

Verso Paper Corp.
Form DEF 14A
April 20, 2012
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549
SCHEDULE 14A
(Rule 14a-101)
INFORMATION REQUIRED IN PROXY STATEMENT
SCHEDULE 14A INFORMATION
Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than
the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to Rule 14a-12

VERSO PAPER CORP.

(Name of Registrant as Specified in Its Charter)

Not Applicable

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

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1. Title of each class of securities to which transaction applies:

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1. Amount previously paid:

2. Form, Schedule or Registration Statement no.:

3. Filing party:

4. Date filed:

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Verso Paper Corp.
6775 Lenox Center Court
Suite 400
Memphis, Tennessee 38115-4436
901.369.4100
www.versopaper.com

NOTICE OF
2012 ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON MAY 23, 2012

To Our Stockholders:

The 2012 Annual Meeting of Stockholders of Verso Paper Corp., or Verso, will be held at our offices located at 6775 Lenox Center Court, Memphis, Tennessee, on May 23, 2012, beginning at 10:00 a.m. (Central Time). At the meeting, our stockholders will vote on proposals to:

1. elect three directors Thomas Gutierrez, Eric L. Press and L.H. Puckett, Jr. to serve on our board of directors as Class I directors for a term of three years;
2. approve the Amended and Restated 2008 Incentive Award Plan;
3. approve the 2012 Bonus Plan; and
4. ratify the appointment of Deloitte & Touche LLP to serve as our independent registered public accounting firm for the year ending December 31, 2012.

OUR BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE FOR PROPOSALS 1, 2, 3 and 4.

Stockholders also will transact any other business that properly comes before the meeting.

Only stockholders of record at the close of business on April 11, 2012, are entitled to receive notice of, and to vote at, the meeting and any postponement or adjournment thereof. A list of such stockholders will be available for inspection by any stockholder at our offices located at 6775 Lenox Center Court, Suite 400, Memphis, Tennessee, during ordinary business hours beginning on May 13, 2012, and at the meeting on May 23, 2012.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE 2012 ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON MAY 23, 2012: OUR PROXY STATEMENT AND ANNUAL REPORT ARE AVAILABLE ON THE INVESTOR RELATIONS PAGE OF OUR WEBSITE AT WWW.VERSOPAPER.COM.

YOUR VOTE IS IMPORTANT. REGARDLESS OF WHETHER YOU PLAN TO ATTEND THE MEETING, PLEASE PROMPTLY COMPLETE, SIGN, DATE AND RETURN THE ENCLOSED PROXY CARD IN THE ACCOMPANYING POSTAGE-PAID ENVELOPE. NO ADDITIONAL POSTAGE IS NECESSARY IF THE PROXY IS MAILED IN THE UNITED STATES OR CANADA. YOU MAY REVOKE YOUR PROXY AT ANY TIME BEFORE IT IS VOTED AT THE MEETING.

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By order of the board of directors,

Peter H. Kesser
Secretary

April 19, 2012

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Verso Paper Corp.
6775 Lenox Center Court
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PROXY STATEMENT

FOR

2012 ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD ON MAY 23, 2012

We are furnishing this Proxy Statement in connection with the solicitation of proxies by Verso Paper Corp., or Verso, on behalf of our board of directors, for use at the 2012 Annual Meeting of Stockholders and any postponement or adjournment of the meeting. The meeting will be held at our offices located at 6775 Lenox Center Court, Memphis, Tennessee, on May 23, 2012, beginning at 10:00 a.m. (Central Time).

At the meeting, our stockholders will vote on proposals to:

1. elect three directors Thomas Gutierrez, Eric L. Press and L.H. Puckett, Jr. to serve on our board of directors as Class I directors for a term of three years;
2. approve the Amended and Restated 2008 Incentive Award Plan;
3. approve the 2012 Bonus Plan; and
4. ratify the appointment of Deloitte & Touche LLP to serve as our independent registered public accounting firm for the year ending December 31, 2012.

OUR BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE FOR PROPOSALS 1, 2, 3 and 4.

The proposals are set forth in the accompanying Notice of 2012 Annual Meeting of Stockholders and are described in this Proxy Statement. Stockholders also will transact any other business, not known or determined as of the date of this Proxy Statement, that properly comes before the meeting. The board of directors knows of no such other business to be presented.

When you submit your proxy, you will authorize the proxy holders Michael A. Jackson, our President and Chief Executive Officer; Robert P. Mundy, our Senior Vice President and Chief Financial Officer; and Peter H. Kesser, our Senior Vice President, General Counsel and Secretary to represent you and vote your shares of common stock on these proposals at the meeting in accordance with your instructions. By submitting your proxy, you also authorize them to exercise discretionary authority to vote your shares on any other business that properly comes before the meeting, to vote your shares to adjourn the meeting, and to vote your shares at any postponement or adjournment of the meeting.

We have included with this Proxy Statement a copy of our 2011 Annual Report, which includes our annual report on Form 10-K for 2011. It also is available on the Investor Relations page of our website at www.versopaper.com. The 2011 Annual Report and the information on our website do not constitute a part of our proxy solicitation materials and are not incorporated into this Proxy Statement.

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This Proxy Statement and the accompanying materials are first being sent or given to our stockholders on or about April 19, 2012.

YOUR VOTE IS IMPORTANT. REGARDLESS OF WHETHER YOU PLAN TO ATTEND THE MEETING, PLEASE PROMPTLY COMPLETE, SIGN, DATE AND RETURN THE ENCLOSED PROXY CARD IN THE ACCOMPANYING POSTAGE-PAID ENVELOPE.

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INFORMATION ABOUT THE MEETING

What is the purpose of the meeting?

At the meeting, our stockholders will vote on proposals to:

1. elect three directors Thomas Gutierrez, Eric L. Press and L.H. Puckett, Jr. to serve on our board of directors as Class I directors for a term of three years;
2. approve the Amended and Restated 2008 Incentive Award Plan;
3. approve the 2012 Bonus Plan; and
4. ratify the appointment of Deloitte & Touche LLP to serve as our independent registered public accounting firm for the year ending December 31, 2012.

At the meeting, our management may report on our performance during 2011 and will respond to appropriate questions from stockholders.

Will any other business be conducted at the meeting?

As of the date of this Proxy Statement, the board of directors knows of no business that will be presented at the meeting other than the proposals described in this Proxy Statement. However, if any other proposal properly comes before the stockholders for a vote at the meeting, the proxy holders will vote your shares in accordance with their best judgment.

How many votes are required for action to be taken on each proposal?

Proposal 1 Election of Directors. The director nominees will be elected to serve as Class I directors for a term of three years if they receive a plurality of the votes of shares present in person or represented by proxy at the meeting and entitled to vote on the election of directors. This means that the director nominees will be elected if they receive more votes at the meeting than any other person nominated for director.

Proposal 2 Approval of Amended and Restated 2008 Incentive Award Plan. The Amended and Restated 2008 Incentive Award Plan will be approved if a majority of the shares present in person or represented by proxy at the meeting and entitled to vote on Proposal 2 are voted in favor of it.

Proposal 3 Approval of 2012 Bonus Plan. The 2012 Bonus Plan will be approved if a majority of the shares present in person or represented by proxy at the meeting and entitled to vote on Proposal 3 are voted in favor of it.

Proposal 4 Ratification of Appointment of Independent Registered Public Accounting Firm. The appointment of Deloitte & Touche LLP to serve as our independent registered public accounting firm for the year ending December 31, 2012, will be ratified if a majority of the shares present in person or represented by proxy at the meeting and entitled to vote on Proposal 4 are voted in favor of it.

Who is entitled to vote?

Only stockholders of record at the close of business on the record date April 11, 2012 are entitled to receive notice of the meeting and to vote at the meeting the shares of common stock that they held on that date. You are a stockholder of record if your shares of common stock are registered directly in your name with Registrar and Transfer Company, our registrar and transfer agent. If your shares are held by a broker, bank or other nominee, then you are not a stockholder of record, but instead you are the beneficial owner of shares held in street name. Only your broker, bank or other nominee may vote your shares held in street name. Your broker, bank or other nominee will provide you with information about how to instruct it to vote your shares held in street name.

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Each outstanding share of common stock entitles its holder to one vote on each matter voted on at the meeting. At the close of business on April 11, 2012, there were 52,907,984 outstanding shares of common stock.

How many shares must be present to conduct business at the meeting?

A quorum must be present at the meeting in order for any business to be conducted. The presence at the meeting, in person or by proxy, of the holders of a majority of the shares of common stock outstanding on the record date of April 11, 2012, will constitute a quorum. Abstentions and broker non-votes will be included in the number of shares considered present at the meeting for the purpose of determining whether there is a quorum.

What happens if a quorum is not present at the meeting?

It is unlikely that a quorum will not be present at the meeting, because our principal stockholder holds sufficient shares of common stock to constitute a quorum. However, if a quorum is not present at the scheduled time of the meeting, the holders of a majority of the shares present in person or represented by proxy at the meeting may adjourn the meeting to another place, date or time until a quorum is present. The place, date and time of the adjourned meeting will be announced when the adjournment is taken, and no other notice will be given unless the adjournment is for more than 30 days or unless after the adjournment a new record date is fixed for the adjourned meeting.

If I abstain from voting on a proposal, how will it affect the vote on the proposal?

You do not have the option of abstaining from voting on Proposal 1 (election of directors), but you may withhold your vote for any director nominee. You may abstain from voting on Proposal 2 (approval of Amended and Restated 2008 Incentive Award Plan), Proposal 3 (approval of 2012 Bonus Plan) and Proposal 4 (ratification of appointment of independent registered public accounting firm).

If you withhold your vote from any director nominee, your shares will not be voted for the nominee, but because the outcome of the vote on each director nominee will be determined by a plurality of the shares voted at the meeting on the election of the nominee, your withheld vote will not affect the outcome of the vote on the election of the nominee. If you abstain from voting on Proposal 2, 3 or 4, your shares will not be voted on the proposal, and because the outcome of the vote on the proposal will be determined by the vote of a majority of the shares present at the meeting, your abstention will have the effect of a vote against the proposal.

How do I vote without attending the meeting?

If you are a stockholder of record, you may vote by properly completing, signing, dating and returning by mail the accompanying proxy card. The enclosed postage-paid envelope requires no additional postage if it is mailed in the United States or Canada.

If you are a beneficial owner of shares held in street name, then your broker, bank or other nominee will provide you with information about how to provide it with voting instructions, so that it may vote your shares as you direct. You can provide voting instructions to your broker, bank or other nominee by properly completing, signing, dating and returning by mail the voting instruction form that it provides to you; or, if your broker, bank or other nominee offers telephone or internet voting options, you can provide voting instructions by telephone or on the internet by following the voting instructions that your broker, bank or other nominee provides to you.

How do I vote in person at the meeting?

If you are a stockholder of record and attend the meeting, you may vote at the meeting by delivering your completed proxy card in person. In the alternative, you may vote at the meeting by completing and delivering a ballot in person. We will distribute ballots to stockholders of record who wish to vote in person at the meeting. If

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you are a beneficial owner of shares held in street name, you may vote at the meeting if you obtain and bring to the meeting a completed proxy form from your broker, bank or other nominee that holds your shares.

If I return my proxy card without specifying voting instructions on it, will my shares be voted?

If you are a stockholder of record and return your proxy card without indicating voting instructions on it, your shares will be voted in accordance with the recommendations of our board of directors FOR Proposal 1 (election of directors), FOR Proposal 2 (approval of Amended and Restated 2008 Incentive Award Plan), FOR Proposal 3 (approval of 2012 Bonus Plan), and FOR Proposal 4 (ratification of appointment of independent registered public accounting firm).

If you are a beneficial owner of shares held in street name, your broker, bank or other nominee is required to vote your shares in accordance with your instructions. If you do not instruct your nominee how to vote your shares on Proposal 1 (election of directors), Proposal 2 (approval of Amended and Restated 2008 Incentive Award Plan), or Proposal 3 (approval of 2012 Bonus Plan), then your nominee will not have the authority to vote on each proposal for which you have not provided voting instructions. If you do not instruct your nominee how to vote your shares on Proposal 4 (ratification of appointment of independent registered public accounting firm), your nominee will nonetheless have the authority, but is not required, to vote your shares on the proposal, because it is a discretionary item on which your nominee may vote even without instructions from you. Your nominee should provide you with information on how to give it voting instructions concerning your shares.

What are broker non-votes and how do they affect voting?

A broker non-vote occurs when a broker, bank or other nominee does not vote shares that it holds in street name on behalf of a beneficial owner, because the beneficial owner has not provided voting instructions to the nominee with respect to a non-discretionary item. Proposal 1 (election of directors), Proposal 2 (approval of Amended and Restated 2008 Incentive Award Plan), and Proposal 3 (approval of 2012 Bonus Plan) are non-discretionary items. If you do not provide your nominee with voting instructions for any of these proposals, then it will not vote on each proposal for which you have not provided voting instructions, which will result in a broker non-vote on such proposal. Broker non-votes are not included in the tabulation of voting results for a proposal and thus will not have the effect of for or against votes on the proposal. They also are not counted for purposes of determining the number of shares present at the meeting and entitled to vote on the proposal. Broker non-votes are counted only for purposes of determining whether there is a quorum at the meeting.

If I want to change my vote after I submit my proxy, how do I change it?

Your attendance at the meeting, by itself, will not revoke your proxy or change your vote. If you are a stockholder of record, you may revoke your proxy and change your vote at any time before the polls are closed at the meeting by taking any of the following actions: properly completing, signing, dating and returning another proxy card with a later date; voting in person at the meeting; or giving written notice of your revocation to Verso's Secretary. If you are a beneficial owner of shares held in street name, you may revoke your proxy and change your vote only by following the instructions given to you by the broker, bank or other nominee that holds your shares.

Who will count the votes?

Registrar and Transfer Company, the registrar and transfer agent for our common stock, will tabulate and certify the stockholder votes.

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Who pays for the proxy solicitation and how will Verso solicit votes?

Verso will pay all costs associated with the solicitation of proxies. We also will reimburse any costs incurred by brokers and other fiduciaries to forward proxy solicitation materials to beneficial owners. Proxies may be solicited by us on behalf of the board of directors in person or by mail, telephone, facsimile or e-mail. We have not retained any firm to assist with the solicitation of proxies.

Where can I find the results of the stockholder votes at the meeting?

We will disclose the results of the stockholder votes at the meeting in a Form 8-K to be filed with the SEC within four business days after the meeting, which will be available on the Investor Relations page of our website at www.versopaper.com.

Table of Contents**STOCKHOLDERS****Security Ownership of Certain Beneficial Owners and Management**

The following table provides information about the beneficial ownership of our common stock as of March 31, 2012, by each of our directors and named executive officers, all of our directors and executive officers as a group, and each person known to our management to be the beneficial owner of more than 5% of the outstanding shares of our common stock. As of March 31, 2012, there were 52,907,984 outstanding shares of our common stock.

Name of Beneficial Owner	Number of Shares Beneficially Owned ⁽¹⁾	Percentage of
		Shares Outstanding ⁽¹⁾
Directors and Named Executive Officers:		
Michael A. Jackson ⁽²⁾⁽³⁾⁽⁴⁾	772,130	1.5%
Lyle J. Fellows ⁽²⁾⁽³⁾⁽⁴⁾	207,221	*
Robert P. Mundy ⁽²⁾⁽³⁾⁽⁴⁾	206,376	*
Michael A. Weinhold ⁽²⁾⁽³⁾⁽⁴⁾	208,025	*
Peter H. Kesser ⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾	172,318	*
Michael E. Ducey ⁽²⁾⁽³⁾⁽⁶⁾	59,856	*
Thomas Gutierrez ⁽²⁾⁽³⁾⁽⁴⁾	31,866	*
Scott M. Kleinman ⁽²⁾⁽³⁾⁽⁶⁾⁽⁷⁾	39,856	*
David W. Oskin ⁽²⁾⁽³⁾⁽⁶⁾	39,856	*
Eric L. Press ⁽²⁾⁽³⁾⁽⁴⁾⁽⁷⁾	31,866	*
L.H. Puckett, Jr. ⁽²⁾⁽³⁾⁽⁶⁾	197,854	*
David B. Sambur ⁽²⁾⁽³⁾⁽⁶⁾⁽⁷⁾	39,853	*
Jordan C. Zaken ⁽²⁾⁽³⁾⁽⁶⁾⁽⁷⁾	39,856	*
All Directors and Executive Officers as a group (15 persons) ⁽³⁾⁽⁴⁾⁽⁵⁾⁽⁶⁾⁽⁷⁾	2,218,508	4.2%
Other Stockholders:		
Verso Paper Management LP ⁽⁸⁾	36,385,326	68.8%

* Less than 1% of the outstanding shares of our common stock.

- (1) Beneficial ownership is determined in accordance with Rule 13d-3 under the Securities Exchange Act of 1934, as amended. The number and percentage of shares of common stock beneficially owned by each person listed in the table is determined based on the shares of common stock that such person beneficially owned as of March 31, 2012, or that such person has the right to acquire within 60 days thereafter. The number of outstanding shares used as the denominator in calculating the percentage ownership of each person is 52,907,984 shares of common stock (which is the number of shares of common stock outstanding as of March 31, 2012) plus the number of shares of common stock that such person has the right to acquire as of March 31, 2012, or within 60 days thereafter. Each person has sole voting power and sole investment power over the shares of common stock that the person beneficially owns, unless otherwise indicated.
- (2) The address of Messrs. Jackson, Fellows, Mundy, Weinhold, Kesser, Ducey, Gutierrez, Oskin and Puckett is c/o Verso Paper Corp., 6775 Lenox Court, Suite 400, Memphis, Tennessee 38115-4436. The address of Messrs. Kleinman, Press, Sambur and Zaken is c/o Apollo Management, L.P., 9 West 57th Street, 43rd Floor, New York, New York 10019.
- (3) The number of shares beneficially owned includes restricted shares of common stock granted to the following persons that are not vested as of March 31, 2012: Mr. Jackson 114,665 shares; Mr. Fellows 39,645 shares; Mr. Mundy 35,300 shares; Mr. Weinhold 35,619 shares;

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Mr. Kesser 28,963 shares; Mr. Ducey 16,666 shares; Mr. Gutierrez 16,666 shares; Mr. Kleinman 16,666 shares; Mr. Oskin 16,666 shares; Mr. Press 16,666 shares; Mr. Puckett 16,666 shares; Mr. Sambur 16,666 shares; Mr. Zaken 16,666 shares; and all directors and executive officers as a group 428,683 shares.

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- (4) The number of shares beneficially owned includes shares of common stock that the following persons have the right to acquire as of March 31, 2012, or within 60 days thereafter by exercising stock options: Mr. Jackson 154,738 shares; Mr. Fellows 45,109 shares; Mr. Mundy 39,216 shares; Mr. Weinhold 39,883 shares; Mr. Kesser 32,554 shares; Mr. Gutierrez 15,200 shares; Mr. Press 15,200 shares; and all directors and executive officers as a group 374,640 shares.
- (5) The number of shares beneficially owned by Mr. Kesser includes 7,400 shares of common stock held by his wife.
- (6) The number of shares beneficially owned includes shares of common stock held by Verso Paper Management LP, which the following persons, as limited partners of Verso Paper Management LP, have the right to acquire as of March 31, 2012, by exchanging units representing limited partner interests in Verso Paper Management LP: Mr. Ducey 23,190 shares; Mr. Kleinman 23,190 shares; Mr. Oskin 23,190 shares; Mr. Puckett 181,188 shares; Mr. Sambur 23,187 shares; Mr. Zaken 23,190 shares; and all directors and executive officers as a group 297,135 shares.
- (7) Messrs. Kleinman, Press, Sambur and Zaken are each associated with Apollo Management VI, L.P., and its affiliated investment managers. The percentage of shares shown does not include any shares beneficially owned by Apollo Management VI, L.P., or any of its affiliates, including shares held of record by Verso Paper Management LP. Messrs. Kleinman, Press, Sambur and Zaken each expressly disclaims beneficial ownership of the shares owned by Verso Paper Management LP, except to the extent of any pecuniary interest therein.
- (8) All of the shares of common stock shown as beneficially owned by Verso Paper Management LP are held of record by Verso Paper Management LP. Verso Paper Investments LP is the general partner of Verso Paper Management LP and as such holds voting power and investment power over the shares of common stock held by Verso Paper Management LP. Verso Paper Investments Management LLC is the general partner of Verso Paper Investments LP. CMP Apollo LLC is the sole and managing member of Verso Paper Investments Management LLC. Apollo Management VI, L.P., or Management VI, is the sole and managing member of CMP Apollo LLC. AIF VI Management, LLC, or AIF VI LLC, is the general partner of Management VI. Apollo Management, L.P., or Apollo, is the sole member and manager of AIF VI LLC. Apollo Management GP, LLC, or Apollo Management GP, is the general partner of Apollo. Apollo Management Holdings, L.P., or AMH, is the sole member and manager of Apollo Management GP. Apollo Management Holdings GP, LLC, or AMH GP, is the general partner of AMH. Leon Black, Joshua Harris and Marc Rowan are the managers, as well as principal executive officers, of AMH GP. Each of Verso Paper Investments LP, Verso Paper Investments Management LLC, CMP Apollo LLC, Management VI, AIF VI LLC, Apollo, Apollo Management GP, AMH, AMH GP and Messrs. Black, Harris and Rowan disclaims beneficial ownership of the shares owned by Verso Paper Management LP, except to the extent of any pecuniary interest therein. The address of Verso Paper Management LP, Verso Paper Investments LP, Verso Paper Investments Management LLC, CMP Apollo LLC, Management VI, AIF VI LLC, Apollo, Apollo Management GP, AMH, AMH GP, and Messrs. Black, Harris and Rowan is c/o Apollo Management VI, L.P., 9 West 57th Street, 43rd Floor, New York, New York 10019.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires that our directors and executive officers and the beneficial owners of more than 10% of our registered equity securities file with the United States Securities and Exchange Commission, or SEC, initial reports of, and subsequent reports of changes in, their beneficial ownership of our equity securities. These reporting persons are required to furnish us with copies of all such Section 16(a) reports. Based solely on our review of the copies of such Section 16(a) reports and written representations that certain of these reporting persons have furnished to us, we believe that these reporting persons complied with all applicable Section 16(a) filing requirements during 2011.

Table of Contents**DIRECTORS AND EXECUTIVE OFFICERS**

The following table and biographical descriptions provide information regarding our directors and executive officers.

Name	Age	Position(s)
Michael A. Jackson	63	President, Chief Executive Officer and Director
Lyle J. Fellows	55	Senior Vice President of Manufacturing and Energy
Robert P. Mundy	50	Senior Vice President and Chief Financial Officer
Michael A. Weinhold	47	Senior Vice President of Sales, Marketing and Product Development
Peter H. Kesser	54	Senior Vice President, General Counsel and Secretary
Kenneth D. Sawyer	56	Vice President of Human Resources
Benjamin Hinchman, IV	64	Vice President and Chief Information Officer
Michael E. Ducey	63	Director
Thomas Gutierrez	63	Director
Scott M. Kleinman	39	Director and Chairman of the Board
David W. Oskin	69	Director
Eric L. Press	46	Director
L.H. Puckett, Jr.	63	Director
David B. Sambur	32	Director
Jordan C. Zaken	37	Director

Executive Officers***Michael A. Jackson***

Mr. Jackson has been President, Chief Executive Officer and a director of Verso since November 2006. Information about Mr. Jackson appears below under the heading Directors.

Lyle J. Fellows

Mr. Fellows has been our Senior Vice President of Manufacturing and Energy since December 2009 and was our Senior Vice President of Manufacturing from August 2006 to December 2009. Before joining us, Mr. Fellows worked for International Paper Company from 1981 to 2006, where he was Vice President of Manufacturing for the Coated and Supercalendered Papers Division from 2003 to 2006. Prior to that, he was manager of the pulp and paper mills in Courtland, Alabama, from 2001 to 2003, and in Saillat, France, from 2000 to 2001, Manufacturing Director of the Arizona Chemical business in Europe from 1998 to 1999, and Technical Director of the White Papers business in Europe from 1994 to 1997. He also served in various manufacturing positions at the pulp and paper mill in Pine Bluff, Arkansas, from 1981 to 1994.

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Robert P. Mundy

Mr. Mundy has been our Senior Vice President and Chief Financial Officer since August 2006. Mr. Mundy joined us from International Paper Company where he worked from 1983 to 2006. At International Paper Company, he was Director of Finance of the Coated and Supercalendered Papers Division from 2002 to 2006, Director of Finance Projects from 2001 to 2002, Controller of Masonite Corporation from 1999 to 2001, and Controller of the Petroleum and Minerals business from 1996 to 1999. Prior to that, he was responsible for other business functions including company-wide SAP implementation, corporate internal audit, and manufacturing and operational finance at three pulp and paper mills.

Michael A. Weinhold

Mr. Weinhold has been our Senior Vice President of Sales, Marketing and Product Development since April 2011, and was our Senior Vice President of Sales and Marketing from August 2006 to April 2011. He is responsible for our sales, marketing, supply chain, customer technical service, e-commerce, product development, product management and Nextier Solutionssm functions. From 2000 to 2006, he held various sales, marketing and management positions for the Coated and Supercalendered Papers Division of International Paper Company, including serving as Business Manager from 2004 to 2006, Business Manager of Sales and Marketing from 2003 to 2004, and Director of Marketing and Product Development from 2001 to 2003. He also held similar positions at Champion International Corporation from 1994 until it was acquired by International Paper Company in 2000.

Peter H. Kesser

Mr. Kesser has been our Senior Vice President, General Counsel and Secretary since February 2012, and was our Vice President, General Counsel and Secretary from December 2006 to February 2012. In such capacity, he functions as the principal legal and compliance officer of Verso. During his legal career, Mr. Kesser has concentrated his practice in the areas of corporate, securities, mergers and acquisitions, and commercial law while working for major law firms, and he has had significant oversight responsibility for a wide variety of additional legal matters (including antitrust, compliance, employee benefits, employment, energy, environmental, intellectual property, litigation and real estate) while working for major public companies. Mr. Kesser was a shareholder with Baker Donelson Bearman Caldwell & Berkowitz PC from 1999 to 2006. He was Vice President, Assistant General Counsel and Assistant Secretary of Promus Hotel Corporation, a leading lodging company, from 1998 to 1999. Mr. Kesser was Vice President, General Counsel and Secretary of Arcadian Corporation, a leading nitrogen chemical producer, from 1993 to 1997. He was an attorney with Bracewell & Patterson LLP from 1983 to 1992. Mr. Kesser is the former Chair of the Business Law section of the Tennessee Bar Association.

Kenneth D. Sawyer

Mr. Sawyer has been our Vice President of Human Resources since January 2011. He joined us from AbitibiBowater, Inc. (now doing business as Resolute Forest Products), a leading global producer of pulp, paper and wood products, where he was Director of Human Resources for all United States operations from 2009 to 2010, and Director of Human Resources for the Commercial Printing Papers Division in the United States, Canada and South Korea from 2007 to 2009. Mr. Sawyer worked at Bowater Incorporated, a manufacturer of pulp, paper and wood products, where he was Director of Process Improvement and Organization Effectiveness from 2006 to 2007, and Director of Human Resources of the Coated Papers Division from 1999 to 2006. Mr. Sawyer was Vice President of Human Resources of Dorsey Trailers, Inc., a transportation equipment manufacturer, from 1993 to 1999.

Benjamin Hinchman, IV

Mr. Hinchman has been our Vice President and Chief Information Officer since August 2006. During his extensive career in the information technology field, he has implemented and managed information systems supporting manufacturing, quality control, research and development, sales, order fulfillment, distribution,

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warehousing, finance and e-commerce. Before joining us, Mr. Hinchman worked at International Paper Company from 1999 to 2006, where he was Director of Information Technology of the Coated and Supercalendered Papers Division in 2006, Director of Information Technology of the xpedx business from 2002 to 2006, and Director of Strategic Technologies from 1999 to 2001. Mr. Hinchman worked for Union Camp Corporation as Director of Information Services for the Fine Papers Division from 1995 until its acquisition by International Paper Company in 1999. He previously worked in various other businesses, holding positions of increasing responsibility in information technology.

Directors

We believe that the members of our board of directors should have a range of skills, experience, diversity and expertise that enables them to provide sound guidance with respect to our business and operations. As discussed herein, each of our directors has an established record of professional accomplishment and particular experience, qualifications and skills that the board of directors considers important attributes for service on the board of directors.

The composition of our board of directors is balanced among four independent directors, four directors affiliated with Apollo Management VI, L.P., which manages funds that control our largest stockholder, and one management director who serves as our President and Chief Executive Officer. That balance, to which each of our directors contributes, is important to us for the following reasons:

As independent directors, each of Messrs. Ducey, Gutierrez, Oskin and Puckett contributes an outside point of view that we value for providing multiple perspectives to the board of directors' oversight and direction and for facilitating objectivity in the board's decision-making process.

Because of their affiliation with Apollo Management VI, L.P., each of Messrs. Kleinman, Press, Sambur and Zaken is particularly attuned to strategic, financial and other matters that may affect our stockholders' investments in us.

Mr. Jackson, as our President and Chief Executive Officer, brings his in-depth knowledge of Verso and our industry, operations and business plans to the board of directors.

In addition, as indicated below, each of our directors has specific knowledge, professional experience and expertise relevant to serving as a director of Verso, as well as experience serving on boards of directors of other companies. Each director also has the following key attributes that we believe are important to an effective board of directors: integrity and demonstrated high ethical standards; sound judgment; analytical skills; the ability to engage management and each other in a constructive and collaborative fashion; and diversity of background, experience and thought.

Michael E. Ducey

Mr. Ducey has been a director of Verso since March 2007 and a member and the chairman of our Audit Committee since May 2008. Mr. Ducey was President and Chief Executive Officer of Compass Minerals International, Inc., a producer of salt and specialty fertilizers, from 2002 to 2006, and he remains a consultant to Compass Minerals. From 1972 to 2002, he worked for Borden Chemical, Inc., a diversified chemical company. During his 30-year career with Borden Chemical, Mr. Ducey held various management, sales, marketing, planning and commercial development positions, including serving as President and Chief Executive Officer from 1999 to 2002 and Executive Vice President and Chief Operating Officer from 1997 to 1999.

Mr. Ducey has been a director and a member of the audit and compliance committee of Apollo Global Management, LLC, a leading global alternative asset manager, since 2011; the lead director and a member of the audit committee and nominations and governance committee of HaloSource, Inc., a global producer of water purification and disinfecting technologies, since 2010; and a director, the non-executive chairman and a member

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of the audit committee of TPC Group Inc., a producer of hydrocarbon derivatives, since 2009. Mr. Ducey was a director and a member of the audit committee of Smurfit-Stone Container, Inc., a leading North American producer of corrugated containers, from 2010 to 2011; a director and a member of the compensation committee of UAP Holding Corp., the parent of United Agri Products, Inc., from 2006 to 2008; and a director and a member of the environmental, health and safety committee of Compass Minerals from 2002 to 2006.

Mr. Ducey's broad experience in manufacturing, strategic planning and management, gained from his lengthy career with Borden Chemical and Compass Minerals, is valuable to our board of directors. His background in manufacturing provides experience with complex challenges and opportunities that are comparable to those that we sometimes face as a manufacturer, and his experiences as President and Chief Executive Officer of Compass Minerals and Borden Chemical provide valuable insight on which he can draw while overseeing our management. In addition, Mr. Ducey's service as a director of other companies augments his knowledge of effective corporate governance.

Thomas Gutierrez

Mr. Gutierrez has been a director of Verso since November 2008 and a member of our Audit Committee since May 2009. He has been President and Chief Executive Officer of GT Advanced Technologies Inc. (formerly named GT Solar International, Inc.), a global provider of specialized equipment, technology and services for the solar power industry, since 2009. Mr. Gutierrez was Chief Executive Officer of PhytoChem Pharmaceuticals, Inc., a development-stage pharmaceutical company, from its inception in January 2009 to November 2009. He was Chief Executive Officer of Xerium Technologies Inc., a leading global manufacturer of synthetic textiles and specialty roll covers used in the production of paper, from 2001 to 2008. From 1995 to 2001, Mr. Gutierrez was Chief Executive Officer of three separate business units of Invensys plc, a global leader in technology used to monitor, control and automate processes. He was Chief Operating Officer of Pulse Engineering, Inc., a manufacturer of electronic components for telecommunications and power applications, from 1992 to 1994. Earlier in his career, Mr. Gutierrez held management, technical and engineering positions with Pitney Bowes Inc., Franklin Computer Corporation, Motorola, Inc., and Digital Equipment Corporation.

Mr. Gutierrez has been a director of GT Advanced Technologies Inc. since 2009; and a director of PhytoChem Pharmaceuticals, Inc., since 2009. He was a director and a member of the governance committee of Veeco Instruments Inc., a producer of process equipment for LED, solar and data storage manufacturers, from 2010 to 2011; a director and a member of the audit committee, compensation committee, and nominating and corporate governance committee of Comverge, Inc., a provider of clean energy alternatives, from 2009 to 2010; and a director of Xerium Technologies Inc. from 2001 to 2008.

Mr. Gutierrez's extensive experience in various industries, including manufacturing, provides him with a breadth and depth of knowledge that informs his oversight of our organization as a director. His background of providing leadership, as the most senior executive and as director, of various companies provides him with experience in guiding organizations through complex challenges and opportunities. In addition, from his many years of experience as the president and chief executive officer of large companies, Mr. Gutierrez has developed expertise in managing enterprises that enhances his oversight of our management and the guidance that he provides as our director. His service as a director of other companies augments his knowledge of effective corporate governance.

Michael A. Jackson

Mr. Jackson has been a director and the President and Chief Executive Officer of Verso since November 2006. Before joining us, he worked at Weyerhaeuser Company from 1977 to 2006. During his career with Weyerhaeuser, Mr. Jackson was Senior Vice President responsible for the Cellulose Fibers, White Papers, Newsprint and Liquid Packaging Board businesses from 2004 to 2006, Vice President of the Fine Papers business from 2002 to 2004, Vice President of the Business Papers business from 2000 to 2002, Vice President

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of the Recycling business from 1998 to 2000, Vice President of Human Resources and Quality for the Container Board Packaging business from 1993 to 1998, and General Manager of the Tri-Wall business and other packaging plants from 1990 to 1993. On behalf of Weyerhaeuser, Mr. Jackson served from 2005 to 2006 as a director and chair of the board of North Pacific Paper Corporation (NORPAC), a joint venture with Japan's Nippon Paper Industries which produces newsprint and uncoated groundwood paper.

From his many years in the paper and forest products industry, Mr. Jackson has attained a wealth of knowledge about industry matters of importance to us and experience in meeting many challenges presented by, and identifying and exploiting opportunities available in, our industry. His industry-specific knowledge and experience not only make him well suited to serve as our President and Chief Executive Officer, but also enhance discussions and decisions of our board of directors. In addition, as our President and Chief Executive Officer, Mr. Jackson is uniquely positioned as a director to contribute his in-depth knowledge of our organization and other matters relating to our business to board discussions and decision-making.

Scott M. Kleinman

Mr. Kleinman has been a director and the Chairman of the Board of Verso since August 2006. He also has been a member and the chairman of our Compensation Committee and Corporate Governance and Nominating Committee since May 2008, and was a member and the chairman of our Audit Committee from May to August 2008. Mr. Kleinman is a partner of Apollo Management, L.P., or Apollo, where he has worked since 1996. Apollo Management, L.P., together with its affiliates, is a leading global alternative asset manager. Mr. Kleinman was employed as an analyst at Smith Barney Inc. in its Investment Banking division from 1994 to 1996.

Mr. Kleinman has been a director and a member of the audit committee, compensation committee, and nominating and corporate governance committee of LyondellBasell Industries, N.V., a worldwide plastics, chemical and refining company, since 2010; a director of Realogy Corporation, a provider of residential real estate and relocation services, since 2007; and a director and member of the audit committee of Momentive Performance Materials Inc., a producer of silicone, quartz and ceramics materials, since 2010. He was a director and member of the executive committee, audit committee, compensation committee, and environmental, health and safety committee of Momentive Specialty Chemicals Inc., a producer of thermoset resins and other specialty chemicals, between 2004 and 2010. Momentive Performance Materials Inc. and Momentive Specialty Chemicals Inc. are subsidiaries of Momentive Performance Materials Holdings LLC. Mr. Kleinman was a director and member of the environmental, health and safety committee of Noranda Aluminum Holding Corporation, a producer of aluminum products, between 2007 and 2011.

With significant experience in financing, analyzing, investing in and managing investments in public and private companies, Mr. Kleinman has gained substantial expertise in strategic and financial matters that inform his contributions to our board of directors and enhance his oversight and direction of us. In addition, he led the Apollo diligence team that managed the acquisition of Verso from International Paper Company in 2006, which provided him with a unique knowledge of our organization. Mr. Kleinman's service as a director of other companies in a variety of industries gives him a range of experience as a director on which he can draw in serving as our director and augments his knowledge of effective corporate governance.

David W. Oskin

Mr. Oskin has been a director of Verso since January 2007. He also has been a member of our Audit Committee since August 2008 and our Corporate Governance and Nominating Committee since May 2008. Mr. Oskin has been President of Four Winds Ventures, LLC, a private investment company, since 2005; and was a consultant to the paper and finance industries in 2004. He previously worked for 29 years in the paper and forest products industries in various management, distribution, sales and marketing, quality management, human resources and other positions. Mr. Oskin spent most of his career with International Paper Company, where he

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worked initially from 1975 to 1991 and then again as an Executive Vice President from 1996 to 2003. From 1992 to 1995, he was Managing Director and Chief Executive Officer of Carter Holt Harvey Limited, a New Zealand based forest products company.

Mr. Oskin has been a director of Rayonier Inc., an international forest products company, since 2009, a member of its governance and nominating committee and compensation and management development committee since 2010, and was a member of its audit committee from 2009 to 2010; a director, the Independent Director Chair and member of the audit committee and remuneration committee of Samling Global Limited, a timber and forest products concern, since 2005; a director of Pacific Millennium Corporation, a privately held packaging company, since 2003; and a director of Big Earth Publishing LLC, since 2003. He was a director and member of the executive committee and audit committee of Goodman Global Inc., a manufacturer of heating, ventilation and air conditioning products, from 2006 to 2008. Mr. Oskin also was Chair of the Board of Trustees of Widener University from 2001 to 2009 and currently is the Chair Emeritus.

Mr. Oskin's significant management experience in the paper and forest products industry, in a wide range of areas such as distribution, sales and marketing, quality management, and human resources, and his service on the boards of directors of various companies in this industry, provide him with a substantial knowledge base on which he can draw in providing oversight and input as our director. He has expertise in managing enterprises from his many years with International Paper Company and Carter Holt Harvey Limited that informs his guidance of our management. His current service as the president and a director of a publisher of books and magazines gives him experience relevant to our customer base. Mr. Oskin's service as a director of other companies augments his knowledge of effective corporate governance.

Eric L. Press

Mr. Press has been a director of Verso since January 2009. He is a partner of Apollo Management, L.P., where he has worked since 1998 analyzing and overseeing Apollo's investments in basic industries, financial services, lodging, leisure and entertainment companies. Apollo Management, L.P., together with its affiliates, is a leading global alternative asset manager. Mr. Press was an associate with the Wachtell, Lipton, Rosen & Katz law firm, specializing in mergers, acquisitions, restructurings and related financing transactions, from 1992 to 1998. Mr. Press was a consultant with The Boston Consulting Group from 1987 to 1989.

Mr. Press has been a director of Apollo Commercial Real Estate Finance, Inc., a real estate investment trust, since 2009; a director of Caesars Entertainment Corporation, a gaming company, since 2008; a director and member of the executive committee and compensation committee of Noranda Aluminum Holding Corporation, a producer of aluminum products, since 2007; a director and member of the compensation committee of Affinion Group, Inc., a provider of marketing products and services, since 2006; and a director and member of the compensation committee of Metals USA, Inc., a metal service center and processor of metal components, since 2005. He was a director of Quality Distribution, Inc., a bulk tank truck network operator, from 2004 to 2008.

Mr. Press's extensive background in financing, analyzing and managing investments, and his prior background as an attorney specializing in mergers, acquisitions, restructurings and related financing transactions, provides him with considerable experience in identifying and analyzing operational, financial and management matters that affect equity investments. These skills are highly pertinent to his oversight of our business, financial performance and management. His service as a director of other companies in a variety of industries provides him with a range of experience and increases his knowledge of effective corporate governance.

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L.H. Puckett, Jr.

Mr. Puckett has been a director of Verso since August 2006 and was our President and Chief Executive Officer from August 2006 until his retirement in November 2006. He was Executive Vice President, Sales and Marketing, of National Envelope Corporation from January 2010 until September 2010, when substantially all of its assets were sold in connection with a bankruptcy petition that National Envelope Corporation voluntarily filed in June 2010 under Chapter 11 of the United States Bankruptcy Code.

Mr. Puckett has worked in the paper industry in sales, marketing and management capacities. He worked at International Paper Company from 1999 to 2006, where he was Senior Vice President of the Coated and Supercalendered Papers Division from 2000 to 2006 and Vice President of the Commercial Printing and Imaging Papers businesses from 1999 to 2000. Mr. Puckett worked at Union Camp Corporation from 1974 until its acquisition by International Paper Company in 1999, where he was Senior Vice President of the Fine Papers business from 1998 to 1999.

Mr. Puckett brings to our board of directors considerable experience in the paper industry, including a combined seven years serving as the principal executive officer of our business when it was a division of International Paper Company and as our President and Chief Executive Officer until November 2006. His experience in managing our business provides him with an in-depth understanding of us that is useful in providing guidance to our management. His significant industry experience and in-depth knowledge of our business enhances his oversight of us and provides him with insight into matters of importance to our organization.

David B. Sambur

Mr. Sambur has been a director of Verso since February 2008 and a member of our Compensation Committee since May 2008. He also was a member of our Audit Committee from May 2008 to May 2009. Mr. Sambur is a principal of Apollo Management, L.P., where he has worked since 2004. Apollo Management, L.P., together with its affiliates, is a leading global alternative asset manager. Mr. Sambur was a member of the Leveraged Finance Group of Salomon Smith Barney Inc. from 2002 to 2004.

Mr. Sambur has been a director of Caesars Entertainment Corporation, a gaming company, since 2010; a director and member of the audit committee and compensation committee of Momentive Performance Materials Inc., a producer of silicone, quartz and specialty ceramics materials, since 2010; and a director and member of the audit committee and compensation committee of Momentive Specialty Chemicals Inc., a producer of thermoset resins and other specialty chemicals, since 2010. Momentive Performance Materials Inc. and Momentive Specialty Chemicals Inc. are subsidiaries of Momentive Performance Materials Holdings LLC.

With experience in financing, analyzing and investing in public and private companies, Mr. Sambur has gained substantial expertise in strategic and financial matters that inform his contributions to our board of directors and contribute to his ability to conduct oversight of our business, financial performance and management. Mr. Sambur participated in the diligence and structuring of Apollo's 2006 acquisition of Verso from International Paper Company, which provided him with unique insight into our organization and business. In addition, his service on the boards of directors of other companies augments his knowledge of effective corporate governance.

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Jordan C. Zaken

Mr. Zaken has been a director of Verso since August 2006 and a member of our Compensation Committee since May 2008. He is a partner of Apollo Management, L.P., where he has worked since 1999. Apollo Management, L.P., together with its affiliates, is a leading global alternative asset manager. Mr. Zaken was employed by Goldman, Sachs & Co. in its Mergers and Acquisitions Department from 1997 to 1999.

Mr. Zaken has been a director and Chairman of the compensation committee of Momentive Performance Materials Inc., a producer of silicone, quartz and specialty ceramics materials, since 2010; and a director of Momentive Specialty Chemicals Inc., a producer of thermoset resins and other specialty chemicals, since 2005, and a member since 2006 and Chairman since 2009 of its compensation committee. Momentive Performance Materials Inc. and Momentive Specialty Chemicals Inc. are subsidiaries of Momentive Performance Materials Holdings LLC. Mr. Zaken was a director of Parallel Petroleum Corp., an oil and gas producer, in 2009.

Mr. Zaken's background in financing, analyzing and investing in companies provides him with expertise in identifying and analyzing operational, financial and management matters that affect equity investments. This enables him as a director to more successfully oversee our business, financial performance and management. His service as a director of other companies provides experience on which he can draw in serving as our director and increases his knowledge of effective corporate governance.

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BOARD OF DIRECTORS AND CORPORATE GOVERNANCE

Board of Directors Structure

Our board of directors consists of nine directors who are divided into three classes – Class I, Class II and Class III – with three directors each. The directors in each class serve for staggered three-year terms. Messrs. Gutierrez, Press and Puckett are Class I directors whose terms will expire at our 2012 Annual Meeting of Stockholders. Messrs. Jackson, Oskin and Zaken are Class II directors whose terms will expire at our 2013 Annual Meeting of Stockholders. Messrs. Ducey, Kleinman and Sambur are Class III directors whose terms will expire at our 2014 Annual Meeting of Stockholders.

Leadership Structure

The role of our Chairman of the Board is to lead and oversee the board of directors, including ensuring that the board of directors functions effectively and fulfills its responsibilities to Verso and our stockholders. The Chairman of the Board presides at meetings of the board of directors. The role of our Chief Executive Officer is to lead and manage Verso and serve as our primary liaison with the board of directors.

We do not have any policy that requires the roles of Chairman of the Board and Chief Executive Officer to be filled by separate individuals, nor do we have any policy that requires the Chairman of the Board to be selected from a particular group of directors such as non-employee directors or independent directors. The board of directors has the prerogative to adopt such a policy, but has not found it necessary to do so. Instead, the board of directors has the flexibility to determine who should serve as the Chairman of the Board, and whether the Chairman of the Board and the Chief Executive Officer should be separate individuals, based on Verso's needs. The board of directors makes its determination based on the considerations and criteria that it deems appropriate, at the time that it makes the determination, to provide suitable leadership for the board of directors and Verso. The positions of Chairman of the Board and Chief Executive Officer currently are held by different individuals. Our Chairman of the Board is Scott M. Kleinman, a non-employee director who is a partner with Apollo Management, L.P., and our Chief Executive Officer is Michael A. Jackson, who also serves as a director and our President.

We believe that our current leadership structure, in which the roles of Chairman of the Board and Chief Executive Officer are separated, is appropriate for us at this time. This structure enhances the board of directors' oversight of management, because a non-employee Chairman of the Board is more likely to question management actions. The separation of roles also permits the Chairman of the Board to participate in non-management executive sessions of the board of directors, from which he would be excluded if he were also our Chief Executive Officer. Finally, this structure allows the Chief Executive Officer to focus his efforts on the job of leading and managing Verso on a daily basis.

Director Independence

The listing standards of the New York Stock Exchange, or NYSE, require that a listed company have a majority of independent directors. However, we are a controlled company as defined in the NYSE's listing standards *i.e.*, a company of which more than 50% of the voting power is held by an individual, group or another company and thus are not required by the NYSE to comply with the majority director independence requirement or to have a Compensation Committee and a nominating committee composed entirely of independent directors. Nonetheless, our board of directors has determined that four of our nine directors – Messrs. Ducey, Gutierrez, Oskin and Puckett – are independent under the NYSE's listing standards. In making this determination, our board of directors has affirmatively determined that each of these directors meets the objective criteria for independence set forth by the NYSE, as well as the additional independence requirements imposed by the SEC for audit committee members which are incorporated into the NYSE's listing standards, and that none of them has any relationship, direct or indirect, to us other than as stockholders or through their service as directors of us or, with respect to Mr. Ducey, an affiliate of our principal stockholder.

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Committees of the Board of Directors

Committee Overview

Our board of directors has three standing committees: an Audit Committee, a Compensation Committee and a Corporate Governance and Nominating Committee, each operating under a charter adopted by our board of directors. The charters of these committees are available for review in the Governance section of the Our Company page on our website at www.versopaper.com. The information on our website is not a part of this Proxy Statement.

The following table summarizes the committee structure of our board of directors.

Director	Independent	Audit Committee	Compensation Committee	Corporate Governance and Nominating Committee
Michael E. Ducey		*		
Thomas Gutierrez				
Michael A. Jackson				
Scott M. Kleinman			*	*
David W. Oskin				
Eric L. Press				
L.H. Puckett, Jr.				
David B. Sambur				
Jordan C. Zaken				

* Chair of the committee.

Audit Committee

The purposes of the Audit Committee are to assist our board of directors in fulfilling its responsibilities regarding:

the integrity of our financial statements and other financial information provided to our stockholders and other relevant parties

our system of internal control

the performance of our internal accounting and financial controls and the function of our internal audit department

the qualifications, independence and performance of our independent registered public accounting firm

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our process for monitoring compliance with applicable legal and regulatory requirements, including accounting, financial reporting and public disclosure requirements

Each director serving on the Audit Committee Messrs. Ducey, Gutierrez and Oskin is independent under the NYSE's and SEC's rules, satisfies the NYSE's requirements of being financially literate and possessing accounting or related financial management expertise, and qualifies as an audit committee financial expert under the SEC's rules.

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Compensation Committee

The purposes of the Compensation Committee are to assist our board of directors in fulfilling its responsibilities regarding:

the review and approval of our compensation philosophy and objectives for our executive officers

the review and approval of the performance goals and objectives relevant to the compensation of our executive officers

the review and approval of the compensation of our executive officers

acting as administrator as may be required by our incentive compensation and equity-related plans in which our executive officers may be participants

Corporate Governance and Nominating Committee

The purposes of the Corporate Governance and Nominating Committee are to assist our board of directors in fulfilling its responsibilities regarding:

the identification of qualified candidates to become our directors, consistent with criteria approved by our board of directors

the selection of nominees for election as directors at the next annual meeting of stockholders or a special meeting of stockholders at which directors are to be elected

the selection of candidates to fill vacancies and newly created directorships on our board of directors

the identification of best practices and recommendation of corporate governance principles, including giving proper attention and making effective responses to stockholder concerns regarding corporate governance

the development and recommendation to our board of directors of guidelines setting forth corporate governance principles applicable to us

oversight of the evaluation of our board of directors and management

Nomination and Evaluation of Director Candidates

Our board of directors will consider nominating all potential candidates for election as directors who are recommended by our stockholders or board of directors, provided that the recommendation complies with the relevant requirements of our bylaws. All recommendations of candidates for director must be made in accordance with the provisions of Article II, Section 13 of our bylaws, which sets forth requirements concerning the information to be provided about the candidate and the timing for the submission of the recommendation. Any stockholder who desires to recommend a candidate for nomination as a director should send the nomination to: Corporate Governance and Nominating Committee, c/o Secretary, Verso Paper Corp., 6775 Lenox Center Court, Suite 400, Memphis, Tennessee 38115-4436.

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Our Corporate Governance and Nominating Committee screens every potential director candidate in the same manner, regardless of the source of his or her recommendation. Each director candidate must possess fundamental qualities of intelligence, honesty and strong ethics, and standards of integrity, fairness and responsibility. In further evaluating the suitability of director candidates (both new candidates and current directors), the Corporate Governance and Nominating Committee, in recommending candidates for election, and the board of directors, in approving (and, in the case of vacancies, appointing) such candidates, takes into account many factors, including the candidate s:

business judgment and ability to make independent analytical inquiries

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understanding of marketing, finance and other elements relevant to the success of a publicly traded company in today's business environment

professional background, including experience as a director of a public company and as an officer or former officer of a public company

experience in our industry and with relevant social policy concerns

understanding of our business on a technical level

educational background, including academic expertise in an area of our operations

The Corporate Governance and Nominating Committee and our board of directors also evaluate each director candidate in the context of our board of directors as a whole, with the objective of assembling a group of directors that can best perpetuate the success of our business and represent stockholder interests through the exercise of sound judgment using its diversity of experience in these various areas. In determining whether to recommend a director for re-election, the Corporate Governance and Nominating Committee and our board of directors also consider the director's past attendance at meetings of our board of directors, the director's participation in and contributions to the activities of our board of directors, and the results of the most recent board of directors evaluation. Notwithstanding the foregoing criteria, if we are legally required, by contract or otherwise, to permit a party to designate one or more directors to be elected or appointed to our board of directors (*e.g.*, pursuant to rights contained in a certificate of designation of a class of preferred stock), then the nomination or appointment of such directors will be governed by those requirements.

We do not have a formal policy with regard to the consideration of diversity in identifying candidates for election to the board of directors, but the Corporate Governance and Nominating Committee recognizes the benefits associated with a diverse group of directors and takes diversity considerations into account when identifying director candidates. The Corporate Governance and Nominating Committee considers diversity in the broadest context, including diversity of professional experience, employment history, experience on other boards of directors and as management of other companies, as well as more familiar diversity concepts such as race, gender and national origin.

Nominees for Election as Class I Directors

Our board of directors has nominated Messrs. Gutierrez, Press and Puckett for election as Class I directors at the 2012 Annual Meeting of Stockholders. Each nominee is an incumbent director. Mr. Gutierrez is a member of our Audit Committee.

Director Attendance at Board of Directors and Committee Meetings

The board of directors and Audit Committee hold meetings on at least a quarterly basis, and the Compensation Committee and the Corporate Governance and Nominating Committee hold meetings as necessary or appropriate. At times, the board of directors and its committees also act by written consent in lieu of formal meetings. In 2011, the board of directors met four times and acted by written consent five times; the Audit Committee met four times and acted by written consent one time; the Compensation Committee met one time and acted by written consent five times; and the Corporate Governance and Nominating Committee acted by written consent one time. In 2011, each director attended all of the meetings of the board of directors and the committees on which he served, except that Mr. Oskin was absent from one board of directors and one Audit Committee meeting.

The NYSE's listing standards require that our non-management directors meet regularly in executive session without management present. Our Corporate Governance Guidelines require our non-management directors to meet in executive session without management present at least two times per year. In 2011, our non-management directors held three executive sessions. The presiding director at the executive sessions is

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Mr. Oskin, or in his absence, a director selected by a majority vote of the non-management directors present. Executive sessions are of no fixed duration, and our non-management directors are encouraged to raise and discuss any issues of concern.

Director Attendance at Stockholders Meetings

We do not maintain a formal policy regarding director attendance at our annual stockholders meetings. One director attended our 2011 Annual Meeting of Stockholders.

Communications with Directors

Any interested party wishing to communicate with our board of directors, our non-management directors, or a specific director may do so by delivering the written communication in person or mailing it to: Board of Directors, c/o Secretary, Verso Paper Corp., 6775 Lenox Center Court, Suite 400, Memphis, Tennessee 38115-4436. Communications will be distributed to specific directors as directed in the communication. If addressed generally to the board of directors, communications may be distributed to specific members of the board of directors as appropriate, depending on the material outlined in the communication. For example, if a communication relates to accounting, internal controls or auditing matters, unless otherwise specified, the communication will be forwarded to the chair of the Audit Committee. From time to time, the board of directors may change the process by which stockholders and others may communicate with the board of directors or its members. Please refer to our website for any change in this process.

Corporate Governance

General

In furtherance of our board of directors' goals of providing effective governance of our business and affairs for the long-term benefit of our stockholders and promoting a culture and reputation of the highest ethics, integrity and reliability, our board of directors has adopted the following corporate governance measures:

Corporate Governance Guidelines

Charters for our Audit Committee, Compensation Committee and Corporate Governance and Nominating Committee

Code of Conduct

Whistleblower Policy

Each of these documents is available, free of charge, in print to any stockholder who requests it and in the Governance section of the Our Company page on our website at www.versopaper.com. The information on our website is not a part of this Proxy Statement.

Corporate Governance Guidelines

The Corporate Governance Guidelines set forth the framework within which the board of directors conducts its business. The Corporate Governance Guidelines are intended to assist our board of directors in the exercise of its responsibilities and to serve the interests of Verso and our stockholders. The Corporate Governance Guidelines set forth guiding principles on matters such as:

the size of the board of directors

director independence

meetings of non-management directors

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director qualifications

matters potentially affecting directors service on our board of directors, such as serving as directors or audit committee members of other public companies and the impact on management directors of changes in their employment with us

director responsibilities

director compensation

director access to executive management and independent advisors

meetings of the board of directors and its committees, including matters such as meeting frequency and attendance

board of directors participation in the development of management leadership

Code of Conduct

Our Code of Conduct is a code of ethics that applies to all of our directors, officers and employees, including our Chief Executive Officer and Chief Financial Officer. The Code of Conduct addresses, among other things:

ethical business conduct

compliance with legal requirements

confidentiality of our business information

use of our property

avoidance of conflicts of interest

conduct of our accounting operations, preparation of financial reports, and making of public disclosures

reporting of any violation of law or the Code of Conduct, unethical behavior, improper or questionable accounting or auditing, or inaccuracy in our financial reports or other public disclosures

Our employees are encouraged to report any conduct that they believe in good faith to be an actual or apparent violation of the Code of Conduct. Any such report may be made anonymously. Amendments to the Code of Conduct, and any waivers from the Code of Conduct granted to directors or executive officers, will be made available through our website. In 2011, we did not amend the Code of Conduct and did not receive or grant any requests for waivers from the Code of Conduct.

Whistleblower Policy

The Audit Committee has adopted a Whistleblower Policy that governs the receipt, retention and treatment of complaints received by us regarding accounting, internal controls, auditing matters and questionable financial practices. The Whistleblower Policy is designed to protect the confidential, anonymous submission by our employees of any concerns that they may have regarding questionable accounting or auditing matters. The Whistleblower Policy permits the reporting of those concerns by various means, including email, letter, telephone or a confidential hotline managed by an independent third-party vendor. Complaints will be reviewed under the Audit Committee's direction, with oversight by our General Counsel, Internal Audit Manager or such other persons as the Audit Committee or the General Counsel determines to be appropriate.

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Policy Relating to Related-Person Transactions

Our board of directors' policy, as set forth in the Audit Committee's charter, is that all transactions with related persons, as contemplated in Item 404(a) of the SEC's Regulation S-K, are subject to review and approval by our Audit Committee, regardless of the dollar amount of the transaction. Since January 1, 2011, no transaction between us and any related person has been reviewed or approved.

Compensation Committee Interlocks and Insider Participation

None of our executive officers serves, or in the past has served, as a member of the board of directors or Compensation Committee of any entity that has one or more executive officers who serve on our board of directors or Compensation Committee. No person who served as a member of our Compensation Committee during 2011 was, at any time in 2011, also a current or former officer or employee of Verso. Each member of our Compensation Committee is a partner or principal of Apollo Management, L.P., and we have engaged in transactions in which Apollo and various of its affiliates are related persons. For more information, please refer to "Transactions with Related Persons" in this Proxy Statement.

Board of Directors' Role in Risk Oversight

Companies face a variety of risks, including credit risk, liquidity risk and operational risk. Our board of directors believes that an effective risk management system will timely identify the material risks that we face; communicate necessary information with respect to material risks to our senior executives and, as appropriate, to the board of directors or its relevant committee; implement appropriate and responsive risk management strategies; and integrate risk management into our decision-making.

Our management has primary responsibility for risk management, including monitoring, identifying and addressing the risks facing Verso and bringing such risks that may be material to the attention of our board of directors or its appropriate committee, if the committee has oversight responsibility for the matter pursuant to our bylaws, the committee's charter, or our Corporate Governance Guidelines. Our board of directors also encourages management to promote a corporate culture that incorporates risk management into our corporate strategy and operations.

Our board of directors is generally responsible for risk oversight. It has full access to our management so that it can maintain open and regular communication that allows it to perform its oversight function and that facilitates identifying, analyzing and addressing risks. Our board of directors and its committees also serve a risk-control function by providing, through oversight of our management, checks and balances on our management's actions.

Each committee of our board of directors has a high-level monitoring role with regard to risks associated with the matters that such committee oversees pursuant to its charter. As appropriate, a committee may identify specific risks to examine in detail, so that it may better evaluate and address those risks.

The Audit Committee is charged with responsibility for specific areas of risk under its charter, including the integrity of our financial statements, our system of internal controls, the performance of our internal audit department, the independence of our independent accountants, and our process for complying with financial, legal and regulatory requirements.

The Compensation Committee monitors for risks associated with our compensation philosophy, objectives, plans, arrangements and agreements. The Compensation Committee's role with regard to risk management in these areas is not specifically delineated in its charter or any policy. Rather, the Compensation Committee is attuned to the risks inherent in and relating to compensation matters, especially incentives, and it considers these risks (including whether incentives encourage excessive risk-taking) as it determines appropriate in making decisions concerning compensation matters.

The Corporate Governance and Nominating Committee has responsibility for several areas that entail potential risk to Verso, including corporate governance, oversight of the board of directors and its effective

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functioning, and director qualifications. In performing its duties in these areas, the Corporate Governance and Nominating Committee addresses the potential risks that would be associated with poor corporate governance, ineffective board functioning or unqualified directors.

Each committee of the board of directors has the discretion and flexibility, within the guidelines specified in its charter, to determine the best means to carry out its oversight responsibilities concerning risk. If a committee determines it to be appropriate, the committee, or a representative designated by the committee, will discuss risk-related issues with our management, other internal personnel and third parties, and, if needed, will engage experts and consultants to assist with any review, analysis or investigation related to a particular area of risk. If a committee determines it to be appropriate to review and evaluate identified risk, the committee will report its findings and recommendations to the board of directors. Our board of directors ultimately is responsible for the adoption of any such recommendations.

The role that our board of directors and its committees plays in risk oversight does not have an impact on the leadership structure of our board of directors. However, we believe that having different individuals serve as our Chairman of the Board and our Chief Executive Officer facilitates risk oversight by providing the board of directors with leadership that is independent from management.

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AUDIT COMMITTEE REPORT

Management is responsible for Verso's internal controls and financial reporting process, including our internal control over financial reporting, and for preparing our consolidated financial statements. Deloitte & Touche LLP, or Deloitte & Touche, an independent registered public accounting firm, is responsible for performing an independent audit of our consolidated financial statements in accordance with the standards of the Public Company Accounting Oversight Board and for expressing an opinion on the conformity of our audited consolidated financial statements to accounting principles generally accepted in the United States of America. In this context, the responsibility of the Audit Committee is to oversee our accounting and financial reporting processes and the audits of our consolidated financial statements.

In the performance of its oversight function, the Audit Committee reviewed and discussed with management and Deloitte & Touche our audited consolidated financial statements as of and for the year ended December 31, 2011. The Audit Committee also discussed with Deloitte & Touche the matters required to be discussed by *Statement on Auditing Standards* (SAS) No. 61, as amended, issued by the Auditing Standards Board of the American Institute of Certified Public Accountants (AICPA, Professional Standards, Vol. 1, AU section 380), as adopted by the Public Company Accounting Oversight Board in Rule 3200T.

The Audit Committee received the written disclosures and the letter from Deloitte & Touche required by Independence Standards Board (ISB) Standard No. 1, *Independence Discussions with Audit Committees*, as amended. ISB Standard No. 1 requires our independent registered public accounting firm to disclose in writing to the Audit Committee all relationships between them and us that, in their judgment, reasonably may be thought to bear on independence and to discuss their independence with the Audit Committee. The Audit Committee discussed with Deloitte & Touche its independence and considered in advance whether the provision of any non-audit services by Deloitte & Touche is compatible with maintaining its independence.

Based on the reviews and discussions of the Audit Committee described above, and in reliance on the unqualified opinion of Deloitte & Touche dated March 5, 2012, regarding our audited consolidated financial statements as of and for the year ended December 31, 2011, and subject to the limitations on the responsibilities of the Audit Committee noted above and in the Audit Committee's charter, the Audit Committee recommended to the board of directors, and the board of directors approved, that such audited and consolidated financial statements be included in our annual report on Form 10-K for the year ended December 31, 2011, filed with the SEC.

The foregoing report is provided by the members of the Audit Committee of the board of directors.

Michael E. Ducey (Chair)

Thomas Gutierrez

David W. Oskin

COMPENSATION COMMITTEE REPORT

The members of the Compensation Committee have reviewed and discussed with Verso's management the Compensation Discussion and Analysis set forth below. Based on such review and their discussions with management and such other matters as the Compensation Committee has deemed relevant and appropriate, the Compensation Committee recommended to the board of directors that the Compensation Discussion and Analysis be included in this Proxy Statement.

The foregoing report is provided by the members of the Compensation Committee of the board of directors.

Scott M. Kleinman (Chair)

David B. Sambur

Jordan C. Zaken

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COMPENSATION DISCUSSION AND ANALYSIS

Summary

Our compensation philosophy is that compensation should serve to attract and retain talented employees and encourage job performance by them that enhances our financial performance and stockholder value. Accordingly, we design our compensation programs for our executive management, including our Chief Executive Officer, Chief Financial Officer and three other most highly compensated officers (we sometimes refer in this Proxy Statement to these five officers as our named executive officers) with the overall objectives of encouraging them to be committed to us, strive to achieve outstanding financial performance by us and create value for our stockholders. To attain these overall objectives, we design our compensation programs for executive management along the following general guidelines:

Annual base salaries should be competitive with the marketplace average and create a measure of financial security

Compensation should consist of a combination of variable annual and long-term incentive compensation that stresses the achievement of short-term and long-term performance objectives and provides the opportunity to earn more than the marketplace average for performance that exceeds targeted levels

Compensation should permit outstanding individual achievements to be recognized and rewarded

Incentive compensation opportunities should be targeted at levels that are competitive with those of our peer group companies

Compensation should take into account internal pay equity that appropriately reflects the respective positions held by members of executive management

Long-term compensation should include an equity component

Our compensation philosophy and the above guidelines drive the specific elements of compensation that we choose to provide our executive management, including our named executive officers, as well as our decisions concerning the percentage mix of elements that comprise each individual compensation package. The table below lists the elements of the 2011 compensation packages of our executive management, including compensation received in 2011 and existing long-term compensation received in prior years. The table indicates the specific objectives that each element of compensation is intended to achieve. How our elements of compensation are designed around our compensation philosophy and guidelines to achieve specific objectives are discussed in more detail in this Compensation Discussion and Analysis under the heading Elements of Executive Compensation.

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Element of Compensation	Type of Compensation	Primary Objectives
Base Salary	Fixed cash payment	Attract and retain executive talent
Senior Executive Bonus Plan	Bonus that may be annual or long-term and incentive-based or discretionary	Encourage achievement of goals that enhance company financial performance and stockholder value in the short-term and long-term
2011 Verso Incentive Plan	Annual performance-based cash bonus with discretionary component	Encourage achievement of goals that enhance company financial performance and stockholder value in the short-term Attract and retain executive talent
2009 Long-Term Cash Award Program for Executives ⁽¹⁾	Short-term and long-term performance-based cash bonuses	Encourage achievement of goals that enhance company financial performance and stockholder value in the short-term and long-term Retain executive talent
2008 Incentive Award Plan	Long-term equity-based incentive compensation	Encourage achievement of goals that enhance company financial performance and stockholder value in the short-term and long-term Align the interests of executive management with those of our stockholders Attract and retain executive talent
Unit Investment and Award Program ⁽²⁾	Long-term equity-based incentive compensation	Align the interests of executive management with those of our stockholders Retain executive talent
Other Benefits and Perquisites	Retirement Savings Plan (<i>i.e.</i> , 401(k) plan), a tax-qualified defined contribution plan Supplemental Salary Retirement Program, a tax-qualified defined contribution program Deferred Compensation Plan, a nonqualified defined contribution plan Executive Retirement Program, a nonqualified defined contribution program Termination allowance under our Severance Policy Medical, dental, life, disability, AD&D and business travel accident insurance Relocation assistance Financial counseling	Attract and retain executive talent

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(1) In 2009, we granted performance awards to our executive officers under the 2009 Long-Term Cash Award Program for Executives. Payouts under the program are based on our financial performance in 2009, 2010, 2011 and the 2009-2011 performance cycle. The program is discussed in Compensation Discussion and Analysis Elements of Executive Compensation 2009 Long-Term Cash Award Program for Executives.

(2) In 2006 and 2007, our executive officers and senior managers purchased and were granted Units representing limited partner interests in Verso Paper Management LP, which was our sole stockholder. We have not granted any Units under the program since 2007, but some of our executive officers and senior managers held Units that vested in 2011. The program is discussed in Compensation Discussion and Analysis Elements of Executive Compensation Unit Investment and Award Program.

We strive to set for each member of our executive management, including our named executive officers, an overall compensation package consisting of a fixed salary, variable incentive compensation and other benefits, as indicated in the table above, at competitive levels that allow us to retain our incumbent executives and attract executive talent. Accordingly, we attempted for 2011 to set salaries, variable incentive compensation and other benefits for our executives that were generally in line with the salaries, variable incentive compensation and other benefits that we determined our peer group offers executives based on aggregated compensation survey data that we reviewed, as discussed in this Compensation Discussion and Analysis under Use of Peer Group Data.

At our 2011 Annual Meeting of Stockholders, our stockholders approved, on an advisory basis, the 2010 compensation of our named executive officers as disclosed in our 2011 proxy statement. We did not specifically consider such advisory approval when establishing the 2011 compensation of our named executive officers. However, the directors serving on the Compensation Committee are affiliates of our principal stockholder, and their decisions concerning executive compensation take into account the interests of our stockholders and the potential impact of compensation decisions on the value of our company to stockholders. We did not change our executive compensation structure in 2011 significantly from the structure described in our 2011 proxy statement.

Incentive Compensation

In 2011, we awarded our executive management the following types of incentive compensation:

a performance-based bonus opportunity under the 2011 Verso Incentive Plan, designed to encourage achievement of performance goals for measures identified as capable of enhancing company financial performance, payable in early 2012 based upon the levels of performance goals achieved

stock options and restricted stock under the 2008 Incentive Award Plan that vest over three years, to relate a significant portion of each executive's long-term remuneration directly to appreciation in the value of our stock

In awarding incentive compensation for 2011 to our executive management, including our named executive officers, we took into account their ownership of equity in us that was purchased or awarded in prior years under our Unit Investment and Award Program and 2008 Incentive Award Plan, as well their continued eligibility through 2011 for incentive bonuses pursuant to awards made in 2009 under our 2009 Long-Term Cash Award Program for Executives. We discuss the incentive compensation that we awarded our named executive officers in or for 2011 in this Compensation Discussion and Analysis under Elements of Executive Compensation Verso Incentive Plan, 2009 Long-Term Cash Award Program for Executives, and 2008 Incentive Award Plan. The incentive compensation awarded and payable to our named executive officers for 2011 performance is set forth in Executive Compensation Summary Compensation Table and Executive Compensation Grants of Plan-Based Awards.

Our named executive officers' 2011 compensation included equity and performance-based compensation that was 55% to 58% of the total direct compensation of each named executive officer other than our President and Chief Executive Officer, and 67% of the total direct compensation of our President and Chief Executive

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Officer. Base salary constituted the balance of each named executive officer's 2011 total direct compensation. As used in this context, total direct compensation means the aggregate amount of the executive's base salary, incentive bonuses and long-term equity-based awards valued on the basis of the grant-date fair value of such awards, as determined under the accounting principles used in our financial reporting.

Role of Compensation Committee and Management

The Compensation Committee has the primary authority and responsibility for determining our compensation philosophy and objectives and establishing compensation for our executive management, which includes our named executive officers. The Compensation Committee reviews and considers annually the performance of our Chief Executive Officer individually and our executive management as a group. Based on that annual review and such other information as it deems relevant, and in line with our compensation philosophy, the Compensation Committee determines compensation for our Chief Executive Officer and recommends the compensation for all of our other executive management for approval by our board of directors.

Our Chief Executive Officer assists the Compensation Committee with establishing the compensation of our executive management, including our other named executive officers, by providing performance evaluations and recommendations to the board of directors regarding their compensation. Members of our executive management participate in annual performance reviews with the Chief Executive Officer, in which they evaluate with the Chief Executive Officer their contributions to our success for the period being assessed.

Use of Peer Group Data

We periodically review our compensation practices with reference to wage surveys conducted by compensation consulting firms. This data is integral to our decisions regarding appropriate levels of executive compensation, but we do not benchmark the components of our executive compensation against a specific group of companies or set compensation levels at designated percentiles of peer group compensation. Instead, we use survey data as a reference in establishing our compensation framework and to evaluate whether our compensation is at levels that will allow us to attract, retain and motivate our management. We determine, as part of that evaluation, the percentiles into which our compensation components—for example, salary—fall as compared to compensation information in the survey data, but we do not require that our compensation fall within certain percentiles, nor is the survey data determinative of the types or levels of compensation that we provide.

For our decisions with respect to 2011 executive compensation, we collected and reviewed compensation data from the following sources:

The 2011 Forest Products Industry Compensation Association Survey, or the 2011 FPICA Survey, and the 2010 Forest Products Industry Compensation Association Survey, or the 2010 FPICA Survey, conducted by the Stanton Group, which compiles compensation information from survey responses for companies in our industry, and from which we obtained aggregated data about executive compensation for various employee positions and duties, including positions and duties comparable to those of our named executive officers

Compensation survey data from Equilar, Inc., or the Equilar Survey, from which we obtained aggregated compensation data from survey responses by companies in multiple industries for various employee positions, including positions comparable to those held by our named executive officers

We reviewed the compensation data that we obtained from the 2011 FPICA Survey, 2010 FPICA Survey and Equilar Survey to determine how our executive compensation levels and structure compared with the aggregate peer survey information included in such compensation data, which we categorized for purposes of our analysis into various groups by size and industry, and which we evaluated in terms of: overall compensation levels; the percentage mix of salary, short-term and long-term incentive compensation and other benefits in

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compensation packages; ratios of equity to cash compensation; and distribution of compensation among the five most highly compensated executives as compared to each other. We also reviewed the 2011 FPICA Survey data, in conjunction with the 2010 FPICA Survey data, to determine year-over-year trends in peer group compensation in our industry. In establishing compensation for our executive management, including our named executive officers, we structured the level and mix of compensation of each individual based on his position and duties, with a view towards creating compensation packages for our management that were competitive (especially as compared against survey data from companies within our industry or similar in size to us) with the types and levels of compensation that the aggregate survey data indicated was typically received by others holding similar positions and/or having similar duties.

The list set forth below includes peer group members that are listed by name in the 2011 FPICA Survey that we used, but does not include many manufacturing and other companies outside the paper and forest products industry that participated in the Equilar survey and that are included in aggregated responses used to create the survey data.

AbitibiBowater Inc. d/b/a	KapStone Paper and Packaging Corporation	Roseburg Forest Products Co.
Resolute Forest Products	Longview Fibre Company	Sappi Fine Paper North America
Appleton Coated LLC	Louisiana-Pacific Corporation	SCA Americas, Inc.
Boise Cascade, L.L.C.	McFarland Cascade	Sierra Pine Limited
Boise Inc.	MeadWestvaco Corporation	Simpson Investment Company
Buckeye Technologies Inc.	Mendocino Forest Products Company, LLC	Smurfit-Stone Container
Caraustar Industries, Inc.	Myllykoski North America	Corporation
Clearwater Paper Corporation	NewPage Corporation	Sonoco Products Company
Deltic Timber Corporation	Nippon Paper Industries USA Co., Ltd.	The St. Joe Company
Domtar Corporation	Norbord Inc.	Swanson Group, Inc.
Evergreen Packaging Inc.	Packaging Corporation of America	Temple-Inland Inc.
Forest Capital Partners, LLC	Plum Creek Timber Company, Inc.	Timber Products Company
Graphic Packaging International, Inc.	Potlatch Corporation	Twin Rivers Paper Company
Green Diamond Resource Company	Rayonier Inc.	UPM-Kymmene, Inc.
Greif Packaging Riverville, LLC	Rock-Tenn Company	West Fraser Timber Co. Ltd
Hancock Forest Management Inc.		West Linn Paper Company
Hood Industries, Inc.		The Westervelt Company
Interfor Pacific, Inc.		Weyerhaeuser Company

International Paper Company
Elements of Executive Compensation

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In this section of our discussion, we provide relevant details about the elements of our executive compensation. For a list and summary of these elements, please refer to Compensation Discussion and Analysis Summary.

Base Salary

We determine base salaries for our executives, including our named executive officers, based on each of their position levels and responsibilities. In so doing, we take into account the salary ranges for comparable position levels and positions entailing similar responsibilities reported in the aggregate survey data compiled from the survey responses of our peer group of companies, as explained above under Use of Peer Group Data. We intend base salaries to be competitive with the market average for salaries within our peer group, so that we can compete effectively in the market for talented individuals to serve as our executives and retain our executives.

Typically, no later than April of each year, we review and, as appropriate, increase the salaries of our employees, including our named executive officers, unless an employee's performance during the preceding year

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indicates that a salary increase is not merited, or unless other events, such as a recent salary increase or events having an extraordinary negative impact on our business, indicate that a salary increase is not appropriate at that time. Effective February 1, 2011, we increased the annual base salary of Mr. Jackson from \$550,000 to \$625,000. Effective April 1, 2011, we increased the annual base salaries of Mr. Fellows from \$350,000 to \$358,750, Mr. Mundy from \$310,200 to \$341,220, and Mr. Weinhold from \$318,600 to \$326,565, and Mr. Kesser from \$270,086 to \$280,889. In determining the amount by which to increase their salaries, we reviewed salaries for similar positions as reflected in the aggregate peer survey data. We also evaluated each individual's salary in the context of the functional areas of his responsibility and compared his salary to the aggregate peer survey data for positions having responsibilities for similar functional areas. We reviewed how his salary compared to the salaries of other members of our executive management, evaluating the differences in their salaries against the differences in salaries reported for similar positions, again as reflected in the aggregate peer survey data. We considered each individual's experience and contributions in 2010 to our success. We took these factors into account in developing salaries that we believe are appropriate to our company and competitive for executive talent.

Senior Executive Bonus Plan

Under the Senior Executive Bonus Plan, designated members of our key management, including our named executive officers, are eligible to receive bonus payments with respect to a specified period (*e.g.*, one year). Bonuses are generally payable upon the attainment of pre-established performance goals. Performance goals under the Senior Executive Bonus Plan may relate to one or more corporate business criteria with respect to us or any of our subsidiaries. The Senior Executive Bonus Plan also provides for bonuses that are not based on achievement of performance goals, including discretionary bonuses as determined by the Compensation Committee.

The Senior Executive Bonus Plan is intended to allow us flexibility in the compensation that we may provide our executives, including that we can encourage outstanding executive performance by providing annual or long-term incentive-based bonus awards, promote retention of our executives with long-term bonus awards and adjust compensation as we may determine to be appropriate with bonuses. In determining to grant awards and the amounts of the awards under the plan, we consider what cash and equity incentive awards and bonus opportunities each executive receives under our other compensation plans, to develop a compensation structure for the executive that is in line with the goals that we determine to achieve through compensation of the executive.

For 2011, we awarded our executive management, including our named executive officers, incentive-based bonus opportunities under the Senior Executive Bonus Plan through the Verso Incentive Plan, a sub-plan of the Senior Executive Bonus Plan.

Verso Incentive Plan

The Verso Incentive Plan, or VIP, is a sub-plan of our Senior Executive Bonus Plan as it relates to our executive officers and senior management. It is reviewed and adopted on an annual basis and is administered by and operates at the discretion of the Compensation Committee. The VIP provides each of our executive officers and senior management with an annual incentive bonus opportunity that is based on our quantitative financial performance during a calendar year, as measured by pre-established company financial performance goals, and on a qualitative assessment of the individual, departmental and functional contributions of each such individual to the achievement of those financial performance goals. We intend this plan to motivate individual executive officers and senior managers toward higher achievement that leads to outstanding business results for our company, by encouraging them to achieve performance goals that the Compensation Committee determines important for our financial success in the areas in which they can best contribute to our performance.

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2011 VIP

In March 2011, the Compensation Committee approved the 2011 VIP, including: the performance criteria for 2011; the performance goals for those criteria that, if achieved at the highest levels established, would result in the maximum funding of the VIP bonus pool from which incentive payments would be made after year end; the approximate maximum potential funding amount of the VIP bonus pool; and the relative percentage that the level of achievement of each performance goal would contribute to the funding of the VIP bonus pool.

In establishing the performance criteria, the relative importance of those criteria and what performance goals for those criteria were appropriate, the Compensation Committee considered information concerning our financial objectives for 2011, with the aim of reflecting our core financial objectives in the incentives created by the VIP. In establishing the potential funding of the VIP pool, the Compensation Committee considered what other incentive compensation was provided to our executives, with the aim of establishing competitive, but not excessive, total incentive compensation. Taking these matters into consideration, the Compensation Committee approved the below-described elements of the 2011 VIP, as well as the maximum potential VIP awards for each of our executive officers and senior managers, including our named executive officers, as described below in more detail under Verso Incentive Plan Determination of Individual Incentives.

Performance Criteria	Performance Goals	Funding Level	Percentage of Pool
Adjusted EBITDA ⁽¹⁾	Threshold: \$185 million Target: \$231 million Maximum: \$277 million	60% 100% 200%	25%
Full Year Price Improvement over 2010 ⁽²⁾	Threshold: \$55/ton Target: \$68/ton Maximum: \$82/ton	60% 100% 200%	12.5%
Subtotal Ops ⁽³⁾	Threshold: \$21 million Target: \$26 million Maximum: \$32 million	60% 100% 200%	12.5%
Cash Flow ⁽⁴⁾	Threshold: N/A Target: \$1 million Maximum: \$7 million	60% 100% 200%	5%
Credits as a Percentage of Adjusted Gross Sales ⁽⁵⁾	Threshold: 0.4% Target: 0.3% Maximum: 0.2%	60% 100% 200%	5%
An individualized list of incentive objectives related to the named executive officer's opportunity to create value for our company	Performance goals are tailored to each named executive officer's position and relate to performance on objectives associated with the named executive officer's area of responsibility	Individual goals do not have an impact on the funding level	40%

(1) Adjusted EBITDA is our earnings before interest, taxes, depreciation and amortization, adjusted to exclude unusual items and other pro forma adjustments permitted in calculating covenant compliance in the indentures governing our outstanding debt securities.

(2) Full Year Price Improvement over 2010 is the difference between the average prices obtained by us in 2011 as compared to 2010 for our core products.

(3)

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Subtotal Ops is the total net year-over-year change, expressed in dollars, of improvements (*i.e.*, increases in productivity and decreases in costs) in various areas of our operations that we identified for improvement in 2011.

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(4) Cash Flow is the difference between our cash balances at December 31, 2011 and December 31, 2010.

(5) Credits as a Percentage of Adjusted Gross Sales is the total dollar amount of the credits that we gave customers for product quality issues in 2011 expressed as a percentage of our total sales in 2011.

The VIP pool is funded based on the level of achievement of the pre-established performance goals for the first five performance criteria listed in the table above, which we sometimes call the company performance goals and company performance criteria. Notwithstanding the individual performance goal category in the table, the achievement or failure to achieve individual performance goals does not affect the overall funding of the VIP pool. Instead, the relative contribution of the individual performance goal category to funding of the VIP pool contracts or expands symmetrically with the level of achievement of the company performance goals.

After 2011 year end, the Compensation Committee determined what level of funding of the VIP pool was objectively called for based on the percentage assigned to each company performance goal. The achievement of a company performance goal at a level indicated *i.e.*, threshold, target or maximum resulted in the funding of a portion of the VIP pool at a level that corresponded to the level of achievement of such goal. For example, if we had achieved for 2011 the threshold level for Subtotal Ops, then 12.5% of the pool would have been funded at a 60% level, resulting in 7.5% (*i.e.*, 12.5% of 60%) of the total possible VIP pool being funded. For any performance goal achieved at a level that was between any of the threshold, target and maximum goals, linear interpolation was used to determine the appropriate funding level. Using this methodology to determine the level of funding of the VIP pool called for by our level of achievement of each company performance goal, the Compensation Committee then added the results and multiplied the sum by the number necessary to attain 100% (*i.e.*, 1.67) to establish the aggregate dollar amount that funded the pool. The Compensation Committee had the discretionary authority, which it did not exercise, to revise the awards to any one or more or all VIP participants as it might have deemed appropriate, including to take into account extraordinary and/or unplanned events. Any such adjustment of awards on its part could have resulted in an adjustment of the total VIP pool funding level, up or down, to correspond to the total incentive payments to be made to the VIP participants in the aggregate.

If we had achieved for 2011 the maximum level of performance goals for all company performance criteria, the VIP pool would have been funded at the 200% level, or \$17.593 million. We actually achieved for 2011 the following levels of performance goals for the company performance criteria: (1) Adjusted EBITDA, \$202 million; (2) Full Year Price Improvement over 2010, \$68/ton; (3) Subtotal Ops, \$28 million; (4) Cash Flow, no increase; and (5) Credits as a Percentage of Adjusted Gross Sales, 0.37%. Accordingly, based upon the level of achievement of these performance goals, and using linear interpolation between the level achieved and the level almost achieved for certain of these performance goals to determine the appropriate level of funding, we funded the VIP pool at 86% of the target 43% of the maximum pool amount, or \$7.6 million, as follows: (a) Adjusted EBITDA 18.7% (\$1.7 million); (b) Full Year Price Improvement over 2010 12.5% (\$1.1 million); (c) Subtotal Ops 16.8% (\$1.5 million); (d) Cash Flow 0% (\$0); and (e) Credits as a Percentage of Adjusted Gross Sales 3.6% (\$0.3 million).

Determination of Individual Incentives

After we established the company performance criteria and performance goals for 2011, we established for each VIP participant, including each named executive officer, a level of respective participation in the VIP pool that was defined as a percentage of the participant's salary. The level of participation was based on an assessment of the ability of the participant's functional department to contribute to our achievement of the performance goals for the company performance criteria, as well as the participant's ability, considering his position and duties with us, to have an impact on our performance, balanced against his other compensation for the year and the relative market average compensation for his position. The relative market average compensation for his position was determined by reference to the aggregate survey data for our peer group.

Based on this methodology, in March 2011 the Compensation Committee established for our named executive officers levels of respective participation in the VIP pool for 2011. Depending on the level of funding

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of the VIP pool, the named executive officers were eligible for cash incentive opportunities of 33% to 60% of base salary at threshold performance, 55% to 100% of base salary at target performance, and 110% to 200% of base salary at maximum performance.

Early in 2011, each named executive officer established, in consultation with the Chief Executive Officer, individual performance criteria and goals under the VIP intended to be linked and supportive of meeting the highest possible performance goals for the company performance criteria. Percentages were assigned to the respective individual performance criteria that reflected an assessment of the relative importance of achieving each of those criteria. Following 2011 year end, the Chief Executive Officer (or the Compensation Committee, in the case of the Chief Executive Officer) made an assessment of each named executive officer's performance during the year, which included an objective review of whether the named executive officer achieved, or failed to achieve, one or more of his performance goals for his individual performance criteria, and a subjective review of his performance that permitted an evaluation of the reasons why he may have achieved or failed to achieve any of those goals, any changes in our business plans or other aspects of our business that affected what goals were appropriate for him to achieve, other achievements that he may have accomplished during the year that were not included in his individual performance criteria, other challenges faced by him or his department during the year, his and his department's other contributions to the achievement of the company performance goals, and any other factors that the Chief Executive Officer or Compensation Committee, as applicable, in his or its discretion, considered relevant indicators of the quality of the named executive officer's performance for the year.

Based on this evaluation of individual performance, the Chief Executive Officer could have recommended (but did not), and the Compensation Committee had the authority to make (but did not), an adjustment of the amount of the named executive officer's VIP incentive payment for the year. This ability to make a discretionary adjustment in the VIP incentive payment was intended to allow the Compensation Committee to reward for outstanding individual or outstanding company performance, or allow for unforeseen events affecting individual or company performance, during the year, notwithstanding the objective performance criteria and performance goals, and the relative percentages of importance applied to each of them, at the beginning of the year. The VIP was therefore designed to provide the Compensation Committee with discretion concerning payment of individual incentives to reflect its subjective evaluation of overall individual performance during the year, in addition to its discretion, already described above, to adjust the funding of the VIP pool based on its evaluation after year end of overall company performance and any other factors that it determined relevant.

For 2011, as noted above, after year end the VIP pool was funded at 86% of target, or 43% of maximum, based on the funding level called for under the VIP determined by reference to the level of achievement of the company performance goals for 2011. Each of our named executive officers received 43% of the maximum incentive bonus available to him under the VIP for 2011. For the resulting cash payments that each of our named executive officers received under the VIP, please refer to the Non-Equity Incentive Plan Compensation column in the Summary Compensation table under the heading Executive Compensation in this Proxy Statement.

2009 Long-Term Cash Award Program for Executives

The 2009 Long-Term Cash Award Program for Executives is a program implemented under the Senior Executive Bonus Plan that is administered by the Compensation Committee. It is a performance-based incentive award program under which our executive officers are eligible to receive a cash incentive payment with respect to certain performance periods. In December 2008, the Compensation Committee selected the participants and established the financial performance measure and the threshold, target and maximum performance goals that applied to all participants in the program, to create incentives for the participants to contribute to the achievement of outstanding financial performance by us annually in 2009, 2010, 2011 and over a three-year period that we call the 2009-2011 performance cycle. The financial performance measure on which the incentive payments is based is our Adjusted EBITDA for 2009, 2010, 2011 and the 2009-2011 performance cycle. The Compensation Committee selected Adjusted EBITDA as the financial performance measure under the program because it is a straightforward measure of our overall financial performance.

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The performance goals for Adjusted EBITDA under the program for 2009, 2010, 2011 and the 2009-2011 performance cycle are:

Performance Period	Performance Goals (in millions)		
	Threshold	Target	Maximum
2009	\$125	\$165	\$200
2010	110	137	164
2011	185	231	277
2009-2011 performance cycle	431	480	575

The Compensation Committee established the 2009, 2010 and 2011 annual performance goals for Adjusted EBITDA early in each of those years, typically in February or March. The performance goals for the 2009-2011 performance cycle were initially set in early 2009 at \$540 million (threshold), \$600 million (target) and \$690 million (maximum). However, in March 2011, the Compensation Committee evaluated the performance goals for the 2009-2011 performance cycle against our actual Adjusted EBITDA in 2009 and 2010, and determined that the performance goals for the 2009-2011 performance cycle were set too high to be likely to achieve the motivational and incentivizing purposes of the program. Accordingly, exercising its discretion under the program as its administrator, in March 2011, the Compensation Committee reduced the performance goals for the 2009-2011 performance cycle to the amounts indicated in the table above.

The incentive amounts potentially payable to participants in the program, including each named executive officer, were based on the levels of the performance goals achieved for Adjusted EBITDA during each year of, as well as during the entire, 2009-2011 performance cycle. Depending on company performance as measured against the pre-established performance goals for Adjusted EBITDA for 2009, 2010, 2011 and the 2009-2011 performance cycle, the named executive officers were eligible to receive the following cash incentive award opportunities (referred to as performance awards) at threshold, target and maximum levels of performance, as established by the Compensation Committee in December 2008 for each named executive officer.

Name	Performance Awards		
	Threshold	Target	Maximum
Michael A. Jackson	\$ 675,000	\$ 1,350,000	\$ 2,700,000
Lyle J. Fellows	212,800	425,600	851,200
Robert P. Mundy	197,400	394,800	789,600
Michael A. Weinhold	206,500	413,000	826,000
Peter H. Kesser	162,552	325,104	650,208

The performance awards vested in four tranches of up to 25% each: a 2009 annual tranche; a 2010 annual tranche; a 2011 annual tranche; and a 2009-2011 performance cycle tranche. The amount of the performance awards that vested in each tranche was based on the level of the performance goal for Adjusted EBITDA that we achieved for the tranche. For example, if we had achieved the target level performance goal for Adjusted EBITDA for 2009, 2010, 2011 and the 2009-2011 performance cycle, then 25% of the target performance awards would have vested for each of the four tranches, and, therefore, each named executive officer would have been entitled to 100% of his target performance award set forth in the table.

The annual performance period tranches were designed to encourage and create an incentive for participants to reach performance goals for Adjusted EBITDA annually that would, over the three-year performance cycle, enhance our company's overall value. Establishing the annual goals near the beginning of each year allowed us to take into account economic and business conditions then currently affecting us, to better match the annual performance goals to conditions in our industry. We balanced the short-term annual performance goals with the 2009-2011 performance cycle goals, to give participants financial goals for which to aim over the full performance cycle that represented, based on information available to us at the time that the performance goals were established, varying levels of good-to-outstanding overall financial performance by us for the full three years.

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The Compensation Committee based the amount of the performance award for each participant on its assessment of his ability to contribute to improvements in Adjusted EBITDA, considering his position and duties with us, balanced against his other compensation for each year in the performance cycle and the relative market average compensation for his position, determined by reference to the aggregate survey data for our peer group. The percentage incentive amounts generally increased as a participant's responsibilities increased, reflecting our compensation philosophy that, as a participant's level of responsibility increases, a greater portion of his total compensation should depend on company performance.

Our Adjusted EBITDA for 2011 was \$202 million, which met the performance goal for Adjusted EBITDA for 2011 at an achievement level between the threshold (\$185 million) and target (\$231 million) levels. Based on our actual Adjusted EBITDA in 2011 relative to these two performance goals for Adjusted EBITDA, and employing linear interpolation between the vesting percentages of 25% for achievement of the threshold level and 50% for achievement of the target level of Adjusted EBITDA for 2011, the Compensation Committee determined that 34% of the maximum 2011 annual tranche of the performance awards vested.

As disclosed in our 2011 and 2010 proxy statements, 45% of the maximum 2010 annual tranche of the performance awards vested, and the 2009 annual tranche of the performance awards did not vest.

Our Adjusted EBITDA for the 2009-2011 performance cycle was \$411 million, which was below the performance goal for Adjusted EBITDA for the 2009-2011 performance cycle at the threshold level (\$431 million). Based on our actual Adjusted EBITDA for the 2009-2011 performance cycle relative to the vesting percentages of 0% for not achieving and 25% for achieving the threshold level of Adjusted EBITDA for the 2009-2011 performance cycle, the Compensation Committee determined that 24% of the maximum 2009-2011 performance cycle tranche of the performance awards vested.

Accordingly, the performance awards of the program participants, including the named executive officers, vested at the following percentages of the maximum possible awards: 2009 0%; 2010 45%; 2011 34%; and the 2009-2011 performance cycle 24%. Their vested awards for 2010, 2011 and the 2009-2011 performance cycle were paid in March 2012. The amounts paid to the named executive officers are set forth in this Proxy Statement in the Summary Compensation table under the heading "Executive Compensation" in the column entitled "2009 Long-Term Cash Award Program."

2008 Incentive Award Plan

The 2008 Incentive Award Plan is administered by the Compensation Committee and the board of directors. Under this plan, we may grant a variety of equity-based compensation awards and performance-based cash and equity awards to our named executive officers and other employees, consultants and directors. The performance-based awards available under the plan typically would have pre-established performance goals that relate to the achievement of our business objectives. The performance-based awards available under the plan are intended to comply with the requirements of Section 162(m) of the Internal Revenue Code, or Section 162(m), to allow these awards, when payable, to be tax deductible by us without limitation under Section 162(m) on the amount that may be deducted.

We believe that providing our executives with long-term incentive compensation, whether equity-based or cash-based, that links a significant portion of their long-term remuneration to our long-term outstanding financial performance or appreciation in the value of our stock, aligns their interests with those of our stockholders by encouraging them to work towards achieving financial performance by us that enhances our value to our stockholders. However, we also generally believe that equity-based incentive compensation, as opposed to cash-based incentive compensation, best aligns their interests with those of our stockholders, because the value of equity-based compensation depends not only on our financial performance, but also on any other factors that may affect our stock price. For this reason, we consider it important to include equity-based compensation in the compensation packages of our executive management, including our named executive officers. Accordingly, in 2011 the Compensation Committee granted our executive management stock options and restricted stock, such

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that each of our named executive officers received equity-based incentive compensation that ranged from approximately 21% to 25% of the named executive officer's total direct compensation for 2011. The stock options are valued as described in footnote 3 of the Summary Compensation table under the heading "Executive Compensation" in this Proxy Statement. The restricted stock is valued on the basis of closing sale price for our stock on the date of grant. As used in this paragraph, "total direct compensation" includes salary, cash incentive compensation and equity incentive compensation.

The number of shares of common stock covered by the stock options and restricted stock that we granted to each named executive officer in 2011 was established by the Compensation Committee. The stock options and restricted stock granted to each named executive officer constituted approximately 60% and 40%, respectively, of the executive's total equity compensation award for 2011. In determining the amount of stock options and restricted stock to grant each named executive officer, the Compensation Committee considered the named executive officer's position and duties with us, balanced against his other compensation for the year (both type and amount). From that information, the Compensation Committee established a general level and mix of stock option and restricted stock awards for each executive officer. The Compensation Committee then balanced its goal to create the strongest possible incentive for the award recipient (restricted stock) against the benefit to the company of offsetting some cost of the awards (stock options, which entail an exercise price), to arrive at a final mix of 60% stock options and 40% restricted stock for awards granted to our named executive officers in March 2011. For information concerning the stock options and restricted stock granted to each named executive officer in 2011, please refer to the "Grants of Plan Based Awards Table" under the heading "Executive Compensation" below.

Unit Investment and Award Program

The Unit Investment and Award Program was designed for multiple purposes. It served as a means through which certain of our executive officers and senior management purchased units, or "Units," representing non-voting limited partner interests in Verso Paper Management LP, which was our sole stockholder when the Units were purchased in 2006 and 2007. It also served as a means through which certain of our directors, executive officers and senior management received Units in 2006 and 2007 as indirect equity-based compensation similar to stock options, the purpose of which was to attract qualified directors and management, enhance management retention, and further align the interests of management with those of our equity owners. We have not granted any Units under the Unit Investment and Award Program since 2007.

Each Unit holder has the right to require that Verso Paper Management LP exchange the holder's vested Units for shares of our common stock held by Verso Paper Management LP. This exchange right is subject to transfer restrictions, repurchase rights and conditions relating to termination of employment. The shares of our common stock that may be acquired by exchanging Units are outstanding shares of common stock owned by Verso Paper Management LP. Therefore, the exchange of Units for shares of common stock does not dilute our stockholders' percentage equity ownership of us.

As of August 1, 2011, all Units held by our named executive officers had vested, and as of December 31, 2011, all Units held by our named executive officers had been exchanged for shares of our common stock held by Verso Paper Management LP. Information about the number and value of Units that vested and were exchanged by them is presented under the heading "Stock Option Exercises and Restricted Stock and Partnership Units Vested" in the "Executive Compensation" section of this Proxy Statement.

Retirement Benefits, Severance Benefits and Perquisites

We provide the following benefits to our eligible employees, including our named executive officers, which we intend to be comparable to or better than those provided in the marketplace as reflected in aggregate peer survey data, to attract and retain qualified employees:

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Retirement Savings Plan (*i.e.*, 401(k) plan), a tax-qualified defined contribution plan

Supplemental Salary Retirement Program, a tax-qualified defined contribution program implemented under the Retirement Savings Plan

Deferred Compensation Plan, a nonqualified defined contribution plan

Executive Retirement Program, a nonqualified defined contribution program implemented under the Deferred Compensation Plan

Termination allowance under our Severance Policy

Medical, dental, life, disability, AD&D and business travel accident insurance

Relocation assistance

Financial counseling

Retirement Benefits

Our named executive officers receive retirement benefits under tax-qualified and nonqualified defined contribution plans.

Our Retirement Savings Plan (*i.e.*, 401(k) plan) is a tax-qualified defined contribution plan in which the named executive officers participate on substantially the same terms as other participating employees. The Retirement Savings Plan permits eligible employees to defer up to the lesser of 85% or \$16,500 of their annual eligible compensation on a tax deferred basis, subject to certain limitations imposed by the Internal Revenue Code of 1986, as amended, or the Internal Revenue Code. We make employer matching contributions for employees who contribute under the Retirement Savings Plan; we match 70% of the first 4%, and 60% of the second 4% of employee contributions. The elective deferrals of and any matching contributions by us for eligible employees hired before January 1, 2009, are immediately vested and non-forfeitable, and for eligible employees hired after January 1, 2009, they vest in full three years after the date that his or her employment commences.

Our Supplemental Salary Retirement Program, or SSRP, is a tax-qualified defined contribution program implemented under our Retirement Savings Plan. The SSRP is funded by us and allocated yearly to a Retirement Savings Plan account for each eligible employee. The amount allocated to each participant's account is determined by a formula that is based on the employee's proximity to retirement age and cumulative years of service to us and the companies that previously owned our assets. Pursuant to the formula, we contribute between 2.75% and 5% of the employee's eligible compensation. These contributions are in addition to those that we make under our Executive Retirement Program adopted under our nonqualified Deferred Compensation Plan, described below, pursuant to which we also make cash contributions as a retirement benefit. Unless an employee has been employed by us for at least three continuous years, our contributions to the employee's SSRP account will not be vested. For employees who have been employed by us for at least three continuous years, all of our contributions to the SSRP account are vested.

Our Deferred Compensation Plan is a nonqualified defined contribution plan that permits employee participants to defer the receipt of up to 85% of their annual base salary and up to 100% of their incentive compensation, by contributing such amounts to their accounts under the plan. The plan also permits us to make matching contributions and discretionary employer contributions to the plan accounts of employee participants. We match 70% of the first 4%, and 60% of the second 4%, of employee deferrals under the plan, subject to limitations, including that the employee must not qualify for employer matching contributions under our Retirement Savings Plan. Until distributed, contributions to the plan and investment earnings are held in a rabbi trust funded by us.

Our Executive Retirement Program is a nonqualified defined contribution program implemented under our Deferred Compensation Plan for key employees. Under this program we may make discretionary employer

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contributions to the accounts of certain employee participants in the Deferred Compensation Plan. The program's purpose is to provide a level of retirement benefits for key employees that is competitive with the retirement benefits reported for employees at their levels of employment in the aggregate peer survey information that we reviewed. Our named executive officers and executive management-level employees selected by the Compensation Committee are eligible to participate in the Executive Retirement Program. The employer contributions under the program vary between 4% and 10%, depending on the participant's employment grade level, of the participant's combined annual base salary and target annual incentive compensation opportunity, calculated on January 1 of each calendar year. These discretionary employer contributions are in addition to the matching contributions that we make with respect to employee deferrals under the Deferred Compensation Plan and the contributions to retirement savings plan accounts that we make under the SSRP (as described in the preceding paragraphs). The employer contributions under the program for 2011 are deferred until the earlier of the participant's specified distribution date or the participant's separation from service with us, death or permanent disability. The employer contributions under the program for subsequent years will be deferred for the distribution period that the participant selects.

The amounts contributed for 2011 under these plans and programs are set forth in Executive Compensation Summary Compensation Table.

Severance Benefits

To support our compensation objective of attracting, retaining and motivating qualified employees, we have a severance policy that applies to our salaried employees that we believe is competitive with certain severance benefits provided by our peers, based on the aggregate peer survey data that we reviewed. Our severance policy provides for a termination allowance based on years of applicable service with Verso and, in our sole discretion, other benefits such as medical and dental insurance coverage for six months after termination at no cost to the employee and outplacement services appropriate to the employee's position with Verso. These benefits are triggered if an employee's employment with us is terminated without cause as determined under the severance policy, or if the employee's location of employment is closed, relocated or sold and the employee is not offered a comparable position with Verso or the purchaser. Our named executive officers participate in our severance policy, and if their employment is terminated under any of the conditions set forth in the severance policy, then they are entitled to severance benefits under the policy in addition to those available under the employment agreement of Mr. Jackson and the confidentiality and non-competition agreements of Messrs. Fellows, Mundy, Weinhold and Kesser.

Under the employment agreement of Mr. Jackson, he is eligible for severance benefits in the event of his termination of employment by us without cause, by him for good reason, or due to his death or disability. We have determined that it is appropriate to provide Mr. Jackson with severance benefits under these circumstances, to provide a compensation package with benefits that can compete with those provided by our peers, based on our review of aggregate peer survey data. Also, because we believe that a termination of employment by Mr. Jackson for good reason (or constructive termination) is conceptually the same as an actual termination by us, it is appropriate to provide severance benefits following a constructive termination of his employment.

Under the confidentiality and non-competition agreements of Messrs. Fellows, Mundy, Weinhold and Kesser, each of them is eligible for certain severance benefits upon the termination of his employment with us for any reason. These severance benefits are consideration for, and are contingent upon, his compliance with all obligations imposed by the agreement, including, among others, his obligations not to compete in our industry for one year after termination, not to share our confidential information, not to solicit or hire our employees, and not to solicit our customers. Benefits that consist of ongoing payments after his termination of employment with us are provided for up to 24 months, and we have the option of ceasing those payments when he is engaged by a new employer. As noted above, the severance benefits under the confidentiality and non-competition agreements are in addition to, and not in lieu of, severance benefits under our severance policy.

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Additional information concerning the potential payments that may be made to the named executive officers in connection with their termination of employment or a change in control is presented under the heading Potential Payments Upon Termination of Employment or Change in Control in the Executive Compensation section below.

Perquisites

We make available medical, dental, life, disability, AD&D and business travel accident insurance to all eligible salaried employees. We provide relocation benefits, including a housing allowance, to certain eligible employees, including our named executive officers, upon the commencement of their employment with us. The allowance is intended to partially defray the additional cost of housing while the employee relocates. We also cover the taxes on the housing allowance through a tax gross-up of the housing allowance. We cover the cost of financial counseling for our senior executives, including our named executive officers, to encourage them to utilize our compensation program to its best advantage, subject to an annual cap that is between \$6,500 and \$9,500 depending on the executive's position.

Tax and Accounting Treatment of Compensation

We believe that it is in our best interests to satisfy the requirements for tax deductibility of compensation provided by us, including the requirements of Section 162(m). However, we also believe that it is important to maintain flexibility in the structure of compensation that we provide, even if that structure results in our inability to take tax deductions for some compensation, to allow us to consider other factors in determining what compensation is appropriate for our management. We have generally structured our compensation and benefits programs in a manner intended to meet the requirements of Section 162(m).

Section 409A of the Internal Revenue Code, or Section 409A, imposes significant additional taxes and interest on underpayments of taxes in the event that an executive defers compensation under a plan that does not meet the requirements of Section 409A. We have generally structured our compensation and benefits programs and individual arrangements in a manner intended to comply with the requirements of Section 409A.

We have adopted the fair value recognition provisions of FASB ASC 718, *Compensation - Stock Compensation*. Under the fair value recognition provisions, we recognize stock-based compensation based on the fair value at the grant date net of an estimated forfeiture rate and only recognize compensation expense for those shares expected to vest over the requisite service period of the award.

Risk Considerations

We use compensation, in part, to motivate and reward our executive management and other employees for achieving our business goals. Achievement of those business goals will lead to results that benefit us. However, we realize that the pursuit of goals that lead to payment of incentive compensation, especially annual cash incentive compensation such as the VIP bonus, could cause our executives or other employees to focus on individual enrichment, rather than our welfare, and take actions intended to achieve the business goals necessary for payment of the incentive but that expose us to undue risk. We do not believe that risks arising from our compensation policies and practices, including the compensation plans and programs for our executives described above, are reasonably likely to have a material adverse effect on us primarily because they:

- contain elements that effectively link performance-based compensation to financial goals for our company that promote stockholder interests

- include an overall mix of compensation elements for those individuals who are best positioned to have an impact on our financial performance (*e.g.*, our named executive officers) that is appropriately balanced between short-term and long-term incentives, such that it does not encourage the taking of short-term risks at the expense of long-term results

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provide the Compensation Committee with the discretion to increase, decrease or eliminate incentive payments triggered by reaching performance goals under our incentive plans and programs, thereby giving the Compensation Committee the ability to reduce or withhold an incentive payment if it determines that inappropriate risks were taken to reach the goal necessary to earn the incentive payment

include equity-based compensation for our executive and senior management that aligns their interests with those of our stockholders, by providing them with an incentive to achieve financial results that enhance the value of their equity-based compensation and Verso's value to stockholders, but that discourages them from excessive risk-taking that could reduce the value of their equity-based compensation and Verso's value to stockholders

Frequency of Advisory Votes on Executive Compensation

At our 2011 Annual Meeting of Stockholders, our stockholders approved, on an advisory basis, holding a stockholder advisory vote on the compensation of our named executive officers every three years. Accordingly, the next advisory vote by our stockholders on the compensation of our named executive officers will be held at our 2014 Annual Meeting of Stockholders.

Table of Contents**EXECUTIVE COMPENSATION****Summary Compensation Table**

The following table presents information regarding the compensation of our named executive officers for service during 2011, 2010 and 2009.

Name and Principal Position	Year	Salary ⁽¹⁾	Bonus ⁽²⁾	Non-Equity Incentive Plan Compensation					All Other Compensation ⁽⁶⁾	Total
				Stock Option Awards ⁽³⁾	Restricted Stock Awards ⁽⁴⁾	Verso Incentive Plan	2009 Long- Term Cash Award Program ⁽⁵⁾			
Michael A. Jackson President and Chief Executive Officer	2011	\$ 618,269		\$ 234,362	\$ 231,270	\$ 537,500	\$ 391,500	\$202,940	\$ 2,215,841	
	2010	541,667	\$ 113,265	66,190	62,430	465,300	303,750	159,769	1,712,371	
	2009	450,000		375,566	365,310	225,000		51,397	1,467,273	
Lyle J. Fellows Senior Vice President of Manufacturing and Energy	2011	356,563		92,071	87,468	246,820	123,424	154,905	1,215,631	
	2010	350,000	59,120	35,460	33,444	236,880	95,760	154,301	964,965	
	2009	306,167	140,000	86,836	84,870	140,000		111,497	869,370	
Robert P. Mundy Senior Vice President and Chief Financial Officer	2011	333,465		80,386	79,154	220,087	114,492	144,792	972,376	
	2010	310,200	69,678	26,003	24,525	196,822	88,830	91,720	807,778	
	2009	282,000		80,323	77,490	80,000		45,184	564,997	
Michael A. Weinhold Senior Vice President of Sales, Marketing and Product Development	2011	324,574		80,394	79,106	210,634	119,770	107,565	922,043	
	2010	318,600	28,098	26,003	24,525	202,152	92,925	92,506	784,809	
	2009	295,000		82,494	81,180	100,000		47,049	605,723	
Peter H. Kesser Senior Vice President, General Counsel and Secretary	2011	278,189		62,775	64,281	157,017	94,280	63,494	720,036	
	2010	265,085	22,904	17,729	16,724	137,096	73,148	53,184	585,870	
	2009	250,080		71,640	70,110	80,000		26,513	498,343	

(1) We increased the base salaries of our named executive officers in 2011 as follows: effective February 1, 2011, Mr. Jackson increase from \$550,000 to \$625,000; and effective April 1, 2011, Mr. Fellows increase from \$350,000 to \$358,750, Mr. Mundy increase from \$310,200 to \$341,220, Mr. Weinhold increase from \$318,600 to \$326,565, and Mr. Kesser increase from \$270,086 to \$280,889. The 2011 base salary shown in the table for each named executive officer is a blended rate.

(2) As disclosed in our 2011 and 2010 proxy statements, we paid discretionary bonuses under the Senior Executive Bonus Plan in the amounts indicated in the table in April 2010 and February 2009.

(3) We granted stock options to our named executive officers on September 21, 2009, March 26, 2010, and March 2, 2011. The amounts in this column represent the aggregate grant date fair value of the stock option awards computed in accordance with FASB ASC Topic 718. The grant date fair value per stock option was \$2.17 on September 21, 2009, \$2.13 on March 26, 2010, and \$4.19 on March 2, 2011. Assumptions used in the calculation of these amounts are included in Note 11 to our audited financial statements for the year ended December 31, 2011, included in our Annual Report on Form 10-K filed with the SEC on March 6, 2012. There can be no assurance that the grant date fair value amounts will ever be realized. Under general accounting principles, compensation expense with respect to stock option awards and restricted stock awards granted to our employees and directors is generally recognized over the vesting periods applicable to the

awards.

- (4) We granted shares of restricted stock to our named executive officers on September 21, 2009, March 26, 2010, and March 2, 2011. The amounts in this column represent the aggregate grant date fair value of the restricted stock awards computed in accordance with FASB ASC Topic 718. The fair value of the restricted stock awards was calculated based on the closing sale price per share of our common stock, as reported by the NYSE, on the grant dates of September 21, 2009 (\$3.69 per share), March 26, 2010 (\$3.01 per share), and March 2, 2011 (\$5.93 per share). These amounts reflect our total accounting expense for these awards to be recognized over the full three-year vesting term and do not

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correspond to the actual value that will be recognized by the executives. The actual value that an executive will realize upon vesting of restricted stock awards will depend on the market price of our stock on the vesting date. There can be no assurance that the value realized by an executive will be at or near the value of the market price of our stock on the grant date.

(5) The compensation for 2011 in this column represents the following amounts that vested in 2011 with respect to the 2011 annual performance tranche and the 2009-2011 performance cycle tranche of the performance awards granted under the 2009 Long-Term Cash Award Program for Executives:

- (a) Vesting of the 2011 annual performance tranche: Mr. Jackson \$229,500; Mr. Fellows \$72,352; Mr. Mundy \$67,116; Mr. Weinhold \$70,210; and Mr. Kesser \$55,268; and
- (b) Vesting of the 2009-2011 performance cycle tranche: Mr. Jackson \$162,000; Mr. Fellows \$51,072; Mr. Mundy \$47,376; Mr. Weinhold \$49,560; and Mr. Kesser \$39,012.

(6) The compensation for 2011 in this column consists of:

- (a) employer matching contributions under the Retirement Savings Plan to the accounts of Mr. Jackson \$12,740, Mr. Fellows \$9,707, Mr. Mundy \$12,740, Mr. Weinhold \$10,875, and Mr. Kesser - \$12,740;
- (b) employer matching contributions under the Deferred Compensation Plan to the accounts of Mr. Jackson \$24,375, Mr. Fellows \$6,218, Mr. Mundy \$14,652, Mr. Weinhold \$14,117, and Mr. Kesser \$8,520;
- (c) employer contributions under the SSRP to the accounts of Mr. Jackson - \$30,438, Mr. Fellows \$63,337, Mr. Mundy \$59,234, Mr. Weinhold \$27,741, and Mr. Kesser \$12,050;
- (d) employer contributions under the Executive Retirement Program to the accounts of Mr. Jackson \$110,000, Mr. Fellows \$63,000, Mr. Mundy \$47,771, Mr. Weinhold \$44,604, and Mr. Kesser \$25,928;
- (e) payments for financial counseling received by Mr. Jackson \$18,828, Mr. Fellows \$6,500, Mr. Mundy \$6,500, Mr. Weinhold \$6,500, and Mr. Kesser \$1,050; and
- (f) premiums (grossed up to cover taxes in the amounts indicated in parentheses) paid on life and long-term disability insurance coverage maintained for Mr. Jackson - \$6,559 (\$1,372), Mr. Fellows \$6,143 (\$1,285), Mr. Mundy \$3,895 (\$815), Mr. Weinhold \$3,728 (\$780), and Mr. Kesser \$3,206 (\$671).

Compensation of Named Executive Officers

The Summary Compensation table quantifies the value of the different forms of compensation earned by or awarded to our named executive officers in 2011, 2010 and 2009. The primary elements of each named executive officer's total compensation reported in the table are base salary, long-term equity incentives consisting of stock options and restricted stock, and annual and long-term cash incentive compensation. Our named executive officers also earned or were paid other benefits whose aggregate value is shown in the All Other Compensation column of the Summary Compensation table and whose individual components are described and valued in footnote 6 to the table.

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The Summary Compensation table should be read in conjunction with the tables and narrative descriptions that follow. A description of the material terms of Mr. Jackson's employment agreement is provided immediately following this paragraph. The Grants of Plan-Based Awards table and related description of the material terms of the stock options and restricted stock provide information regarding the long-term equity incentives awarded to the named executive officers in 2011. The Outstanding Equity Awards at Fiscal Year End table and the Stock Option Exercises and Restricted Stock and Partnership Units Vested table provide further information about the named executive officers' potential realizable value and actual value realized with respect to their equity awards. The Nonqualified Deferred Compensation table and related description of the material terms of our nonqualified Deferred Compensation Plan, including our Executive Retirement Program, describe each named executive officer's retirement benefits under this plan and program and provide context to the amounts listed in the Summary Compensation table. The discussion under the heading Potential Payments upon Termination of Employment or Change in Control is intended to further explain the potential future payments that are, or may become, payable to our named executive officers under certain circumstances.

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Employment Agreement Salary and Bonus

We entered into an employment agreement with Mr. Jackson dated November 16, 2006. The agreement was amended in January 2008 to provide Mr. Jackson with certain payments and benefits upon the termination of his employment with us, and was amended again in December 2008 to add provisions relating to Section 409A of the Internal Revenue Code. The term of Mr. Jackson's employment agreement is three years with automatic renewal for additional one-year periods, unless he or we give a notice of non-extension. Mr. Jackson's employment agreement has renewed automatically three times since the expiration of its initial term on November 20, 2009, and currently is due to expire on November 20, 2012. Mr. Jackson's employment agreement entitles him to receive an annual base salary that is subject to increase at the discretion of our board of directors. His current base salary, effective as of February 1, 2011, is \$625,000 per year. Mr. Jackson also is entitled to receive an annual bonus with a target bonus opportunity equal to 100% of his then current annual base salary. The provisions of Mr. Jackson's employment agreement relating to termination of employment payments and benefits are discussed under the heading Potential Payments upon Termination of Employment or Change in Control.

Table of Contents**Grants of Plan-Based Awards**

The following table sets forth information for 2011 regarding grants of equity-based awards to our named executive officers under the 2008 Incentive Award Plan, the potential cash incentive awards under the 2011 Verso Incentive Plan and the potential cash incentive awards under the 2009 Long-Term Cash Award Program for Executives for the 2011 annual performance tranche.

Name	Grant Date of Equity-Based Awards ⁽¹⁾	Estimated Future Payouts Under Non-Equity Incentive Plan Awards						Stock Option Awards: Number of Securities Underlying Stock Options (#)	Exercise Price of Stock Awards (\$/Share)	Restricted Stock Awards: Number of Shares of Stock (#)	Grant Date Fair Value of Stock Option and Restricted Stock Awards ⁽⁴⁾ (\$)
		2011 Verso Incentive Plan ⁽²⁾			2009 Long-Term Cash Award Program for Executives ⁽³⁾						
		Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (\$)	Target (\$)	Maximum (\$)				
Michael A. Jackson											
Stock Options	3/2/2011							56,000	\$5.93		\$234,362
Restricted Stock	3/2/2011									39,000	231,270
Cash Incentive Awards	N/A	\$375,000	\$625,000	\$1,250,000							
	N/A				\$168,570	\$337,500	\$675,000				
Lyle J. Fellows											
Stock Options	3/2/2011							22,000	5.93		92,071
Restricted Stock	3/2/2011									14,750	87,468
Cash Incentive Awards	N/A	172,200	287,000	574,000							
	N/A				53,200	106,400	212,800				
Robert P. Mundy											
Stock Options	3/2/2011							19,208	5.93		80,386
Restricted Stock	3/2/2011									13,348	79,154
Cash Incentive Awards	N/A	153,549	255,915	511,830	49,350	98,700	197,400				
	N/A										
Michael A. Weinhold											
Stock Options	3/2/2011							19,210	5.93		80,394
Restricted Stock	3/2/2011									13,340	79,106
Cash Incentive Awards	N/A	146,954	244,924	489,848							
	N/A				51,625	103,250	206,500				
Peter H. Kesser											
Stock Options	3/2/2011							15,000	5.93		62,775
Restricted Stock	3/2/2011									10,840	64,281
Cash Incentive Awards	N/A	109,547	182,578	365,156							
	N/A				40,638	81,276	162,552				

(1) Our Compensation Committee approved the equity-based awards on the grant date of March 2, 2011.

(2)

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Amounts reflect threshold, target and maximum cash incentive award opportunities for the 2011 annual performance period under the VIP, subject to the Compensation Committee's discretion to adjust the actual amount of such award up or down to account for individual performance and other considerations. The actual cash amounts paid under the VIP in 2012 with respect to 2011 are reported in the Verso Incentive Plan column of the Summary Compensation table.

- (3) Amounts reflect threshold, target and maximum cash incentive award opportunities under the 2009 Long-Term Cash Award Program for Executives for the 2011 annual performance tranche. The threshold, target and maximum cash incentive award opportunities, in the aggregate, for each year of and the entire three year performance cycle of 2009 through 2011 are set forth in Compensation Discussion and Analysis 2009 Long-Term Cash Award Program for Executives. In the first quarter of 2012, the Compensation Committee reviewed our performance with respect to the pre-established Adjusted EBITDA performance goals for the 2011 annual performance tranche and the 2009-2011 performance cycle tranche, certified the levels of performance achieved, and determined that based on our Adjusted EBITDA results for 2011, 34% of the maximum 2011 annual performance tranche of the performance awards vested, and based on our Adjusted EBITDA results for the 2009-2011 performance cycle, 24% of the maximum 2009-2011 performance cycle tranche of the awards vested. The actual cash amounts paid under the program in 2012 with respect to 2011 and the 2009-2011 performance cycle are reported in the Verso Incentive Plan column of the Summary Compensation table.
- (4) The amounts in this column represent the grant date fair value of the stock option and restricted stock awards computed in accordance with FASB ASC Topic 718. For the assumptions and methods used to value these awards, see footnotes 3 and 4 of the Summary Compensation table.

Table of Contents**Description of Plan-Based Awards**

The material terms of the non-equity incentive plan awards granted under the 2011 Verso Incentive Plan and the 2009 Long-Term Cash Award Program for Executives reported in the table above are described under the headings Compensation Discussion and Analysis 2011 Verso Incentive Plan and 2009 Long-Term Cash Award Program for Executives. Each of the equity incentive plan awards reported in the table above was granted under, and is subject to the terms of, the 2008 Incentive Award Plan. The material terms of those awards are described under the heading Compensation Discussion and Analysis 2008 Incentive Award Plan.

Outstanding Equity Awards at Fiscal Year End

The following table provides information about the outstanding awards of stock options and unvested shares of restricted stock that were held by our named executive officers as of December 31, 2011. None of our named executive officers held any Units as of December 31, 2011.

Name	Grant Date	Stock Option Awards ⁽¹⁾				Restricted Stock Awards ⁽¹⁾	
		Number of Securities Underlying Unexercised Stock Options		Stock Option Exercise Price	Stock Option Expiration Date	Number of Unvested Shares of Restricted Stock	Market Value of Unvested Restricted Stock ⁽²⁾
		Number Exercisable	Number Unexercisable				
Michael A. Jackson	3/2/2011		56,000	\$5.93	3/2/2018		
	3/2/2011					39,000	\$37,440
	3/26/2010	10,370	20,741	3.01	3/26/2017		
	3/26/2010					13,828	13,275
	9/21/2009	115,332	57,668	3.69	9/21/2016		
	9/21/2009					33,000	31,680
Lyle J. Fellows	3/2/2011		22,000	5.93	3/2/2018		
	3/2/2011					14,750	14,160
	3/26/2010	5,555	11,112	3.01	3/26/2017		
	3/26/2010					7,408	7,112
	9/21/2009	26,666	13,334	3.69	9/21/2016		
	9/21/2009					7,668	7,361
Robert P. Mundy	3/2/2011		19,208	5.93	3/2/2018		
	3/2/2011					13,348	12,814
	3/26/2010	4,074	8,148	3.01	3/26/2017		
	3/26/2010					5,432	5,215
	9/21/2009	24,666	12,334	3.69	9/21/2016		
	9/21/2009					7,000	6,720
Michael A. Weinhold	3/2/2011		19,210	5.93	3/2/2018		
	3/2/2011					13,340	12,806
	3/26/2010	4,074	8,148	3.01	3/26/2017		
	3/26/2010					5,432	5,215
	9/21/2009	25,332	12,668	3.69	9/21/2016		
	9/21/2009					7,334	7,041
Peter H. Kesser	3/2/2011		15,000	5.93	3/2/2018		
	3/2/2011					10,840	10,406
	3/26/2010	2,777	5,556	3.01	3/26/2017		
	3/26/2010					3,704	3,556
	9/21/2009	22,000	11,000	3.69	9/21/2016		
	9/21/2009					6,334	6,081

(1) We granted stock options and shares of restricted stock under our 2008 Incentive Award Plan on the grant dates indicated in the table. Each stock option vests in three equal annual installments beginning on the date that is one year after the date that the stock option was granted. The shares of restricted stock vest in

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three equal annual installments beginning on the date that is one year after the date that such shares were granted.

- (2) Market value was calculated based on the \$0.96 per share closing price of our common stock on December 30, 2011, multiplied by the number of shares of restricted stock held by the named executive officer on that date.

Table of Contents**Stock Option Exercises and Restricted Stock and Partnership Units Vested**

The following table shows the numbers and values of the shares of restricted stock and Units that vested in 2011 for each of our named executive officers and the number of Units that they exchanged for common stock. None of our named executive officers exercised stock options in 2011.

Name	Restricted Stock Awards ⁽¹⁾		Unit Awards ⁽¹⁾		Number of Vested Units Exchanged for Common Stock
	Number of Shares that Vested	Value Realized on Vesting ⁽²⁾	Number of Units that Vested	Value Realized on Vesting ⁽²⁾	
Michael A. Jackson	39,913	\$93,566	19,315	\$47,901	38,636
Lyle J. Fellows	11,369	32,200	4,346	10,778	8,694
Robert P. Mundy	9,716	26,083	4,346	10,778	8,694
Michael A. Weinhold	10,049	26,679	4,346	10,778	8,694
Peter H. Kesser	8,185	20,577	3,380	8,382	6,761

(1) The shares of restricted stock were granted under our 2008 Incentive Award Plan. The Units represent limited partner interests in Verso Paper Management LP that began vesting on August 1, 2007, in 20% annual increments. Vested Units may be exchanged for our common stock on a one-for-one basis. No value is realized upon exchange of Units for shares of our common stock, because the value of each Unit is equivalent to the value of one share of common stock. The shares of common stock acquired upon exchange of Units are outstanding shares owned by Verso Paper Management LP. Therefore, the exchange of Units for shares of common stock does not dilute our stockholders percentage equity ownership of us.

(2) The value realized on vesting was calculated by multiplying the number of shares or Units that vested on various dates in 2011 by the closing sale price per share of our common stock on the applicable vesting date.

Nonqualified Deferred Compensation

The following table provides information about our named executive officers' participation in 2011 in our Deferred Compensation Plan and the Executive Retirement Program implemented under the Deferred Compensation Plan.

Name	Executive Contributions	Verso Contributions ⁽¹⁾	Aggregate Earnings or (Loss) ⁽²⁾	Aggregate Withdrawals and Distributions	Aggregate Balance as of December 31, 2011 ⁽³⁾
Michael A. Jackson	\$37,500	\$158,075	\$ 39		\$443,336
Lyle J. Fellows	9,567	109,461	(891)	\$56,221	317,068
Robert P. Mundy	22,541	95,154	(3,113)		238,716
Michael A. Weinhold	21,718	74,212	(16,232)		216,070
Peter H. Kesser	13,108	39,761	(1,245)		130,344

(1) Contributions by Verso are included as compensation for each named executive officer in the All Other Compensation column of the Summary Compensation table. The Verso contributions consist of the following:

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- (a) SSRP: Mr. Jackson \$23,700; Mr. Fellows \$40,243; Mr. Mundy \$37,074; Mr. Weinhold \$15,491; and Mr. Kesser \$5,313.

 - (b) Deferred Compensation Plan: Mr. Jackson \$24,375; Mr. Fellows \$6,218; Mr. Mundy \$14,652; Mr. Weinhold \$14,117; and Mr. Kesser \$8,520.

 - (c) Executive Retirement Program: Mr. Jackson \$110,000; Mr. Fellows \$63,000; Mr. Mundy \$43,428; Mr. Weinhold \$44,604; and Mr. Kesser \$25,928.
- (2) The earnings on deferred compensation are not included as compensation for the named executive officers in the current or prior years Summary Compensation tables in accordance with SEC rules, because these earnings are not at above-market rates.

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(3) Contributions by Verso for 2011 are included in the All Other Compensation column of the Summary Compensation table of this Proxy Statement. Contributions by the named executive officers and Verso for 2010, 2009 and 2008 were disclosed in the Nonqualified Deferred Compensation tables, and contributions by Verso for 2010, 2009 and 2008 also were included in the All Other Compensation column of the Summary Compensation tables, in our 2011, 2010 and 2009 proxy statements.

Our Deferred Compensation Plan, a nonqualified defined contribution plan, permits employee participants to defer the receipt of up to 85% of their base salary and up to 100% of their incentive compensation, by contributing such amounts to their accounts under the plan. The plan also permits us to make employer matching contributions and discretionary contributions to the plan accounts of participants. We match 70% of the first 4%, and 60% of the second 4%, of employee deferrals under the plan, subject to limitations. Upon termination of employment with us, a participant (or in the case of death, the participant's beneficiaries) receives his or her account balance in a lump sum or installments, subject to plan requirements. Participants in the Deferred Compensation Plan may elect among the investment funds offered under the plan.

Under our Executive Retirement Program, we are authorized to make discretionary contributions to the accounts of certain participants in the Deferred Compensation Plan. The discretionary contributions under the program are in addition to the employer matching contributions that we make with respect to employee deferrals of base salary and incentive compensation under the Deferred Compensation Plan. Our executive officers and certain senior managers selected by the Compensation Committee are eligible to participate in the program. The contributions under the program vary between 4% and 10%, depending on the participant's employment grade level, of the participant's combined base salary and target annual incentive award opportunity calculated on January 1 of each calendar year. The contributions under the program are made during the first quarter of the year. The contributions under the program for 2011 will be deferred until the earlier of the participant's specified distribution date, or the participant's separation from service, death or permanent disability. The contributions under the program for subsequent years will be deferred for at least 18 months or such longer period as may be selected by each participant.

Potential Payments upon Termination of Employment or Change in Control

Mr. Jackson's Employment Agreement

Mr. Jackson's employment agreement, described above under the heading Employment Agreements Salary and Bonus, provides for certain payments and benefits to be paid to Mr. Jackson in connection with a termination of his employment with us. Mr. Jackson's employment will terminate upon his death and may be terminated by us upon his Disability, by us for or without Cause, or by Mr. Jackson for or without Good Reason (as each capitalized term is defined in the agreement). Upon the termination of Mr. Jackson's employment for any reason, he will be entitled to receive (1) any unpaid amount of his annual base salary through the date of termination; (2) any annual bonus that he earned for any year ended prior to the date of termination and that is unpaid as of such date; (3) any reimbursable expenses owed to him; (4) any accrued vacation pay owed to him; (5) any amount arising from his participation in our employee benefit plans and programs, including a termination allowance and outplacement services under our severance policy; (6) subsidized medical and dental insurance coverage for up to 24 months after the date of termination; (7) reimbursement of the cost of converting the group life insurance coverage on his life to an individual policy and the premiums on the individual policy for up to 24 months after termination of employment; and (8) a contribution to his account under our Deferred Compensation Plan in respect of his lost retirement benefits during the 24-month period after the date of termination, with the term lost retirement benefits being defined as the projected value of employer contributions under our Retirement Savings Plan, Deferred Compensation Plan (including the Executive Retirement Program), and Supplemental Salary Retirement Program that would have been received if he had remained actively employed with Verso for 24 months following employment termination. The reimbursement of the life insurance conversion cost and premiums and the subsidized medical and dental insurance coverage will be grossed up for applicable income taxes. If Mr. Jackson's employment is terminated due to his death, his estate

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will receive the payments and benefits noted above, plus an amount equal to one year of his base salary. If Mr. Jackson's employment is terminated by us without Cause or by him for Good Reason, Mr. Jackson will be entitled to receive, in addition to the payments and benefits described above, his annual base salary for 18 months after the date of termination and an amount equal to 1.5 multiplied by the amount, if any, of the annual bonus payable to him with respect to the year immediately preceding the year in which the date of termination occurs.

Confidentiality and Non-Competition Agreements

Each of our named executive officers, except Mr. Jackson, is a party to a confidentiality and non-competition agreement, pursuant to which the executive is subject to perpetual confidentiality obligations and non-competition and non-solicitation/non-hire obligations extending for a period of 12 months following the termination of his employment. The agreement provides that upon the termination of the executive's employment with us for any reason, if the executive is unable, despite diligent search, to obtain employment consistent with his experience and education, we are required to pay to the executive his monthly base salary for each month of unemployment for up to 12 months following the termination of his employment. The executive's entitlement to this monthly payment is subject to our receipt and reasonable verification of the executive's written notice of the efforts that he has made to secure employment that does not conflict with his non-competition obligations. In addition, the executive is entitled to receive (1) his VIP incentive award for the year preceding his employment termination if it has not previously been paid; (2) a prorated amount of his VIP incentive award for the year in which his termination occurred; (3) subsidized medical and dental insurance coverage for the executive and his eligible dependents for up to 24 months after the date of termination; (4) reimbursement of the cost of converting the group life insurance coverage on his life to an individual policy and the premiums on the individual policy for up to 24 months after termination of employment; and (5) a contribution to his account under our Deferred Compensation Plan in respect of his lost retirement benefits during the 24-month period after the date of termination, with the term "lost retirement benefits" having the same definition as set forth in Mr. Jackson's employment agreement. The reimbursement of the life insurance conversion cost and premiums and the subsidized medical and dental insurance coverage will be grossed up for applicable income taxes.

Severance Policy

Under our severance policy, which applies to our named executive officers and other salaried employees, if the employee's employment with us is terminated under certain circumstances, the employee is entitled to receive a termination allowance and may receive, in our sole discretion, other benefits such as medical and dental insurance coverage for six months after termination, at no cost to the employee, and outplacement services appropriate to the employee's position with Verso. The payments and benefits under the severance policy will be provided if the employee's employment with us is terminated without cause as set forth in the policy or if the employee's location of employment is closed, relocated or sold and the employee is not offered a comparable position with Verso or the purchaser. The termination allowance is equal to two weeks of base salary for each year or partial year of the employee's service with us and the companies that previously owned our business, and in any event will not be less than four weeks or more than 52 weeks of base salary. The medical and dental insurance benefits provided under the severance policy are in addition to the 24 months of subsidized medical and dental insurance coverage provided under the employment agreement of Mr. Jackson and the confidentiality and non-competition agreements of Messrs. Fellows, Mundy, Weinhold and Kesser.

Verso Incentive Plan

The VIP gives us the discretion to provide a prorated amount of the annual incentive award under the VIP to a participant whose employment with us terminates for any reason. In addition, a named executive officer whose employment with us terminates for any reason will be entitled to receive a prorated VIP incentive award for the year of termination under the employment agreement of Mr. Jackson and the confidentiality and non-competition agreements of Messrs. Fellows, Mundy, Weinhold and Kesser.

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2009 Long-Term Cash Award Program for Executives

Under our 2009 Long-Term Cash Award Program for Executives, in which our named executive officers participate, upon the executive's death, disability, retirement upon reaching a minimum age and after a minimum period of employment with the company, or termination of employment without cause, the executive's performance award becomes vested as to a prorated percentage of the annual tranche and the 2009-2011 performance-cycle tranche that would have become vested had he remained employed by us through the end of the applicable period, payable in early 2012.

Vacation Policy

Under Verso's vacation policy, our eligible salaried employees, including our named executive officers, are entitled upon termination of employment to a lump-sum payment in an amount equal to his daily salary for each vacation day and floating holiday not taken during the year, if the employee's employment with Verso terminates for any of the following reasons: involuntary termination after six or more months of employment with the company; voluntary termination provided that the employee gives at least two weeks' notice; retirement; or death. In addition to pay for unused vacation and floating holidays, if the employee's employment terminates as a result of retirement or death, the employee is entitled to special vacation pay that is based upon a percentage of the employee's year-to-date salary, determined by reference to the number of weeks of vacation that would have been due to be taken by the employee in the calendar year following the employee's retirement or death.

2008 Incentive Award Plan

Our 2008 Incentive Award Plan provides that in connection with any change in control of us, except as may otherwise be provided in any applicable award agreement entered into under the plan or in any employment agreement, and unless awards granted under the 2008 Incentive Award Plan are converted, assumed or replaced by a successor entity, awards granted under the plan will automatically become fully vested and exercisable, and all forfeiture restrictions with respect to such awards will lapse, prior to the consummation of the change in control. In addition, in connection with any change in control (or other unusual or nonrecurring transaction affecting us or our combined financial statements), our board of directors or Compensation Committee, in its sole discretion, may: (1) provide for the termination of any award in exchange for an amount of cash, if any, equal to the amount that would have been payable upon the exercise of such award or realization of the participant's rights as of the date of such change in control or other transaction; (2) purchase any outstanding awards for a cash amount or replace outstanding awards with other rights or property; (3) provide that after the occurrence of the transaction, the award cannot vest, be exercised or become payable; (4) provide that only for a specified period of time after such transaction, an award will be exercisable or payable or fully vested with respect to all shares covered by the award, notwithstanding anything to the contrary in the 2008 Incentive Award Plan or the applicable award agreement; or (5) provide that each outstanding award will be assumed or substituted for an equivalent award, right or property by any successor corporation. Any such action may be taken by the board of directors or Compensation Committee either by the terms of the applicable award or agreement or prior to the change in control.

We granted our named executive officers and various other executives and senior managers stock options and restricted stock under the 2008 Incentive Award Plan, which vest in three equal annual installments starting one year after the applicable grant date. The stock options and restricted stock are subject to stock option and restricted stock award agreements that incorporate the terms of the 2008 Incentive Award Plan and, additionally, provide that upon the award recipient's death, disability, or termination of service prior to or upon a change in control, his or her stock options and restricted stock become vested as to a pro rata percentage of the stock options and shares of restricted stock, based on the number of quarters that have elapsed from the most recent vesting date to the date of death, disability or termination of service. Also, the stock options and restricted stock will become immediately vested and exercisable in full upon if, within six months after any change in control,

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(1) his or her employment is terminated without cause; or (2) he or she terminates employment with us by reason of (a) a material reduction or change in authority or duties, (b) a material reduction in salary that is not broad-based for similarly situated employees, or (c) a material reduction in target bonus, profit-sharing or other incentive compensation that is not broad-based for similarly situated employees. If his or her employment with us terminates for any other reason, the unvested portion of the stock options and restricted stock is forfeited. Our Compensation Committee, as administrator of this plan, has the discretion to override the forfeiture provisions.

Deferral of Payment of Nonqualified Deferred Compensation due to Section 409A

Any compensation or benefit payable to any of our named executive officers under the employment agreement of Mr. Jackson, the confidentiality and non-competition agreements of Messrs. Fellows, Mundy, Weinhold and Kesser, or any applicable policy, plan or program of Verso in which he participates, that constitutes nonqualified deferred compensation subject to the requirements of 409A (and not subject to any exception) will be delayed for a six-month period following the date of termination of employment, if the named executive officer is deemed to be a specified employee within the meaning of Section 409A as of such date.

Estimated Payments in Connection with Termination of Employment

The following tables set forth the estimated amounts of the payments and benefits to which each of our named executive officers would have become entitled under the employment agreement of Mr. Jackson, the confidentiality and non-competition agreements of Messrs. Fellows, Mundy, Weinhold and Kesser, and our applicable policies, plans and programs in which he participates, if his employment with Verso had terminated on December 31, 2011, under the circumstances noted.

Termination without Cause

Name	Salary	Incentive Awards ⁽¹⁾	Termination Allowance	Insurance and Other Benefits ⁽²⁾	Total
Michael A. Jackson	\$ 937,500	\$ 1,930,700	\$120,192	\$ 695,094	\$ 3,683,486
Lyle J. Fellows	358,750	466,004	358,750	458,803	1,642,307
Robert P. Mundy	341,220	423,409	341,220	390,416	1,496,265
Michael A. Weinhold	326,565	423,329	226,084	359,525	1,335,503
Peter H. Kesser	280,889	324,445	64,821	270,840	940,995

(1) The amount includes the named executive officer's incentive award under the 2011 VIP and his vested incentive award under the 2009 Long-Term Cash Award Program for Executives for the 2010 and 2011 annual tranches and the 2009-2011 performance cycle tranche. With respect to Mr. Jackson, it also includes an amount equal to 150% of his incentive award under the 2010 VIP.

(2) The amount is the sum of the 2011 employer contributions to the named executive officer's SSRP account and the amounts covered by us for his lost retirement benefits, medical and dental insurance premiums, life insurance conversion costs and premiums, and outplacement services, which include taxes in the following amounts: Mr. Jackson \$44,465; Mr. Fellows \$24,040; Mr. Mundy \$18,317; Mr. Weinhold \$16,797; and Mr. Kesser \$18,615. The taxes are based on the medical and dental insurance premiums and life insurance conversion costs and premiums that we would have covered.

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In addition to the benefits set forth in the table above, if a named executive officer's employment had terminated without cause on December 31, 2011, in connection with a change in control of us, then the vesting of his stock options and restricted stock would have accelerated, resulting in his receipt of the value indicated in the table below. Our named executive officers are not entitled to any other incremental benefits in connection with a change in control.

Name	Accelerated Vesting of Equity Awards ⁽¹⁾	
	Termination of employment	Termination of employment
	prior to or upon a change in control ⁽²⁾	within six months after a change in control ⁽³⁾
Michael A. Jackson	\$37,569	\$106,076
Lyle J. Fellows	10,727	28,633
Robert P. Mundy	9,118	24,749
Michael A. Weinhold	9,221	25,062
Peter H. Kesser	7,273	20,043

(1) Value was calculated by multiplying the number of shares of restricted stock that would have vested by the \$0.96 closing sale price per share of our common stock on December 30, 2011. No value is included for the accelerated vesting of stock options, because the exercise price per share of each stock option held by our named executive officers exceeds \$0.96.

(2) Unvested stock options and restricted stock would have vested on a pro rata basis, determined with reference to the number of quarters elapsed from the most recent vesting date or grant date to December 31, 2011.

(3) All unvested stock options and restricted stock would have vested on December 31, 2011.

Termination due to Disability

Name	Salary	Incentive Awards ⁽¹⁾	Accelerated Vesting of Equity Awards ⁽²⁾	Insurance and Other Benefits ⁽³⁾	Total
Michael A. Jackson		\$ 1,232,750	\$37,569	\$ 892,707	\$ 2,163,026
Lyle J. Fellows	\$ 358,750	466,004	10,727	656,534	1,492,015
Robert P. Mundy	341,220	423,409	9,118	588,147	1,361,894
Michael A. Weinhold	326,565	423,329	9,221	555,531	1,314,646
Peter H. Kesser	280,889	324,445	7,273	468,571	1,081,178

(1) The amount includes the named executive officer's incentive award under the 2011 VIP and his vested incentive award under the 2009 Long-Term Cash Award Program for Executives for the 2010 and 2011 annual tranches and the 2009-2011 performance cycle tranche.

(2) See footnotes 1 and 2 to the table Accelerated Vesting of Equity Awards, above.

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- (3) The amount is the sum of the 2011 employer contributions to the named executive officer's SSRP account, his disability benefits, and the amounts covered by us for his lost retirement benefits, medical and dental insurance premiums, and life insurance conversion costs and premiums, which include taxes in the following amounts: Mr. Jackson \$44,465; Mr. Fellows \$24,040; Mr. Mundy \$18,317; Mr. Weinhold \$16,797; and Mr. Kesser \$18,615. The taxes are based on the medical and dental insurance premiums and life insurance conversion costs and premiums that we would have covered.

Table of Contents**Termination due to Death**

Name	Salary	Incentive Awards ⁽¹⁾	Accelerated Vesting of Equity Awards ⁽²⁾	Insurance and Other Benefits ⁽³⁾	Total
Michael A. Jackson	\$ 625,000	\$ 1,232,750	\$37,569	\$ 1,512,861	\$ 3,408,180
Lyle J. Fellows	358,750	466,004	10,727	1,089,619	1,925,100
Robert P. Mundy	341,220	423,409	9,118	1,004,666	1,818,413
Michael A. Weinhold	326,565	423,329	9,221	952,508	1,711,623
Peter H. Kesser	280,889	324,445	7,273	745,395	1,358,002

- (1) The amount includes the named executive officer's incentive award under the 2011 VIP and his vested incentive award under the 2009 Long-Term Cash Award Program for Executives for the 2010 and 2011 annual tranches and the 2009-2011 performance cycle tranche.
- (2) See footnotes 1 and 2 to the table Accelerated Vesting of Equity Awards, above.
- (3) The amount is the sum of the 2011 employer contributions to the named executive officer's SSRP account, his life insurance proceeds, special vacation pay under our vacation policy, and the amounts covered by us for his lost retirement benefits and family medical and dental insurance premiums, which include taxes in the following amounts: Mr. Jackson \$2,140; Mr. Fellows \$5,640; Mr. Mundy \$5,640; Mr. Weinhold \$6,405; and Mr. Kesser \$5,640. The taxes are based on the medical and dental insurance premiums that we would have covered.

Resignation, Retirement or Termination for any Other Reason

Name	Salary	Incentive Awards ⁽¹⁾	Insurance and Other Benefits ⁽²⁾	Total
Michael A. Jackson	⁽³⁾	\$ 537,500 ⁽³⁾	\$ 652,707	\$ 1,190,207 ⁽³⁾
Lyle J. Fellows	\$ 358,750	246,820 ⁽⁴⁾	416,534 ⁽⁴⁾	1,022,104 ⁽⁴⁾
Robert P. Mundy	341,220	220,087	348,147	909,454
Michael A. Weinhold	326,565	210,634	315,531	852,730
Peter H. Kesser	280,889	157,017	228,571	666,477

- (1) The amount equals the named executive officer's incentive award under the 2011 VIP.
- (2) The amount is the sum of the 2011 employer contributions to the named executive officer's SSRP account and the amounts covered by us for his lost retirement benefits, medical and dental insurance premiums, and life insurance conversion costs and premiums, which include taxes in the following amounts: Mr. Jackson \$44,465; Mr. Fellows \$24,040; Mr. Mundy \$18,317; Mr. Weinhold \$16,797; and Mr. Kesser \$18,615. The taxes are based on the medical and dental insurance premiums and life insurance conversion costs and premiums that we would have covered.

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- (3) If Mr. Jackson had terminated his employment for good reason, as defined in his employment agreement, then in addition to the amounts set forth in the table, he would have received 18 months of salary, or \$937,500, and an amount equal to 150% of his incentive award under the 2010 VIP, or \$1,235,450.

- (4) Because of the length of his tenure with us and the companies that previously owned our business, Mr. Fellows qualifies for certain additional benefits upon retirement. If Mr. Fellows had retired on December 31, 2011, then in addition to the amounts set forth in the table, he would have received \$219,184 under the 2009 Long-Term Cash Award Program for Executives and \$43,050 special vacation pay.

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The following table provides a summary of the compensation paid to our non-employee directors for 2011.

Name	Fees Paid in Cash
Michael E. Ducey	\$52,000
Thomas Gutierrez	52,000
Scott M. Kleinman	49,000
David W. Oskin	49,000
Eric L. Press	48,000
L.H. Puckett, Jr.	48,000
David B. Sambur	49,000
Jordan C. Zaken	49,000

The compensation of each of our non-employee directors for 2011 consisted of an annual retainer of \$40,000 paid quarterly and fees of \$2,000 for each board of directors meeting attended and \$1,000 for each committee meeting attended. Meetings may be attended in person or electronically. Our non-employee directors also are reimbursed for their out-of-pocket expenses incurred to attend meetings.

The compensation paid to Mr. Jackson, who is also an employee of Verso, is presented in the Summary Compensation table and the related explanatory tables in the Executive Compensation section of this Proxy Statement. Mr. Jackson is not entitled to receive additional compensation for his service as a director of Verso.

At December 31, 2011, our non-employee directors held unexercised stock options to acquire shares of common stock, or unexchanged Units representing limited partner interests in Verso Paper Management LP that may be exchanged for common stock on a one-for-one basis, as follows: Mr. Ducey 23,190 Units; Mr. Gutierrez stock options to acquire 15,200 shares; Mr. Kleinman 23,190 Units; Mr. Oskin 23,190 Units; Mr. Press stock options to acquire 15,200 shares; Mr. Puckett 181,185 Units; Mr. Sambur 23,187 Units; and Mr. Zaken 23,190 Units. The stock options and Units were fully vested upon grant.

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TRANSACTIONS WITH RELATED PERSONS

We have not conducted any transactions with related persons since January 1, 2011, to report in this Proxy Statement. The following discussion describes agreements entered into prior to January 1, 2011, with obligations that remained in effect during 2011.

Apollo Management, L.P.

In connection with the acquisition of our assets from International Paper Company in August 2006, Apollo Management V, L.P., and Apollo Management VI, L.P. (collectively, Apollo, for purposes of this paragraph only), entered into a management agreement with Verso Paper Investments LP and Verso Paper Holdings LLC, relating to the provision of certain financial and strategic advisory and consulting services. In connection with our initial public offering in May 2008, Apollo terminated the annual fee arrangement under the agreement, but the remainder of the agreement remains in effect and will expire on August 1, 2018. Under the agreement, Apollo or its affiliates has the right to act, in return for fees to be mutually agreed upon by the parties, as our financial advisor or investment banker for any merger, acquisition, disposition, financing or similar transaction, if we decide that we need to engage someone to fill such a role. In the event that we are not able to come to an agreement with Apollo in connection with such role, at the closing of any merger, acquisition, disposition, financing or similar transaction, we agreed to pay Apollo a fee equal to 1% of the aggregate enterprise value (including the aggregate value of equity securities, warrants, rights and options acquired or retained; indebtedness acquired, assumed or refinanced; and any other consideration or compensation paid in connection with such transaction). We agreed to indemnify Apollo and its affiliates and their directors, officers and representatives for losses relating to the services contemplated by the agreement and the engagement of affiliates of Apollo pursuant to, and the performance by them of the services contemplated by, the agreement.

Verso Paper Management LP

Our executive and senior management and directors who received Units in Verso Paper Management LP are parties to the Third Amended and Restated Limited Partnership Agreement of Verso Paper Management LP dated as of May 20, 2008. The limited partnership agreement provides each Unit holder the right, subject to certain conditions, to require that Verso Paper Management LP exchange the holder's vested Units for shares of common stock held by Verso Paper Management LP. Each Unit holder may exercise the exchange right with respect to all or a portion of such holder's vested Units, subject to certain conditions relating to termination of employment. Upon a Unit holder's exercise of the exchange right, Verso Paper Management LP will deliver shares of common stock held by it to such holder in an amount equal to the number of vested Units being exchanged. The ability to exercise the exchange right is subject to certain transfer restrictions and repurchase rights under the limited partnership agreement. In 2011, our named executive officers exchanged vested Units for common stock held by Verso Paper Management LP. Information about the number and value of the Units that they exchanged is set forth in this Proxy Statement in Executive Compensation Stock Option Exercises and Restricted Stock and Partnership Units Vested.

Verso Paper Investments LP is the general partner of Verso Paper Management LP. Under a Registration Rights Agreement dated as of May 20, 2008, we agreed to register the shares of common stock then beneficially owned or subsequently acquired by Verso Paper Investments LP, the individual limited partners of Verso Paper Management LP (who acquire such shares from Verso Paper Management LP), or any of their respective affiliates, upon request by Verso Paper Investments LP. We also agreed to include such shares of common stock in other registration statements (except in connection with an employee benefit plan or acquisition) that we file.

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PROPOSALS SUBMITTED FOR STOCKHOLDER APPROVAL

Proposal 1 Election of Directors

Upon the recommendation of the Corporate Governance and Nominating Committee, the board of directors has nominated Thomas Gutierrez, Eric L. Press and L.H. Puckett, each an incumbent director, for election as Class I directors to serve on the board of directors for a term of three years. The business backgrounds of the nominees appear under **Directors and Executive Officers** **Directors** in this Proxy Statement.

Each nominee has consented to serve on the board of directors. The board of directors does not know of any reason why any nominee would not be able to serve as a director. However, if any nominee were to become unable to serve as a director, the board of directors may designate a substitute nominee, in which case the persons named as proxies will vote for such substitute nominee.

THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE FOR EACH OF THE NOMINEES FOR DIRECTOR LISTED ABOVE.

Each returned proxy solicited on behalf of the board of directors will be voted FOR the election of the director nominees unless the stockholder instructs otherwise in the proxy or unless the proxy is for shares held in street name and the stockholder does not provide voting instructions in the proxy.

Proposal 2 Approval of Amended and Restated 2008 Incentive Award Plan

Verso's 2008 Incentive Award Plan was approved in May 2008 by our sole stockholder at the time, Verso Paper Management LP. We periodically have granted stock options and restricted stock under the plan, which we consider important hiring and retention tools. We are submitting the Amended and Restated 2008 Incentive Award Plan, or **Amended and Restated Plan**, to our stockholders for approval. The substantive differences between the 2008 Incentive Award Plan and the Amended and Restated Plan are:

the end of the period during which awards may be granted under the Amended and Restated Plan is extended from May 8, 2018, to April 11, 2022, which is 10 years after the date that our board of directors approved the Amended and Restated Plan

2,000,000 additional shares are authorized for issuance under the Amended and Restated Plan, increasing the number of shares authorized for awards under the plan from 4,250,000 shares (of which 1,093,807 shares remain available for issuance) to 6,250,000 shares (such that 3,093,807 shares will be available for issuance)

a new provision in the Amended and Restated Plan specifically authorizes us to subject awards granted under the plan to any compensation claw-back policy that we may implement

We have designed and intend to implement the Amended and Restated Plan in a manner that meets the qualified performance-based compensation requirements of Section 162(m) and to allow us a tax deduction for incentive-based compensation without limitation under Section 162(m) on the amount of the compensation. One such requirement of Section 162(m) necessitates that we obtain our stockholders approval of the Amended and Restated Plan, including the performance goals set forth in the plan. Approval of the Amended and Restated Plan by our stockholders will also constitute approval of the performance goals set forth in the plan.

We also are seeking our stockholders approval of the Amended and Restated Plan to comply with a listing requirement of the NYSE, which requires that material changes to any equity compensation plan of a NYSE-listed company be approved by the company's stockholders.

If our stockholders approve the Amended and Restated Plan, it will be effective as of April 11, 2012. If they do not approve it, the 2008 Incentive Award Plan, in its current form, will remain in effect. The 2008 Incentive Award Plan is currently the only plan under which we grant equity-based compensation awards.

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Plan Description

We have summarized below the material features of the Amended and Restated Plan. The summary is qualified in its entirety by the full text of the plan, which is included in Appendix A to this Proxy Statement.

Purpose

The purpose of the Amended and Restated Plan is to attract, retain and motivate selected employees, consultants and directors of Verso and our subsidiaries through the granting of incentive compensation awards to them, to promote and enhance our value.

Administration

The Compensation Committee, consisting of not less than two directors that qualify as outside directors, as that term is defined under Section 162(m), will administer the Amended and Restated Plan, pursuant to the board of directors' delegation of authority to the Compensation Committee to administer the plan. The board of directors retains the authority to administer the plan itself or delegate administration to any other applicable committee of the board of directors. Also, the Compensation Committee may delegate administration to one or more members of the board of directors. However, with respect to awards of stock granted to our independent directors, such awards may only be granted by the board of directors. In this description of the Amended and Restated Plan, the Compensation Committee, the board of directors, or any other director or committee of directors administering the plan is referred to as the plan administrator.

The plan administrator has the power to interpret the Amended and Restated Plan and adopt rules for its administration, interpretation and application consistent with the plan, including, without limitation:

which individuals are to be granted awards

the types of awards to be granted

the number of shares subject to awards

the terms and conditions of awards

The plan administrator may take into account the recommendations of our senior management in determining the award recipients and the terms and conditions of awards.

Eligibility

The plan administrator determines the basis for participation in the Amended and Restated Plan. Persons eligible for participation include our and our subsidiaries' employees, consultants and directors. However, incentive stock options may be granted only to our employees. As of the date of this Proxy Statement, we and our subsidiaries have approximately 372 employees and 9 directors eligible to participate in the plan.

Limitation of Benefits

A participant may not receive awards exceeding 2,125,000 shares of our common stock per calendar year. The maximum aggregate amount of cash that may be paid in a calendar year under awards is \$2,000,000.

Types of Awards

The plan administrator may grant to any eligible participant a variety of equity-based compensation awards and performance-based cash and equity awards. The performance-based awards available under the plan typically will have pre-established performance goals that relate to the achievement of our business objectives. Awards may include nonqualified stock options, or NSOs, incentive stock options, or ISOs, within the

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meaning of Section 422 of the Internal Revenue Code, restricted stock, dividend equivalents, stock payments, deferred stock, restricted stock units, stock appreciation rights, and performance awards (including cash bonuses, stock bonuses, and other performance or incentive awards paid in cash, stock or a combination of both), except that only our or our subsidiaries' employees may be granted ISOs.

Stock Options

Stock options, including NSOs and ISOs, may be granted under the Amended and Restated Plan. No stock option will qualify as an ISO if the aggregate fair market value of the stock (determined as of the grant date) subject to all of the holder's ISOs granted under the Amended and Restated Plan, and exercisable for the first time during any calendar year, exceeds \$100,000, even if the stock option is designated as an ISO. Any stock option failing to qualify as an ISO will be deemed to be an NSO.

The plan administrator sets the per share exercise price of stock options, subject to the following conditions:

in the case of ISOs and NSOs, the per share exercise price of the stock option may not be less than 100% of the fair market value per share of our common stock on the grant date

for any persons owning (within the meaning of Section 424(d) of the Internal Revenue Code) more than 10% of the total combined voting power of all classes of our or any of our subsidiaries' capital stock, the per share exercise price of the stock option may not be less than 110% of the fair market value per share of our common stock on the grant date

The term of a stock option is set by the plan administrator, subject to the following conditions:

the term of a stock option may not be longer than ten years from its grant date

the term of an ISO granted to a person owning more than 10% of the total combined voting power of all classes of our capital stock may not be longer than five years from its grant date

Upon termination of a stock option holder's services with us, the holder may exercise his or her stock option within the period of time specified in the stock option grant, to the extent that the stock option was vested at the time of termination.

Restricted Stock

Restricted stock may be granted under the Amended and Restated Plan. A restricted stock award is the grant of shares of common stock, at the price, if any, determined by the plan administrator. Restricted stock is nontransferable and may be subject to substantial risk of forfeiture until specific conditions, which may be based on continuing service or achievement of performance goals, are met. During the period of restriction, all shares of restricted stock will be subject to the restrictions and vesting requirements established by the plan administrator. The restrictions will lapse in accordance with a schedule or other conditions determined by the plan administrator. Restricted stock may not be sold or encumbered until all restrictions lapse or are terminated.

Performance Awards

Performance-based awards may be granted under the Amended and Restated Plan in the form of cash bonus awards, stock bonus awards, and other performance or incentive awards paid in cash, stock or a combination of both. Performance awards may be payable upon the attainment of objective performance goals established by the plan administrator that relate to one or more of the following financial, operational or other criteria pertaining to us or any our subsidiaries:

net earnings, either before or after interest, taxes, depreciation and amortization

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gross or net sales or revenue net income, either before or after taxes

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net income, either before or after taxes

operating earnings or profit

cash flow, including, but not limited to, operating cash flow and free cash flow

return on assets

return on capital

return on stockholders' equity

return on sales

gross or net profit or operating margin

costs

funds from operations

expenses

working capital

earnings per share

price per share of our common stock

regulatory body approval for commercialization of a product

implementation or completion of capital projects

market share

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objective measures of productivity

operating efficiency

economic value-added

cash flow return on capital

return on net assets

Any of the above performance criteria may be measured in absolute terms, or as compared to any incremental increase or decrease, results of a peer group or market performance indicators or indices. The plan administrator has the discretion to specify a performance goal in any manner appropriate for the type of award granted. Also, when the plan administrator sets a performance goal, the plan administrator may consider any criteria that it deems relevant in light of the nature of the performance goal or the assumptions made by it in setting such goal.

For awards under the Amended and Restated Plan that are intended to qualify as performance-based compensation under Section 162(m) with a calendar year performance period, the plan administrator will establish the performance goals on or before March 30 of the applicable calendar year and the formulas for each participant's award to vest or be paid. The plan administrator may designate a performance period other than the calendar year, in which case the performance goals for such period will be approved no later than the time permitted by Section 162(m). After the end of the performance period, the plan administrator will certify in writing whether and the extent to which the performance goals were met.

The plan administrator may provide that one or more objectively determinable adjustments will be made to one or more of the performance goals. The adjustments may be based on any one or more of the following:

items related to a change in accounting principle

items related to financing activities

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expenses for restructuring or productivity initiatives

other non-operating items

items related to acquisitions

items attributable to the business operations of any entity acquired by us during a performance period

items related to the disposal of a business or segment of a business

items related to discontinued operations that do not qualify as a segment of business under United States generally accepted accounting principles

items attributable to any stock dividend, stock split, combination or exchange of shares occurring during a performance period

any other items of significant income or expense determined to be appropriate adjustments

items relating to unusual or extraordinary corporate transactions, events or developments

items related to amortization of acquired intangible assets

items that are outside the scope of our core, ongoing business activities

items relating to any other unusual or nonrecurring events or changes in applicable laws, accounting principles or business conditions
For awards under the plan intended to qualify as performance-based compensation under Section 162(m), the adjustments will be made within the time prescribed by and otherwise in compliance with Section 162(m).

Dividend Equivalents

Dividend equivalents may be granted under the Amended and Restated Plan, except that no dividend equivalents may be payable with respect to stock options or SARs under the Amended and Restated Plan. A dividend equivalent is the right to receive the equivalent value of dividends paid on shares of stock. Dividend equivalents are credited as dividend payments as of the dates during the period between the date that the award is granted and the date that the award vests, is exercised, is distributed or expires, all as determined by the plan administrator. Dividend equivalents will be converted to cash or additional shares of stock by such formula, at such time and subject to such limitations as may be determined by the plan administrator.

Stock Payments

Stock payments may be granted under the Amended and Restated Plan. A stock payment is a payment in the form of stock or a stock option or other right to purchase stock, as part of a bonus, deferred compensation or other arrangement. The number or value of shares of any stock payment will be determined by the plan administrator and may be based on achieving one or more of the performance criteria set forth in the Amended and Restated Plan, or any other specific criteria determined by the plan administrator. Stock payments may, but are not required to, be

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made in lieu of base salary, bonus, fees or other cash compensation otherwise payable to any individual who is eligible to receive awards under the Amended and Restated Plan.

Deferred Stock

Deferred stock may be granted under the Amended and Restated Plan. The number of shares of deferred stock will be determined by the plan administrator and may be based on achieving one or more of the performance criteria set forth in the Amended and Restated Plan, or other specific criteria determined by the plan administrator, in each case on a specified date or dates or over any period or periods determined by the plan administrator. Stock underlying a deferred stock award will not be issued until the award has vested pursuant to a

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vesting schedule or other conditions set by the plan administrator. Deferred stock may constitute or provide for a deferral of compensation, subject to Section 409A of the Code, and there may be certain tax consequences if the requirements of Section 409A of the Code are not met.

Restricted Stock Units

Restricted stock units may be granted under the Amended and Restated Plan. A restricted stock unit provides for the issuance of stock at a future date upon the satisfaction of specific conditions set forth in the applicable restricted stock unit award agreement. The plan administrator will determine the terms and conditions of the restricted stock units and will specify the date or dates on which the restricted stock units will become fully vested and nonforfeitable, and may specify such conditions to vesting as the plan administrator deems appropriate, including conditions based on achieving one or more of the performance criteria set forth in the Amended and Restated Plan, or other specific criteria determined by the plan administrator. The plan administrator will specify, or permit the restricted stock unit holder to elect, the conditions and distribution dates upon which the stock underlying the restricted stock units will be issued, which distribution dates may not be earlier than the date as of which the restricted stock units vest and become nonforfeitable, and which conditions and distribution dates will be subject to compliance with Section 409A of the Code. On the distribution dates, we will transfer to the holder one unrestricted, fully transferable share of our common stock for each vested and nonforfeitable restricted stock unit.

Stock Appreciation Rights

Stock appreciation rights, or SARs, may be granted under the Amended and Restated Plan. An SAR entitles its holder, upon exercise of all or a portion of the SAR, to receive an amount determined by multiplying the difference obtained by subtracting the exercise price per share of the SAR from the fair market value on the date of exercise of the SAR by the number of shares with respect to which the SAR has been exercised, subject to any limitations imposed by the plan administrator. The exercise price per share subject to an SAR will be set by the plan administrator, and, except with respect to certain substitute awards, may not be less than 100% of the fair market value on the date the SAR is granted. The plan administrator determines the period during which the right to exercise the SAR vests in the holder. No portion of an SAR which is unexercisable at the time the holder's employment terminates will thereafter become exercisable, except as may be otherwise provided by the plan administrator. SARs may be exercised as determined by the Administrator, but in no event may an SAR have a term extending beyond the tenth anniversary of the date of grant. Payment of the SAR may be in cash, stock, or a combination of both, as determined by the plan administrator.

Payment Methods

The plan administrator will determine the methods by which payments by any award holder with respect to any awards granted under the Amended and Restated Plan may be made, including, without limitation: (1) cash or check; (2) shares of our common stock issuable pursuant to the award or held for such period of time as may be required by the plan administrator in order to avoid adverse accounting consequences and having a fair market value on the date of delivery equal to the aggregate payments required; (3) delivery of a notice that the award holder has placed a market sell order with a broker with respect to shares of our common stock then issuable upon exercise or vesting of an award, and that the broker has been directed to pay a sufficient portion of the net proceeds of the sale to us in satisfaction of the aggregate payments required, provided that payment of such proceeds is then made to us upon settlement of such sale; or (4) any other form of legal consideration acceptable to the plan administrator. However, no award holder who is a member of our board of directors or an executive officer within the meaning of Section 13(k) of the Securities Exchange Act of 1934 will be permitted to make payment with respect to any awards granted under the Amended and Restated Plan, or continue any extension of credit with respect to such payment in any method that would violate the prohibitions on loans made or arranged by us as set forth in such Section 13(k).

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Adjustment Provisions

If a stock dividend, stock split, combination, merger, consolidation or other change affects our common stock (other than an equity restructuring, as defined in the Amended and Restated Plan), the plan administrator may equitably adjust any one or more of:

the aggregate number of, and kind of, shares of our stock subject to the Amended and Restated Plan

the number of, and kind of, shares of our stock subject to outstanding awards under the Amended and Restated Plan

the terms and conditions of any outstanding awards, including performance targets or criteria

the grant or exercise price per share of our common stock for any outstanding awards under the Amended and Restated Plan

In connection with any such transaction or event or any other unusual or nonrecurring transaction or event that affects us or any of our affiliates or our financial statements or those of our affiliates, or any changes in applicable law, regulations or accounting principles, to prevent a dilution or enlargement of benefits or potential benefits under the Amended and Restated Plan, facilitate such transaction, or give effect to such changes in law, regulations or accounting principles, as determined by the plan administrator, the plan administrator may provide for any one or more of the following:

termination of an award in exchange for an amount of cash, if any, that is equal to the amount that would have been payable upon the exercise of such award or realization of the participant's rights under the award as of the date of the transaction or event

the replacement of the award with other rights or property having an aggregate value not exceeding the amount that would have been payable upon the exercise of such award or realization of the participant's rights under the award as of the date of the transaction or event

after the occurrence of the transaction, that an award cannot vest, be exercised or become payable

that an award will be exercisable or payable or fully vested with respect to all shares covered by the award, notwithstanding anything to the contrary in the Amended and Restated Plan or the applicable award agreement

that an award will be assumed, or an equivalent award, right or other property will be substituted for it by a successor to us, with appropriate adjustments as to the number and kind of shares and prices

adjustment in the number and type of shares of our stock subject to outstanding awards and/or in the terms and conditions and criteria included in outstanding awards and awards which may be granted in the future

In the event of an equity restructuring, as defined in the Amended and Restated Plan, the number and type of securities subject to each outstanding award and the exercise price or grant price thereof, if applicable, will be equitably adjusted. Such adjustments will be nondiscretionary and final and binding on the participant and us. In addition, the plan administrator will make such equitable adjustments, if any, as it may in its discretion deem appropriate to reflect such equity restructuring, to the number and kind of shares that may be issued under the Amended and Restated Plan.

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Any such action may be effected by the terms of the applicable award agreement or by action of the board of directors or plan administrator taken prior to the occurrence of such transaction or event.

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Amendment and Termination

We may amend or terminate the Amended and Restated Plan at any time. Amendment of the Amended and Restated Plan will require our stockholders' approval if any of the following apply:

the amendment increases the number of shares of our common stock that may be issued under the Amended and Restated Plan or the maximum number of shares that may be issued to a participant under the Amended and Restated Plan in a calendar year

the amendment decreases the exercise price of any outstanding stock option or stock appreciation right

our stockholders' approval is required by applicable law, rule or regulation

Claw-Back

The plan administrator may require that any awards granted under the Amended and Restated Plan be subject to the provisions of any compensation claw-back policy implemented by us.

New Plan Benefits

The plan administrator may grant awards to eligible participants on a discretionary basis. No determination has been made concerning what awards (types or amounts) will be granted to eligible participants, and, accordingly, we cannot determine the benefits or amounts that will be received or allocated in the future under the Amended and Restated Plan. Under the 2008 Incentive Award Plan, in 2011 we granted awards as indicated in the table below. These awards do not necessarily indicate the types or amounts of awards that we may grant in the future under the Amended and Restated Plan.

Name of Individual or Group	Stock Options		Restricted Stock	
	Dollar Value*	Number of Shares Subject to Stock Options	Dollar Value*	Number of Shares of Restricted Stock
Michael A. Jackson, President and Chief Executive Officer	\$234,362	56,000	\$ 231,270	39,000
Lyle J. Fellows Senior Vice President of Manufacturing and Energy	92,071	22,000	87,468	14,750
Robert P. Mundy Senior Vice President and Chief Financial Officer	80,386	19,208	79,154	13,348
Michael A. Weinhold Senior Vice President of	80,394	19,210	79,106	13,340

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Sales, Marketing and

Product Development

Peter H. Kesser	62,775	15,000	64,281	10,840
Senior Vice President,				
General Counsel and Secretary				
All executive officers as a group	633,596	157,418	679,335	114,559
All employees, excluding executive officers, as a group	1,064,432	254,343	257,943	43,498

* The information in the table is presented as of the date of grant of the stock options and restricted stock. Value is determined as described in footnotes 3 and 4 of the Summary Compensation table under "Executive Compensation" in this Proxy Statement. In 2011, we did not grant any stock options or restricted stock to our non-employee directors.

Table of Contents***Equity Compensation Plan Information***

The 2008 Incentive Award Plan, which we propose to amend and restate with the Amended and Restated Plan, is currently the only plan under which we grant equity-based compensation and under which we have authorized securities for future issuance as compensation. The table below sets forth information regarding the number of shares of common stock to be issued upon the exercise of outstanding stock options granted under the plan and the shares of common stock remaining available for future issuance under the plan, as of December 31, 2011.

Plan Category	Number of Securities to be Issued upon Exercise of Outstanding Stock Options	Weighted-Average Exercise Price of Outstanding Stock Options	Number of Securities Remaining Available for Future Issuance under Equity Compensation Plans*
Equity compensation plans approved by security holders	1,781,499	\$3.90	1,909,834

* Excludes securities to be issued upon exercise of outstanding stock options.

Tax Information

Section 162(m) generally limits to \$1,000,000 the amount that a publicly-held corporation is allowed each year to deduct for the compensation paid to its Chief Executive Officer and its three other most highly compensated officers other than its principal financial officer. However, qualified performance-based compensation is not subject to this \$1,000,000 limit on deduction. The Amended and Restated Plan is designed, and we intend to implement it, in a manner that is intended to permit us to grant qualified performance-based compensation under it and to satisfy the following requirements under Section 162(m): (1) performance measures will be determined by a compensation committee consisting solely of outside directors, as defined in Section 162(m); (2) the material terms under which compensation under the plan may be paid, including the performance goals for awards, will be approved by our stockholders; and (3) a compensation committee consisting solely of outside directors will certify that the performance goals and any other material award terms are satisfied before we pay any performance-based compensation.

We have summarized below the United States federal income tax aspects of awards that may be granted under the Amended and Restated Plan, based on existing U.S. federal income tax laws as of the date of this Proxy Statement. This summary describes basic tax rules and is not intended as, and should not be relied upon, as tax guidance for participants in the plan. It does not describe the implications, if any, of a number of special tax rules, such as the alternative minimum tax, the golden parachute tax rules under Sections 280G and 4999 of the Internal Revenue Code, and foreign, state and local tax laws. In addition, this summary assumes that all awards are exempt from, or comply with, the rules under Section 409A of the Internal Revenue Code regarding nonqualified deferred compensation. Changes to the tax laws could alter the tax consequences described below.

Incentive Stock Options

The grant of an incentive stock option will not be a taxable event for the participant or for us. A participant will not recognize taxable income upon exercise of an incentive stock option (except that the alternative minimum tax may apply), and any gain realized upon a disposition of common stock received pursuant to the exercise of an incentive stock option will be taxed as long-term capital gain if the participant holds the shares of common stock for at least two years after the date of grant and for one year after the date of exercise; called here the holding period requirement. We will not be entitled to any business expense deduction with respect to the exercise of an incentive stock option, except as discussed below. For the exercise of a stock option to qualify for the foregoing tax treatment, the participant generally must exercise the stock option while the participant is our employee or an employee of one of our subsidiaries or, if the participant has terminated employment, no later than three months after the participant terminated employment.

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If all of the foregoing requirements are met except the holding period requirement, the participant will recognize ordinary income upon the disposition of the common stock in an amount generally equal to the excess of the fair market value of the common stock at the time the stock option was exercised over the stock option's exercise price (but not in excess of the gain realized on the sale). The balance of the realized gain, if any, will be capital gain. We will generally be allowed a business expense deduction when and to the extent that the participant recognizes ordinary income, subject to the restrictions of Section 162(m).

Nonqualified Stock Options

The grant of a nonqualified stock option will not be a taxable event for the participant or us. Upon exercising a nonqualified stock option, a participant will recognize ordinary income in an amount equal to the difference between the exercise price and the fair market value of the common stock on the date of exercise. Upon a subsequent sale or exchange of shares acquired pursuant to the exercise of a nonqualified stock option, the participant will have taxable capital gain or loss, measured by the difference between the amount realized on the disposition and the tax basis of the shares of common stock (generally, the amount paid for the shares plus the amount treated as ordinary income at the time the stock option was exercised). Subject to the restrictions of Section 162(m), we will be entitled to a business expense deduction in the same amount and generally at the same time as the participant recognizes ordinary income.

Restricted Stock

A participant who is awarded restricted stock will not recognize any taxable income for federal income tax purposes in the year of the award, provided that the shares of common stock are subject to restrictions (that is, the restricted stock is nontransferable and subject to a substantial risk of forfeiture). However, the participant may elect under Section 83(b) of the Internal Revenue Code to recognize ordinary income in the year of the award in an amount equal to the fair market value of the common stock on the date of the award (less the purchase price, if any), determined without regard to the restrictions. If the participant does not make a Section 83(b) election, the fair market value of the common stock on the date that the restrictions lapse (less the purchase price, if any) will be treated as ordinary income to the participant and will be taxable in the year that the restrictions lapse. A participant who is awarded shares that are not subject to restrictions will recognize ordinary income equal to the fair market value of the shares on the date of the award. Subject to the restrictions of Section 162(m), we will be entitled to a business expense deduction in the same amount and generally at the same time as the participant recognizes ordinary income.

Stock Appreciation Rights

There are no immediate tax consequences resulting from the grant of an award of stock appreciation rights. Upon exercising a stock appreciation right, a participant will recognize ordinary income in an amount equal to the difference between the exercise price and the fair market value of the common stock on the date of exercise. Subject to the restrictions of Section 162(m), we will be entitled to a business expense deduction in the same amount and generally at the same time as the participant recognizes ordinary income.

Other Equity-Based Awards and Cash Awards

The taxation of other types of equity-based awards and cash awards (*e.g.*, performance cash bonuses) will depend on the specific terms of the award. Generally, the grant of these awards will have no federal income tax consequences for the participant or us, but payment of the award will be taxable to a participant as ordinary income. Subject to the restrictions of Section 162(m), we will be entitled to a business expense deduction in the same amount and generally at the same time as the participant recognizes ordinary income.

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THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE FOR APPROVAL OF THE AMENDED AND RESTATED 2008 INCENTIVE AWARD PLAN.

Each returned proxy solicited on behalf of the board of directors will be voted FOR approval of the Amended and Restated 2008 Incentive Award Plan unless the stockholder instructs otherwise in the proxy or unless the proxy is for shares held in street name and the stockholder does not provide voting instructions in the proxy.

Proposal 3 Approval of 2012 Bonus Plan

We are submitting the 2012 Bonus Plan to our stockholders for approval. This plan will allow us to grant incentive-based cash bonuses to our executives and senior managers. Currently, we may grant discretionary and incentive-based bonuses to our executives under the Senior Executive Bonus Plan, described in this Proxy Statement under Compensation Discussion and Analysis Elements of Executive Compensation Senior Executive Bonus Plan. The Senior Executive Bonus Plan will expire by its terms on the date of the 2012 Annual Meeting of Stockholders.

We have designed and intend to implement the 2012 Bonus Plan in a manner that is intended to meet the qualified performance-based compensation requirements of Section 162(m) and to allow us a tax deduction for incentive-based compensation without limitation under Section 162(m) on the amount of the compensation. One such requirement of Section 162(m) necessitates that we obtain our stockholders approval of the 2012 Bonus Plan, including the performance goals set forth in the plan. Approval of the 2012 Bonus Plan by our stockholders will also constitute approval of the performance goals set forth in the plan.

Plan Description

We have summarized below the material features of the 2012 Bonus Plan. The summary is qualified by its entirety by the full text of the plan, which is included in Appendix B to this Proxy Statement.

Purpose

The purpose of the 2012 Bonus Plan is to provide eligible executives and senior managers of us and our subsidiaries with an incentive for superior work, to motivate them toward even higher achievement of business results, to tie their goals and interests to those of our company and our stockholders, and to further enable us to retain highly qualified executives and senior managers.

Administration

The Compensation Committee, consisting of not less than two directors that qualify as outside directors, as that term is defined under Section 162(m), will have the sole discretion and authority to administer the 2012 Bonus Plan.

Eligibility

The Compensation Committee determines the basis for participation in the 2012 Bonus Plan. The persons eligible to participate in the plan will be our and our subsidiaries executives and senior managers who are or, as determined by the Compensation Committee, may become covered employees, as defined in Section 162(m), for the applicable taxable year. Section 162(m) defines covered employees as a company's chief executive officer and its three other most highest compensated officers other than its principal financial officer.

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Limitation of Benefits

An employee's annual bonus payment under the 2012 Bonus Plan may not exceed \$5,000,000.

Types of Awards

The 2012 Bonus Plan provides for compensation consisting only of cash bonuses.

Performance Goals

A covered employee may receive a bonus payment under the 2012 Bonus Plan based upon the attainment of objective performance goals that are established by the Compensation Committee and relate to one or more of the following financial, operational or other criteria pertaining to us or any of our subsidiaries:

net earnings, either before or after one or more of the following: interest, taxes, depreciation and amortization

gross or net sales or revenue

net income, either before or after taxes

operating earnings or profit

cash flow, including, but not limited to, operating cash flow and free cash flow

return on assets

return on capital

return on stockholders' equity

return on sales

gross or net profit or operating margin

costs

funds from operations

expenses

working capital

earnings per share

price per share of our common stock

regulatory body approval for commercialization of a product

implementation or completion of critical projects

market share

objective measures of productivity

operating efficiency

economic value added

cash flow return on capital

return on net assets

Any of the performance criteria may be measured in absolute terms, or as compared to any incremental increase or decrease, results of a peer group or market performance indicators or indices.

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For awards under the 2012 Bonus Plan with calendar year performance periods, the Compensation Committee will establish the performance goals on or before March 30 (which will be based upon objectively determinable bonus formulas) and will determine the method by which a covered employee's bonus payments under the 2012 Bonus Plan will be calculated. The Compensation Committee may designate a performance period other than the calendar year, in which case the performance goals for such period will be approved no later than the latest time permitted by Section 162(m). After the end of the performance period, the Compensation Committee will certify whether the performance goals were met.

Award Adjustments

The Compensation Committee may provide that one or more objectively determinable adjustments will be made to one or more of the performance goals. The adjustments may be based on any one or more of the following:

items related to a change in accounting principle

items relating to financing activities

expenses for restructuring or productivity initiatives

other non-operating items

items related to acquisitions

items attributable to the business operations of any entity acquired by us during the applicable performance period

items related to the disposal of a business or segment of a business

items related to discontinued operations that do not qualify as a segment of a business under United States generally accepted accounting principles

items attributable to any stock dividend, stock split, combination or exchange of shares occurring during the applicable performance period

any other items of significant income or expense that are determined to be appropriate adjustments

items relating to unusual or extraordinary corporate transactions, events or developments

items related to amortization of acquired intangible assets

items that are outside the scope of our core, on-going business activities

items relating to any other unusual or nonrecurring events or changes in applicable laws, accounting principles or business conditions. For awards under the plan intended to qualify under Section 162(m), adjustments will be made within the time prescribed by and in compliance with Section 162(m).

Amendment and Termination

We may amend or terminate the 2012 Bonus Plan at any time. Any amendment to the 2012 Bonus Plan will require our stockholders' approval if required by applicable law, rule or regulation.

Claw-Back

The Compensation Committee may require that any bonuses awarded under the 2012 Bonus Plan be subject to the provisions of any compensation claw-back policy adopted by us.

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New Plan Benefits

As of the date of this Proxy Statement, only our named executive officers are or are potentially covered employees, as defined in section 162(m). No determination has been made concerning what bonus awards may be granted under the 2012 Bonus Plan.

Tax Information

Information about Section 162(m) and the tax treatment of cash bonuses is set forth in this Proxy Statement in Proposal 2 Approval of 2008 Amended and Restated Incentive Award Plan under the heading Tax Information and its sub-heading Other Equity-Based Awards and Cash Awards.

THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE FOR APPROVAL OF THE 2012 BONUS PLAN.

Each returned proxy solicited on behalf of the board of directors will be voted FOR approval of the 2012 Bonus Plan unless the stockholder instructs otherwise in the proxy or unless the proxy is for shares held in street name and the stockholder does not provide voting instructions in the proxy.

Proposal 4 Ratification of Appointment of Independent Registered Public Accounting Firm

The Audit Committee of the board of directors has appointed Deloitte & Touche LLP as the independent registered public accounting firm to perform the audit of our consolidated financial statements for 2012. Deloitte & Touche LLP has audited our combined and consolidated financial statements since 2006. Deloitte & Touche LLP is an independent registered public accounting firm.

The board of directors is asking the stockholders to ratify the appointment of Deloitte & Touche LLP to serve as Verso's independent registered public accounting firm for the year ending December 31, 2012.

Although not required by law, NYSE listing standards or our bylaws, the board of directors is submitting the appointment of Deloitte & Touche LLP to our stockholders for ratification as a matter of good corporate practice. Even if the appointment is ratified, the Audit Committee, in its discretion, may appoint a different independent registered public accounting firm at any time during the year if it determines that such a change would be in the best interests of Verso and our stockholders.

We expect that representatives of Deloitte & Touche LLP will be present at the 2012 Annual Meeting of Stockholders. They will have an opportunity to make a statement if they wish and will be available to respond to appropriate questions from our stockholders.

THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE FOR RATIFICATION OF THE APPOINTMENT OF DELOITTE & TOUCHE LLP AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE YEAR ENDING DECEMBER 31, 2012.

Each returned proxy solicited on behalf of the board of directors will be voted FOR ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the year ending December 31, 2012, unless the stockholder instructs otherwise in the proxy. If the stockholders do not ratify the appointment, the matter will be reconsidered by the Audit Committee and the board of directors.

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**AUDIT AND NON-AUDIT SERVICES AND FEES OF
INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

Pursuant to the Audit Committee's charter, to help ensure the independence of our independent registered public accounting firm, all auditing services, internal control-related services and permitted non-audit services (including the terms thereof) to be performed for Verso by its independent registered public accounting firm must be pre-approved by the Audit Committee, subject to the *de minimis* exceptions for non-audit services described in Section 10A(i)(1)(B) of the Securities Exchange Act of 1934, which are approved by the Audit Committee prior to the completion of the audit. The Audit Committee may delegate to a subcommittee of its members the authority to grant the required approvals, provided that any exercise of such authority by the subcommittee is presented to the full Audit Committee at its next scheduled meeting.

The Audit Committee approved and retained Deloitte & Touche LLP to audit our consolidated financial statements for 2011 and provide other auditing and audit-related services in 2011. The Audit Committee reviewed all services provided by Deloitte & Touche LLP in 2011 and concluded that the services provided were compatible with maintaining its independence in the conduct of its auditing functions.

The table below sets forth the aggregate fees billed by Deloitte & Touche LLP for audit and audit-related services provided to us and our subsidiaries in 2010 and 2011.

Fees	2011	2010
Audit Fees	\$ 1,220,000	\$ 1,108,000
Audit-Related Fees	60,000	97,000
Total	\$ 1,280,000	\$ 1,205,000

Audit Fees

In the above table, in accordance with the SEC's definitions and rules, audit fees are fees for professional services for the audit of our financial statements included in our annual report on Form 10-K, for the review of our financial statements included in our quarterly reports on Form 10-Q, and for services that are normally provided by the accountant in connection with statutory and regulatory filings or engagements. For 2010 and 2011, the audit fees in the above table are the aggregate fees that Deloitte & Touche LLP billed us for auditing our annual financial statements and reviewing our interim financial statements included in our annual and quarterly reports.

Audit-Related Fees

Audit-related fees are fees for assurance and related services that are reasonably related to the performance of an audit or review of financial statements. For 2010 and 2011, the audit-related fees in the table above are the aggregate fees that Deloitte & Touche LLP billed us primarily for services performed in connection with private placements of tack on senior secured notes by certain of our subsidiaries in 2010, and related issuances of debt in a registered public offering in 2010, and for services performed in connection with private placements of our second priority senior secured notes by certain of our subsidiaries in 2011 and related issuances of debt in a registered public offering in 2011.

Tax Fees

Deloitte & Touche LLP did not bill us any fees for tax services in 2010 or 2011.

All Other Fees

Deloitte & Touche LLP did not bill us any fees for services not included in the above table for 2010 or 2011.

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ADDITIONAL INFORMATION

Mailing Address of Principal Executive Office

The mailing address of our principal executive office is Verso Paper Corp., 6775 Lenox Center Court, Suite 400, Memphis, Tennessee 38115-4436.

Other Business at 2012 Annual Meeting of Stockholders

As of the date of this Proxy Statement, the board of directors knows of no business that will be presented at the 2012 Annual Meeting of Stockholders other than the proposals described in this Proxy Statement. If any other proposal properly comes before the stockholders for a vote at the meeting, the proxy holders will vote the shares of common stock represented by proxies that are submitted to us in accordance with their best judgment.

Stockholder Proposals for Inclusion in 2013 Proxy Statement

Stockholders wishing to present proposals for inclusion in our Proxy Statement for the 2013 Annual Meeting of Stockholders pursuant to Rule 14a-8 under the Securities Exchange Act of 1934 must submit their proposals to us no later than December 20, 2012. Proposals should be sent to Verso Paper Corp., Attention: Secretary, 6775 Lenox Center Court, Suite 400, Memphis, Tennessee 38115-4436.

Other Stockholder Proposals for Presentation at 2013 Annual Meeting of Stockholders

Our bylaws provide that a stockholder who wants to nominate a director or propose other proper business to be brought before the stockholders at the annual meeting must notify Verso's Secretary, in writing, no earlier than the close of business on the 120th day prior to the anniversary date of the prior year's annual meeting, and no later than the close of business on the 90th day prior to the anniversary date of the prior year's annual meeting.

For the 2013 Annual Meeting of Stockholders, stockholders who want to present director nominees or other proposals for consideration must submit their nominations or proposals, in accordance with the requirements of our bylaws, no earlier than January 23, 2013, and no later than February 22, 2013, in order to be considered. If, however, the date of the 2013 Annual Meeting is more than 30 days before or more than 60 days after May 23, 2013, stockholders must submit such nominations or proposals no earlier than the close of business on the 120th day prior to the meeting, and no later than the close of business on the later of the 90th day prior to the meeting or the 10th day following the date on which public disclosure of the date of the meeting is first made by us. In addition, with respect to nominations for directors, if the number of directors to be elected at the 2013 Annual Meeting of Stockholders is increased and there is no public announcement by us naming all of the nominees for director or specifying the size of the increased board of directors at least 100 days prior to May 23, 2013 (February 12, 2013), notice will also be considered timely, but only with respect to nominees for any new positions created by such increase, if it is delivered to our Secretary at our principal executive offices no later than the close of business on the 10th day following the day on which such public announcement is first made by us. Nominations or proposals should be submitted to Verso Paper Corp., Attention: Secretary, 6775 Lenox Center Court, Suite 400, Memphis, Tennessee 38115-4436.

A stockholder's notice to nominate a director or bring any other business before the 2013 Annual Meeting of Stockholders must set forth certain information specified in our bylaws.

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Our bylaws also provide that a stockholder who wishes to nominate a director or propose other proper business to be brought before the stockholders at the annual meeting must be a stockholder of record of Verso (or, if different than the holder of record, a beneficial owner of stock of Verso) both when the stockholder delivers the above notice to Verso's Secretary and at the time of the annual meeting. The stockholder also must be entitled to vote at the meeting.

By Order of the Board of Directors,

Peter H. Kesser
Secretary
Memphis, Tennessee
April 19, 2012

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APPENDIX A

VERSO PAPER CORP.

AMENDED AND RESTATED

2008 INCENTIVE AWARD PLAN

ARTICLE 1.

PURPOSE

Verso Paper Corp., a Delaware corporation (the "Company"), adopted the 2008 Incentive Award Plan on May 8, 2008, for the benefit of its eligible employees, consultants and directors. The 2008 Incentive Award Plan was amended on December 31, 2008. To further the purposes of the 2008 Incentive Award Plan, as amended, and to further amend it in certain respects, this Amended and Restated 2008 Incentive Award Plan (the "Plan") is hereby adopted on April 11, 2012. The Plan constitutes a complete amendment, restatement and continuation of the 2008 Incentive Award Plan, as amended.

The purpose of the Plan is to promote the success and enhance the value of the Company by linking the personal interests of the members of the Board, Employees, and Consultants to those of Company stockholders and by providing such individuals with an incentive for outstanding performance to generate superior returns to the Company's stockholders. The Plan is further intended to provide flexibility to the Company in its ability to motivate, attract, and retain the services of members of the Board, Employees, and Consultants upon whose judgment, interest, and special effort the successful conduct of the Company's operation is largely dependent.

ARTICLE 2.

DEFINITIONS AND CONSTRUCTION

Wherever the following terms are used in the Plan they shall have the meanings specified below, unless the context clearly indicates otherwise. The singular pronoun shall include the plural where the context so indicates.

2.1 Administrator shall mean the entity that conducts the general administration of the Plan as provided in Article 12. With reference to the duties of the Committee under the Plan which have been delegated to one or more persons pursuant to Section 12.6, or as to which the Board has assumed, the term Administrator shall refer to such person(s) unless the Committee or the Board has revoked such delegation or the Board has terminated the assumption of such duties.

2.2 Award shall mean an Option, a Restricted Stock award, a Restricted Stock Unit award, a Performance Award, a Dividend Equivalents award, a Deferred Stock award, a Stock Payment award or a Stock Appreciation Right, which may be awarded or granted under the Plan (collectively, Awards).

2.3 Award Agreement shall mean any written notice, agreement, terms and conditions, contract or other instrument or document evidencing an Award, including through electronic medium, which shall contain such terms and conditions with respect to an Award as the Administrator shall determine consistent with the Plan.

2.4 Award Limit shall mean with respect to Awards that shall be payable in shares of Common Stock or in cash, as the case may be, the respective limit set forth in Section 3.3

2.5 Board shall mean the Board of Directors of the Company.

2.6 Change in Control shall mean and includes each of the following:

(a) A transaction or series of transactions (other than an offering of Common Stock to the general public through a registration statement filed with the Securities and Exchange Commission) whereby any person or related group of persons (as such terms are used in Sections 13(d) and 14(d)(2) of the

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Exchange Act) (other than the Company, any of its subsidiaries, an employee benefit plan maintained by the Company or any of its subsidiaries or a person that, prior to such transaction, directly or indirectly controls, is controlled by, or is under common control with, the Company) directly or indirectly acquires beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act) of securities of the Company possessing more than 50% of the total combined voting power of the Company's securities outstanding immediately after such acquisition; or

(b) During any period of 12 consecutive months, individuals who, at the beginning of such period, constitute the Board together with any new director(s) (other than a director designated by a person who shall have entered into an agreement with the Company to effect a transaction described in Section 2.6(a) or Section 2.6(c) whose election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds of the directors then still in office who either were directors at the beginning of such 12-month period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof; or

(c) The consummation by the Company (whether directly involving the Company or indirectly involving the Company through one or more intermediaries) of (x) a merger, consolidation, reorganization, or business combination or (y) a sale or other disposition of all or substantially all of the Company's assets in any single transaction or series of related transactions or (z) the acquisition of assets or stock of another entity, in each case other than a transaction:

(i) Which results in the Company's voting securities outstanding immediately before the transaction continuing to represent (either by remaining outstanding or by being converted into voting securities of the Company or the person that, as a result of the transaction, controls, directly or indirectly, the Company or owns, directly or indirectly, all or substantially all of the Company's assets or otherwise succeeds to the business of the Company (the Company or such person, the Successor Entity)) directly or indirectly, at least a majority of the combined voting power of the Successor Entity's outstanding voting securities immediately after the transaction, and

(ii) After which no person or group beneficially owns voting securities representing 50% or more of the combined voting power of the Successor Entity; provided, however, that no person or group shall be treated for purposes of this Section 2.6(c)(ii) as beneficially owning 50% or more of combined voting power of the Successor Entity solely as a result of the voting power held in the Company prior to the consummation of the transaction; or

(d) The Committee shall have full and final authority, which shall be exercised in its discretion, to determine conclusively whether a Change in Control of the Company has occurred pursuant to the above definition, and the date of the occurrence of such Change in Control and any incidental matters relating thereto.

2.7 Code shall mean the Internal Revenue Code of 1986, as amended from time to time.

2.8 Committee shall mean the Compensation Committee of the Board, or another committee or subcommittee of the Board, appointed as provided in Section 12.1.

2.9 Common Stock shall mean the common stock of the Company, par value \$0.01 per share.

2.10 Company shall mean Verso Paper Corp., a Delaware corporation.

2.11 Consultant shall mean any consultant or adviser engaged to provide services to the Company or any Subsidiary that qualifies as a consultant under the applicable rules of the Securities and Exchange Commission for registration of shares on a Form S-8 Registration Statement.

2.12 Covered Employee shall mean any Employee who is, or could be, a covered employee within the meaning of Section 162(m) of the Code.

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2.13 Deferred Stock shall mean a right to receive Common Stock awarded under Section 9.4.

2.14 Director shall mean a member of the Board, as constituted from time to time.

2.15 Dividend Equivalent shall mean a right to receive the equivalent value (in cash or Common Stock) of dividends paid on Common Stock, awarded under Section 9.2.

2.16 DRO shall mean a domestic relations order as defined by the Code or Title I of the Employee Retirement Income Security Act of 1974, as amended from time to time, or the rules thereunder.

2.17 Effective Date shall mean the date the Plan is approved by the Board, subject to approval of the Plan by the Company's stockholders.

2.18 Eligible Individual shall mean any person who is an Employee, a Consultant or a Non-Employee Director, as determined by the Committee.

2.19 Employee shall mean any officer or other employee (as determined in accordance with Section 3401(c) of the Code and the Treasury Regulations thereunder) of the Company or of any Subsidiary.

2.20 Equity Restructuring shall mean a nonreciprocal transaction between the Company and its stockholders, such as a stock dividend, stock split, spin-off, rights offering or recapitalization through a large, nonrecurring cash dividend, that affects the number or kind of shares of Common Stock (or other securities of the Company) or the share price of Common Stock (or other securities) and causes a change in the per share value of the Common Stock underlying outstanding Awards.

2.21 Exchange Act shall mean the Securities Exchange Act of 1934, as amended from time to time.

2.22 Fair Market Value shall mean, as of any given date, the value of a share of Common Stock determined as follows:

(a) If the Common Stock is listed on any established stock exchange (such as the New York Stock Exchange, the NASDAQ Global Market and the NASDAQ Global Select Market) or national market system, its Fair Market Value shall be the closing sales price for a share of Common Stock as quoted on such exchange or system for such date or, if there is no closing sales price for a share of Common Stock on the date in question, the closing sales price for a share of Common Stock on the last preceding date for which such quotation exists, as reported in *The Wall Street Journal* or such other source as the Administrator deems reliable;

(b) If the Common Stock is not listed on an established stock exchange or national market system, but the Common Stock is regularly quoted by a recognized securities dealer, its Fair Market Value shall be the mean of the high bid and low asked prices for such date or, if there are no high bid and low asked prices for a share of Common Stock on such date, the high bid and low asked prices for a share of Common Stock on the last preceding date for which such information exists, as reported in *The Wall Street Journal* or such other source as the Administrator deems reliable; or

(c) If the Common Stock is neither listed on an established stock exchange or a national market system nor regularly quoted by a recognized securities dealer, its Fair Market Value shall be established by the Administrator in good faith

2.23 Greater Than 10% Stockholder shall mean an individual then owning (within the meaning of Section 424(d) of the Code) more than 10% of the total combined voting power of all classes of stock of the Company or any subsidiary corporation (as defined in Section 424(f) of the Code) or parent corporation thereof (as defined in Section 424(e) of the Code).

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2.24 Holder shall mean a person who has been granted an Award.

2.25 Incentive Stock Option shall mean an Option that is intended to qualify as an incentive stock option and conforms to the applicable provisions of Section 422 of the Code.

2.26 Non-Employee Director shall mean a Director of the Company who is not an Employee.

2.27 Non-Qualified Stock Option shall mean an Option that is not an Incentive Stock Option.

2.28 Option shall mean a right to purchase shares of Common Stock at a specified exercise price, granted under Article 6. An Option shall be either a Non-Qualified Stock Option or an Incentive Stock Option; provided, however, that Options granted to Non-Employee Directors and Consultants shall be Non-Qualified Stock Options.

2.29 Performance Award shall mean a cash bonus award, stock bonus award, performance award or incentive award that is paid in cash, Common Stock or a combination of both, awarded under Section 9.1.

2.30 Performance-Based Compensation shall mean any compensation that is intended to qualify as performance-based compensation as described in Section 162(m)(4)(C) of the Code.

2.31 Performance Criteria shall mean the criteria (and adjustments) that the Committee selects for an Award for purposes of establishing the Performance Goal or Performance Goals for a Performance Period, determined as follows:

(a) The Performance Criteria that shall be used to establish Performance Goals are limited to the following: (i) net earnings (either before or after one or more of the following: (A) interest, (B) taxes, (C) depreciation and (D) amortization), (ii) gross or net sales or revenue, (iii) net income (either before or after taxes), (iv) operating earnings or profit, (v) cash flow (including, but not limited to, operating cash flow and free cash flow), (vi) return on assets, (vii) return on capital, (viii) return on stockholders' equity, (ix) return on sales, (x) gross or net profit or operating margin, (xi) costs, (xii) funds from operations, (xiii) expenses, (xiv) working capital, (xv) earnings per share, (xvi) price per share of Common Stock, (xvii) regulatory body approval for commercialization of a product, (xviii) implementation or completion of critical projects, (xix) market share, (xx) objective measures of productivity, (xxi) operating efficiency, (xxii) economic value-added, (xxiii) cash flow return on capital, and (xxiv) return on net assets, any of which may be measured either in absolute terms or as compared to any incremental increase or decrease or as compared to results of a peer group or to market performance indicators or indices.

(b) The Administrator may, in its sole discretion, provide that one or more objectively determinable adjustments shall be made to one or more of the Performance Goals. Such adjustments may include one or more of the following: (i) items related to a change in accounting principle; (ii) items relating to financing activities; (iii) expenses for restructuring or productivity initiatives; (iv) other non-operating items; (v) items related to acquisitions; (vi) items attributable to the business operations of any entity acquired by the Company during the Performance Period; (vii) items related to the disposal of a business or segment of a business; (viii) items related to discontinued operations that do not qualify as a segment of a business under United States generally accepted accounting principles (GAAP); (ix) items attributable to any stock dividend, stock split, combination or exchange of shares occurring during the Performance Period; or (x) any other items of significant income or expense which are determined to be appropriate adjustments; (xi) items relating to unusual or extraordinary corporate transactions, events or developments, (xii) items related to amortization of acquired intangible assets; (xiii) items that are outside the scope of the Company's core, on-going business activities; or (xiv) items relating to any other unusual or nonrecurring events or changes in applicable laws, accounting principles or business conditions. For all Awards intended to qualify as Performance-Based Compensation, such determinations shall be made within the time prescribed by, and otherwise in compliance with, Section 162(m) of the Code.

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2.32 Performance Goals shall mean, for a Performance Period, one or more goals established in writing by the Administrator for the Performance Period based upon one or more Performance Criteria. Depending on the Performance Criteria used to establish such Performance Goals, the Performance Goals may be expressed in terms of overall Company performance or the performance of a division, business unit, or an individual. The achievement of each Performance Goal shall be determined in accordance with GAAP to the extent applicable.

2.33 Performance Period shall mean one or more periods of time, which may be of varying and overlapping durations, as the Administrator may select, over which the attainment of one or more Performance Goals will be measured for the purpose of determining a Holder's right to, and the payment of, a Performance Award.

2.34 Plan shall mean this Amended and Restated 2008 Incentive Award Plan, as it may be amended or restated from time to time.

2.35 Public Trading Date shall mean the first date upon which Common Stock is listed (or approved for listing) upon notice of issuance on any securities exchange or designated (or approved for designation) upon notice of issuance as a national market security on an interdealer quotation system.

2.36 Restricted Stock shall mean Common Stock awarded under Article 8 that is subject to certain restrictions and may be subject to risk of forfeiture or repurchase.

2.37 Restricted Stock Units shall mean the right to receive Common Stock awarded under Section 9.5.

2.38 Securities Act shall mean the Securities Act of 1933, as amended.

2.39 Stock Appreciation Right shall mean a stock appreciation right granted under Article 10.

2.40 Stock Payment shall mean (a) a payment in the form of shares of Common Stock, or (b) an option or other right to purchase shares of Common Stock, as part of a bonus, deferred compensation or other arrangement, awarded under Section 9.3.

2.41 Subsidiary means any entity (other than the Company), whether domestic or foreign, in an unbroken chain of entities beginning with the Company if each of the entities other than the last entity in the unbroken chain beneficially owns, at the time of the determination, securities or interests representing more than fifty percent (50%) of the total combined voting power of all classes of securities or interests in one of the other entities in such chain.

2.42 Substitute Award shall mean an Award granted under the Plan upon the assumption of, or in substitution for, outstanding equity awards previously granted by a company or other entity in connection with a corporate transaction, such as a merger, combination, consolidation or acquisition of property or stock; provided, however, that in no event shall the term "Substitute Award" be construed to refer to an award made in connection with the cancellation and repricing of an Option or Stock Appreciation Right.

2.43 Termination of Service shall mean,

(a) As to a Consultant, the time when the engagement of a Holder as a Consultant to the Company or a Subsidiary is terminated for any reason, with or without cause, including, without limitation, by resignation, discharge, death or retirement, but excluding terminations where the Consultant simultaneously commences or remains in employment or service with the Company or any Subsidiary.

(b) As to a Non-Employee Director, the time when a Holder who is a Non-Employee Director ceases to be a Director for any reason, including, without limitation, a termination by resignation, failure to be elected, death or retirement, but excluding terminations where the Holder simultaneously commences or remains in employment or service with the Company or any Subsidiary.

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(c) As to an Employee, the time when the employee-employer relationship between a Holder and the Company or any Subsidiary is terminated for any reason, including, without limitation, a termination by resignation, discharge, death, disability or retirement; but excluding terminations where the Holder simultaneously commences or remains in employment or service with the Company or any Subsidiary.

The Administrator, in its sole discretion, shall determine the effect of all matters and questions relating to Terminations of Service, including, without limitation, the question of whether a Termination of Service resulted from a discharge for cause and all questions of whether particular leaves of absence constitute a Termination of Service; provided, however, that, with respect to Incentive Stock Options, unless the Administrator otherwise provides in the terms of the Award Agreement or otherwise, a leave of absence, change in status from an employee to an independent contractor or other change in the employee-employer relationship shall constitute a Termination of Service only if, and to the extent that, such leave of absence, change in status or other change interrupts employment for the purposes of Section 422(a)(2) of the Code and the then applicable regulations and revenue rulings under said Section. For purposes of the Plan, a Holder's employee-employer relationship or consultancy relations shall be deemed to be terminated in the event that the Subsidiary employing or contracting with such Holder ceases to remain a Subsidiary following any merger, sale of stock or other corporate transaction or event (including, without limitation, a spin-off).

ARTICLE 3.

SHARES SUBJECT TO THE PLAN

3.1 Number of Shares.

(a) Subject to Sections 3.1(b) and 13.2, the aggregate number of shares of Common Stock that may be issued or transferred pursuant to Awards under the Plan is 6,250,000.

(b) To the extent that an Award terminates, expires, or lapses for any reason, or an Award is settled in cash without the delivery of shares to the Holder, then any shares of Common Stock subject to the Award shall again be available for the grant of an Award pursuant to the Plan. Any shares of Common Stock tendered or withheld to satisfy the grant or exercise price or tax withholding obligation pursuant to any Award (other than an Option) shall again be available for the grant of an Award pursuant to the Plan. Any shares of Common Stock repurchased by the Company under Section 8.4 at the same price paid by the Holder so that such shares are returned to the Company will again be available for Awards. To the extent permitted by applicable law or any exchange rule, shares of Common Stock issued in assumption of, or in substitution for, any outstanding awards of any entity acquired in any form of combination by the Company or any Subsidiary shall not be counted against shares of Common Stock available for grant pursuant to the Plan. The payment of Dividend Equivalents in cash in conjunction with any outstanding Awards shall not be counted against the shares available for issuance under the Plan. Notwithstanding the provisions of this Section 3.1(b), no shares of Common Stock may again be optioned, granted or awarded if such action would cause an Incentive Stock Option to fail to qualify as an incentive stock option under Section 422 of the Code.

3.2 Stock Distributed. Any Common Stock distributed pursuant to an Award may consist, in whole or in part, of authorized and unissued Common Stock, treasury Common Stock or Common Stock purchased on the open market.

3.3 Limitation on Number of Shares Subject to Awards. Notwithstanding any provision in the Plan to the contrary, and subject to Section 13.2, the maximum aggregate number of shares of Common Stock with respect to one or more Awards that may be granted to any one Eligible Individual during any calendar year shall be 2,125,000 and the maximum aggregate amount of cash that may be paid during any calendar year with respect to one or more Awards payable in cash shall be \$2,000,000; provided, however, that the foregoing limitations shall not apply prior to the Public Trading Date and, following the Public Trading Date, the foregoing limitations shall not apply until the earliest of: (a) the first material modification of the Plan (including any increase in the number

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of shares reserved for issuance under the Plan in accordance with Section 3.1); (b) the issuance of all of the shares of Common Stock reserved for issuance under the Plan; (c) the expiration of the Plan; (d) the first meeting of stockholders at which members of the Board are to be elected that occurs after the close of the third calendar year following the calendar year in which occurred the first registration of an equity security of the Company under Section 12 of the Exchange Act; or (e) such other date required by Section 162(m) of the Code and the rules and regulations promulgated thereunder. To the extent required by Section 162(m) of the Code, shares subject to Awards which are canceled shall continue to be counted against the Award Limit.

ARTICLE 4.

GRANTING OF AWARDS

4.1 Participation. The Administrator may, from time to time, select from among all Eligible Individuals, those to whom an Award shall be granted and shall determine the nature and amount of each Award, which shall not be inconsistent with the requirements of the Plan. No Eligible Individual shall have any right to be granted an Award pursuant to the Plan.

4.2 Award Agreement. Each Award shall be evidenced by an Award Agreement. Award Agreements evidencing Awards intended to qualify as Performance-Based Compensation shall contain such terms and conditions as may be necessary to meet the applicable provisions of Section 162(m) of the Code. Award Agreements evidencing Incentive Stock Options shall contain such terms and conditions as may be necessary to meet the applicable provisions of Section 422 of the Code.

4.3 Limitations Applicable to Section 16 Persons. Notwithstanding any other provision of the Plan, the Plan, and any Award granted or awarded to any individual who is then subject to Section 16 of the Exchange Act, shall be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including Rule 16b-3 of the Exchange Act and any amendments thereto) that are requirements for the application of such exemptive rule. To the extent permitted by applicable law, the Plan and Awards granted or awarded hereunder shall be deemed amended to the extent necessary to conform to such applicable exemptive rule.

4.4 At-Will Employment. Nothing in the Plan or in any Award Agreement hereunder shall confer upon any Holder any right to continue in the employ of, or as a Director or Consultant for, the Company or any Subsidiary, or shall interfere with or restrict in any way the rights of the Company and any Subsidiary, which rights are hereby expressly reserved, to discharge any Holder at any time for any reason whatsoever, with or without cause, except to the extent expressly provided otherwise in a written agreement between the Holder and the Company or any Subsidiary.

4.5 Foreign Holders. Notwithstanding any provision of the Plan to the contrary, in order to comply with the laws in other countries in which the Company and its Subsidiaries operate or have Employees, Non-Employee Directors or Consultants, or in order to comply with the requirements of any foreign stock exchange, the Administrator, in its sole discretion, shall have the power and authority to: (a) determine which Subsidiaries shall be covered by the Plan; (b) determine which Eligible Individuals outside the United States are eligible to participate in the Plan; (c) modify the terms and conditions of any Award granted to Eligible Individuals outside the United States to comply with applicable foreign laws or listing requirements of any such foreign stock exchange; (d) establish subplans and modify exercise procedures and other terms and procedures, to the extent such actions may be necessary or advisable (any such subplans and/or modifications shall be attached to the Plan as appendices); provided, however, that no such subplans and/or modifications shall increase the share limitations contained in Sections 3.1 and 3.3; and (e) take any action, before or after an Award is made, that it deems advisable to obtain approval or comply with any necessary local governmental regulatory exemptions or approvals or listing requirements of any such foreign stock exchange. Notwithstanding the foregoing, the Administrator may not take any actions hereunder, and no Awards shall be granted, that would violate the Code, the Exchange Act, the Securities Act or any other securities law or governing statute or any other applicable law.

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4.6 Stand-Alone and Tandem Awards. Awards granted pursuant to the Plan may, in the sole discretion of the Administrator, be granted either alone, in addition to, or in tandem with, any other Award granted pursuant to the Plan. Awards granted in addition to or in tandem with other Awards may be granted either at the same time as or at a different time from the grant of such other Awards.

ARTICLE 5.

PROVISIONS APPLICABLE TO AWARDS INTENDED TO

QUALIFY AS PERFORMANCE-BASED COMPENSATION

5.1 Purpose. The Committee, in its sole discretion, may determine whether an Award is to qualify as Performance-Based Compensation. If the Committee, in its sole discretion, decides to grant such an Award to an Eligible Individual that is intended to qualify as Performance-Based Compensation, then the provisions of this Article 5 shall control over any contrary provision contained in the Plan. The Administrator may in its sole discretion grant Awards to other Eligible Individuals that are based on Performance Criteria or Performance Goals but that do not satisfy the requirements of this Article 5 and that are not intended to qualify as Performance-Based Compensation. Unless otherwise specified by the Administrator at the time of grant, the Performance Criteria with respect to an Award intended to be Performance-Based Compensation payable to a Covered Employee shall be determined on the basis of GAAP.

5.2 Applicability. The grant of an Award to an Eligible Individual for a particular Performance Period shall not require the grant of an Award to such Individual in any subsequent Performance Period and the grant of an Award to any one Eligible Individual shall not require the grant of an Award to any other Eligible Individual in such period or in any other period.

5.3 Types of Awards. Notwithstanding anything in the Plan to the contrary, the Committee may grant any Award to an Eligible Individual intended to qualify as Performance-Based Compensation, including, without limitation, Restricted Stock the restrictions with respect to which lapse upon the attainment of specified Performance Goals, and any performance or incentive Awards described in Article 9 that vest or become exercisable or payable upon the attainment of one or more specified Performance Goals.

5.4 Procedures with Respect to Performance-Based Awards. To the extent necessary to comply with the requirements of Section 162(m)(4)(C) of the Code, with respect to any Award granted under Articles 7 or 8 to one or more Eligible Individuals and which is intended to qualify as Performance-Based Compensation, no later than 90 days following the commencement of any Performance Period or any designated fiscal period or period of service (or such earlier time as may be required under Section 162(m) of the Code), the Committee shall, in writing, (a) designate one or more Holders, (b) select the Performance Criteria applicable to the Performance Period, (c) establish the Performance Goals, and amounts of such Awards, as applicable, which may be earned for such Performance Period based on the Performance Criteria, and (d) specify the relationship between Performance Criteria and the Performance Goals and the amounts of such Awards, as applicable, to be earned by each Covered Employee for such Performance Period. Following the completion of each Performance Period, the Committee shall certify in writing whether and the extent to which the applicable Performance Goals have been achieved for such Performance Period. In determining the amount earned under such Awards, the Committee shall have the right to reduce or eliminate (but not to increase) the amount payable at a given level of performance to take into account additional factors that the Committee may deem relevant to the assessment of individual or corporate performance for the Performance Period.

5.5 Payment of Performance-Based Awards. Unless otherwise provided in the applicable Award Agreement and only to the extent otherwise permitted by Section 162(m)(4)(C) of the Code, as to an Award that is intended to qualify as Performance-Based Compensation, the Holder must be employed by the Company or a Subsidiary throughout the Performance Period. Furthermore, a Holder shall be eligible to receive payment pursuant to such Awards for a Performance Period only if and to the extent the Performance Goals for such period are achieved.

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5.6 Additional Limitations. Notwithstanding any other provision of the Plan, any Award which is granted to an Eligible Individual and is intended to qualify as Performance-Based Compensation shall be subject to any additional limitations set forth in Section 162(m) of the Code or any regulations or rulings issued thereunder that are requirements for qualification as Performance-Based Compensation, and the Plan and the Award Agreement shall be deemed amended to the extent necessary to conform to such requirements.

ARTICLE 6.

GRANTING OF OPTIONS

6.1 Granting of Options to Eligible Individuals. The Administrator is authorized to grant Options to Eligible Individuals from time to time, in its sole discretion, on such terms and conditions as it may determine which shall not be inconsistent with the Plan.

6.2 Qualification of Incentive Stock Options. No Incentive Stock Option shall be granted to any person who is not an Employee of the Company or any subsidiary corporation of the Company (as defined in Section 424(f) of the Code). No person who qualifies as a Greater Than 10% Stockholder may be granted an Incentive Stock Option unless such Incentive Stock Option conforms to the applicable provisions of Section 422 of the Code. Any Incentive Stock Option granted under the Plan may be modified by the Administrator, with the consent of the Holder, to disqualify such Option from treatment as an incentive stock option under Section 422 of the Code. To the extent that the aggregate fair market value of stock with respect to which incentive stock options (within the meaning of Section 422 of the Code, but without regard to Section 422(d) of the Code) are exercisable for the first time by a Holder during any calendar year under the Plan, and all other plans of the Company and any Subsidiary or parent corporation thereof (as defined in Section 424(e) of the Code), exceeds \$100,000, the Options shall be treated as Non-Qualified Stock Options to the extent required by Section 422 of the Code. The rule set forth in the preceding sentence shall be applied by taking Options and other incentive stock options into account in the order in which they were granted and the fair market value of stock shall be determined as of the time the respective options were granted.

6.3 Option Exercise Price. The exercise price per share of Common Stock subject to each Option shall be set by the Administrator, but shall not be less than 100% of the Fair Market Value of a share of Common Stock on the date the Option is granted (or, as to Incentive Stock Options, on the date the Option is modified, extended or renewed for purposes of Section 424(h) of the Code). In addition, in the case of Incentive Stock Options granted to a Greater Than 10% Stockholder, such price shall not be less than 110% of the Fair Market Value of a share of Common Stock on the date the Option is granted (or the date the Option is modified, extended or renewed for purposes of Section 424(h) of the Code).

6.4 Option Term. The term of each Option shall be set by the Administrator in its sole discretion; provided, however, that the term shall not be more than ten (10) years from the date the Option is granted, or five (5) years from the date an Incentive Stock Option is granted to a Greater Than 10% Stockholder. The Administrator shall determine the time period, including the time period following a Termination of Service, during which the Holder has the right to exercise the vested Options, which time period may not extend beyond the term of the Option term. Except as limited by the requirements of Section 409A or Section 422 of the Code and regulations and rulings thereunder, the Administrator may extend the term of any outstanding Option, and may extend the time period during which vested Options may be exercised, in connection with any Termination of Service of the Holder, and may amend any other term or condition of such Option relating to such a Termination of Service.

6.5 Option Vesting.

(a) The period during which the right to exercise, in whole or in part, an Option vests in the Holder shall be set by the Administrator and the Administrator may determine that an Option may not be exercised in whole or in part for a specified period after it is granted. Such vesting may be based on service with the Company or any Subsidiary, any of the Performance Criteria, or any other criteria selected by the

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Administrator. At any time after grant of an Option, the Administrator may, in its sole discretion and subject to whatever terms and conditions it selects, accelerate the period during which an Option vests.

(b) No portion of an Option which is unexercisable at a Holder's Termination of Service shall thereafter become exercisable, except as may be otherwise provided by the Administrator either in the Award Agreement or by action of the Administrator following the grant of the Option.

6.6 Substitute Awards. Notwithstanding the foregoing provisions of this Article 6 to the contrary, in the case of an Option that is a Substitute Award, the price per share of the shares subject to such Option may be less than the Fair Market Value per share on the date of grant, provided that the excess of (a) the aggregate Fair Market Value (as of the date such Substitute Award is granted) of the shares subject to the Substitute Award over (b) the aggregate exercise price thereof does not exceed the excess of (x) the aggregate fair market value (as of the time immediately preceding the transaction giving rise to the Substitute Award, such fair market value to be determined by the Administrator) of the shares of the predecessor entity that were subject to the grant assumed or substituted for by the Company over (y) the aggregate exercise price of such shares.

6.7 Substitution of Stock Appreciation Rights. The Administrator may provide in the Award Agreement evidencing the grant of an Option that the Administrator, in its sole discretion, shall have the right to substitute a Stock Appreciation Right for such Option at any time prior to or upon exercise of such Option; provided, however, that such Stock Appreciation Right shall be exercisable with respect to the same number of shares of Common Stock for which such substituted Option would have been exercisable.

ARTICLE 7.

EXERCISE OF OPTIONS

7.1 Partial Exercise. An exercisable Option may be exercised in whole or in part. However, an Option shall not be exercisable with respect to fractional shares and the Administrator may require that, by the terms of the Option, a partial exercise must be with respect to a minimum number of shares.

7.2 Manner of Exercise. All or a portion of an exercisable Option shall be deemed exercised upon delivery of all of the following to the Secretary of the Company, or such other person or entity designated by the Administrator, or his, her or its office, as applicable:

(a) A written notice complying with the applicable rules established by the Administrator stating that the Option, or a portion thereof, is exercised. The notice shall be signed by the Holder or other person then entitled to exercise the Option or such portion of the Option;

(b) Such representations and documents as the Administrator, in its sole discretion, deems necessary or advisable to effect compliance with all applicable provisions of the Securities Act and any other federal, state or foreign securities laws or regulations. The Administrator may, in its sole discretion, also take whatever additional actions it deems appropriate to effect such compliance including, without limitation, placing legends on share certificates and issuing stop-transfer notices to agents and registrars;

(c) In the event that the Option shall be exercised pursuant to Section 11.3 by any person or persons other than the Holder, appropriate proof of the right of such person or persons to exercise the Option; and

(d) Full payment of the exercise price and applicable withholding taxes to the Secretary of the Company for the shares with respect to which the Option, or portion thereof, is exercised, in a manner permitted by Section 11.1 and 11.2.

7.3 Notification Regarding Disposition. The Holder shall give the Company prompt notice of any disposition of shares of Common Stock acquired by exercise of an Incentive Stock Option which occurs within (a) two years from the date of granting (including the date the Option is modified, extended or renewed for purposes of Section 424(h) of the Code) such Option to such Holder, or (b) one year after the transfer of such shares to such Holder.

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ARTICLE 8.

AWARD OF RESTRICTED STOCK

8.1 Award of Restricted Stock.

(a) The Administrator is authorized to grant Restricted Stock to Eligible Individuals, and shall determine the terms and conditions, including the restrictions applicable to each award of Restricted Stock, which terms and conditions shall not be inconsistent with the Plan, and may impose such conditions on the issuance of such Restricted Stock as it deems appropriate.

(b) The Administrator shall establish the purchase price, if any, and form of payment for Restricted Stock; provided, however, that such purchase price shall be no less than the par value of the Common Stock to be purchased, unless otherwise permitted by applicable state law. In all cases, legal consideration shall be required for each issuance of Restricted Stock.

8.2 Rights as Stockholders. Subject to Section 8.4, upon issuance of Restricted Stock, the Holder shall have, unless otherwise provided by the Administrator, all the rights of a stockholder with respect to said shares, subject to the restrictions in his or her Award Agreement, including the right to receive all dividends and other distributions paid or made with respect to the shares; provided, however, that, in the sole discretion of the Administrator, any extraordinary distributions with respect to the Common Stock shall be subject to the restrictions set forth in Section 8.3.

8.3 Restrictions. All shares of Restricted Stock (including any shares received by Holders thereof with respect to shares of Restricted Stock as a result of stock dividends, stock splits or any other form of recapitalization) shall, in the terms of each individual Award Agreement, be subject to such restrictions and vesting requirements as the Administrator shall provide. Such restrictions may include, without limitation, restrictions concerning voting rights and transferability and such restrictions may lapse separately or in combination at such times and pursuant to such circumstances or based on such criteria as selected by the Administrator, including, without limitation, criteria based on the Holder's duration of employment, directorship or consultancy with the Company, the Performance Criteria, Company performance, individual performance or other criteria selected by the Administrator. By action taken after the Restricted Stock is issued, the Administrator may, on such terms and conditions as it may determine to be appropriate, accelerate the vesting of such Restricted Stock by removing any or all of the restrictions imposed by the terms of the Award Agreement. Restricted Stock may not be sold or encumbered until all restrictions are terminated or expire.

8.4 Repurchase or Forfeiture of Restricted Stock. If no price was paid by the Holder for the Restricted Stock, upon a Termination of Service the Holder's rights in unvested Restricted Stock then subject to restrictions shall lapse, and such Restricted Stock shall be surrendered to the Company and cancelled without consideration. If a price was paid by the Holder for the Restricted Stock, upon a Termination of Service the Company shall have the right to repurchase from the Holder the unvested Restricted Stock then subject to restrictions at a cash price per share equal to the price paid by the Holder for such Restricted Stock or such other amount as may be specified in the Award Agreement. The Administrator in its sole discretion may provide that in the event of certain events, including a Change in Control, the Holder's death, retirement or Disability or any other specified Termination of Service or any other event, the Holder's rights in unvested Restricted Stock shall not lapse, such Restricted Stock shall vest and, if applicable, the Company shall not have a right of repurchase.

8.5 Certificates for Restricted Stock. Restricted Stock granted pursuant to the Plan may be evidenced in such manner as the Administrator shall determine. Certificates or book entries evidencing shares of Restricted Stock must include an appropriate legend referring to the terms, conditions, and restrictions applicable to such Restricted Stock, and the Company may, in its sole discretion, retain physical possession of any stock certificate until such time as all applicable restrictions lapse.

8.6 Section 83(b) Election. If a Holder makes an election under Section 83(b) of the Code to be taxed with respect to the Restricted Stock as of the date of transfer of the Restricted Stock rather than as of the date or dates

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upon which the Holder would otherwise be taxable under Section 83(a) of the Code, the Holder shall be required to deliver a copy of such election to the Company promptly after filing such election with the Internal Revenue Service.

ARTICLE 9.

**AWARD OF PERFORMANCE AWARDS, DIVIDEND EQUIVALENTS,
DEFERRED STOCK, STOCK PAYMENTS, RESTRICTED STOCK UNITS**

9.1 Performance Awards.

(a) The Administrator is authorized to grant Performance Awards to any Eligible Individual and to determine whether such Performance Awards shall be Performance-Based Compensation. The value of Performance Awards may be linked to any one or more of the Performance Criteria or other specific criteria determined by the Administrator, in each case on a specified date or dates or over any period or periods determined by the Administrator. In making such determinations, the Administrator shall consider (among such other factors as it deems relevant in light of the specific type of Award) the contributions, responsibilities and other compensation of the particular Eligible Individual. Performance Awards may be paid in cash, shares of Common Stock, or both, as determined by the Administrator.

(b) Without limiting Section 9.1(a), the Administrator may grant Performance Awards to any Eligible Individual in the form of a cash bonus payable upon the attainment of objective Performance Goals, or such other criteria, whether or not objective, which are established by the Administrator, in each case on a specified date or dates or over any period or periods determined by the Administrator. Any such bonuses paid to a Holder which are intended to be Performance-Based Compensation shall be based upon objectively determinable bonus formulas established in accordance with the provisions of Article 5. Additionally, any such bonuses paid to any Eligible Individual shall be subject to the Award Limit.

9.2 Dividend Equivalents.

(a) Dividend Equivalents may be granted by the Administrator based on dividends declared on the Common Stock, to be credited as of dividend payment dates during the period between the date an Award is granted to a Holder and the date such Award vests, is exercised, is distributed or expires, as determined by the Administrator. Such Dividend Equivalents shall be converted to cash or additional shares of Common Stock by such formula and at such time and subject to such limitations as may be determined by the Administrator.

(b) Notwithstanding the foregoing, no Dividend Equivalents shall be payable with respect to Options or Stock Appreciation Rights.

9.3 Stock Payments. The Administrator is authorized to make Stock Payments to any Eligible Individual. The number or value of shares of any Stock Payment shall be determined by the Administrator and may be based upon one or more Performance Criteria or any other specific criteria, including service to the Company or any Subsidiary, determined by the Administrator. Stock Payments may, but are not required to be made in lieu of base salary, bonus, fees or other cash compensation otherwise payable to such Eligible Individual.

9.4 Deferred Stock. The Administrator is authorized to grant Deferred Stock to any Eligible Individual. The number of shares of Deferred Stock shall be determined by the Administrator and may be based on one or more Performance Criteria or other specific criteria, including service to the Company or any Subsidiary, as the Administrator determines, in each case on a specified date or dates or over any period or periods determined by the Administrator. Common Stock underlying a Deferred Stock award will not be issued until the Deferred Stock award has vested, pursuant to a vesting schedule or other conditions or criteria set by the Administrator. Unless otherwise provided by the Administrator, a Holder of Deferred Stock shall have no rights as a Company stockholder with respect to such Deferred Stock until such time as the Award has vested and the Common Stock underlying the Award has been issued to the Holder.

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9.5 **Restricted Stock Units.** The Administrator is authorized to grant Restricted Stock Units to any Eligible Individual. The number and terms and conditions of Restricted Stock Units shall be determined by the Administrator. The Administrator shall specify the date or dates on which the Restricted Stock Units shall become fully vested and nonforfeitable, and may specify such conditions to vesting as it deems appropriate, including conditions based on one or more Performance Criteria or other specific criteria, including service to the Company or any Subsidiary, in each case on a specified date or dates or over any period or periods, as the Administrator determines. The Administrator shall specify, or permit the Holder to elect, the conditions and dates upon which the shares of Common Stock underlying the Restricted Stock Units which shall be issued, which dates shall not be earlier than the date as of which the Restricted Stock Units vest and become nonforfeitable and which conditions and dates shall be subject to compliance with Section 409A of the Code. On the distribution dates, the Company shall issue to the Holder one unrestricted, fully transferable share of Common Stock for each vested and nonforfeitable Restricted Stock Unit.

9.6 **Term.** The term of a Performance Award, Dividend Equivalent award, Deferred Stock award, Stock Payment award and/or Restricted Stock Unit award shall be set by the Administrator in its sole discretion.

9.7 **Exercise or Purchase Price.** The Administrator may establish the exercise or purchase price of a Performance Award, shares of Deferred Stock, shares distributed as a Stock Payment award or shares distributed pursuant to a Restricted Stock Unit award; **provided, however,** that value of the consideration shall not be less than the par value of a share of Common Stock, unless otherwise permitted by applicable law.

9.8 **Exercise upon Termination of Service.** A Performance Award, Dividend Equivalent award, Deferred Stock award, Stock Payment award and/or Restricted Stock Unit award is exercisable or distributable only while the Holder is an Employee, Director or Consultant, as applicable. The Administrator, however, in its sole discretion may provide that the Performance Award, Dividend Equivalent award, Deferred Stock award, Stock Payment award and/or Restricted Stock Unit award may be exercised or distributed subsequent to a Termination of Service in certain events, including a Change in Control, the Holder's death, retirement or Disability or any other specified Termination of Service.

ARTICLE 10.

AWARD OF STOCK APPRECIATION RIGHTS

10.1 **Grant of Stock Appreciation Rights.**

(a) The Administrator is authorized to grant Stock Appreciation Rights to Eligible Individuals from time to time, in its sole discretion, on such terms and conditions as it may determine consistent with the Plan.

(b) A Stock Appreciation Right shall entitle the Holder (or other person entitled to exercise the Stock Appreciation Right pursuant to the Plan) to exercise all or a specified portion of the Stock Appreciation Right (to the extent then exercisable pursuant to its terms) and to receive from the Company an amount determined by multiplying the difference obtained by subtracting the exercise price per share of the Stock Appreciation Right from the Share Value on the date of exercise of the Stock Appreciation Right by the number of shares of Common Stock with respect to which the Stock Appreciation Right shall have been exercised, subject to any limitations the Administrator may impose. Except as described in (c) below, the exercise price per share of Common Stock subject to each Stock Appreciation Right shall be set by the Administrator, but shall not be less than 100% of the Share Value on the date the Stock Appreciation Right is granted.

(c) Notwithstanding the foregoing provisions of Section 10.1(b) to the contrary, in the case of a Stock Appreciation Right that is a Substitute Award, the price per share of the shares subject to such Stock Appreciation Right may be less than the Fair Market Value per share on the date of grant, **provided** that the excess of (a) the aggregate Fair Market Value (as of the date such Substitute Award is granted) of the shares subject to the Substitute Award over (b) the aggregate exercise price thereof does not exceed the excess of

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(x) the aggregate fair market value (as of the time immediately preceding the transaction giving rise to the Substitute Award, such fair market value to be determined by the Administrator) of the shares of the predecessor entity that were subject to the grant assumed or substituted for by the Company over (y) the aggregate exercise price of such shares.

10.2 Stock Appreciation Right Vesting.

(a) The period during which the right to exercise, in whole or in part, a Stock Appreciation Right vests in the Holder shall be set by the Administrator and the Administrator may determine that a Stock Appreciation Right may not be exercised in whole or in part for a specified period after it is granted. Such vesting may be based on service with the Company or any Subsidiary, or any other criteria selected by the Administrator. At any time after grant of a Stock Appreciation Right, the Administrator may, in its sole discretion and subject to whatever terms and conditions it selects, accelerate the period during which a Stock Appreciation Right vests.

(b) No portion of a Stock Appreciation Right which is unexercisable at Termination of Service shall thereafter become exercisable, except as may be otherwise provided by the Administrator either in the Award Agreement or by action of the Administrator following the grant of the Stock Appreciation Right.

10.3 Manner of Exercise. All or a portion of an exercisable Stock Appreciation Right shall be deemed exercised upon delivery of all of the following to the Secretary of the Company, or such other person or entity designated by the Administrator, or his, her or its office, as applicable:

(a) A written notice complying with the applicable rules established by the Administrator stating that the Stock Appreciation Right, or a portion thereof, is exercised. The notice shall be signed by the Holder or other person then entitled to exercise the Stock Appreciation Right or such portion of the Stock Appreciation Right;

(b) Such representations and documents as the Administrator, in its sole discretion, deems necessary or advisable to effect compliance with all applicable provisions of the Securities Act and any other federal, state or foreign securities laws or regulations. The Administrator may, in its sole discretion, also take whatever additional actions it deems appropriate to effect such compliance; and

(c) In the event that the Stock Appreciation Right shall be exercised pursuant to this Section 10.3 by any person or persons other than the Holder, appropriate proof of the right of such person or persons to exercise the Stock Appreciation Right.

10.4 Payment. Payment of the amounts determined under Section 10.2(c) and 10.3(b) above shall be in cash, shares of Common Stock (based on its Fair Market Value as of the date the Stock Appreciation Right is exercised), or a combination of both, as determined by the Administrator.

ARTICLE 11.

ADDITIONAL TERMS OF AWARDS

11.1 Payment. The Administrator shall determine the methods by which payments by any Holder with respect to any Awards granted under the Plan shall be made, including, without limitation, (a) cash or check; (b) shares of Common Stock (including, in the case of payment of the exercise price of an Award, shares of Common Stock issuable pursuant to the exercise of the Award) or shares of Common Stock held for such period of time as may be required by the Administrator in order to avoid adverse accounting consequences, in each case having a Fair Market Value on the date of delivery equal to the aggregate payments required; (c) delivery of a notice that the Holder has placed a market sell order with a broker with respect to shares of Common Stock then issuable upon exercise or vesting of an Award, and that the broker has been directed to pay a sufficient portion of the net proceeds of the sale to the Company in satisfaction of the aggregate payments required, provided that payment of such proceeds is then made to the Company upon settlement of such sale; or (d) any other form of

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legal consideration acceptable to the Administrator. The Administrator shall also determine the methods by which shares of Common Stock shall be delivered or deemed to be delivered to Holders. Notwithstanding any other provision of the Plan to the contrary, no Holder who is a Director or an executive officer of the Company within the meaning of Section 13(k) of the Exchange Act shall be permitted to make payment with respect to any Awards granted under the Plan, or continue any extension of credit with respect to such payment with a loan from the Company or a loan arranged by the Company in violation of Section 13(k) of the Exchange Act.

11.2 Tax Withholding. The Company or any Subsidiary shall have the authority and the right to deduct or withhold, or require a Holder to remit to the Company, an amount sufficient to satisfy federal, state, local and foreign taxes (including the Holder's FICA or employment tax obligation) required by law to be withheld with respect to any taxable event concerning a Holder arising as a result of the Plan. The Administrator may in its sole discretion and in satisfaction of the foregoing requirement allow a Holder to elect to have the Company withhold shares of Common Stock otherwise issuable under an Award (or allow the surrender of shares of Common Stock). The number of shares of Common Stock which may be so withheld or surrendered shall be limited to the number of shares which have a Fair Market Value on the date of withholding or repurchase equal to the aggregate amount of such liabilities based on the minimum statutory withholding rates for federal, state, local and foreign income tax and payroll tax purposes that are applicable to such supplemental taxable income. The Administrator shall determine the fair market value of the Common Stock, consistent with applicable provisions of the Code, for tax withholding obligations due in connection with a broker-assisted cashless Option or Stock Appreciation Right exercise involving the sale of shares to pay the Option or Stock Appreciation Right exercise price or any tax withholding obligation.

11.3 Transferability of Awards.

(a) Except as otherwise provided in Section 11.3(b):

(i) No Award under the Plan may be sold, pledged, assigned or transferred in any manner other than by will or the laws of descent and distribution or, subject to the consent of the Administrator, pursuant to a DRO, unless and until such Award has been exercised, or the shares underlying such Award have been issued, and all restrictions applicable to such shares have lapsed;

(ii) No Award or interest or right therein shall be liable for the debts, contracts or engagements of the Holder or his successors in interest or shall be subject to disposition by transfer, alienation, anticipation, pledge, hypothecation, encumbrance, assignment or any other means whether such disposition be voluntary or involuntary or by operation of law by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy), and any attempted disposition thereof shall be null and void and of no effect, except to the extent that such disposition is permitted by the preceding sentence; and

(iii) During the lifetime of the Holder, only the Holder may exercise an Award (or any portion thereof) granted to him under the Plan, unless it has been disposed of pursuant to a DRO; after the death of the Holder, any exercisable portion of an Award may, prior to the time when such portion becomes unexercisable under the Plan or the applicable Award Agreement, be exercised by his personal representative or by any person empowered to do so under the deceased Holder's will or under the then applicable laws of descent and distribution.

(b) Notwithstanding Section 11.3(a), the Administrator, in its sole discretion, may determine to permit a Holder to transfer an Award other than an Incentive Stock Option to any one or more Permitted Transferees (as defined below), subject to the following terms and conditions: (i) an Award transferred to a Permitted Transferee shall not be assignable or transferable by the Permitted Transferee other than by will or the laws of descent and distribution; (ii) an Award transferred to a Permitted Transferee shall continue to be subject to all the terms and conditions of the Award as applicable to the original Holder (other than the ability to further transfer the Award); and (iii) the Holder and the Permitted Transferee shall execute any and all documents requested by the Administrator, including, without limitation documents to (A) confirm

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the status of the transferee as a Permitted Transferee, (B) satisfy any requirements for an exemption for the transfer under applicable federal, state and foreign securities laws and (C) evidence the transfer. For purposes of this Section 11.3(b), Permitted Transferee shall mean, with respect to a Holder, any family member of the Holder, as defined under the instructions to use of the Form S-8 Registration Statement under the Securities Act, or any other transferee specifically approved by the Administrator after taking into account any state, federal, local or foreign tax and securities laws applicable to transferable Awards.

(c) Notwithstanding Section 11.3(a), a Holder may, in the manner determined by the Administrator, designate a beneficiary to exercise the rights of the Holder and to receive any distribution with respect to any Award upon the Holder's death. A beneficiary, legal guardian, legal representative, or other person claiming any rights pursuant to the Plan is subject to all terms and conditions of the Plan and any Award Agreement applicable to the Holder, except to the extent the Plan and Award Agreement otherwise provide, and to any additional restrictions deemed necessary or appropriate by the Administrator. If the Holder is married and resides in a community property state, a designation of a person other than the Holder's spouse as his or her beneficiary with respect to more than 50% of the Holder's interest in the Award shall not be effective without the prior written consent of the Holder's spouse. If no beneficiary has been designated or survives the Holder, payment shall be made to the person entitled thereto pursuant to the Holder's will or the laws of descent and distribution. Subject to the foregoing, a beneficiary designation may be changed or revoked by a Holder at any time provided the change or revocation is filed with the Administrator prior to the Holder's death.

11.4 Conditions to Issuance of Shares.

(a) Notwithstanding anything herein to the contrary, the Company shall not be required to issue or deliver any certificates or make any book entries evidencing shares of Common Stock pursuant to the exercise of any Award, unless and until the Board has determined, with advice of counsel, that the issuance of such shares is in compliance with all applicable laws, regulations of governmental authorities and, if applicable, the requirements of any exchange on which the shares of Common Stock are listed or traded, and the shares of Common Stock are covered by an effective registration statement or applicable exemption from registration. In addition to the terms and conditions provided herein, the Board may require that a Holder make such reasonable covenants, agreements, and representations as the Board, in its discretion, deems advisable in order to comply with any such laws, regulations, or requirements.

(b) All Common Stock certificates delivered pursuant to the Plan and all shares issued pursuant to book entry procedures are subject to any stop-transfer orders and other restrictions as the Administrator deems necessary or advisable to comply with federal, state, or foreign securities or other laws, rules and regulations and the rules of any securities exchange or automated quotation system on which the Common Stock is listed, quoted, or traded. The Administrator may place legends on any Common Stock certificate or book entry to reference restrictions applicable to the Common Stock.

(c) The Administrator shall have the right to require any Holder to comply with any timing or other restrictions with respect to the settlement, distribution or exercise of any Award, including a window-period limitation, as may be imposed in the sole discretion of the Administrator.

(d) No fractional shares of Common Stock shall be issued and the Administrator shall determine, in its sole discretion, whether cash shall be given in lieu of fractional shares or whether such fractional shares shall be eliminated by rounding down.

(e) Notwithstanding any other provision of the Plan, unless otherwise determined by the Administrator or required by any applicable law, rule or regulation, the Company shall not deliver to any Holder certificates evidencing shares of Common Stock issued in connection with any Award and instead such shares of Common Stock shall be recorded in the books of the Company (or, as applicable, its transfer agent or stock plan administrator).

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11.5 **Forfeiture and Claw-Back Provisions.** Pursuant to its general authority to determine the terms and conditions applicable to Awards under the Plan, the Administrator shall have the right to provide, in an Award Agreement or otherwise, or to require a Holder to agree by separate written instrument, that:

(a) (i) any proceeds, gains or other economic benefit actually or constructively received by the Holder upon any receipt or exercise of an Award, or upon the receipt or resale of any Common Stock underlying an Award, shall be paid to the Company, and (ii) the Award shall terminate and any unexercised portion of the Award (whether or not vested) shall be forfeited, if (A) a Termination of Service occurs prior to a specified date, or within a specified time period following receipt or exercise of the Award, (B) the Holder at any time, or during a specified time period, engages in any activity in competition with the Company, or which is inimical, contrary or harmful to the interests of the Company, as further defined by the Administrator, or (C) the Holder incurs a Termination of Service for cause (as such term is defined in the sole discretion of the Administrator, or as set forth in a written agreement relating to such Award between the Company and the Holder); and

(b) all Awards (including any proceeds, gains or other economic benefit actually or constructively received by the Holder upon any receipt or exercise of an Award or upon the receipt or resale of any Common Stock underlying an Award) shall be subject to the provisions of any claw-back policy implemented by the Company, including, without limitation, any claw-back policy adopted to comply with the requirements of applicable law, including, without limitation, the Dodd-Frank Wall Street Reform and Consumer Protection Act and any rules or regulations promulgated thereunder, to the extent set forth in such claw-back policy and/or in the applicable Award Agreement.

11.6 **Prohibition on Repricing.** Subject to Section 13.2, the Administrator shall not, without the approval of the stockholders of the Company, authorize the amendment of any outstanding Award to reduce its price per share. Furthermore, subject to Section 13.2, no Award shall be canceled and replaced with the grant of an Award having a lesser price per share without the further approval of stockholders of the Company. Subject to Section 13.2, the Administrator shall have the authority, without the approval of the stockholders of the Company, to amend any outstanding award to increase the price per share or to cancel and replace an Award with the grant of an Award having a price per share that is greater than or equal to the price per share of the original Award.

ARTICLE 12.

ADMINISTRATION

12.1 **Administrator.** The Compensation Committee (or another committee or a subcommittee of the Board assuming the functions of the Committee under the Plan) shall administer the Plan (except as otherwise permitted herein) and, unless otherwise determined by the Board, shall consist solely of two or more Non-Employee Directors appointed by and holding office at the pleasure of the Board, each of whom is intended to qualify as a non-employee director as defined by Rule 16b-3 of the Exchange Act or any successor rule, an outside director for purposes of Section 162(m) of the Code and an independent director under the rules of the New York Stock Exchange (or other principal securities market on which shares of Common Stock are traded); **provided, however,** that any action taken by the Committee shall be valid and effective, whether or not members of the Committee at the time of such action are later determined not to have satisfied the requirements for membership set forth in this Section 12.1 or otherwise provided in any charter of the Committee. Except as may otherwise be provided in any charter of the Committee, appointment of Committee members shall be effective upon acceptance of appointment. Committee members may resign at any time by delivering written notice to the Board. Vacancies in the Committee may only be filled by the Board. Notwithstanding the foregoing, (a) the full Board, acting by a majority of its members in office, shall conduct the general administration of the Plan with respect to Awards granted to Non-Employee Directors and (b) the Board or Committee may delegate its authority hereunder to the extent permitted by Section 12.6.

12.2 **Duties and Powers of Committee.** It shall be the duty of the Committee to conduct the general administration of the Plan in accordance with its provisions. The Committee shall have the power to interpret the

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Plan and the Award Agreement, and to adopt such rules for the administration, interpretation and application of the Plan as are not inconsistent therewith, to interpret, amend or revoke any such rules and to amend any Award Agreement provided that the rights or obligations of the holder of the Award that is the subject of any such Award Agreement are not affected adversely by such amendment, unless the consent of the Holder is obtained or such amendment is otherwise permitted under Section 13.10. Any such grant or award under the Plan need not be the same with respect to each holder. Any such interpretations and rules with respect to Incentive Stock Options shall be consistent with the provisions of Section 422 of the Code. In its sole discretion, the Board may at any time and from time to time exercise any and all rights and duties of the Committee under the Plan except with respect to matters which under Rule 16b-3 under the Exchange Act or any successor rule, or Section 162(m) of the Code, or any regulations or rules issued thereunder, are required to be determined in the sole discretion of the Committee.

12.3 Action by the Committee. Unless otherwise established by the Board or in any charter of the Committee, a majority of the Committee shall constitute a quorum and the acts of a majority of the members present at any meeting at which a quorum is present, and acts approved in writing by all members of the Committee in lieu of a meeting, shall be deemed the acts of the Committee. Each member of the Committee is entitled to, in good faith, rely or act upon any report or other information furnished to that member by any officer or other employee of the Company or any Subsidiary, the Company's independent certified public accountants, or any executive compensation consultant or other professional retained by the Company to assist in the administration of the Plan.

12.4 Authority of Administrator. Subject to any specific designation in the Plan, the Administrator has the exclusive power, authority and sole discretion to:

- (a) Designate Eligible Individuals to receive Awards;
- (b) Determine the type or types of Awards to be granted to each Holder;
- (c) Determine the number of Awards to be granted and the number of shares of Common Stock to which an Award will relate;
- (d) Determine the terms and conditions of any Award granted pursuant to the Plan, including, but not limited to, the exercise price, grant price, or purchase price, any reload provision, any restrictions or limitations on the Award, any schedule for vesting, lapse of forfeiture restrictions or restrictions on the exercisability of an Award, and accelerations or waivers thereof, and any provisions related to non-competition and recapture of gain on an Award, based in each case on such considerations as the Administrator in its sole discretion determines;
- (e) Determine whether, to what extent, and pursuant to what circumstances an Award may be settled in, or the exercise price of an Award may be paid in cash, Common Stock, other Awards, or other property, or an Award may be canceled, forfeited, or surrendered;
- (f) Prescribe the form of each Award Agreement, which need not be identical for each Holder;
- (g) Decide all other matters that must be determined in connection with an Award;
- (h) Establish, adopt, or revise any rules and regulations as it may deem necessary or advisable to administer the Plan;
- (i) Interpret the terms of, and any matter arising pursuant to, the Plan or any Award Agreement; and
- (j) Make all other decisions and determinations that may be required pursuant to the Plan or as the Administrator deems necessary or advisable to administer the Plan.

12.5 Decisions Binding. The Administrator's interpretation of the Plan, any Awards granted pursuant to the Plan, any Award Agreement and all decisions and determinations by the Administrator with respect to the Plan are final, binding, and conclusive on all parties.

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12.6 Delegation of Authority. To the extent permitted by applicable law, the Board or Committee may from time to time delegate to a committee of one or more members of the Board or one or more officers of the Company the authority to grant or amend Awards; provided, however, that in no event shall an officer be delegated the authority to grant awards to, or amend awards held by, the following individuals: (a) individuals who are subject to Section 16 of the Exchange Act, (b) Covered Employees, or (c) officers of the Company (or Directors) to whom authority to grant or amend Awards has been delegated hereunder. Any delegation hereunder shall be subject to the restrictions and limits that the Board or Committee specifies at the time of such delegation, and the Board may at any time rescind the authority so delegated or appoint a new delegatee. At all times, the delegatee appointed under this Section 12.6 shall serve in such capacity at the pleasure of the Board and the Committee.

ARTICLE 13.

MISCELLANEOUS PROVISIONS

13.1 Amendment, Suspension or Termination of the Plan. Except as otherwise provided in this Section 13.1, the Plan may be wholly or partially amended or otherwise modified, suspended or terminated at any time or from time to time by the Board. However, without approval of the Company's stockholders given within twelve (12) months before or after the action by the Administrator, no action of the Administrator may, except as provided in Section 13.2, (i) increase the limits imposed in Section 3.1 on the maximum number of shares which may be issued under the Plan, or (ii) decrease the exercise price of any outstanding Option or Stock Appreciation Right granted under the Plan. Except as provided in Section 13.10, no amendment, suspension or termination of the Plan shall, without the consent of the Holder, impair any rights or obligations under any Award theretofore granted or awarded, unless the Award itself otherwise expressly so provides. No Awards may be granted or awarded during any period of suspension or after termination of the Plan, and in no event may any Award be granted under the Plan after April 11, 2022.

13.2 Changes in Common Stock or Assets of the Company, Acquisition or Liquidation of the Company and Other Corporate Events.

(a) In the event of any stock dividend, stock split, combination or exchange of shares, merger, consolidation or other distribution (other than normal cash dividends) of Company assets to stockholders, or any other change affecting the shares of the Company's stock or the share price of the Company's stock other than an Equity Restructuring, the Administrator shall make equitable adjustments, if any, to reflect such change with respect to (i) the aggregate number and kind of shares that may be issued under the Plan (including, but not limited to, adjustments of the limitations in Section 3.1 on the maximum number and kind of shares which may be issued under the Plan, and adjustments of the Award Limit); (ii) the number and kind of shares of Common Stock (or other securities or property) subject to outstanding Awards; (iii) the terms and conditions of any outstanding Awards (including, without limitation, any applicable performance targets or criteria with respect thereto); and (iv) the grant or exercise price per share for any outstanding Awards under the Plan. Any adjustment affecting an Award intended as Performance-Based Compensation shall be made consistent with the requirements of Section 162(m) of the Code.

(b) In the event of any transaction or event described in Section 13.2(a) or any unusual or nonrecurring transactions or events affecting the Company, any affiliate of the Company, or the financial statements of the Company or any affiliate, or of changes in applicable laws, regulations or accounting principles, the Administrator, in its sole discretion, and on such terms and conditions as it deems appropriate, either by the terms of the Award or by action taken prior to the occurrence of such transaction or event and either automatically or upon the Holder's request, is hereby authorized to take any one or more of the following actions whenever the Administrator determines that such action is appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan or with respect to any Award under the Plan, to facilitate such transactions or events or to give effect to such changes in laws, regulations or principles.

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(i) To provide for either (A) termination of any such Award in exchange for an amount of cash, if any, equal to the amount that would have been attained upon the exercise of such Award or realization of the Holder's rights (and, for the avoidance of doubt, if as of the date of the occurrence of the transaction or event described in this Section 13.2 the Administrator determines in good faith that no amount would have been attained upon the exercise of such Award or realization of the Holder's rights, then such Award may be terminated by the Company without payment) or (B) the replacement of such Award with other rights or property selected by the Administrator in its sole discretion having an aggregate value not exceeding the amount that could have been attained upon the exercise of such Award or realization of the Holder's rights had such Award been currently exercisable or payable or fully vested;

(ii) To provide that such Award be assumed by the successor or survivor corporation, or a parent or subsidiary thereof, or shall be substituted for by similar options, rights or awards covering the stock of the successor or survivor corporation, or a parent or subsidiary thereof, with appropriate adjustments as to the number and kind of shares and prices;

(iii) To make adjustments in the number and type of shares of the Company's stock (or other securities or property) subject to outstanding Awards, and in the number and kind of outstanding Restricted Stock or Deferred Stock and/or in the terms and conditions of (including the grant or exercise price), and the criteria included in, outstanding Awards and Awards which may be granted in the future;

(iv) To provide that such Award shall be exercisable or payable or fully vested with respect to all shares covered thereby, notwithstanding anything to the contrary in the Plan or the applicable Award Agreement; and

(v) To provide that the Award cannot vest, be exercised or become payable after such event.

(c) In connection with the occurrence of any Equity Restructuring, and notwithstanding anything to the contrary in Sections 13.2(a) and 13.2(b):

(i) The number and type of securities subject to each outstanding Award and the exercise price or grant price thereof, if applicable, shall be equitably adjusted. The adjustments provided under this Section 13.2(c) shall be nondiscretionary and shall be final and binding on the affected Holder and the Company.

(ii) The Administrator shall make such equitable adjustments, if any, as the Administrator in its discretion may deem appropriate to reflect such Equity Restructuring with respect to the aggregate number and kind of shares that may be issued under the Plan (including, but not limited to, adjustments of the limitations in Section 3.1 on the maximum number and kind of shares which may be issued under the Plan, and adjustments of the Award Limit).

(d) The Administrator may, in its sole discretion, include such further provisions and limitations in any Award, agreement or certificate, as it may deem equitable and in the best interests of the Company that are not inconsistent with the provisions of the Plan.

(e) With respect to Awards which are granted to Covered Employees and are intended to qualify as Performance-Based Compensation, no adjustment or action described in this Section 13.2 or in any other provision of the Plan shall be authorized to the extent that such adjustment or action would cause such Award to fail to so qualify as Performance-Based Compensation, unless the Administrator determines that the Award should not so qualify. No adjustment or action described in this Section 13.2 or in any other provision of the Plan shall be authorized to the extent that such adjustment or action would cause the Plan to violate Section 422(b)(1) of the Code. Furthermore, no such adjustment or action shall be authorized to the extent such adjustment or action would result in short-swing profits liability under Section 16 or violate the exemptive conditions of Rule 16b-3 unless the Administrator determines that the Award is not to comply with such exemptive conditions.

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(f) The existence of the Plan, the Award Agreement and the Awards granted hereunder shall not affect or restrict in any way the right or power of the Company or the stockholders of the Company to make or authorize any adjustment, recapitalization, reorganization or other change in the Company's capital structure or its business, any merger or consolidation of the Company, any issue of stock or of options, warrants or rights to purchase stock or of bonds, debentures, preferred or prior preference stocks whose rights are superior to or affect the Common Stock or the rights thereof or which are convertible into or exchangeable for Common Stock, or the dissolution or liquidation of the company, or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar character or otherwise.

(g) No action shall be taken under this Section 13.2 which shall cause an Award to fail to comply with Section 409A of the Code or the Treasury Regulations thereunder, to the extent applicable to such Award.

(h) In the event of any pending stock dividend, stock split, combination or exchange of shares, merger, consolidation or other distribution (other than normal cash dividends) of Company assets to stockholders, or any other change affecting the shares of Stock or the share price of the Stock including any Equity Restructuring, for reasons of administrative convenience, the Company in its sole discretion may refuse to permit the exercise of any Award during a period of thirty (30) days prior to the consummation of any such transaction.

13.3 Approval of Plan by Stockholders. The Plan will be submitted for the approval of the Company's stockholders within twelve (12) months after the date of the Board's initial adoption of the Plan. Awards may be granted or awarded prior to such stockholder approval, provided that such Awards shall not be exercisable, shall not vest and the restrictions thereon shall not lapse and no shares of Common Stock shall be issued pursuant thereto prior to the time when the Plan is approved by the stockholders, and provided further that if such approval has not been obtained at the end of said twelve (12) month period, all Awards previously granted or awarded under the Plan shall thereupon be canceled and become null and void.

13.4 No Stockholders Rights. Except as otherwise provided herein, a Holder shall have none of the rights of a stockholder with respect to shares of Common Stock covered by any Award until the Holder becomes the record owner of such shares of Common Stock.

13.5 Paperless Administration. In the event that the Company establishes, for itself or using the services of a third party, an automated system for the documentation, granting or exercise of Awards, such as a system using an internet website or interactive voice response, then the paperless documentation, granting or exercise of Awards by a Holder may be permitted through the use of such an automated system.

13.6 Effect of Plan Upon Other Compensation Plans. The adoption of the Plan shall not affect any other compensation or incentive plans in effect for the Company or any Subsidiary. Nothing in the Plan shall be construed to limit the right of the Company or any Subsidiary: (a) to establish any other forms of incentives or compensation for Employees, Directors or Consultants of the Company or any Subsidiary, or (b) to grant or assume options or other rights or awards otherwise than under the Plan in connection with any proper corporate purpose including without limitation, the grant or assumption of options in connection with the acquisition by purchase, lease, merger, consolidation or otherwise, of the business, stock or assets of any corporation, partnership, limited liability company, firm or association.

13.7 Compliance with Laws. The Plan, the granting and vesting of Awards under the Plan and the issuance and delivery of shares of Common Stock and the payment of money under the Plan or under Awards granted or awarded hereunder are subject to compliance with all applicable federal, state, local and foreign laws, rules and regulations (including but not limited to state, federal and foreign securities law and margin requirements) and to such approvals by any listing, regulatory or governmental authority as may, in the opinion of counsel for the Company, be necessary or advisable in connection therewith. Any securities delivered under the Plan shall be subject to such restrictions, and the person acquiring such securities shall, if requested by the Company, provide

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such assurances and representations to the Company as the Company may deem necessary or desirable to assure compliance with all applicable legal requirements. To the extent permitted by applicable law, the Plan and Awards granted or awarded hereunder shall be deemed amended to the extent necessary to conform to such laws, rules and regulations.

13.8 Titles and Headings. References to Sections of the Code or Exchange Act. The titles and headings of the Sections in the Plan are for convenience of reference only and, in the event of any conflict, the text of the Plan, rather than such titles or headings, shall control. References to sections of the Code or the Exchange Act shall include any amendment or successor thereto.

13.9 Governing Law. The Plan and any agreements hereunder shall be administered, interpreted and enforced under the internal laws of the State of Delaware without regard to conflicts of laws thereof.

13.10 Section 409A. To the extent that the Administrator determines that any Award granted under the Plan is subject to Section 409A of the Code, the Award Agreement evidencing such Award shall incorporate the terms and conditions required by Section 409A of the Code. To the extent applicable, the Plan and Award Agreements shall be interpreted in accordance with Section 409A of the Code and 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 Effective Date. Notwithstanding any provision of the Plan to the contrary, in the event that following the Effective Date the Administrator determines that any Award may be subject to Section 409A of the Code and related Department of Treasury guidance (including such Department of Treasury guidance as may be issued after the Effective Date), the Administrator reserves the right to (without any obligation to do so or to indemnify any Holder for failure to do so) adopt such amendments to the Plan and the applicable Award Agreement or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, that the Administrator determines are necessary or appropriate to (a) exempt the Award from Section 409A of the Code and/or preserve the intended tax treatment of the benefits provided with respect to the Award, or (b) comply with the requirements of Section 409A of the Code and related Department of Treasury guidance and thereby avoid the application of any penalty taxes under such Section.

13.11 No Rights to Awards. No Eligible Individual or other person shall have any claim to be granted any Award pursuant to the Plan, and neither the Company nor the Administrator is obligated to treat Eligible Individuals, Holders or any other persons uniformly.

13.12 Unfunded Status of Awards. The Plan is intended to be an unfunded plan for incentive compensation. With respect to any payments not yet made to a Holder pursuant to an Award, nothing contained in the Plan or any Award Agreement shall give the Holder any rights that are greater than those of a general creditor of the Company or any Subsidiary.

13.13 Indemnification. To the extent allowable pursuant to applicable law, each member of the Committee or of the Board shall be indemnified and held harmless by the Company from any loss, cost, liability, or expense that may be imposed upon or reasonably incurred by such member in connection with or resulting from any claim, action, suit, or proceeding to which he or she may be a party or in which he or she may be involved by reason of any action or failure to act pursuant to the Plan and against and from any and all amounts paid by him or her in satisfaction of judgment in such action, suit, or proceeding against him or her; *provided* he or she gives the Company an opportunity, at its own expense, to handle and defend the same before he or she undertakes to handle and defend it on his or her own behalf. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such persons may be entitled pursuant to the Company's Certificate of Incorporation or Bylaws, as a matter of law, or otherwise, or any power that the Company may have to indemnify them or hold them harmless.

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13.14 Relationship to other Benefits. No payment pursuant to the Plan shall be taken into account in determining any benefits under any pension, retirement, savings, profit sharing, group insurance, welfare or other benefit plan of the Company or any Subsidiary except to the extent otherwise expressly provided in writing in such other plan or an agreement thereunder.

13.15 Expenses. The expenses of administering the Plan shall be borne by the Company and its Subsidiaries.

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APPENDIX B

VERSO PAPER CORP.

2012 BONUS PLAN

This 2012 Bonus Plan (the Plan) of Verso Paper Corp., a Delaware corporation (the Company), shall have the following terms, conditions and provisions:

1. **Purpose.** The Plan is intended to provide the eligible executives and senior managers of the Company and its subsidiaries with an incentive for superior work, to motivate them toward even higher achievement and business results, to tie their goals and interests to those of the Company and its stockholders, and to enable the Company to attract and retain highly qualified executives and senior managers. The Plan is for the benefit of Covered Employees (as defined below). The Plan is designed to ensure that the bonuses paid hereunder to Covered Employees are deductible without limit under Section 162(m) of the Internal Revenue Code of 1986, as amended (the Code), and the regulations and interpretations hereunder.
2. **Administration.** The Compensation Committee of the Board of Directors of the Company, consisting of not less than two directors, each of whom shall qualify as an outside director as that term is defined under Section 162(m) of the Code (the Committee), shall administer the Plan. The Committee shall have the sole discretion and authority to administer and interpret the Plan.
3. **Eligibility and Participation.** The persons eligible to participate in the Plan shall be the executives and senior managers of the Company and its subsidiaries who are or, as determined in the discretion of the Committee, may become covered employees (as defined in Section 162(m) of the Code) of the Company and its subsidiaries for the applicable taxable year of the Company (the Covered Employees).
4. **Bonus Determinations.**
 - (a) A Covered Employee may receive a bonus payment under the Plan based upon the attainment of objective performance goals that are established by the Committee and relate to one or more of the following financial, operational or other metrics with respect to the Company or any of its subsidiaries (the Performance Goals):

net earnings, either before or after one or more of the following: interest, taxes, depreciation and amortization

gross or net sales or revenue

net income, either before or after taxes

operating earnings or profit

cash flow, including, but not limited to, operating cash flow and free cash flow

return on assets

return on capital

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return on stockholders' equity

return on sales

gross or net profit or operating margin

costs

funds from operations

expenses

working capital

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earnings per share

price per share of the Company's common stock

regulatory body approval for commercialization of a product

implementation or completion of critical projects

market share

objective measures of productivity

operating efficiency

economic value added

cash flow return on capital

return on net assets

Any of the Performance Goals may be measured either in absolute terms or as compared to any incremental increase or decrease, results of a peer group, or market performance indicators or indices.

(b) On or before March 30 of each calendar year (each a Performance Period), the Committee shall establish the Performance Goals for such Performance Period (which shall be based upon objectively determinable bonus formulas that tie such bonuses to one or more performance objectives relating to the Performance Goals) and shall determine the method by which a Covered Employee's bonus payments under the Plan shall be calculated for such Performance Period, based on the attainment of the applicable Performance Goals. Without limiting its authority under the Plan, the Committee may condition payment of a Covered Employee's bonus on additional service-related criteria (e.g., the Covered Employee's employment by the Company on the last day of the Performance Period or the day on which the bonus is paid). Notwithstanding the foregoing, the Committee may designate a Performance Period other than the calendar year, and in such case the Performance Goals with respect to such Performance Period shall be approved no later than the latest time permitted by Section 162(m) of the Code.

(c) No bonuses shall be paid to Covered Employees unless and until the Committee makes a written certification, after the end of the applicable Performance Period, with respect to the attainment of the performance objectives. Such determinations shall in all events be made within the time prescribed by, and otherwise in compliance with, Section 162(m) of the Code.

(d) The Committee shall have the discretion, prior to making any bonus payment, to decrease, but not to increase, the bonus payment otherwise calculated pursuant to Section 4(a). In no event shall the annual bonus payment under the Plan to any Covered Employee exceed \$5,000,000.

(e) The Committee, in its sole discretion, may provide that one or more objectively determinable adjustments shall be made to one or more of the Performance Goals. Such adjustments may include one or more of the following:

items related to a change in accounting principle

items relating to financing activities

expenses for restructuring or productivity initiatives

other non-operating items

items related to acquisitions

items attributable to the business operations of any entity acquired by the Company during the applicable Performance Period

items related to the disposal of a business or segment of a business

items related to discontinued operations that do not qualify as a segment of a business under United States generally accepted accounting principles

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items attributable to any stock dividend, stock split, combination or exchange of shares occurring during the applicable Performance Period

any other items of significant income or expense that are determined to be appropriate adjustments

items relating to unusual or extraordinary corporate transactions, events or developments

items related to amortization of acquired intangible assets

items that are outside the scope of the Company's core, on-going business activities,

items relating to any other unusual or nonrecurring events or changes in applicable laws, accounting principles or business conditions. Such determinations shall be made within the time prescribed by, and otherwise in compliance with, Section 162(m) of the Code.

5. Forfeiture and Claw-Back Provisions. The Committee may provide that any bonuses paid under the Plan shall be subject to the provisions of any claw-back policy implemented by the Company, including, without limitation, any claw-back policy adopted to comply with the requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act and any rules or regulations thereunder, to the extent set forth in such claw-back policy.

6. Other Provisions.

(a) Neither the establishment of the Plan nor the selection of any individual as a Covered Employee shall give any individual any right to be retained in the employ of the Company or any subsidiary thereof, or any right whatsoever under the Plan other than to receive bonus payments awarded by the Committee.

(b) No member of the Board of Directors or the Committee shall be liable to any individual in respect of the Plan for any act or omission of such member, any other member, or any officer, agent or employee of the Company.

(c) The Company shall withhold such amounts as may be required by federal, state or local law from all bonus payments under the Plan.

(d) To the extent not preempted by federal law, the Plan shall be governed and construed in accordance with the internal laws of the State of Delaware, without regard to the principles of conflicts of law thereof.

7. Amendment and Termination. The Company reserves the right to amend or terminate the Plan at any time in its sole discretion. Any amendment to the Plan shall require stockholder approval only to the extent required by any applicable law, rule or regulation.

8. Stockholder Approval. No bonuses shall be paid under the Plan unless and until the Company's stockholders have approved the Plan. The Plan shall be submitted for the approval of the Company's stockholders after the initial adoption of the Plan by the Board of Directors of the Company. So long as the Plan has not been terminated by the Company, the Plan shall be resubmitted for approval by the Company's stockholders in the fifth year after it is first approved by the Company's stockholders and in every fifth year thereafter. In addition, the Plan shall be resubmitted to the Company's stockholders for approval as required by Section 162(m) of the Code if the Plan is amended in any way that changes the material terms of the Performance Goals, including by materially modifying the financial, operational or other metrics on which the Performance Goals are based, increasing the maximum bonus payable under the Plan, or changing the Plan's eligibility requirements.

9. Term of Plan. The Plan shall become effective as of May 23, 2012, subject to approval by the Company's stockholders on such date.

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X PLEASE MARK VOTES
AS IN THIS EXAMPLE

**REVOCABLE PROXY
VERSO PAPER CORP.**

2012 ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD ON MAY 23, 2012

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

The 2012 Annual Meeting of Stockholders of Verso Paper Corp., or Verso, will be held at its offices located at 6775 Lenox Center Court, Memphis, Tennessee, on May 23, 2012, beginning at 10:00 a.m. (Central Time). The undersigned hereby acknowledges receipt of the combined Notice of 2012 Annual Meeting of Stockholders and Proxy Statement dated April 19, 2012, accompanying this proxy, to which reference is hereby made for further information regarding the meeting and the matters to be considered and voted on by the stockholders at the meeting.

The undersigned hereby appoints Michael A. Jackson, Robert P. Mundy and Peter H. Kesser, and each of them, attorneys and agents, with full power of substitution, to vote, as the undersigned's proxy, all the shares of common stock of Verso owned of record by the undersigned as of the record date and otherwise to act on behalf of the undersigned at the meeting and any postponement or adjournment thereof, in accordance with the instructions set forth herein and with discretionary authority with respect to any other business, not known or determined at the time of the solicitation of this proxy, that properly comes before such meeting or any postponement or adjournment thereof.

The undersigned hereby revokes any proxy heretofore given and directs said attorneys and agents to vote or act as indicated hereon.

Please be sure to date and sign this proxy card in the box below. Date

Sign above

Co-holder (if any) sign above

Please sign exactly as your name or names appear on this proxy. If the shares are held jointly, each holder must sign. If signing as executor, administrator, attorney, trustee or guardian, please indicate your full title as such. If the shares are held by a corporation, partnership or limited liability company, please sign the full name of the entity by the duly authorized officer, partner or member, respectively.

	For	With- hold	For All Except
1. To elect three directors, Thomas Gutierrez, Eric L. Press and L.H. Puckett, Jr., to serve on the board of directors of Verso as Class I directors for a term of three years.

INSTRUCTION: To withhold authority to vote for any individual nominee, mark For All Except and write that nominee's name in the space provided below.

	For	Against	Abstain
2. To approve the Amended and Restated 2008 Incentive Award Plan.

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- | | For | Against | Abstain |
|--|-----|---------|---------|
| 3. To approve the 2012 Bonus Plan. | .. | .. | .. |
| 4. To ratify the appointment of Deloitte & Touche LLP to serve as Verso's independent registered public accounting firm for the year ending December 31, 2012. | .. | .. | .. |

THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE FOR PROPOSALS 1, 2, 3 AND 4.

With respect to any other item of business that properly comes before the meeting, the proxy holders are authorized to vote the undersigned's shares in accordance with their best judgment.

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS OF VERSO AND WILL BE VOTED IN ACCORDANCE WITH THE UNDERSIGNED'S INSTRUCTIONS SET FORTH HEREIN. IF NO INSTRUCTIONS ARE PROVIDED, THIS PROXY WILL BE VOTED FOR EACH OF PROPOSALS 1, 2, 3 AND 4.

NOTICE OF INTERNET AVAILABILITY OF PROXY MATERIAL:

The Notice of Meeting, Proxy Statement, Annual Report and proxy card

are available at www.versopaper.com.

Detach above card, complete, sign, date and mail in postage paid envelope provided.

VERSO PAPER CORP.

PLEASE ACT PROMPTLY

PLEASE COMPLETE, SIGN, DATE AND MAIL THIS PROXY CARD PROMPTLY IN THE ENCLOSED POSTAGE-PAID ENVELOPE.

IF YOUR ADDRESS HAS CHANGED, PLEASE CORRECT THE ADDRESS IN THE SPACE PROVIDED BELOW AND RETURN THIS PORTION WITH THE PROXY IN THE ENVELOPE PROVIDED.

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