this Plan to the contrary, if any payment of Stock Units pursuant to this Section 7 is triggered by a Director's Separation from Service and the Director is a "specified employee" within the meaning of Treasury Regulation Section 1.409A-1(i) as of the date of the Director's Separation from Service, the Director shall not be entitled to receive such payment until the earlier of (i) the date which is six (6) months after the Director's Separation from Service for any reason other than death, or (ii) the date of the Director's death. Any amounts otherwise payable to the Director upon or in the six (6) month period following the Director's Separation from Service that are not so paid by reason of this Section 7.3 shall be paid (without interest) as soon as practicable (and in all events within thirty (30) days) after the date that is six (6) months after the Director's Separation from Service (or, if earlier, as soon as practicable, and in all events within thirty (30) days, after the date of the Director's death). The provisions of this Section 7.3 shall only apply if, and to the extent, required to avoid the imputation of any tax, penalty or interest pursuant to Code Section 409A.
- 7.4 Death of Director.** In the event that a Director or former Director dies before receiving payment of his or her vested Stock Units under this Plan, the balance of the Director's vested Stock Units shall be paid to the Director's Beneficiary, in the form of a lump sum payment, as soon as administratively practical after the Director's death.

8. ADMINISTRATION

- 8.1 Administrator.** Unless otherwise provided by the Board, this Plan shall be administered by the Compensation Committee of the Board.
- 8.2 Powers and Duties of the Administrator.** The Administrator shall be charged with the general administration of this Plan, and shall have all powers necessary to accomplish its purposes, including, but not by way of limitation, the following:
- (a) To construe and interpret the terms and provisions of this Plan;
 - (b) To make any required determination as to the amount or kind of benefits payable to Directors and their Beneficiaries, and to determine the time and manner in which such benefits are paid;

(c) To make and publish such rules for the regulation of this Plan and procedures for the administration of this Plan as are not inconsistent with the terms hereof; and

(d) To delegate ministerial, non-discretionary functions to individuals who are officers or employees of the Corporation or any of its Subsidiaries or to third parties.

8.3 *Binding Determinations; Indemnification.* Any action taken by, or inaction of, the Corporation, any Subsidiary, or the Administrator relating or pursuant to this Plan and within its authority hereunder or under applicable law shall be within the absolute discretion of that entity or body and shall be conclusive and binding upon all persons. Neither the Board nor any Board committee, nor any member thereof or person acting at the direction thereof, shall be liable for any act, omission, interpretation, construction or determination made in good faith in connection with this Plan (or any Stock Units credited under this Plan), and all such persons shall be entitled to indemnification and reimbursement by the Corporation in respect of any claim, loss, damage or expense (including, without limitation, attorneys' fees) arising or resulting therefrom to the fullest extent permitted by law and/or under any directors and officers liability insurance coverage that may be in effect from time to time.

8.4 *Information.* To enable the Administrator to perform its functions, the Corporation shall supply full and timely information to the Administrator on all matters relating to the compensation of all Directors, their termination of service, and such other pertinent facts as the Administrator may require.

8.5 *Annual Statements.* At least annually, the Corporation shall provide each Director with an Account a statement as to the number of Stock Units credited as of the date of such statement to such Director's Account.

9. MISCELLANEOUS

9.1 *Unsecured General Creditor.* Directors and their Beneficiaries, heirs, successors, and assigns shall have no legal or equitable rights, claims, or interest in any specific property or assets of the Corporation or any of its Subsidiaries. No assets of the Corporation or any Subsidiary shall be held under any trust or held in any way as collateral security for the fulfilling of the obligations of the Corporation under this Plan. Any and all of the assets of the Corporation and its Subsidiaries shall be, and remain, the general unpledged, unrestricted assets of each such entity. The Corporation's obligations under this Plan shall be merely that of an unfunded and unsecured promise of the Corporation to pay money in the future to those persons to whom the Corporation has a benefit obligation under this Plan (as determined in accordance with the terms hereof), and the respective rights of the Directors and Beneficiaries shall be no greater than those of unsecured general creditors.

- 9.2 *Restriction Against Assignment.*** The Corporation shall pay all amounts payable hereunder only to the person or persons designated by this Plan and not to any other person or corporation. No part of a Director's Account shall be liable for the debts, contracts, or engagements of any Director, his or her Beneficiary, or successors in interest, nor shall a Director's Account be subject to execution by levy, attachment, or garnishment or by any other legal or equitable proceeding, nor shall any such person have any right to alienate, anticipate, commute, pledge, encumber, or assign any benefits or payments hereunder in any manner whatsoever. If any Director, Beneficiary or successor in interest is adjudicated bankrupt or purports to anticipate, alienate, sell, transfer, assign, pledge, encumber or charge any distribution or payment from this Plan, voluntarily or involuntarily, the Administrator, in its discretion, may cancel such distribution or payment (or any part thereof) to or for the benefit of such Director, Beneficiary or successor in interest in such manner as the Administrator shall direct.
- 9.3 *Withholding.*** The Corporation shall reasonably determine the amount of any federal, state, local or other income, employment, or other taxes which the Corporation or any of its Subsidiaries may reasonably be obligated to withhold with respect to the vesting or other event with respect to the Stock Units. If such withholding event occurs in connection with the distribution of shares of Common Stock in respect of the Stock Units and subject to compliance with all applicable laws, the Corporation shall automatically withhold and reacquire the appropriate number of whole shares, valued at their then Fair Market Value to satisfy any withholding obligations of the Corporation or its Subsidiaries with respect to such distribution. If, however, any withholding event occurs with respect to the Stock Units other than in connection with the distribution of shares of Common Stock in respect of the Stock Units, or if the Corporation cannot legally satisfy such withholding obligations by such withholding and reacquisition of shares as described above, the Corporation shall be entitled to require a cash payment by or on behalf of the Director and/or to deduct from other compensation payable to the Director the amount of any such withholding obligations.
- 9.4 *Amendment, Modification, Suspension or Termination.*** The Board or the Administrator may at any time amend or modify this Plan, except that no amendment or modification shall have any retroactive effect to reduce any amounts allocated to a Director's Account. In addition, the Board or the Administrator reserves discretion to terminate this Plan and pay the Stock Units credited to Director's Account hereunder to the Director, in each case in accordance with Treasury Regulation Section 1.409A-3(j)(4)(ix).
- 9.5 *Governing Law; Severability.*** This Plan shall be construed, governed and administered in accordance with the laws of the State of Delaware. If any provisions of this instrument shall be held by a court of competent jurisdiction to be invalid or unenforceable, the remaining provisions hereof shall continue to be fully effective.

- 9.6 *Payments on Behalf of Persons Under Incapacity.*** In the event that any amount becomes payable under this Plan to a person who, in the sole judgment of the Administrator, is considered by reason of physical or mental condition to be unable to give a valid receipt therefore, the Administrator may direct that such payment be made to any person found by the Administrator, in its sole judgment, to have assumed the care of such person. Any payment made pursuant to such determination shall constitute a full release and discharge of the Administrator, the Corporation and its Subsidiaries.
- 9.7 *No Service Commitment.*** Nothing contained in this Plan constitutes a continued service commitment by the Corporation or interferes with the right of the Corporation to increase or decrease the compensation of the Director from the rate in existence at any time. No Director shall have any right to any payment or benefit hereunder except to the extent provided in this Plan.
- 9.8 *Compliance with Laws.*** This Plan and the offer, issuance and delivery of shares of Common Stock and/or the payment of money through the deferral of compensation under this Plan are subject to compliance with all applicable federal and state laws, rules and regulations (including but not limited to state and federal securities law) and to such approvals by any listing, agency or any regulatory or governmental authority as may, in the opinion of counsel for the Corporation, be necessary or advisable in connection therewith. Any securities delivered under this Plan shall be subject to such restrictions, and the person acquiring such securities shall, if requested by the Corporation, provide such assurances and representations to the Corporation as the Corporation may deem necessary or desirable to assure compliance with all applicable legal requirements.
- 9.9 *Construction and Interpretation.*** It is the intent of the Corporation that transactions pursuant to this Plan satisfy and be interpreted in a manner that satisfies the applicable requirements of Rule 16b-3 promulgated under the Exchange Act (“Rule 16b-3”) so that, to the extent elections are timely made, the crediting of Stock Units, the payment of Stock Units and any other event with respect to Stock Units under this Plan will be entitled to the benefits of Rule 16b-3 or other exemptive rules under Section 16 of the Exchange Act and will not be subjected to avoidable liability thereunder.

This Plan is intended to comply with Section 409A of the Code (including the Treasury Regulations and other published guidance relating thereto) so as not to subject any Director to payment of any additional tax, penalty or interest imposed under Code Section 409A. The provisions of this Plan shall be construed and interpreted to avoid the imputation of any such additional tax, penalty or interest under Code Section 409A yet preserve (to the nearest extent reasonably possible) the intended benefit payable to the Director. Each payment and installment payable under this Plan is intended to constitute a separate payment for purposes of Treasury Regulation Section 1.409A-2(b)(2).

- 9.10 *Headings, etc. Not Part of Agreement.*** Headings and subheadings in this Plan are inserted for convenience of reference only and are not to be considered in the construction of the provisions hereof.
- 9.11 *Clawback Policy.*** The Stock Units are subject to the terms of the Corporation's recoupment, clawback or similar policy as it may be in effect from time to time, as well as any similar provisions of applicable law, any of which could in certain circumstances require repayment or forfeiture of the Stock Units or any shares of Common Stock or other cash or property received with respect to the Stock Units (including any value received from a disposition of the shares acquired upon payment of the Stock Units).
- 9.12 *No Advice Regarding Grant.*** The Director is hereby advised to consult with his or her own tax, legal and/or investment advisors with respect to any advice the Director may determine is needed or appropriate with respect to this Plan (including, without limitation, to determine the foreign, state, local, estate and/or gift tax consequences with respect to the Stock Units and any shares that may be acquired upon payment of the Stock Units). Neither the Corporation nor any of its officers, directors, affiliates or advisors makes any representation (except for the terms and conditions expressly set forth in this Plan) or recommendation with respect to the Plan.

**VERSO CORPORATION
DIRECTORS DEFERRED COMPENSATION PLAN
ELECTION FORM**

Applicable Year: [2021]

Director: _____
(Print Full Name)

I, the Director named above, hereby irrevocably make the elections set forth below pursuant to the Verso Corporation Directors Deferred Compensation Plan (the "Deferred Compensation Plan"). I understand that my elections will be valid only if Verso Corporation (the "Corporation") receives my completed, signed election form by **[December 31, 2020]**. *(Please complete Sections I and II below, and sign under Section III below. Capitalized terms used in this Election Form have the meanings ascribed to them in the Deferred Compensation Plan document.)*

I. Election to Defer Payment of Annual Equity Award

I hereby make the following election with respect to the Equity Award to be granted to me during the Applicable Year specified above.

Check one of the following options to indicate whether you wish to defer payment of your Equity Award. **If you do not select any of these options, you will be deemed to have elected not to defer payment of such Equity Award.**

I elect **not** to defer the payment of my Equity Award. I understand that such Equity Award will be granted to me in the form of restricted stock units that, subject to the vesting and other terms of the award, will be paid to me in shares of the Corporation's Class A common stock in connection with the applicable vesting events.

I elect to defer payment of _____% of the total number of restricted stock units subject to my Equity Award. *(Please specify a whole percentage between 1% and 100%. The number of restricted stock units deferred will be rounded to the nearest whole unit.)* I understand that such deferred restricted stock units will be granted to me in the form of Stock Units credited under the Deferred Compensation Plan. If and to the extent my deferred Stock Units vest in accordance with their terms, such deferred Stock Units will be paid pursuant to my payment election in Section II below.

II. Election as to Timing and Form of Payment of Deferred Amounts

Please complete this Section II if you have elected above to defer payment of your Equity Award. As provided in the Deferred Compensation Plan, the Stock Units credited pursuant to your election to defer the Equity Award (or applicable portion thereof) will generally be paid to

you in shares of the Corporation's Class A common stock upon the earlier to occur of (i) a change in control of the Corporation or (ii) the termination of your service as a member of the Board. Please check one of the following options to indicate, if your Stock Units become payable upon the termination of your service as a Board member, whether you wish to have your deferred Stock Units paid to you in a lump sum or annual installments. **If you do not select any of these options, you will be deemed to have elected payment in a lump sum.**

I elect to receive payment of my Stock Units credited pursuant to this deferral election in a lump sum following the termination of my service as a Board member.

I elect to receive payment of my Stock Units credited pursuant to this deferral election in _____ annual installments following my termination of service as a Board member. *(Please select either three (3) or five (5) annual installments.)*

III. Signature

I have read and understand this form. I have received, and agree to be bound by the terms and conditions of, the Deferred Compensation Plan. If there is any inconsistency between this form and the Deferred Compensation Plan document, the Deferred Compensation Plan document controls. **I understand and agree that my election(s) are irrevocable and may not be changed once this form has been filed with the Corporation.**

(Signature of Director)

(Date)

ACKNOWLEDGEMENT OF DELIVERY OF ELECTION

On behalf of the Corporation, I hereby acknowledge that the above election(s) were received on the date indicated below.

VERSO CORPORATION

By _____

Date _____

**VERSO CORPORATION
PERFORMANCE INCENTIVE PLAN
NOTICE OF STOCK UNIT AWARD**

You (the "Grantee") have been granted an award of Stock Units (the "Award"), on the terms and subject to the conditions of the Plan and this Award Agreement, as follows:

Name of Grantee: [_____]

Total Number of Stock Units
subject to this Award: [_____]

Grant Date: [_____]

Vesting Schedule: Subject to Section 7 of the Terms, this Award will become vested as to 100% of the total number of Stock Units subject to the Award on the earliest to occur of the following: (a) the first anniversary of the Grant Date; (b) the date immediately preceding the date of the first annual meeting of the Corporation's stockholders that occurs immediately following the Grant Date; or (c) the date on which a Change in Control occurs. Vested Stock Units will be paid as provided in Section 6 of the Terms.

By your signature and the Corporation's signature below, you and the Corporation agree that the Award is granted under and governed by the terms and conditions of the Corporation's Performance Incentive Plan, as the same may be amended, modified or supplemented from time to time (the "Plan"), and the Terms and Conditions of Director Stock Unit Award (the "Terms"), which Terms are attached hereto and are incorporated herein by this reference. This Notice of Stock Unit Award (this "Grant Notice"), together with the Terms, is referred to as your "Award Agreement" applicable to the Award. Capitalized terms used in this Grant Notice are used as defined in the Terms if not defined herein. Capitalized terms used in this Award Agreement are used as defined in the Plan if not defined in this Grant Notice or in the Terms. You acknowledge receipt of a copy of the Terms, the Plan and the Prospectus for the Plan.

VERSO CORPORATION ACCEPTED AND AGREED BY GRANTEE

By: __ __
Terry Dyer Signature
Senior Vice President of Human
Resources and Communications __
Print Name

VERSO CORPORATION
PERFORMANCE INCENTIVE PLAN
TERMS AND CONDITIONS OF DIRECTOR STOCK UNIT AWARD

1. Grant of Stock Units.

(a) General. These Terms and Conditions of Director Stock Unit Award (these “Terms”) apply to a particular stock unit award (the “Award”) if incorporated by reference in the Notice of Stock Unit Grant (the “Grant Notice”) corresponding to that particular grant. The recipient of the Award identified in the Grant Notice is referred to as the “Grantee.” The effective date of grant of the Award as set forth in the Grant Notice is referred to as the “Grant Date.” The Award was granted under and subject to the Verso Corporation Performance Incentive Plan, as the same may be amended, modified or supplemented from time to time (the “Plan”). The number of shares covered by the Award are subject to adjustment under Section 7.1 of the Plan. The Grant Notice and these Terms are collectively referred to as the “Award Agreement” applicable to the Award. Capitalized terms are defined in the Plan if not defined in this Award Agreement. The Award has been granted to the Grantee in addition to, and not in lieu of, any other form of compensation otherwise payable or to be paid to the Grantee.

(b) Stock Units. As used in this Award Agreement, a “Stock Unit” is a non-voting unit of measurement which is deemed for bookkeeping purposes to be equivalent in value to one outstanding share of Class A common stock, par value \$0.01 per share, of the Corporation (“Common Stock”). The Stock Units shall be used solely as a device for the determination of any payment to eventually be made to the Grantee if and when such Stock Units vest pursuant to Section 2. The Stock Units create no fiduciary duty to the Grantee and shall create only a contractual obligation on the part of the Corporation to make payments, subject to vesting and the other terms and conditions hereof, as provided in Section 6 below. The Stock Units shall not be treated as property or as a trust fund of any kind. No assets have been secured or set aside by the Corporation with respect to the Award and, if amounts become payable to the Grantee pursuant to this Award Agreement, the Grantee’s rights with respect to such amounts shall be no greater than the rights of any general unsecured creditor of the Corporation.

2. Vesting. This Award shall vest and become earned as set forth in the Grant Notice, subject to earlier termination or acceleration and subject to adjustment as provided in this Award Agreement and in the Plan.

3. Continuance of Service Required; No Service Commitment. The vesting schedule applicable to the Award requires continued service as a director of the Corporation through the applicable vesting date as a condition to the vesting of the Award and the rights and benefits under this Award Agreement. Except as provided in the Grant Notice, service for only a portion of the vesting period, even if a substantial portion, will not entitle the Grantee to any proportionate vesting or avoid or mitigate a termination of rights and benefits upon or following a termination of services as provided in Section 7 below or under the Plan.

Nothing contained in this Award Agreement or the Plan constitutes a continued service commitment by the Corporation or any of its Subsidiaries, confers upon the Grantee any right to remain in service to the Corporation or any Subsidiary, interferes in any way with the right of the Corporation or any Subsidiary at any time to terminate such service, or affects the right of the Corporation or any Subsidiary to increase or decrease the Grantee’s other compensation. Nothing in this Award Agreement,

however, is intended to adversely affect any independent contractual right of the Grantee without his/her consent thereto.

4. Dividend and Voting Rights.

(a) Limitations on Rights Associated with Units. The Grantee shall have no rights as a stockholder of the Corporation, no dividend rights (except as expressly provided in Section 4(b) hereof) and no voting rights with respect to the Stock Units or any shares of Common Stock issuable in respect of such Stock Units, until shares of Common Stock are actually issued to and held of record by the Grantee. Except as expressly provided in Section 4(b) hereof or as may be provided pursuant to Section 7.1 of the Plan, no adjustments will be made for dividends or other rights of a holder for which the record date is prior to the date of issuance of the stock certificate evidencing the shares.

(b) Dividend Equivalent Reinvestment. In the event that the Corporation pays a cash dividend on its outstanding Common Stock for which the related record date occurs after the Grant Date and prior to the date all Stock Units subject to the Award have either been paid or have terminated, the Corporation shall credit (as of the related dividend payment date) the Grantee with an additional number of Stock Units equal to (a) the amount of the cash dividend paid by the Corporation on a single share of Common Stock on such dividend payment date, multiplied by (b) the number of Stock Units subject to the Award outstanding and unpaid as of the record date for such dividend payment (including any Stock Units previously credited under this Section 4(b) and with such total number subject to adjustment pursuant to Section 7.1 of the Plan), divided by (c) the closing price of a share of Common Stock on such dividend payment date. Any Stock Units credited pursuant to the foregoing provisions of this Section 4(b) will be subject to the same vesting, payment, termination and other terms, conditions and restrictions as the original Stock Units to which they relate. No crediting of Stock Units will be made pursuant to this Section 4(b) with respect to any Stock Units which, as of the related record date, have either been paid or have terminated.

5. Restrictions on Transfer. Prior to the time the Stock Units are vested and paid, neither the Stock Units comprising the Award nor any interest therein or amount payable in respect thereof may be sold, assigned, transferred, pledged or otherwise disposed of, alienated or encumbered, either voluntarily or involuntarily. The transfer restrictions in the preceding sentence shall not apply to (a) transfers to the Corporation or (b) transfers by will or the laws of descent and distribution.

6. Timing and Manner of Payment of Stock Units. If the Grantee has timely elected to defer the receipt of all or a portion of the Stock Units subject to this Award pursuant to the Corporation's Directors Deferred Compensation Plan (the "Deferred Compensation Plan"), the payment of such deferred Stock Units (to the extent that they vest pursuant to the terms of this Award Agreement) shall be governed by the terms and conditions of the Deferred Compensation Plan and the Grantee's applicable election(s) under the Deferred Compensation Plan. With respect to the Stock Units subject to this Award for which the Grantee has not timely made an election to defer pursuant to the Deferred Compensation Plan, the Stock Units that become vested shall be paid in an equivalent number of whole shares of Common Stock upon or promptly (and in all events not later than 60 days) after the date on which such Stock Units become vested pursuant to this Award Agreement. Each such payment of Stock Units shall be subject to the tax withholding provisions of Section 9 hereof and Section 8.5 of the Plan and subject to adjustment as provided in Section 7.1 of the Plan and shall be in complete satisfaction of such vested Stock Units. The Grantee or any other person entitled under the Plan to receive a payment of shares of Common Stock shall deliver to the Corporation any representations or other documents or assurances required pursuant to Section 8.1 of the Plan. The Corporation may make payment of shares of Common

Stock either by delivering one or more certificates for such shares or by entering such shares in book entry form, as determined by the Corporation in its discretion. Any Stock Units corresponding to a particular vesting date shall be rounded down to the nearest whole Stock Unit; provided that fractional Stock Units subject to the Award shall be cumulated until sufficient to produce a whole Stock Unit, in all cases remaining fractional Stock Unit interests shall terminate in the event the remaining Stock Units subject to the Award terminate, and any remaining fractional Stock Unit interest shall terminate on the final vesting date applicable to the Award.

7. Effect of Termination of Services.

(a) Termination of Services Generally. Except as otherwise provided in Section 7(b), the Grantee's Stock Units shall terminate to the extent such units have not become vested upon the first date the Grantee is no longer providing services to the Corporation as a director, regardless of the reason for the termination of such services, whether with or without cause, voluntarily or involuntarily.

(b) Termination Due to Death or Disability. In the event the Grantee's services to the Corporation as a director terminate due to the Grantee's death or Disability, any Stock Units subject to the Award that are then outstanding and otherwise unvested shall accelerate and become fully vested upon such termination of the Grantee's services. For the purposes of the Award, the term "Disability," has the meaning given to such term in Treas. Reg. Section 1.409A-3(i)(4).

(c) No Further Rights as to Terminated Units. If any unvested Stock Units terminate pursuant to this Award Agreement, such Stock Units shall automatically terminate and be cancelled as of the applicable termination date without payment of any consideration by the Corporation and without any other action by the Grantee, or the Grantee's beneficiary or personal representative, as the case may be, and the Corporation shall have no obligation (or no further obligation, as the case may be) in respect thereof or with respect thereto.

8. Adjustments Upon Specified Events. Upon the occurrence of certain events relating to the Corporation's stock contemplated by Section 7.1 of the Plan, the Administrator will make adjustments if appropriate in the number of Stock Units contemplated hereby and the number and kind of securities that may be issued in respect of the Award. The Administrator may not, however, change the timing of payment of the Award as provided in Section 6. In addition, no adjustment shall be made pursuant to Section 7.1 of the Plan with respect to the Award as to any cash dividend for which dividend equivalents are credited pursuant to Section 4.

9. Taxes; Tax Withholding.

(a) Section 409A. It is intended that the terms of the Award will not result in the imposition of any tax liability pursuant to Section 409A of the Code. This Award Agreement shall be construed and interpreted consistent with that intent. Notwithstanding any provision of these Terms to the contrary, if the Grantee is a "specified employee" as defined in Section 409A of the Code, the Grantee shall not be entitled to any payment with respect to the Award in connection with the Grantee's "separation from service" (as that term is used for purposes of Section 409A of the Code) until the earlier of (a) the date that is six (6) months after the Grantee's separation from service for any reason other than the Grantee's death, or (b) the date of the Grantee's death. Any amounts otherwise payable to the Grantee following the Grantee's separation from service that are not so paid by reason of this Section 9 shall be paid as soon as practicable for the Corporation (and in all events within thirty (30) days) after the date that is six (6) months after the Grantee's separation from service (or, if earlier, the date of the Grantee's

death). The provisions of this Section 9 shall only apply if, and to the extent, required to comply with Section 409A of the Code.

(b) Tax Withholding. The Corporation shall reasonably determine the amount of any federal, state, local or other income, employment, or other taxes which the Corporation or any of its Subsidiaries may reasonably be obligated to withhold with respect to the grant, vesting or other event with respect to the Stock Units. If such withholding event occurs in connection with the distribution of shares of Common Stock in respect of the Stock Units and subject to compliance with all applicable laws, the Corporation shall automatically withhold and reacquire the appropriate number of whole shares, valued at their then fair market value (with the “fair market value” of such shares determined in accordance with the applicable provisions of the Plan), to satisfy any withholding obligations of the Corporation or its Subsidiaries with respect to such distribution. If, however, any withholding event occurs with respect to the Stock Units other than in connection with the distribution of shares of Common Stock in respect of the Stock Units, or if the Corporation cannot legally satisfy such withholding obligations by such withholding and reacquisition of shares as described above, the Corporation shall be entitled to require a cash payment by or on behalf of the Grantee and/or to deduct from other compensation payable to the Grantee the amount of any such withholding obligations.

(c) Responsibility for Taxes. Except for such withholding rights of the Corporation, the Grantee shall be solely responsible for any and all tax liability arising with respect to the Award or any payment in respect thereof.

10. Notices. Any notice to be given under the terms of this Award Agreement shall be in writing and addressed to the Corporation at its principal office to the attention of the Secretary, and to the Grantee at the Grantee’s last address reflected on the Corporation’s records. Any notice shall be delivered in person or shall be enclosed in a properly sealed envelope, addressed as aforesaid, registered or certified, and deposited (postage and registry or certification fee prepaid) in a post office or branch post office regularly maintained by the United States Government or a courier of internationally recognized prominence. Any such notice shall be given only when received, but if the Grantee is no longer an Eligible Person, shall be deemed to have been duly given five business days after the date mailed in accordance with the foregoing provisions of this Section 10.

11. Plan. The Award and all rights of the Grantee under this Award Agreement are subject to the terms and conditions of the provisions of the Plan, which are incorporated herein by this reference. The Grantee agrees to be bound by the terms of the Plan and this Award Agreement. The Grantee acknowledges having read and understanding the Plan, the Prospectus for the Plan, and this Award Agreement. Unless otherwise expressly provided in other sections of this Award Agreement, provisions of the Plan that confer discretionary authority on the Board or the Administrator do not and shall not be deemed to create any rights in the Grantee unless such rights are expressly set forth herein or are otherwise in the sole discretion of the Board or the Administrator so conferred by appropriate action of the Board or the Administrator under the Plan after the date hereof.

12. Entire Agreement. This Award Agreement and the Plan together constitute the entire agreement and supersede all prior understandings and agreements, written or oral, of the parties hereto with respect to the subject matter hereof. The Plan may be amended pursuant to Section 8.6 of the Plan. This Award Agreement may be amended by the Administrator from time to time. Any such amendment must be in writing and signed by the Corporation. Any such amendment that materially and adversely affects the Grantee’s rights under this Award Agreement requires the consent of the Grantee in order to be effective with respect to the Award. The Corporation may, however, unilaterally waive any provision

hereof in writing to the extent such waiver does not adversely affect the interests of the Grantee hereunder, but no such waiver shall operate as or be construed to be a subsequent waiver of the same provision or a waiver of any other provision hereof.

13. Governing Law. This Award Agreement shall be governed by, construed under, and enforced in accordance with the laws of the State of Delaware without regard to conflict of law principles thereunder.

14. Effect of Award Agreement. This Award Agreement shall be assumed by, be binding upon and inure to the benefit of any successor or successors to the Corporation.

15. Counterparts. This Award Agreement may be executed simultaneously in any number of counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. Photographic or other electronic copies of such signed counterparts may be used in lieu of the originals for any purpose.

16. Section Headings. The section headings of this Award Agreement are for convenience of reference only and shall not be deemed to alter or affect any provision hereof.

17. Clawback Policy. The Stock Units are subject to the terms of the Corporation's recoupment, clawback or similar policy as it may be in effect from time to time, as well as any similar provisions of applicable law, any of which could in certain circumstances require repayment or forfeiture of the Stock Units or any shares of Common Stock or other cash or property received with respect to the Stock Units (including any value received from a disposition of the shares acquired upon payment of the Stock Units).

18. No Advice Regarding Grant. The Grantee is hereby advised to consult with his or her own tax, legal and/or investment advisors with respect to any advice the Grantee may determine is needed or appropriate with respect to the Award (including, without limitation, to determine the foreign, state, local, estate and/or gift tax consequences with respect to the Award and any shares that may be acquired upon payment of the Award). Neither the Corporation nor any of its officers, directors, affiliates or advisors makes any representation (except for the terms and conditions expressly set forth in this Award Agreement) or recommendation with respect to the Award.

19. Definition of Change in Control. For the purposes of this Award Agreement, a "Change in Control" shall be deemed to have occurred as of the first day that any one or more of the following conditions shall have been satisfied:

(a) The acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (a "Person")) of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Securities Exchange Act of 1934, as amended) of 35% or more of either (1) the sum of the then outstanding shares of Common Stock and Class B common stock, par value \$0.01 per share, of the Corporation (collectively, the "Outstanding Company Common Stock") or (2) the combined voting power of the then outstanding voting securities of the Corporation entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"); provided, however, that, for purposes of this definition, the following acquisitions shall not constitute a Change in Control: (A) any acquisition directly from the Corporation, (B) any acquisition by the Corporation, (C) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Corporation or any affiliate of the Corporation or a successor, or (D) any acquisition by any entity pursuant to a transaction that complies with Sections (c)(1), (2) and (3) below;

(b) Individuals who, as of the Effective Date, constitute the Board (the “Incumbent Board”) cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the Effective Date whose election, or nomination for election by the Corporation’s stockholders, was approved by a vote of at least two-thirds of the directors then comprising the Incumbent Board (including for these purposes, the new directors whose election or nomination was so approved, without counting the director and his predecessor twice) shall be considered as though such individual were a director serving on the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board;

(c) Consummation of a reorganization, merger, statutory share exchange or consolidation or similar corporate transaction involving the Corporation or any of its Subsidiaries, or the acquisition of assets or stock of another entity by the Corporation or any of its Subsidiaries (each, a “Business Combination”), in each case unless, following such Business Combination, (1) all or substantially all of the individuals and entities that were the beneficial owners of the Outstanding Company Common Stock and the Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the entity resulting from such Business Combination (including, without limitation, an entity that, as a result of such event, owns the Corporation or all or substantially all of the Corporation’s assets directly or through one or more subsidiaries (a “Parent”)) in substantially the same proportions as their ownership immediately prior to such Business Combination of the Outstanding Company Common Stock and the Outstanding Company Voting Securities, as the case may be, (2) no Person (excluding any entity resulting from such Business Combination or a Parent or any employee benefit plan (or related trust) of the Corporation or such entity resulting from such Business Combination or Parent) beneficially owns, directly or indirectly, 35% or more of, respectively, the then outstanding shares of common stock of the entity resulting from such Business Combination or the combined voting power of the then outstanding voting securities of such entity, except to the extent that the ownership in excess of 35% existed prior to the Business Combination, and (3) at least a majority of the directors serving on the board of directors or trustees of the entity resulting from such Business Combination or a Parent were directors serving on the Incumbent Board at the time of the execution of the initial agreement or of the action of the Board providing for such Business Combination; or

(d) Approval by the stockholders of the Corporation of a complete liquidation or dissolution of the Corporation other than in the context of a transaction that does not constitute a Change in Control event under clause (c) above.

For the purposes of paying any vested Stock Units pursuant to Section 6, however, an occurrence or event contemplated by clause (a), (b), (c) or (d) above shall not constitute a Change in Control unless such occurrence or event also constitutes a “change in the ownership or effective control” of the Corporation or a “change in the ownership of a substantial portion of the assets” of the Corporation, in each case within the meaning of Section 409A of the Code.

* * *

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO RULE 13a-14(a) UNDER SECURITIES EXCHANGE ACT OF 1934**

I, Randy J. Nebel, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Verso Corporation (the “registrant”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: May 7, 2021

/s/ Randy J. Nebel

Randy J. Nebel
President, Chief Executive Officer and Director
(Principal Executive Officer)

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO RULE 13a-14(a) UNDER SECURITIES EXCHANGE ACT OF 1934**

I, Allen J. Campbell, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Verso Corporation (the “registrant”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: May 7, 2021

/s/ Allen J. Campbell

Allen J. Campbell
Senior Vice President and Chief Financial Officer
(Principal Financial Officer and Principal Accounting
Officer)

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO RULE 13a-14(b) UNDER SECURITIES EXCHANGE ACT OF 1934 AND
SECTION 1350 OF CHAPTER 63 OF TITLE 18 OF UNITED STATES CODE**

In connection with the quarterly report on Form 10-Q of Verso Corporation (the "Company") for the quarter ended March 31, 2021, as filed with the Securities and Exchange Commission (the "SEC") on the date hereof (the "Report"), I, Randy J. Nebel, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 7, 2021

/s/ Randy J. Nebel

Randy J. Nebel
President, Chief Executive Officer and Director
(Principal Executive Officer)

A signed original of this statement has been provided to the Company and will be retained by the Company and furnished to the SEC or its staff upon request.

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO RULE 13a-14(b) UNDER SECURITIES EXCHANGE ACT OF 1934 AND
SECTION 1350 OF CHAPTER 63 OF TITLE 18 OF UNITED STATES CODE**

In connection with the quarterly report on Form 10-Q of Verso Corporation (the "Company") for the quarter ended March 31, 2021, as filed with the Securities and Exchange Commission (the "SEC") on the date hereof (the "Report"), I, Allen J. Campbell, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 7, 2021

/s/ Allen J. Campbell

Allen J. Campbell
Senior Vice President and Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

A signed original of this statement has been provided to the Company and will be retained by the Company and furnished to the SEC or its staff upon request.