



VERSATILITY

“Print as we know it must be reinvented so that it can be used to package knowledge and goods for human consumption in ways that also address the challenges of sustainability, energy security and climate change.”

INSTITUTE FOR SUSTAINABLE COMMUNICATION



VERSOTILITY



A white speech bubble with a tail pointing towards the bottom-left. Inside the bubble, the text "Verso simple." is written in a sans-serif font. "Verso" is in a light green color, and "simple." is in a dark green color. A small trademark symbol (TM) is located at the end of the word "simple".

Verso simple.TM

Doing business should be simple.SM

Financial and Operational Highlights

Verso Paper Corp. (NYSE:VRS) is a leading North American producer of coated papers, including coated groundwood and coated freesheet, and supercalendered and specialty products. Verso's paper products are used primarily in media and marketing applications, including magazines, catalogs and commercial printing applications such as high-end advertising brochures, annual reports and direct mail advertising. Verso operates four mills in Bucksport, Maine; Jay, Maine; Quinnesec, Michigan; and Sartell, Minnesota. Additional information about Verso is available on our Web site at versopaper.com.

	December 31		% Change
	2009	2008	
<i>(Amounts in millions, except tons, average sales price and per share amounts)</i>			
Statement of Operations Data:			
Revenue	\$1,360.9	\$1,766.8	(23.0)
Operating income (loss)	(77.4)	62.0	NM
Net income (loss)	106.0	(62.8)	NM
Per Share Data:			
Earnings (loss) per share (basic and diluted)	\$ 2.03	\$ (1.35)	NM
Weighted average common shares outstanding			
Basic	52.1	46.7	11.6
Diluted	52.2	46.7	11.8
Other Financial and Operating Data:			
Total tons sold (in thousands)	1,724.5	1,952.7	(11.7)
Average sales price per ton (in \$/ton)	\$ 789	\$ 905	(12.8)
EBITDA ⁽¹⁾	362.6	196.5	84.5
Balance Sheet Data:			
Cash and cash equivalents	\$ 152.1	\$ 119.5	27.3
Working capital, net of cash	58.5	32.3	81.1
Property, plant, and equipment, net	1,022.6	1,160.0	(8.4)
Total assets	1,572.7	1,636.4	(3.9)
Total debt	1,192.4	1,357.7	(12.2)
Total stockholders' equity (deficit)	125.3	(10.0)	NM

⁽¹⁾ Please see pages 23-25 of the enclosed 2009 10-K for a reconciliation of earnings before interest, taxes, depreciation and amortization (EBITDA) to net income (loss).

References to "Verso" mean Verso Paper Corp. and its consolidated subsidiaries unless otherwise expressly noted.

Letter to Shareholders

The year 2009 will be remembered for decades to come in the annals of both domestic and worldwide economies. It's during such times that companies demonstrate what type of foundation has been built under the visible structure. Verso has proven to have a sound foundation. We think doing business should be simple, and for us, the simple response to tough times is to work smarter. This year, we have demonstrated what we call "Versotility." We had a clear strategy in place and the flexibility and innovative culture to execute that strategy despite the very difficult times. During this year, we also had the best safety record since our facilities were built and began operation.

During 2009, global economic conditions were weak and the forest products sector was one of the hardest hit. Two industries that felt the brunt of the economy were residential construction (housing starts lowest since 1982) and the coated paper market (off 40 percent in the first half of 2009). To survive in such an environment, while looking forward and preparing the company for future success, requires a dedicated group of people with a mindset for strategy and the nimbleness to make that strategy happen. Our people demonstrated ingenuity and resilience. I am proud of all of our people.

Simply stated, we leveraged our expertise and speed of execution to reduce costs, balance supply with demand, take advantage of our downtime to manufacture new products, manage our cash and working capital, and end the year with inventory levels below 2008.

Difficult times can define the future for a company. Based on that, I believe that Verso has a bright future. Allow me to expand on this.

In 2010, our new products and markets will play a significant role in addressing the market downtime we took in 2009. These products, as I mentioned, are built from what Verso does well, and that is manufacturing lightweight products while utilizing, as appropriate, our coating expertise. Our R-Gap process significantly

Mike Jackson
President and
Chief Executive Officer



reduced cost in spite of the need to implement periods of machine downtime. We also continued to develop our energy strategy and began projects that will continue to reduce both our costs as well as our carbon footprint. While we focused on our operations, we also were able to hit our goal of \$60 million plus for cost savings and cash remediation. It was clearly a team effort that involved and impacted all of our people. All of these activities, along with the alternative fuel credit which was earned by burning renewable residue from our pulp-making process, allowed us to reduce our net debt by \$175 million, and by year-end, improve our liquidity by \$125 million, while having no outstanding withdrawals against our revolver.

Our strategy for the future_

As we look to 2010 and beyond, we have a clearly defined strategy. This strategy is three-pronged:

- Focus on our core coated freesheet and coated groundwood business for the catalog, magazine and commercial print markets and adapt incrementally to the changing demands and challenges of our customers and the market.
- Continue development of new products and markets that are food, beverage and packaging related and

not dependent on the advertising market, which significantly affects the coated paper business.

- Execute our green energy/green power producer strategy with innovations that will lower costs and improve our revenue.

Looking forward to 2010, we see improving markets. Our view is a steady upward trend, which will gain momentum in the second half of 2010 and set the stage for a positive year, particularly as our strategies begin to take effect.

I would like to thank you, our investors, and of course all of our employees, for the support, counsel and guidance you have given this business. We are proud of what we have accomplished in a difficult environment. Our vision is solid, and this past year has hardened our resolve and made us better. We've done business in a simple and straightforward manner with the *Versotility* to react to changes and proactively plan for continued success in the 21st century.

A handwritten signature in black ink that reads "Mike JACKSON". The word "Mike" is in a cursive script, while "JACKSON" is in all caps with a slightly stylized font.

Mike Jackson
President and Chief Executive Officer

What is Versotility?

Versotility is the ability of Verso Paper Corp. to adapt to a changing economy and a changing climate — to reinvent itself to address the sustainability challenges of both financial security and the environmental wellness of the planet. In a time when the paper and forest products industry is experiencing consolidation due to tough economic conditions, Verso remains committed to a strong business plan that empowers our organization to quickly respond to the ever-changing marketplace.

Agressive and segmented strategy_

At Verso, we think doing business should be simple. *Verso simple*. In a tough economy with increasing economic and environmental challenges, many in our industry have found it simple to cut back, but our approach has been to knuckle down and prepare for the future with an aggressive strategy. By segmenting our priorities into three major categories, we have identified opportunities to improve our core products, enter new markets and capitalize on our green energy infrastructure and capabilities. Our actions include the following:

- **Adapting products** within our core competency of magazine, catalog and commercial print papers to meet industry challenges such as rising postal costs, forest certification and recycled paper demands.
- **Forging new territories** by transitioning existing technologies to manufacture products that are not dependent on the advertising market.

- **Increasing the intensity** of our energy strategy with goals to further reduce consumption, increase generation of green energy from renewable biomass, reduce our carbon footprint and prepare for creating green energy revenue.

It's simple_

Versotility describes the flexible posture of Verso — the manner in which we anticipate and proactively respond to economic and environmental challenges with ideas, planning for the future and action. We've embraced this way of thinking throughout our organization and continue to find ways to benefit customers, stakeholders, employees, the communities where we live and work and the planet at large. *Verso simple* is the way we do business. *Versotility* is the attitude that will distinguish and define Verso as a successful and respected company.



Resourceful by nature.

At Verso, we view the current economic environment as an opportunity to demonstrate the flexibility and creativity inherent in our corporate culture. It's who we are and what sets us apart.



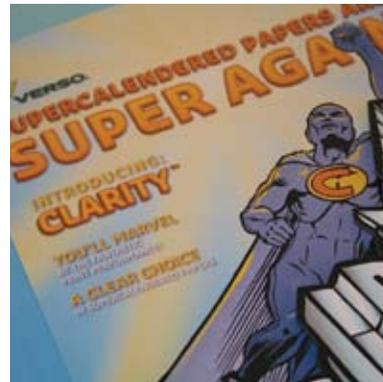
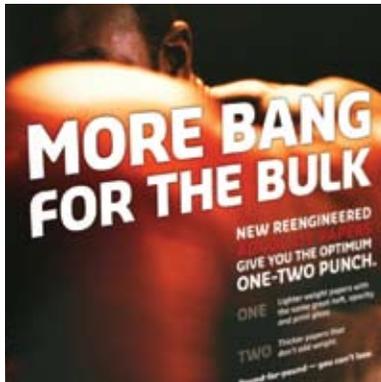
Setting our priorities.

Our priorities are clear. One: Adapt core products for the magazine, catalog and commercial print industries to changing demands. Two: Develop and manufacture new products with existing technologies and competencies that take us into new markets. Three: Focus efforts on decreasing our energy usage and improving our green energy infrastructure to further reduce our carbon footprint.



VERSOTILITY MEANS

Adapting Our Core Products



Helping key customers stay profitable.

Verso's knowledge and experience manufacturing our core products has been adapted to meet the demands of the evolving market. Our Advocate™ offerings now give customers more "bang for the bulk" by performing the same tough tasks as before on press and on the newsstand, but in lighter weights, to address rising costs and sustainability issues. We also made manufacturing improvements that made our supercalendered papers "super again," giving customers the ability to bridge the gap between quality and the bottom line.

Verso's strong market position and long-term relationships with key blue-chip companies are built on the superior press performance of our products and exceptional customer service. Our products are consistently ranked in the top quartile of all coated paper products in terms of print aesthetics and runnability.

Weighing in responsibly_

The rising costs of doing business as a printer, along with increasing environmental concerns and demands, require products that can step up to the plate without sacrificing quality. Lighter weight papers utilize fewer natural resources to manufacture, cost less to distribute, have a smaller transportation emissions footprint, and give customers a more economical way to continue printing in tough financial times.

Verso's exceptional portfolio of lightweight and ultra-lightweight product offerings is among the lightest in the industry and has been carefully developed to meet the rigorous performance requirements of our customers. We are continuously working to improve quality while reducing weight. In 2009, strategic capital improvements and technical expertise were aligned to enhance the performance of our existing lightweight products, as well as to introduce two new lightweight product lines. All our products still give the great relationship of ink-on-paper that our discerning customers require.

Content is king_

Responsible fiber procurement is increasingly important to our customers, to consumers and to our ability to succeed financially going forward. The market demands that paper have higher contents of both third-party certified and recycled fiber. Verso is constantly increasing our usage of certified fiber. In 2009, this usage rose by 8 percent, exceeding our goals. We also participate in strategic collaborations and partnerships with stakeholders to improve forest management practices and make more certified fiber available in the marketplace.

Verso's ability to verify the amount of certified fiber we use is yet another way we help our customers meet their sustainability objectives. All four of our mills are certified to the PEFC and FSC chain of custody standards,* and we have the capability to offer PEFC-certified and FSC-certified products across all paper grades. We

Demands change.

Consumer demand, cost savings and management commitment have led catalog and magazine publishers to look for lighter weight papers, recycled content and suppliers who can certify they are adopting cleaner manufacturing and more responsible procurement of raw materials.

increased our chain of custody-certified offerings in 2009 and will continue to do so in 2010.

While our primary focus is reducing our carbon footprint, the use of recovered material extends the life of a valuable raw material and can make good economic sense. We offer recycled content in almost all of the paper grades we manufacture to meet the demand of our customers and their end-use consumers.

Ahead of the life-cycle curve_

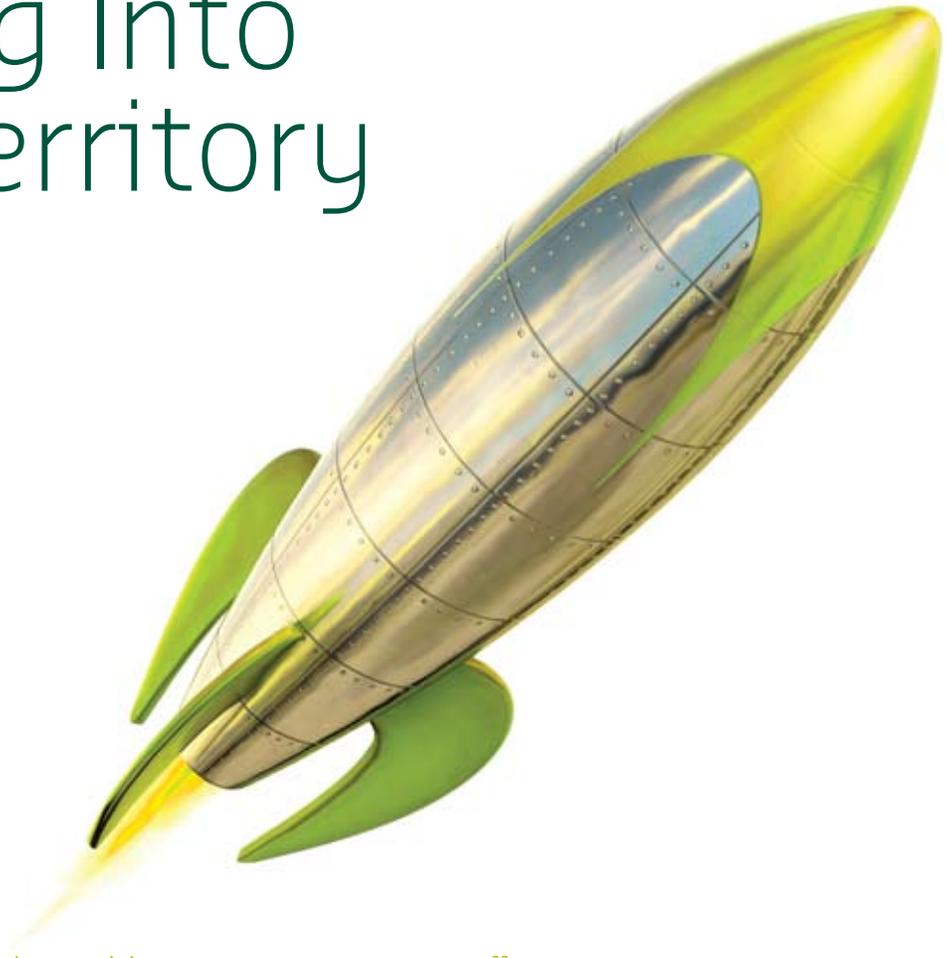
Initiatives from all sectors will soon make carbon footprint labeling a necessary part of doing business. The only way that paper products can truly be assessed environmentally is by tracking and analyzing the entire lifecycle of the product. Verso has led the industry in this effort by developing one of the most comprehensive carbon lifecycle assessment methodologies available to date.

In 2008, our collaboration with the National Geographic Society and commercial printer Quad/Graphics measured the carbon footprint of *National Geographic* magazine and helped us identify opportunities for future environmental improvement. We continue to refine our model and to apply the lessons learned to give our products a smaller carbon footprint and to help create a credible industry standard for this vital assessment.

* PEFC certificate PWC-PEFC-319 and FSC certificate SW-COC-002775.

VERSOTILITY MEANS

Forging Into New Territory



Verso's Integrated Business Management process allows us to develop in-depth strategies that go beyond supply and demand and are based on past performance, market analysis, product development opportunities and financial performance. The end result is a long-term, value-driven focus.

Converting existing assets_

Forging new market territory is a strategic and operational decision that allows Verso to become less dependent on the fluctuating advertising market and enter new areas of opportunity. By adding new product lines to our portfolio, we are not only protecting current shareholder value, but also looking to a future that will most likely have fewer players in the coated paper market.

In 2008, we laid the groundwork for entering these new markets by transitioning the No. 1 paper machine at our Bucksport Mill to specialty papers, repositioning this valuable asset to achieve its optimal profit potential,

while remaining within our core competencies of producing lightweight and ultra-lightweight products. This transition made the machine more competitive and helps ensure the future success of the Bucksport Mill, benefiting our shareholders, our customers, our employees and the Bucksport community.

The transition in 2008 and the introduction of Versotext®, Versoblend® and Versobook® were integral steps in our successful product diversification. In 2009, we continued to work closely with customers and suppliers to develop new lightweight products for specialty converting applications, including a variety of packaging

Expanding competencies to reach new markets.

With small adaptations to core competencies and manufacturing technologies, Verso is reaching new markets that have the economic and environmental challenges that we understand so well. Our new product line is built upon capabilities we have worked for decades to develop. Now we can help customers with specialty paper needs to meet evolving financial and sustainability requirements.



Shaping the future.

According to Accenture research, high performers in the paper and pulp industry recognize that successful portfolio management is about actively shaping the future to ensure balanced growth. Strategic advantage is gained by evaluating market dynamics and not hesitating to enter new areas.

materials. Versopack™ is a lightweight, bleached, uncoated base sheet suitable for the flexible packaging markets. Verso C1S™ is a lightweight, value-added product for the flexible packaging market used when a high glossing print surface is desired. Packaging is a major use of printing that cannot be replaced digitally and represents a stable and profitable market.

Cost-competitive operations_

We also upgraded and rebranded our line of supercalendered (SC) papers under the name Clarity™, enhanced our SCA and SCB grades and added a new SCA+ grade: Clarity™ Plus. Clarity™ will be produced on the No. 1, No. 2 and No. 3 paper machines at Verso's mill in Sartell, Minnesota. Where previously, Sartell's No. 3 paper machine produced only lightweight coated (LWC) products, thanks to the ingenuity of our manufacturing team and to strategic investments, we now have the flexibility to produce both LWC and cost-competitive SCA+ papers on this machine. We are committed to operating Sartell's No. 3 machine to meet our customers' SC and LWC needs. As a result, we anticipate a significant amount of No. 3 paper machine's production at Sartell will transition from LWC to SCA+.

Integrated management of change_

Verso's Integrated Business Management process has allowed us to counter changes in the industry and the market with changes in the way we do business. We have transitioned and diversified in a timely manner, allowing us to build on our core competencies while diversifying our portfolio and increasing opportunities for profitability and future growth. We can move rapidly from analysis to action, implementing changes and responding to the market in order to decrease downtime and align existing assets to maximize our value to all of our stakeholders.

Verso's nearly 3,000 employees are working in an environment of clear objectives and of innovation. The mindset is to not only survive, but to thrive. We've made it through one of the toughest economic times our industry has ever experienced and are successfully moving into an economic landscape for forest products companies that has forever changed. It's our ability to respond quickly, take action, make incremental changes and maintain a strong focus on customers and core competencies that will see us through.

VERSOTILITY MEANS

Innovating Renewable Energy Strategies

Operating successfully in the 21st century requires addressing climate change and energy in measurable and material ways. Verso is committed to reducing overall energy consumption, generating more green energy from renewable biomass and reducing our carbon footprint, all while reducing costs.

Biomass capabilities are strong_

Verso has the operating experience and infrastructure to succeed in the area of biomass energy. Currently, approximately 55 percent of all manufacturing energy comes from a renewable, carbon-neutral source. Maximizing and capitalizing on bioenergy leverages our core manufacturing and supply chain management competencies and gives us the opportunity to develop a new line of business. Ultimately, Verso will help the states where we operate to meet mandated renewable energy goals outlined in government Renewable Portfolio Standards (RPS).

Our bioenergy capability helps protect us from significant spikes in the price of fossil-based fuel, and positions us to take advantage of possible cap-and-trade opportunities and eventually to produce green energy for sale, particularly in times when wind and solar facilities may not be efficient due to weather conditions.

Reducing our footprint, consumption and costs_

In 2009, Verso increased biomass usage by two percent over 2008. We also expanded our capabilities to process residual wood (tree tops, small limbs, bark and other wood debris) from our poplar woodlands in Minnesota for bioenergy at our Sartell Mill, allowing use of virtually every part of trees harvested under our direct control. Every three tons of biomass used displaces one ton of coal, and these upgrades reduced the mill's carbon footprint and cut energy costs significantly.

Verso granted energy capital_

In October of 2009, Verso competed against 350 diverse companies, and we are one of only nine to receive Industrial Technology grants from the U.S. Department of Energy (DOE). This grant award will help fund 12 shovel-ready projects across our mill system, which are designed to reduce the thermal energy needed to produce our products and will save the company 1.27 trillion BTUs annually. This is a very healthy return on invested capital for Verso.

Also in conjunction with the DOE, Verso is participating in the *Save Energy Now* LEADER program, pledging to reduce energy intensity by 25 percent over the next ten years. This partnership also gives Verso access to DOE expertise in implementing the projects.

The future of generating green_

The demand for green power is growing rapidly as RPS continue to be mandated. Verso already produces and sells power to the grid. With the appropriate existing infrastructure, ready access to renewable biomass resources, technical expertise and all of the efficiency projects underway, we are poised to increase this capability even further. As demand for green energy increases, Verso will be in a strong position to not only meet our internal green energy needs, but also become a producer of excess green power. This offers Verso the opportunity to create a new revenue stream.

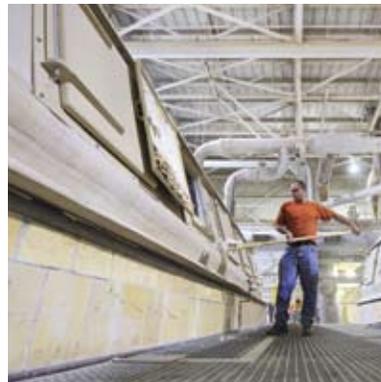


Generating green.

According to the U.S. Department of Energy, the U.S. papermaking industry produces approximately 55% of America's alternative energy supply. More than 50% of the energy used to manufacture Verso's products is from carbon-neutral, renewable biomass.

Maximizing bioenergy from a unique position.

The pulp and paper industry is uniquely positioned to produce significant amounts of bioenergy. With our mature existing biofuels infrastructure, capital improvements and tough goal setting, Verso will have capacity in the near future to significantly increase renewable energy production to help meet the Renewable Portfolio Standards of the states where we operate manufacturing facilities.



Executive Officers and Board of Directors

Michael A. Jackson
President, Chief Executive Officer and Director

Lyle J. Fellows
*Senior Vice President
 Manufacturing and Energy*

Robert P. Mundy
*Senior Vice President and
 Chief Financial Officer*

Michael A. Weinhold
*Senior Vice President
 Sales and Marketing*

Peter H. Kesser
*Vice President, General Counsel and
 Secretary*

Ricardo Moncada
Vice President of Human Resources

Benjamin Hinchman, IV
*Vice President and
 Chief Information Officer*

Michael E. Ducey ⁽¹⁾
*Director
 Chairman of the Board
 TPC Group Inc.*

Thomas Gutierrez ⁽¹⁾
*Director
 President, Chief Executive Officer and
 Director, GT Solar International Inc.*

Scott M. Kleinman ^{(2) (3)}
*Director
 Partner
 Apollo Management, L.P.*

David W. Oskin ^{(1) (3)}
*Director
 President
 Four Winds Ventures, LLC*

Eric L. Press
*Director
 Partner
 Apollo Management, L.P.*

L.H. Puckett, Jr.
*Director
 Executive Vice President, Sales and Marketing
 National Envelope Corporation*

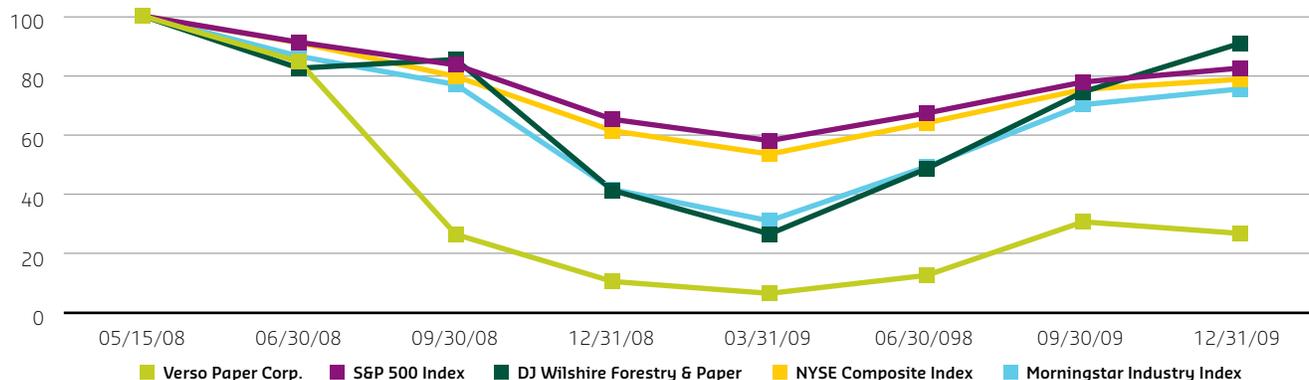
David B. Sambur ⁽²⁾
*Director
 Principal
 Apollo Management, L.P.*

Jordan C. Zaken ⁽²⁾
*Director
 Partner
 Apollo Management, L.P.*

- ⁽¹⁾ Audit Committee
- ⁽²⁾ Compensation Committee
- ⁽³⁾ Corporate Governance and Nominating Committee

Performance Graph

Comparison of cumulative total return of one or more companies, peer groups, industry indexes, and/or broad markets



Corporate Information

Corporate Office

Verso Paper Corp.
6775 Lenox Center Court, Suite 400
Memphis, TN 38115-4436
Telephone: (901) 369-4100
Web site: versopaper.com

Registrar and Transfer Agent

Registrar and Transfer Company
10 Commerce Drive
Cranford, New Jersey 17016-3572
Telephone: (800) 368-5948
E-mail: info@rtco.com
Web site: www.rtco.com

Form 10-K/Investor Contact

A copy of Verso Paper Corp.'s annual report on Form 10-K for 2009 filed with the Securities and Exchange Commission is available on Verso's Web site at www.versopaper.com. It also is available from Verso upon request at no charge. These requests and other investor contacts should be directed to Robert P. Mundy, Senior Vice President and Chief Financial Officer, at Verso's corporate office.

Annual Meeting

The 2010 annual meeting of stockholders will be held on Thursday, May 20, 2010, at 10:00 a.m. (Central Time) at Verso's corporate office.

Independent Auditors

Deloitte & Touche LLP
Memphis, Tennessee

Certifications

Verso Paper Corp. has filed annual written affirmations and CEO certifications pursuant to Section 303A.12 of the NYSE's Listed Company Manual. The certifications by Verso's CEO and CFO required by Section 302 of the Sarbanes-Oxley Act of 2002 are included as exhibits to Verso's 2009 annual report on Form 10-K filed with the SEC.

Production Notes

The interior pages of this report are printed on 10% recycled Influence® Plus Matte, 100# text, produced by the people at our Quinnesec Mill, where 83% of the energy used for production comes from carbon-neutral biofuel. The cover of this report is printed on 10% recycled-content paper.



Verso Paper Corp.
6775 Lenox Center Court
Suite 400
Memphis, TN 38115-4436

versopaper.com



Verso Paper Corp. is an equal opportunity employer M/F/D/V.
Copyright © 2010 Verso Paper Corp.

Verso simple.™