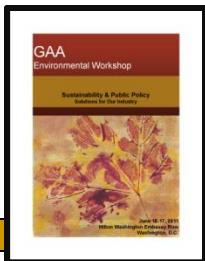


Transforming the Paper Industry: Executing Verso's Energy Strategy

**Presented by: Mark Daniel
VP of Energy and Technology
Verso Paper Corp.
Memphis, TN**



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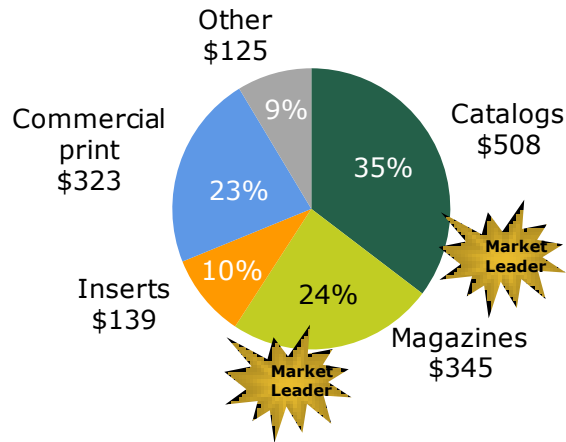
Verso is One of North America's Leading Manufacturers of Coated Papers

- Four paper mills with 1.8 million tons of total paper capacity
- A market leader in its two key end-user segments
- 2010 Net Sales of \$1.6 billion and Adj. EBITDA of \$132 million
- Verso has reduced its Energy Consumption by 7% since 2006
- Verso has reduced its carbon footprint by 14% since 2006



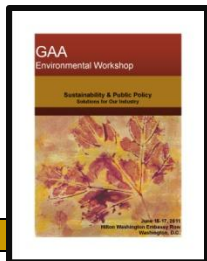
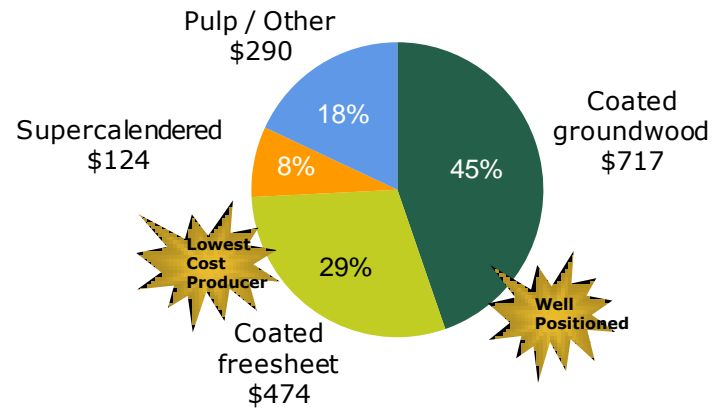
Market leader in two key end-user segments⁽¹⁾⁽²⁾

(\$ in millions)



Focused on three paper grades⁽²⁾

(\$ in millions)



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Note: The consolidated financial information set forth above is that of Verso Paper Corp., the indirect parent company of Verso Paper Holdings LLC. See the Confidential Offering Circular for further information regarding Verso Paper Holdings LLC, including consolidated financial information for Verso Paper Holdings LLC and its subsidiaries.

- (1) Excludes pulp sales.
- (2) Segment breakdown as of FY 2010.

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 execute and 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.
- Understand and mitigate business risks.

STRATEGIES

- Utilize our integrated business management process to optimize performance.
- Enhance our core business by improving margins.
- 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
- Subtotal Ops target
- Margin management
- Cash flow management

Business Strategy

Core Business

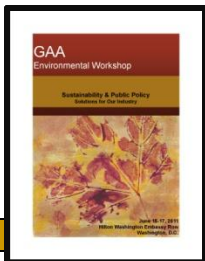
- Enhance existing lightweight coated paper products for magazine & catalog customers

New Products

- Develop specialty paper products for existing and new markets
- Create non-traditional products for new markets

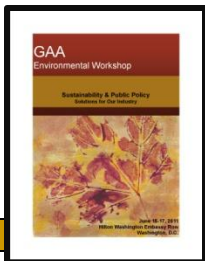
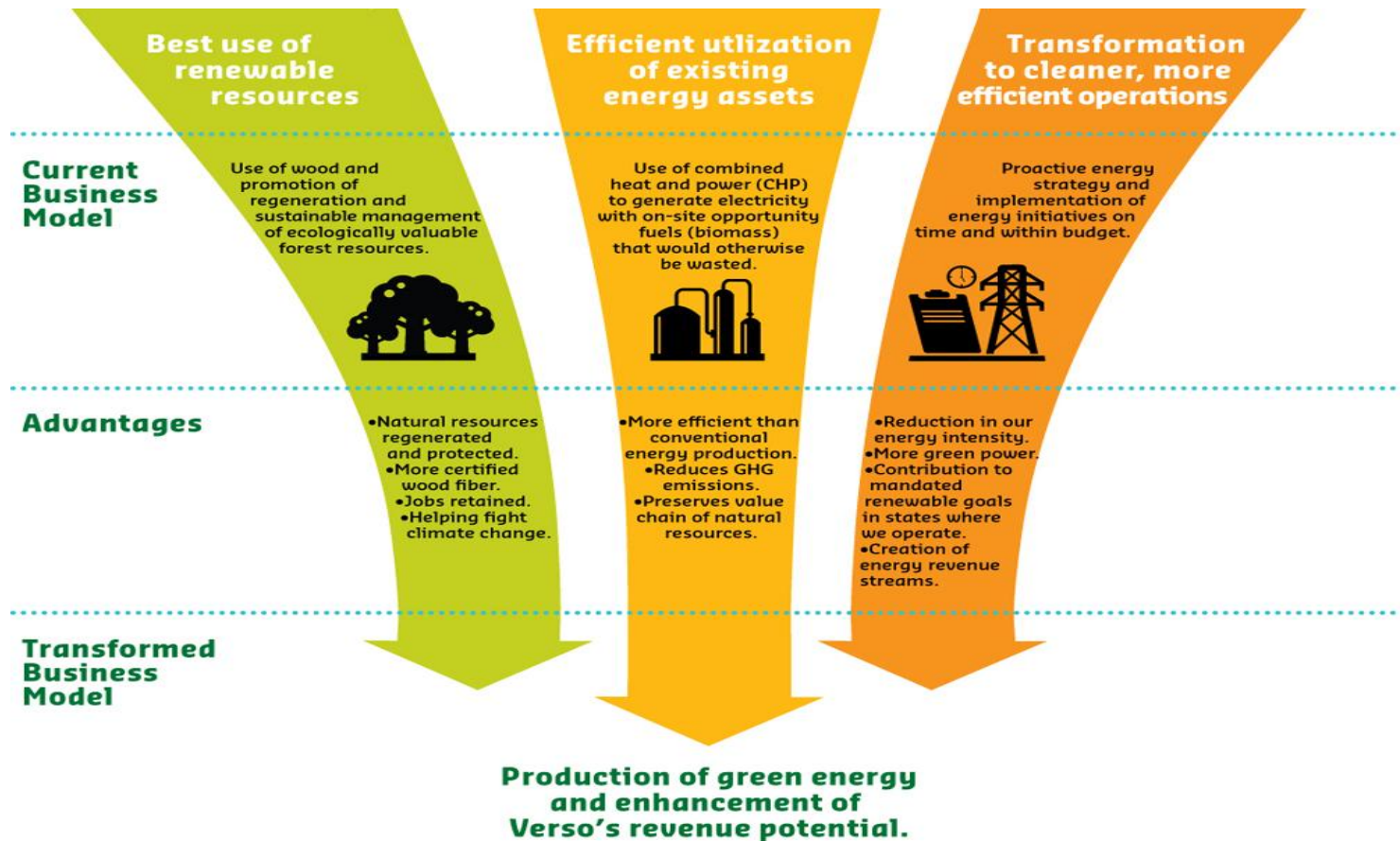
Green Energy

- Reduce energy consumption
- Increase production of green energy from biomass
- Reduce carbon footprint



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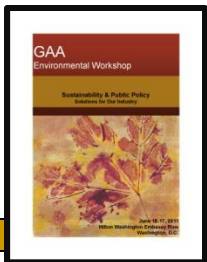
Verso's Energy Strategy



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Verso's Energy Philosophy

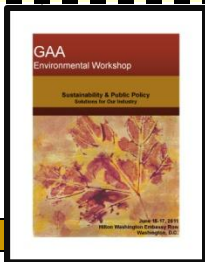
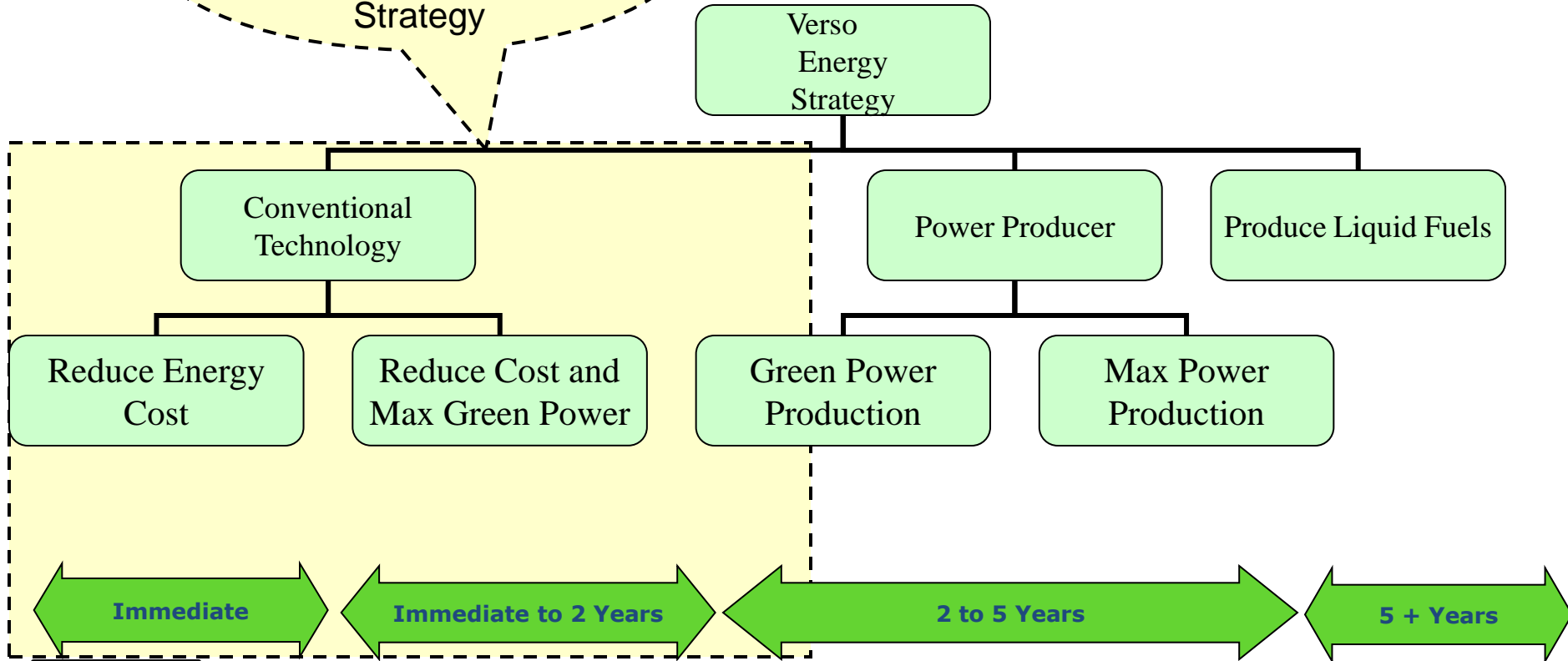
- The best way to reduce carbon footprint is to reduce Energy Intensity
- Leverage the efficiency of combined heat and power cycle
- Increase use of renewable fuels and reduce fossil fuels
- Promote and participate in the transformation of the Paper Sector to include the production of Advanced Biofuels



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Strategic Energy Initiative

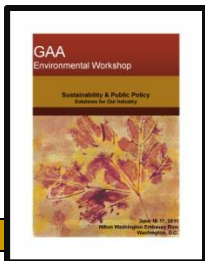
Energy Initiatives
Represent this portion
of overall Energy
Strategy



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Verso Strategic Energy Summary

<u>INITIATIVES</u>	<u>Millions</u>
Thermal Energy Projects (DOE 44 Area 3 Grant)	\$21
<ul style="list-style-type: none"> • 12 Projects across 3 Mills 	
Quinnesec Renewable Energy Projects	45
<ul style="list-style-type: none"> • Upgrade Biomass Delivery System • Upgrade Combination Boiler • New Turbine Generator 	
Bucksport Renewable Energy Projects	42
<ul style="list-style-type: none"> • Upgrade Biomass Handling System • Modify Combination Boiler • New Turbine Generator 	
Energy R-Gap	6
Total Capital	\$114
<ul style="list-style-type: none"> • Government Grants 	(36)
<ul style="list-style-type: none"> • NMTC Financing 	(7)
Net Capital	\$71
Expected Initiatives Savings	\$50MM
Verso Initiatives ROI (Pre-incentives)	44%
Verso Initiatives ROI (Post-incentives)	71%

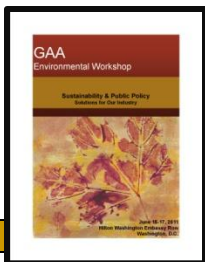


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“Save Energy Now” Pledge



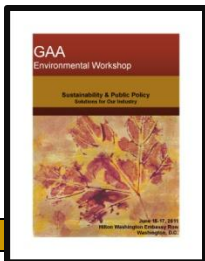
- Verso signed the Department of Energy (DOE) Save Energy Now Leader pledge in December 2009
- Commitment to reduce energy intensity by 25% over the next 10 years
- Participating companies recognized by the DOE as having "distinguished themselves as energy-management champions among their industry peers"



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DOE Grant (DE-FOA-0000044)

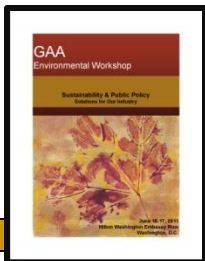
- **Verso applied for Area 3 grant with a total project cost of \$20.0M**
- **Verso was awarded \$9.3M grant for 12 projects**
 - One of 9 awarded out of 350 plus applicants
 - Only \$150 million award vs. \$4 billion requested
- **Projects will reduce energy consumption by 1.27 Trillion BTUs per year**
- **Verso was first to receive payment**
- **On track to complete all projects this year**
- **We are forecasted to exceed commitment for BTUs saved**
- **An excellent example of private/public partnership**



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Quinnesec Renewable Energy Project (QuREP)

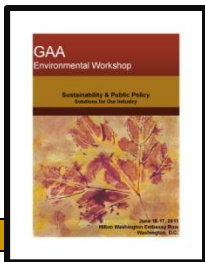
- **\$45M Capital Investment**
- **Modify Existing Combination Boiler**
- **Installation of a 28MW double extraction condensing unit**
- **Upgrade to existing fuel handling system**
- **Start up on or before December 2011**



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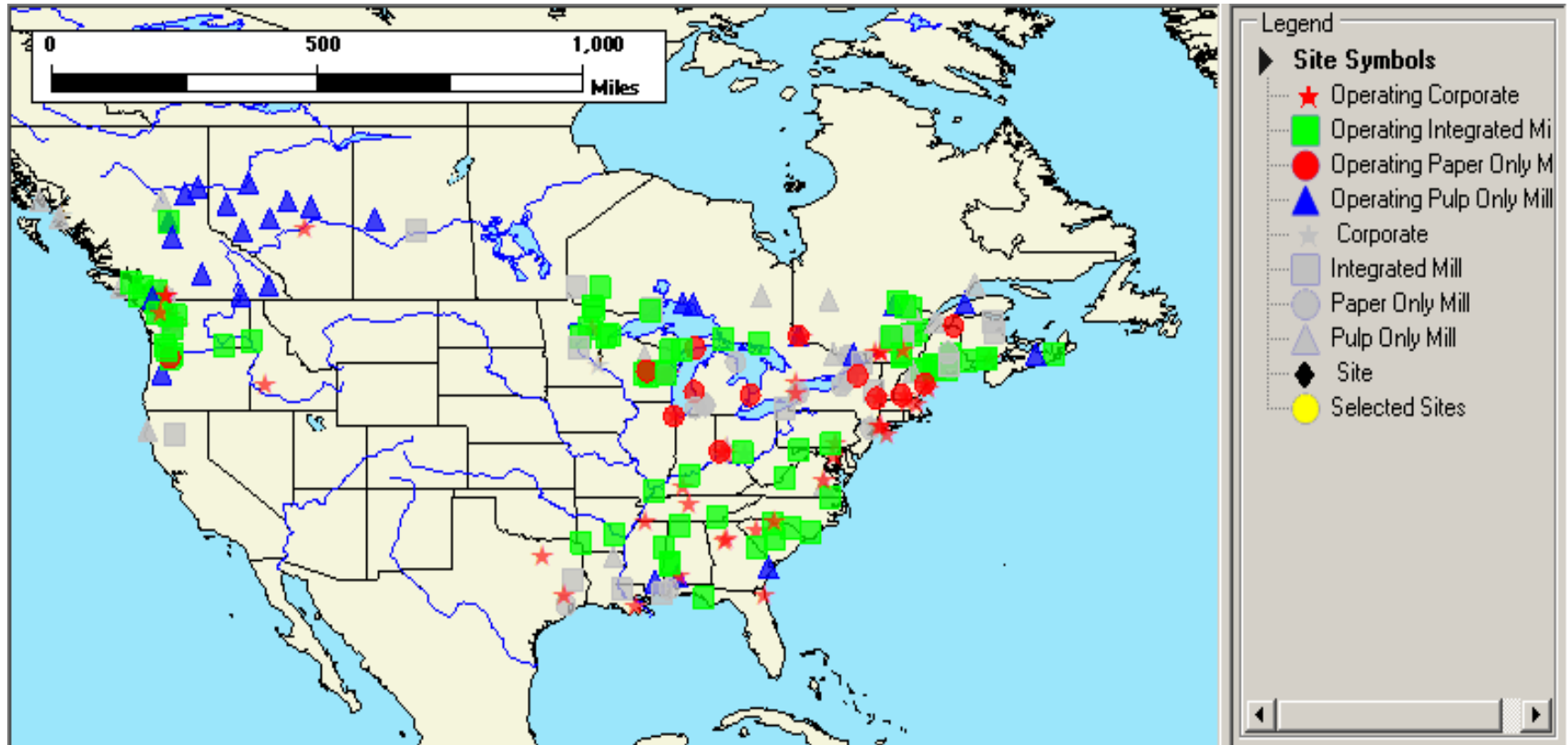
Bucksport Renewable Energy Project (B-REP)

- **\$42M Capital Investment**
- **Modify Existing Combination Boiler**
- **Installation of a 15MW condensing unit**
- **Upgrade to existing fuel handling system**
- **Start up on or before September 2012**

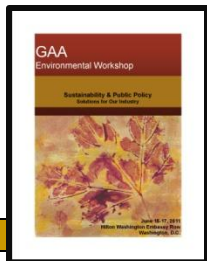


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Advantage of Pulp & Paper

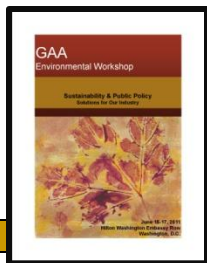
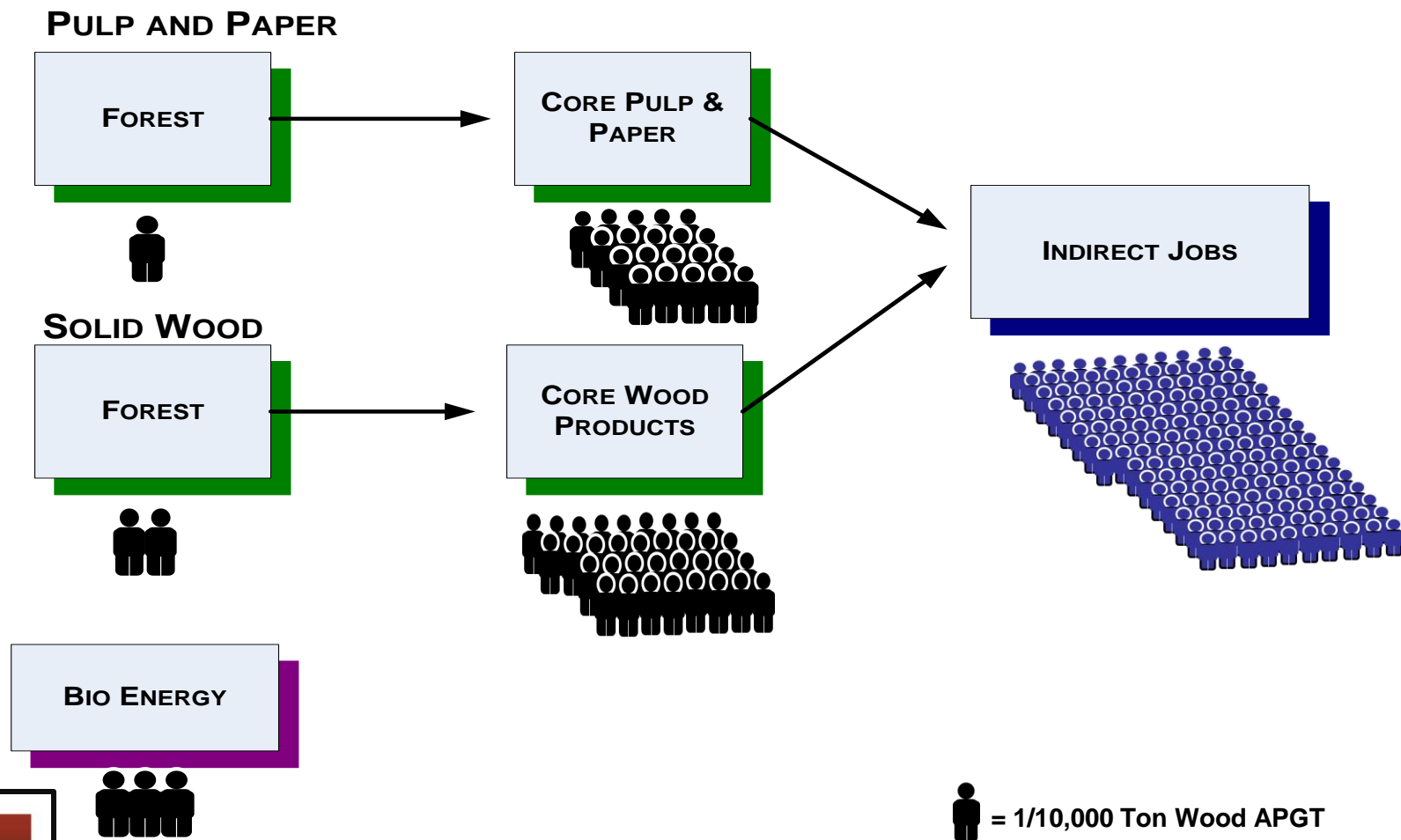


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Value Chain of Wood

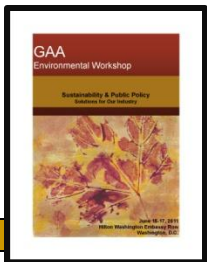


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Source: Report: Jobs Creation in PPI and Energy Alternative
in the United States – RISI for AF&PA June 25, 2010

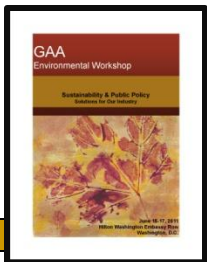
Overcoming Barriers To Transformation

- Business investments need certainty
- Access to money
- Commercialization of renewable energy is difficult
- Long term Uncertainty of Fossil Fuel supply and price.
- Bad Incentives vs. Good Incentives
- Technology suppliers can be too optimistic and under delivering.
- Sound Technologies does not equal successful Commercialization
- Cost Effective Environmental Regulations



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Questions



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