



# Verso Paper Corp. Strategic Energy Review

June 2010



GAA Environmental Workshop June 15-17, 20

# Verso Paper Foundation

## CORE VALUES

People  
Customers  
Manufacturing Efficiency  
Citizenship and Stewardship  
Financial Responsibility  
Ethics and Integrity

## MISSION

We create value for our stakeholders by providing business solutions and developing innovative products and services that exceed expectations.

## VISION

A company with passion that is respected and trusted by all...

3000 as One!

## PRINCIPLES

- Safe from the start.
- Accountability, truth and transparency.
- Engaged and enthusiastic people.
- Initiative and resourcefulness.
- Anticipate change.
- Understand customer needs.
- Use teamwork to deliver superior results.
- Do the right things for the company as a whole.
- Respect a sustainable balance between economic, social and environmental needs.
- Act with speed, simplicity and decisiveness.

## STRATEGIES

- Utilize our integrated business management process to optimize performance.
- Enhance our core business by improving margins and channel management.
- **Develop new revenue streams outside of core coated paper markets to mitigate coated paper demand and price volatility.**
- Gain manufacturing superiority by benchmarking and reducing operating gaps.
- Enhance cash flow by operating our business platforms to balance our stakeholders' needs.
- Improve our organizational capability.

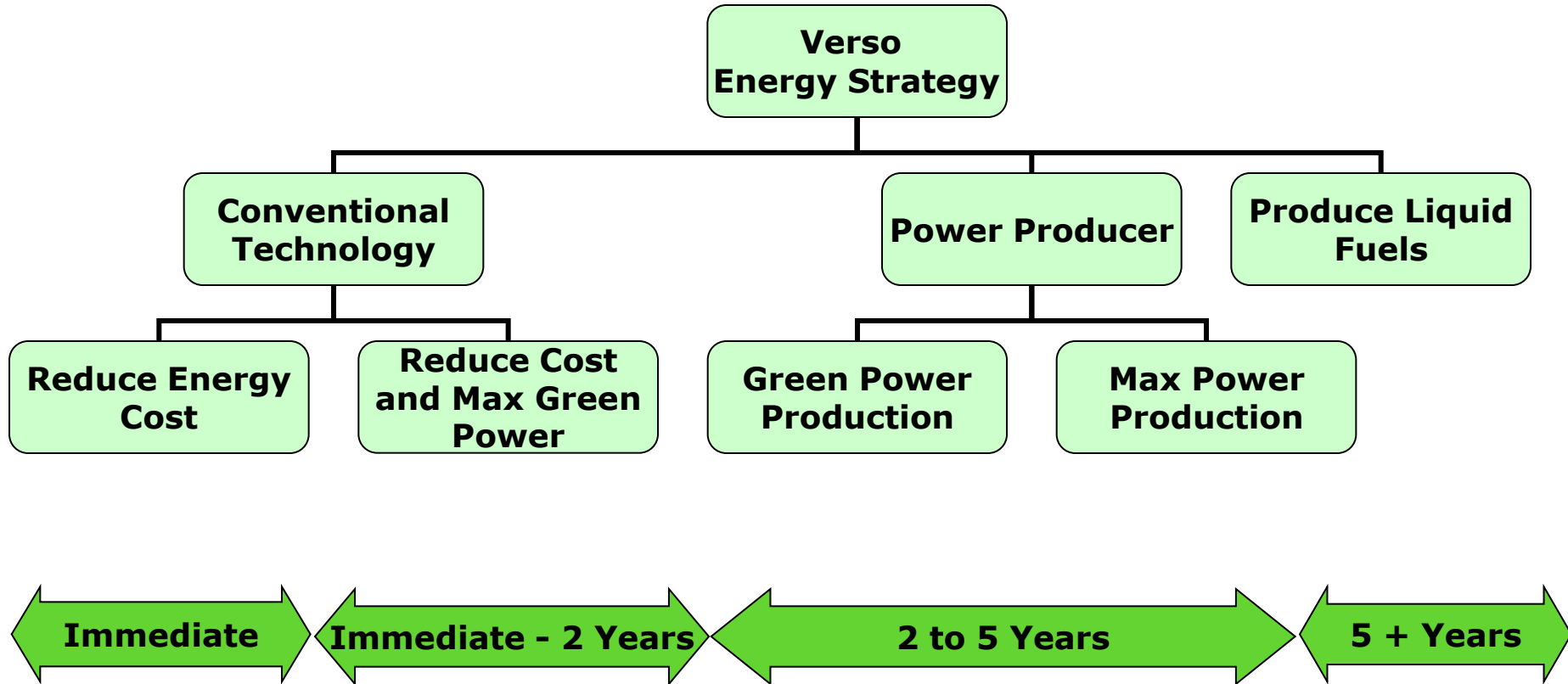
## KEY PERFORMANCE MEASURES

- TIR/LWIR
- EBITDA
- Margin improvement
- Working capital improvement
- OME
- Managed capital spend
- Purchase price variance
- CFS, CGW and SC market share
- New product revenue and margins
- Export volume
- Subtotal Ops variance to budget
- Demand forecast accuracy
- Supply forecast accuracy

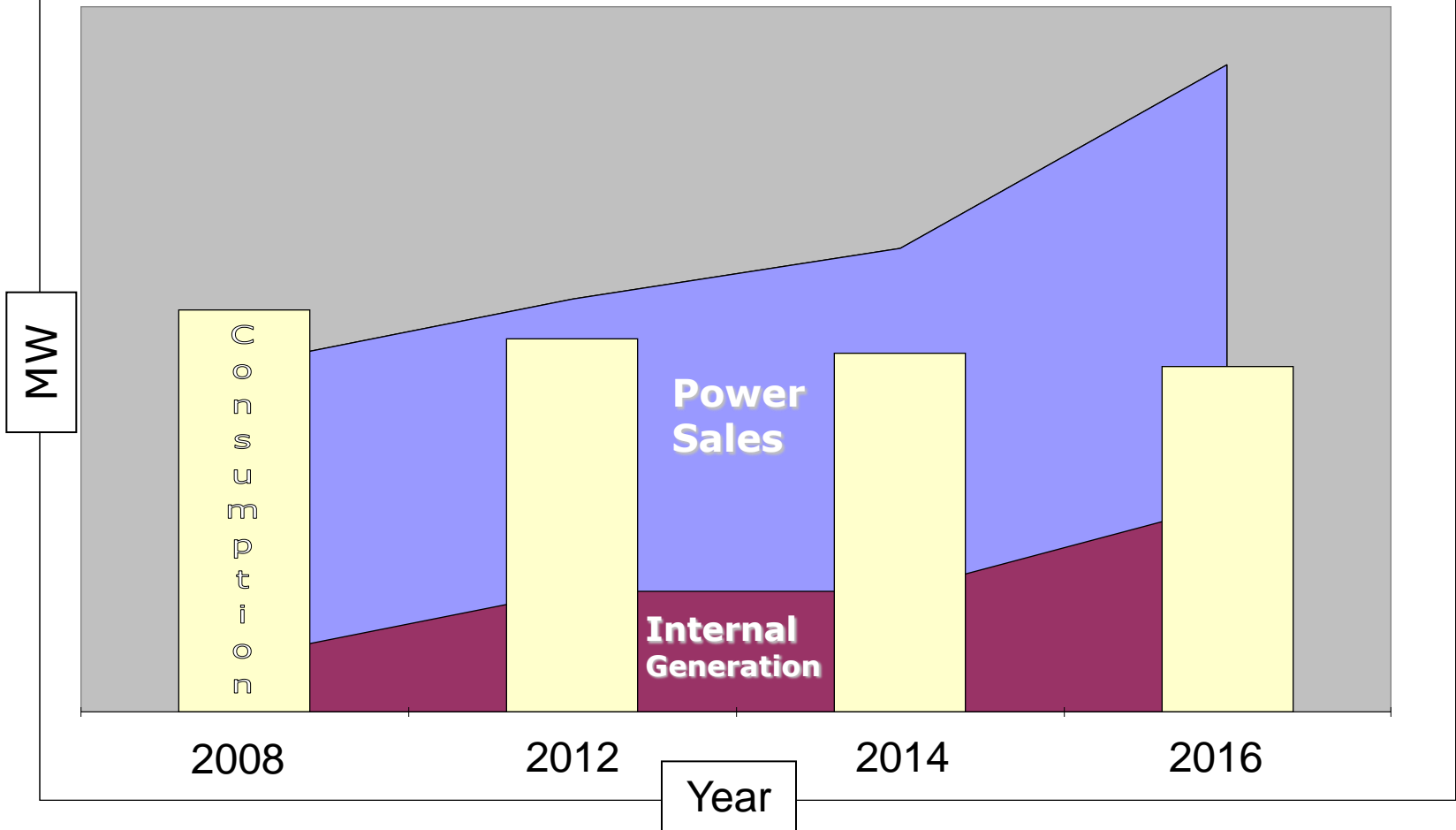
- **Develop new revenue streams outside of core coated paper markets to mitigate coated paper demand and price volatility.**



# Strategic Energy Initiative



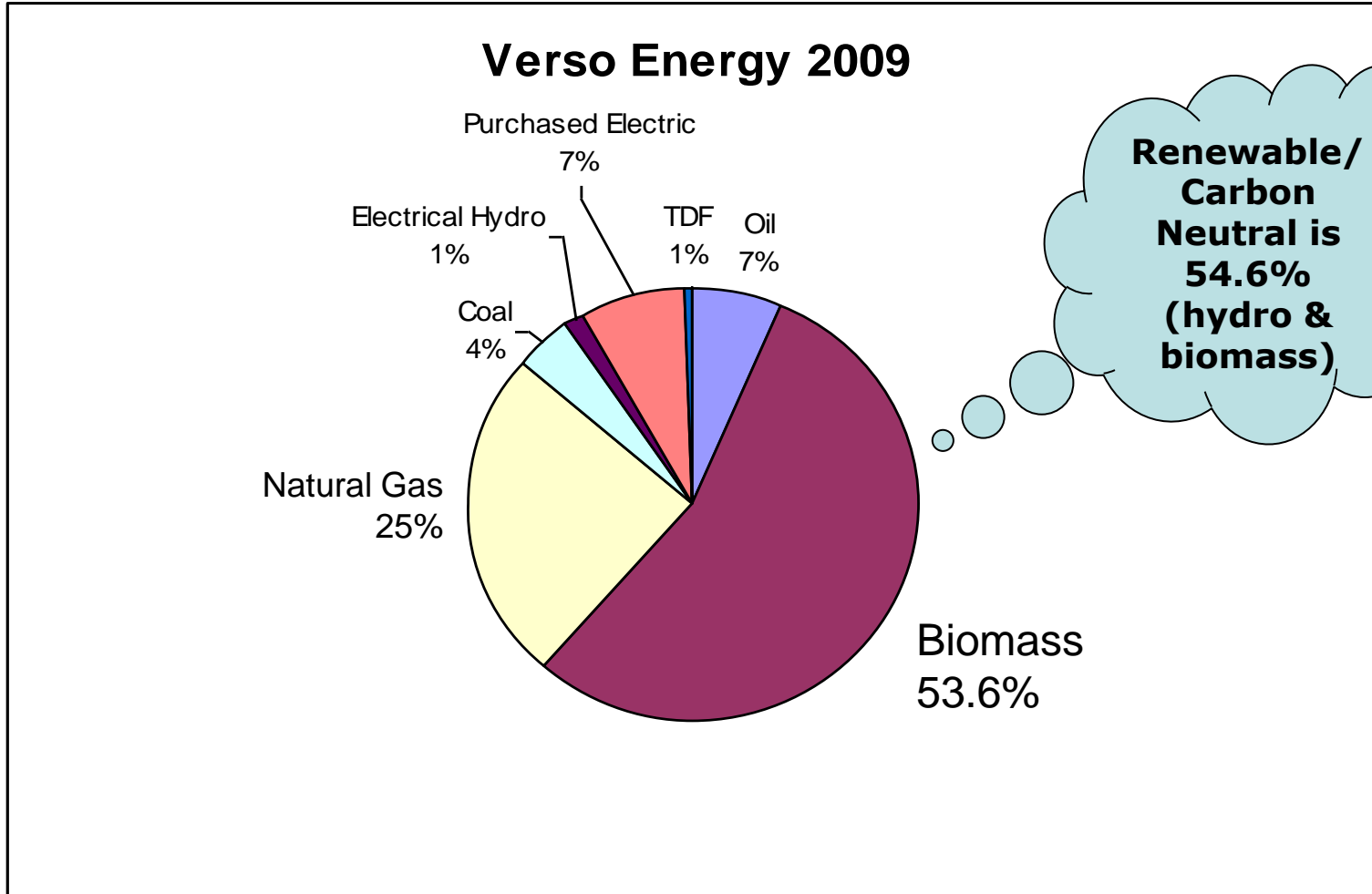
# Verso Electrical Power



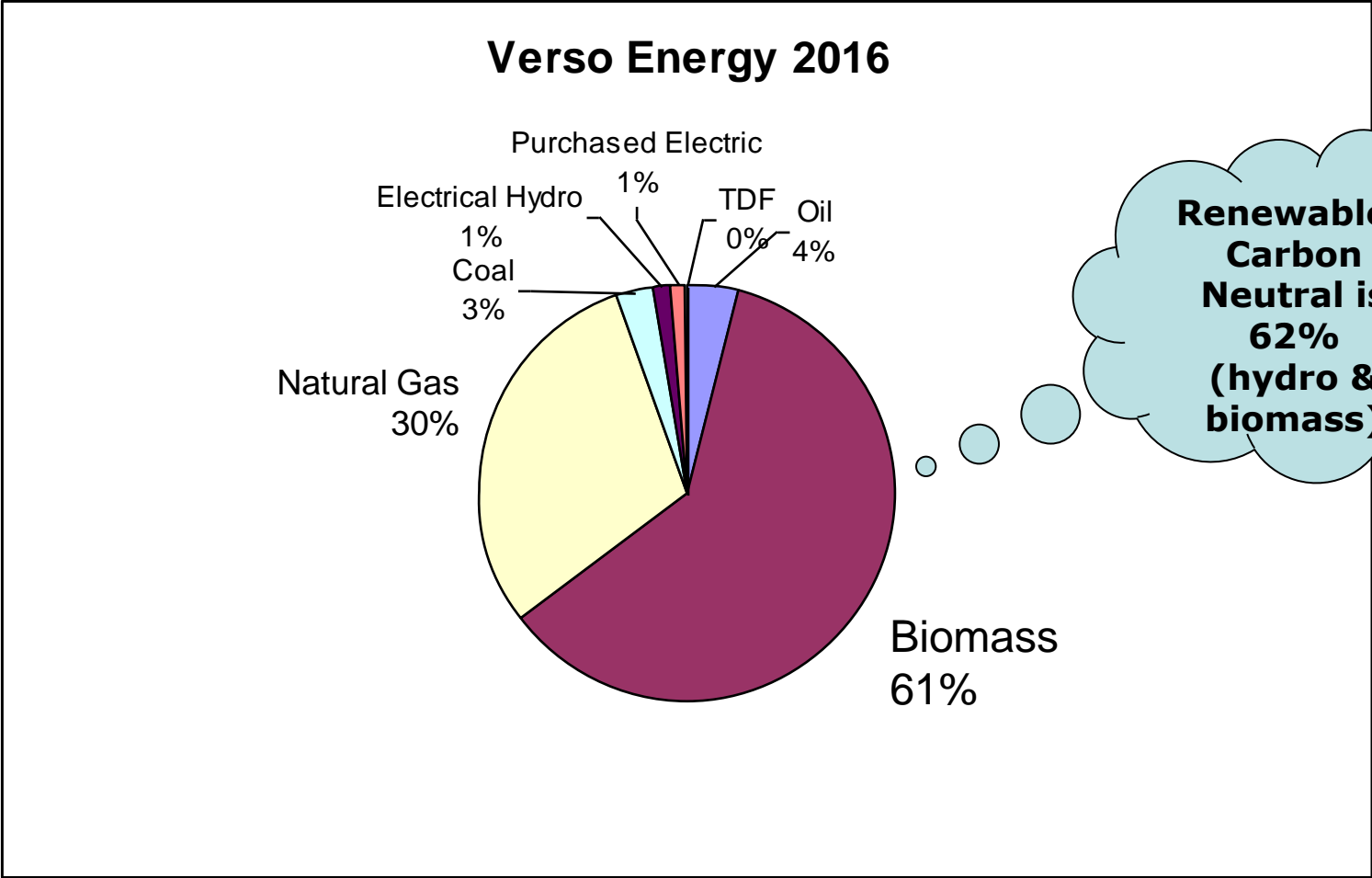
The Strategic projection is for purchased electricity to decrease, while internally generated and external power sales increase.



# BEFORE Strategic Energy Initiatives



# AFTER Strategic Energy Initiatives



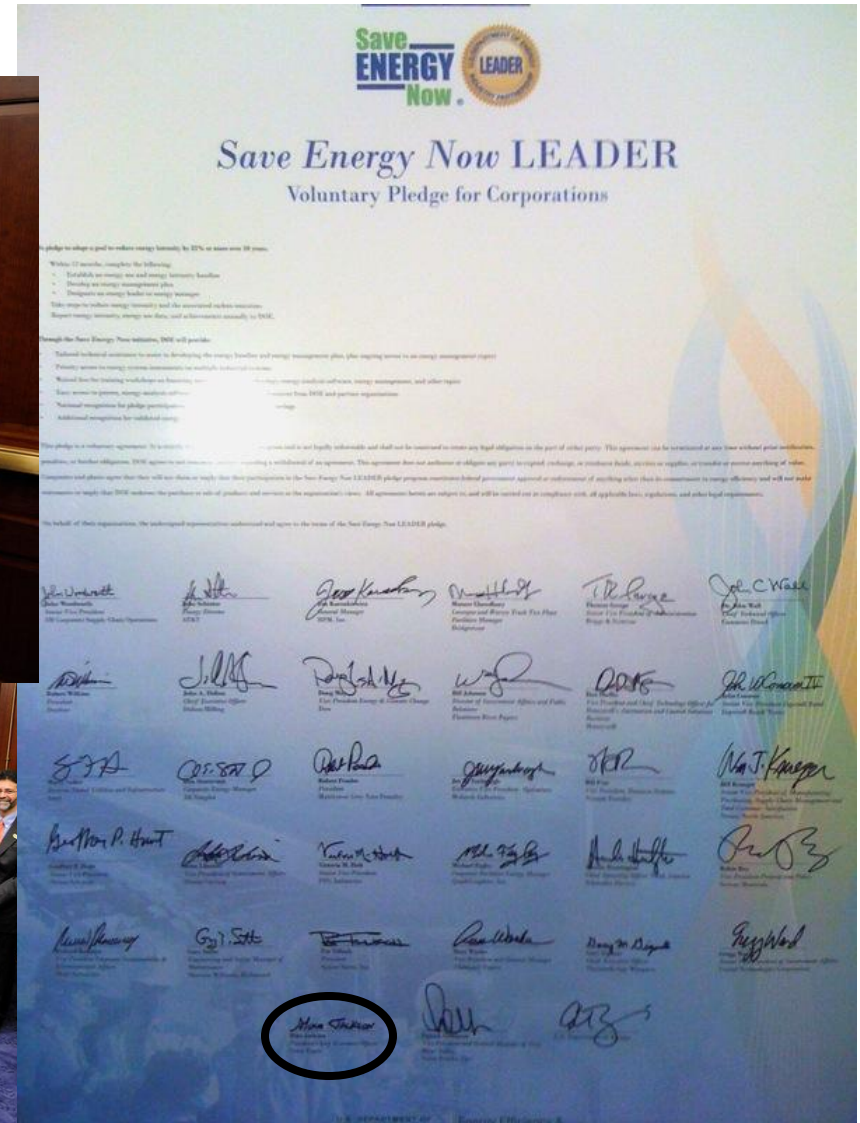
# Verso's Energy Philosophy

- **The best way to reduce carbon foot print is to reduce Energy Intensity**
- Leverage the efficiency of combined heat and power cycle
- Increase use of renewable fuels and reduce fossil fuels
- Promote and participate in the transformation of the Paper Sector to include the production of Advanced Biofuels





# Signing the "Save Energy Now" Pledge



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# The Pledge

**Verso pledged to reduce energy intensity by 25% over 10 years.**

- **Within 12 months, complete the following:**
  - Establish energy use and energy intensity baselines
  - Develop an energy management plan
  - Designate an energy leader or energy manager
- **Take steps to reduce energy intensity, thereby lowering related carbon emissions**
- **Report change in energy intensity, energy use data and achievements annually to DOE**



# DOE Grant (DE-FOA-0000044)

- **Four Areas of Interest**
  - Area1 - Combined Heat & Power
  - Area2 - District Energy Systems
  - Area3 - Waste Energy Recovery
  - Area4 - Efficient Industrial Equipment
- **Verso applied for Area 3 grant with a total project cost of \$20.0M**
- **Verso was awarded \$9.3M grant for 12 projects**
  - One of 9 awarded out of 350 plus applicants
- **Projects will reduce energy consumption by 1.27 Trillion BTU per year**

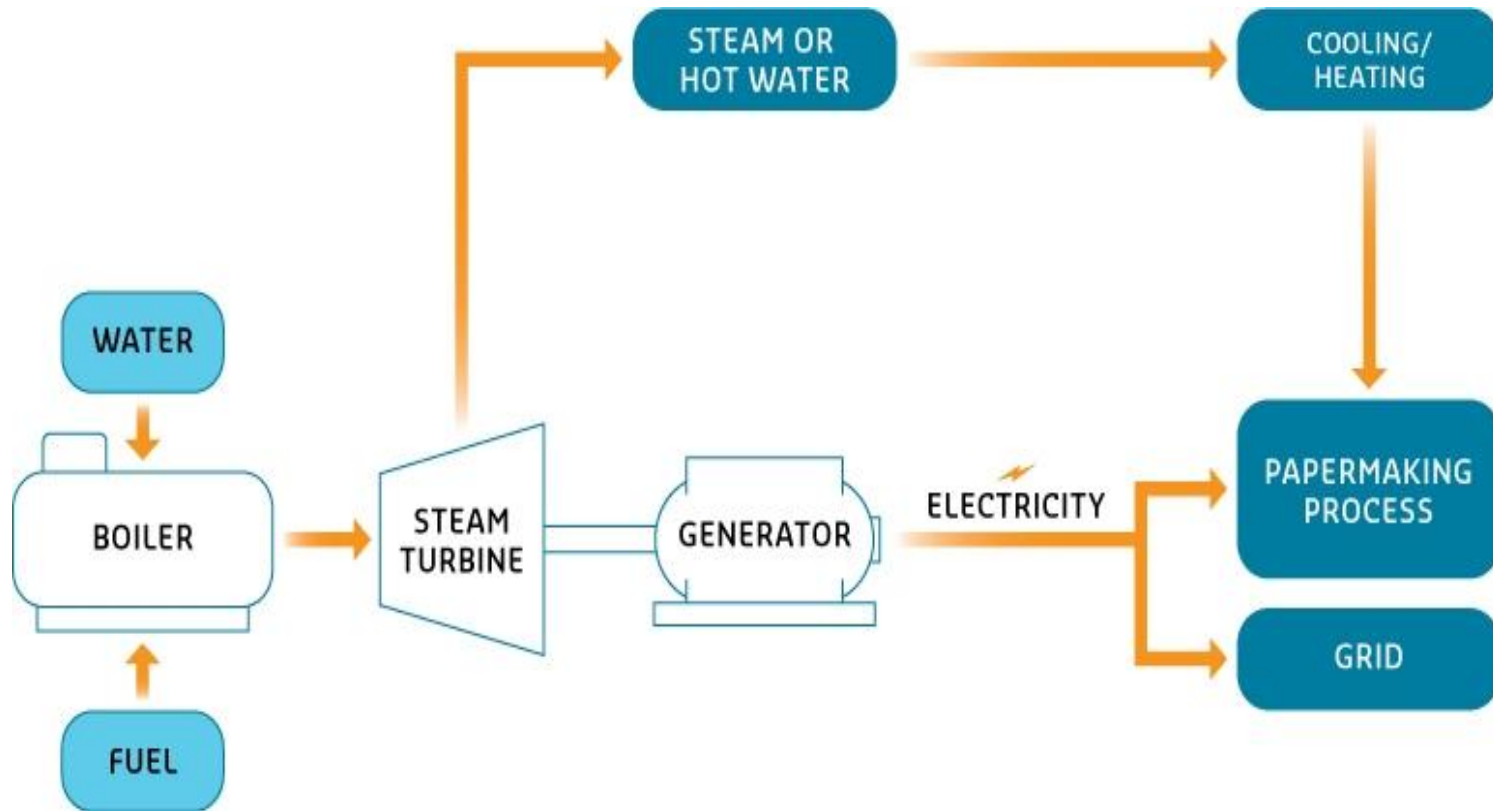


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# Combined Heat and Power Cycle



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# Questions?

