

Verso Paper Corp.
Form S-1/A
February 13, 2008
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As filed with the Securities and Exchange Commission on February 12, 2008

Registration No. 333-148201

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

AMENDMENT NO. 1 TO
FORM S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

VERSO PAPER CORP.

(Exact name of registrant as specified in its charter)

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(State or other jurisdiction of
incorporation or organization)

(Primary Standard Industrial
Classification Code Number)

(I.R.S. Employer
Identification No.)

6775 Lenox Center Court, Suite 400

Memphis, Tennessee 38115-4436

(901) 369-4100

(Address, including zip code, and telephone number, including area code,

of the registrant's principal executive offices)

Michael A. Jackson

President and Chief Executive Officer

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Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this registration statement.

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If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. "

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and we are not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Subject to completion, dated February 12, 2008

PRELIMINARY PROSPECTUS

Shares

Common Stock

This is an initial public offering of shares of common stock by Verso Paper Corp. We are offering shares of our common stock.

Prior to the offering, there has been no public market for our common stock. It is currently estimated that the initial public offering price per share of our common stock will be between \$ and \$. We will apply to list our common stock for quotation on the New York Stock Exchange under the symbol VRS.

Investing in our common stock involves a high degree of risk. Before buying any of these shares of our common stock, you should carefully consider the risk factors described in Risk Factors beginning on page 16 of this prospectus.

	Per share	Total
Initial public offering price	\$	\$
Underwriting discounts and commissions	\$	\$
Proceeds, before expenses, to Verso Paper Corp.	\$	\$
Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.		

The underwriters may also purchase up to an additional shares of our common stock from us at the initial public offering price, less the underwriting discounts and commissions payable by us, to cover over-allotments, if any, within 30 days from the date of this prospectus. If the underwriters exercise the option in full, the total underwriting discounts and commissions payable by us will be \$ and the total proceeds, before expenses, to us will be \$.

The underwriters are offering the shares of our common stock as described in the Underwriting. Delivery of the shares of common stock will be made on or about , 2008.

The date of this prospectus is , 2008

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You should rely only on the information contained in this prospectus and any free writing prospectus prepared by or on behalf of us or any information to which we have referred you. We have not authorized anyone to provide you with information that is different. This document may only be used where it is legal to sell these securities.

Until , 2008 (25 days after the date of this prospectus), all dealers that effect transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealer's obligation to deliver a prospectus when acting as an underwriter and with respect to unsold allotments or subscriptions.

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MARKET AND INDUSTRY INFORMATION

Market data and other statistical information used throughout this prospectus are based on independent industry publications, government publications, reports by market research firms or other published independent sources. Some data are also based on our good faith estimates which are derived from our review of internal surveys, as well as the independent sources listed above. Although we believe these sources are reliable, we have not independently verified the information. Industry prices for coated paper provided in this prospectus are, unless otherwise expressly noted, derived from Resource Information Systems, Inc., or RISI, Inc. data. North American data included in this prospectus that has been derived from RISI, Inc. only includes data from the United States and Canada. U.S. industry pricing data included in this prospectus has been derived from RISI, Inc. data; this data represents pricing from the eastern United States only (as defined by RISI, Inc.). Also, any reference to (i) grade No. 3, grade No. 4 and grade No. 5 coated paper relates to 60 lb. basis weight, 50 lb. basis weight and 34 lb. basis weight, respectively, (ii) lightweight coated groundwood paper refers to groundwood paper grades that are a 36 lb. basis weight or less, and (iii) ultra-lightweight coated groundwood paper refers to groundwood paper grades that are a 30 lb. basis weight or less. The RISI, Inc. data included in this prospectus has been derived from the following RISI, Inc. publications: 2006 RISI World Graphic Paper forecast; RISI North American Graphic Paper forecast, January 2008; and RISI, Paper Trader: A Monthly Monitor of the North American Graphic Paper Market, January 2008.

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PROSPECTUS SUMMARY

This summary highlights important information about our business from this prospectus. Please review this prospectus in its entirety, including Risk Factors and our financial statements and the related notes, before you decide to invest. Unless otherwise noted, the terms the company, Verso Paper, we, us, our and Successor refer collectively to Verso Paper Corp., a Delaware corporation, and its subsidiaries after giving effect to the consummation of the Merger as described under Prospectus Summary The Merger. References to the Division or Predecessor are to the Coated and Supercalendered Papers Division of International Paper Company. The term International Paper refers to our former parent, International Paper Company.

Our Company

We are a leading North American supplier of coated papers to catalog and magazine publishers. The market for coated paper, which is comprised of coated groundwood paper and coated freesheet paper, is one of the most attractive segments of the paper industry due to its prospects for volume growth, continued improvement in pricing and the high value-added nature of its products. Coated paper is used primarily in media and marketing applications, including catalogs, magazines and commercial printing applications, which include high-end advertising brochures, annual reports and direct mail advertising. We are North America's second largest producer of coated groundwood paper, which is used primarily for catalogs and magazines. We are also North America's lowest cost producer of coated freesheet paper, which is used primarily for annual reports, brochures and magazine covers. In addition to coated paper, we have a strategic presence in supercalendered paper, which is primarily used for retail inserts. We also produce and sell market pulp, which is used in the manufacture of printing and writing paper grades and tissue products.

Our primary product lines include coated groundwood paper, coated freesheet paper, supercalendered paper and pulp. Our net sales by product line for the twelve months ended September 30, 2007, are illustrated below:

Net Sales by Product Line

for the twelve months ended September 30, 2007 (dollars in millions)

We sell and market our products to approximately 100 customers which comprise 650 end-user accounts. We have long-standing relationships with many leading magazine and catalog publishers, commercial printers, specialty retail merchandisers and paper merchants. We reach our end-users through several distribution channels, including direct sales, commercial printers, paper merchants and brokers. The majority of our products are sold via contracts we maintain with our customers, which generally specify the volumes to be sold to the customer over the contract term, as well as the pricing parameters for those sales. Having a large portion of

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our sales volume under contract allows us to plan our production runs well in advance, optimizing production over our integrated mill system and thereby increasing overall efficiency and reducing our costs. Our key customers include leading magazine publishers such as Condé Nast Publications, Inc., National Geographic Society and Time Inc.; leading catalog producers such as Avon Products, Inc., and Sears Holdings Corporation; leading commercial printers such as Quad/Graphics, Inc., and RR Donnelley & Sons Company; and leading paper merchants and brokers such as Unisource Worldwide, Inc., the xpedx business unit of International Paper, A.T. Clayton & Co., Inc., and Clifford Paper, Inc.

We operate 11 paper machines at four mills located in Maine, Michigan and Minnesota. The mills have a combined annual production capacity of 1,726,000 tons of coated paper, 102,000 tons of supercalendered paper and 874,000 tons of kraft pulp, of which 616,000 tons is consumed internally and the remainder is sold as market pulp. Over our integrated mill system, the total volume of pulp purchased from third parties is approximately balanced by the amount of pulp that we sell to the market. As a result, our business is generally insulated from fluctuations to earnings caused by fluctuations in the price of pulp. Our facilities are strategically located within close proximity to major publication printing customers, which affords us the ability to more quickly and cost-effectively deliver our products. Our facilities also benefit from convenient and cost-effective access to northern softwood fiber, which is required for the production of lightweight and ultra-lightweight coated groundwood papers, two of the more attractive grades of coated paper.

Industry Overview

Based on 2007 sales, the size of the global coated paper industry is estimated to be approximately \$48 billion, or 54 million tons of coated paper demand, including approximately \$12 billion in North America, or 13 million tons of coated paper demand. In North America, coated papers are classified by brightness and fall into five grades, labeled No. 1 to No. 5, with No. 1 having the highest brightness level and basis weight and No. 5 having the lowest brightness level and basis weight. Papers graded No. 1, No. 2 and No. 3 are typically coated freesheet grades. No. 4 and No. 5 papers are predominantly grades containing groundwood. Coated groundwood grades are the preferred grades for catalogs and magazines, while coated freesheet is more commonly used in commercial print applications. The coating process adds a smooth uniform finish to the paper, which produces superior color and print definition. As a result, major uses of coated papers include the printing of catalogs, magazines, annual reports, directories and advertising materials. Demand is generally driven by North American advertising and print media trends, which in turn have historically been highly correlated with growth in gross domestic product, or GDP.

The following key trends are currently affecting the North American coated paper industry:

Growing consumption/demand. Coated paper demand is primarily driven by advertising and print media usage, which in turn tends to be correlated with GDP growth in the United States. North American coated paper consumption, which was 13.3 million tons in 2007, has grown at a 2.1% compound annual growth rate since 2001, while the U.S. gross domestic product grew at a rate of 2.6% per year over the same period.

Reductions in production capacity and supply. In North America, supply is determined primarily by North American-based coated paper production and is supplemented by imports from Europe and Asia. As a result of recent capacity closures in the North American coated paper industry, the lack of any currently announced capacity additions and the stabilization of imports of coated paper into the United States, we believe that supply should be stable for the near future.

Favorable operating rates. According to RISI, Inc., the average operating rate for North American coated paper manufacturers, which measures the ratio of shipments from producers in a particular region to capacity of

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producers in the same region, rose from 86% in 2001 to 97% in 2007, as shipments increased more than capacity during this time period. Following the recently announced reductions in North American production, 2006 coated paper operating rates would have been over 100% on a pro forma basis, reflecting the current tight supply conditions. Historically, high operating rates have resulted in increasing prices for coated paper. Because of expected increases in North American demand, no major forecasted North American capacity additions and an expected stabilization of imports, the average operating rate is expected to remain above 96% through 2010.

Improving pricing. As a result of the trends identified above, coated paper pricing in the United States has recently been strengthening. During the second quarter of 2007, we announced a \$60 per ton price increase on all coated paper grades, effective July 1. In reflection of the beginning of this price increase, our weighted average paper prices rose from \$797 per ton in the second quarter of 2007 to \$807 per ton in the third quarter of 2007. We expect our weighted average paper prices to continue to increase as we continue to realize this price increase during 2008. In addition, we announced another two price increases in the second half of 2007, totaling a further \$125 per ton on coated groundwood grades of paper and another \$70 per ton on coated freesheet grades of paper. We began implementing one of these price increases in October 2007 and the other price increase in January 2008. In reflection of these pricing trends, RISI, Inc. forecasts that U.S. prices for grade No. 5 coated paper, 34 lb. basis weight, an industry benchmark for coated paper pricing, will rise from an average of \$918 per ton in the third quarter of 2007 to \$980 per ton in the fourth quarter of 2007, to \$1,078 per ton in 2008 and to \$1,130 per ton in 2009.

Our Competitive Strengths

We believe that our competitive strengths include the following:

Well positioned to benefit from strengthening coated paper market fundamentals. We believe that we are well positioned to benefit from improving fundamentals in the coated paper industry, which are inherently linked to the balance of supply and demand. Since the second quarter of 2004, supply has decreased due to a reduction in production capacity in both North America and Europe, which was caused primarily by the closure of less efficient coated paper mills by our competitors. These closures were generally the result of a combination of higher energy prices, changes in Canadian dollar and euro exchange rates and other inflationary factors. According to RISI, Inc., North American producers have announced the shutdown of approximately 1.0 million tons of coated paper capacity in the second half of 2007, which represents approximately 8% of North American coated paper capacity. Based on favorable demand and a supply trends, RISI, Inc. projects that North American coated paper operating rates are expected to remain above 96% through 2010, with coated groundwood operating rates expected to be above 100% in 2008 and 2009.

A leading manufacturer of coated paper products in North America. We are one of the largest coated paper manufacturers in North America based on production capacity. Within the overall North American coated paper market, we have a leading market share in North American coated groundwood production capacity. In addition, we are North America's lowest cost producer of coated freesheet paper. Our size provides us with economies of scale and enables us to optimize production across our integrated mill system to provide a broad spectrum of products, while also providing us the operational flexibility to adapt to our customers' specific coated paper needs.

Leading positions in the industry's most attractive segments and products. We are a leading supplier of coated papers to U.S. catalog and magazine publishers. The catalog and magazine end-user segments are among the most attractive within the coated papers industry due to their long-term growth prospects, favorable industry dynamics, blue-chip customer base and emphasis on product innovation and development. We maintain a leading position in the U.S. catalog and magazine end-user segments, with estimated segment shares of approximately 24% and 16%, respectively.

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In addition to being focused on the most attractive end-user segments, our product portfolio is also concentrated on the most attractive products in both the paper industry, in general, and the coated paper segment, specifically. Coated papers have been among the fastest growing portion of the paper industry, with North American coated paper demand having grown 2.1% per annum since 2001, compared to a demand growth rate of negative 4.7% for newsprint and a demand growth rate of negative 1.8% for uncoated freesheet paper. We are also specifically focused on the fastest growing portions of the coated paper market. For example, we are one of three major North American-based producers of ultra-lightweight coated groundwood paper. Ultra-light weight coated groundwood paper has experienced higher growth than the coated paper market generally, a trend we expect to continue as customers are increasingly demanding lower basis weight products in order to reduce their freight and postage costs. In addition, ultra-lightweight coated papers sell for higher prices and yield higher margins than their higher basis weight counterparts. We believe that we have a competitive advantage in ultra-lightweight coated paper grades due to our investment in specialized equipment and our internal development of unique manufacturing processes.

Strong relationships with attractive customer base. We have long-standing relationships with leading publishers, commercial printers, retail merchandisers and paper merchants. Our relationships with our ten largest coated paper customers average more than 20 years. Our strong relationships with the leading customers in the catalog and magazine end-user segments, which have historically had stable, on-going paper needs, has allowed us to optimize our mill system to supply orders on an efficient, cost-effective basis. Due to the premium printing requirements of these end-users, we have also been able to shift our product mix towards higher value-added grades, such as lightweight and ultra-lightweight coated groundwood and grade No. 4 coated groundwood. In addition, greater than 60% of our net sales in 2006 were made pursuant to contracts we maintain with our customers, which allows us to plan our production runs well in advance, optimizing production over our integrated mill system and thereby reducing costs and increasing overall efficiency. Our relationships with our key customers also allow us to maintain operating rates that are in excess of industry levels. For example, according to RISI, Inc., average operating rates for coated paper producers were 97% in 2007, while our operating rates were 99% in the same period.

Well-invested, low-cost manufacturing facilities. We believe our coated paper mills are among the most efficient and lowest cost coated paper mills in the world based on the cash cost of delivery to Chicago. We attribute our manufacturing efficiency, in part, to the significant historical investments made in our mills. From 1985 to 2006, International Paper invested over \$1.7 billion in growth capital expenditures for new machines, rebuilds, productivity enhancements and capacity expansions. In addition to these expenditures, over \$800 million was invested by International Paper for maintenance and repairs of this equipment, as well as for certain environmental, health and safety projects. International Paper also improved the cost position of our system by closing over 500,000 tons of higher cost coated paper capacity. As a result, we are the owners of well-invested, low-cost production assets. Further, most of our paper production is at mills with integrated pulp production and energy co-generation facilities, which reduces our exposure to price volatility for energy and purchased pulp, two of our largest cost inputs. As we sell approximately the same amount of pulp as we purchase across our integrated production system, we are generally insulated from changes in pulp prices.

Efficient, integrated supply chain with unique service solutions. Coated paper customers have become increasingly focused on supply chain efficiency, cost reduction and lead time minimization. Our Internet-based ordering platform, the Online Order Management System, simplifies ordering, tracking and invoicing, and is part of our strategy to continually reduce the cost to serve our customer base. In addition, we operate Nextier Solutions, an Internet-based system designed for collaborative production planning, procurement and inventory management processes throughout the supply chain. Our customers use our systems to maximize supply chain efficiencies, improve communication and reduce operating costs. We believe this provides us with a competitive advantage by enabling us to run our operations more cost-effectively through better planning of manufacturing runs and tracking of costs and inventory and, in turn, provides our customers with better, cost-effective service.

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We also believe the strategic location of our mills and distribution centers near attractive end-use markets, such as New York and Chicago, affords us the ability to more quickly and cost-effectively deliver our products to those markets. This close proximity to our customers provides for enhanced customer service and allows us to minimize our freight and delivery costs.

Experienced management team with proven track record. We believe our senior management team is a valuable asset to our business. This team has introduced industry-leading cost saving and efficiency programs and has lead the successful transition of our business from International Paper. In November 2006, Michael A. Jackson joined our business as President and Chief Executive Officer from Weyerhaeuser Company, where he most recently served as Senior Vice President in charge of the Cellulose Fibers, White Papers, Newsprint and Liquid Packaging Board businesses. Our senior management team averages approximately 20 years of experience in the paper and forest products industry.

Our Business Strategy

Increase revenues. One of our key objectives is to be the market leader with respect to profitable sales growth. We believe we can achieve this goal through the following strategies:

Capitalize on favorable trends in our industry. The coated paper industry is currently benefiting from favorable supply and demand trends and high operating rates, which have resulted in rising sales prices. We are currently implementing three price increases with an announced total increase of \$185 per ton on our coated groundwood grades and \$130 per ton on our coated freesheet grades. We expect to grow our revenues and operating profits as the price increases are further realized during 2008. Based on our coated paper production capacity, every \$50 per ton achieved in increased selling prices, assuming volumes and costs remain constant, equates to \$86 million in additional annual revenues and operating profits.

Leveraging our leading market position. We intend to further strengthen our leadership position by increasing our sales to both existing and new potential customers within the catalog and magazine segments, where, as industry leaders, we can offer an enhanced level of products and service. We believe that this competitive advantage will allow us to efficiently grow our business in line or in excess of market volume and price growth.

Participate in ongoing coated paper industry consolidation. We believe that there may be opportunities to participate in the current trend of consolidation in the North American coated paper industry. We intend to evaluate and pursue acquisitions and strategic partnerships that we believe will increase our profitability, enhance economies of scale, and augment or diversify our existing customer base. Through strategic acquisitions and partnerships, we intend to continue to improve our absolute and relative cost position, supplement our organic growth prospects, and enhance stockholder value.

Focus on specialty and higher value-added products. In addition to participating in underlying market growth, we plan to improve our market share and revenues by focusing on specialty and high value-added products, which we expect to grow in excess of general market growth. For instance, as one of the three North American-based producers of ultra-lightweight papers, we are positioned well with customers who want to lower postage and distribution expenses and thereby lower their total production costs. These products, in which we expect volumes to grow and prices to increase faster than the coated paper market in general, provide us with an opportunity to leverage our production advantage to garner additional revenues. In addition, we will continue to drive product performance improvements by taking advantage of technological advances and developing new products that meet the needs of our core catalog and magazine customers. We have a robust research and development effort that identifies, commercializes and capitalizes on new products and product innovations to generate additional sales opportunities.

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Improve profitability. We intend to focus on productivity enhancements and on improving our cost platform through the following:

Increase productivity. Since 2001, we have significantly reduced production costs and enhanced manufacturing efficiency at our mills. During this period, we reduced total headcount by over 19%, while overall productivity increased by 15% as measured by production tons per day and by over 48% as measured by tons produced per day per employee. Combined with strategies to reduce raw material usage, repair costs and manufacturing overhead, these initiatives have significantly improved financial and operating results. Going forward, we intend to selectively pursue cost reduction and efficiency improvement initiatives based on their cost to achieve, likely success and anticipated payback period.

Improve operating performance. Through Realizable-GAP, or R-GAP, our continuous process improvement program, we have implemented focused programs to optimize raw materials sourcing and usage, reduce repair costs and control overhead. We believe these process improvements, combined with our ability to generate a substantial portion of our energy needs and produce low cost pulp through our integrated pulp operations, will enhance our operating leverage, earnings and cash flow. We will continue to enhance and use our proprietary R-GAP process to improve the profitability of our mill network.

Maximize cash flow. Since the acquisition of our business from International Paper, we have benefited from having a dedicated senior management team, who has implemented a focused strategy to allocate our resources to compete and maximize profitability and cash flow in the coated paper business. With this enhanced management focus, we have managed our working capital, capital expenditures and operational expenditures efficiently to optimize cash flow.

Our annual maintenance and environmental capital expenditures are expected to be \$40 million to \$50 million per year for the next few years, which we believe will be sufficient to maintain our productivity and maximize cash flow. As a result of our former parent's significant growth capital expenditures, we believe that our capacity is sufficient to meet our current growth initiatives without significant additional spending and that future growth capital will be spent only upon the expectation of significant returns.

As a result of the way the acquisition of our business was structured, we also expect to pay minimal cash income taxes over the next few years due in part to high tax depreciation deductions we expect to realize. This tax depreciation should reduce future taxable profits from the business and minimize our cash income taxes.

We expect that our relatively low maintenance and environmental capital expenditures, improved working capital management, further cost reductions and minimal cash income taxes will enhance our ability to generate cash flow. We intend to use our cash flow to repay our debt and to reinvest in the growth of our business.

Risk Factors

An investment in our common stock involves substantial risks and uncertainties. Some of the more significant challenges and risks include those associated with our susceptibility to conditions in the U.S. economy, our ability to pass through increases in our costs to our customers, the cost of energy and raw materials, the highly competitive nature of the industry in which we operate and our significant amount of indebtedness. See Risk Factors for a discussion of the factors you should consider before investing in our common stock.

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The Merger

We, along with Verso Paper Two Corp., Verso Paper Three Corp., Verso Paper Four Corp. and Verso Paper Five Corp., are the wholly-owned subsidiaries of Verso Paper Management LP. Prior to the effective date of the registration statement of which this prospectus is a part, Verso Paper Two Corp., Verso Paper Three Corp., Verso Paper Four Corp. and Verso Paper Five Corp. will merge with and into us, and we will be the surviving corporation. The combination of us with these four entities is referred to throughout this prospectus as the Merger. Upon consummation of the Merger, Verso Fiber Farm LLC, which is currently a wholly-owned subsidiary of Verso Paper Five Corp., will become our wholly-owned subsidiary. In connection with Verso Fiber Farm LLC becoming our wholly-owned subsidiary, we intend to use \$ million of the net proceeds from this offering to repay the outstanding \$10.0 million senior secured term loan of Verso Fiber Farm LLC and to transfer the remainder of this amount to our parent, Verso Paper Management LP. As a result of the Merger, Verso Paper LLC, the chief operating entity through which our business is operated, and each of its subsidiaries, which will include Verso Fiber Farm LLC, will become our wholly-owned indirect subsidiaries. See Summary Corporate Structure Pre- and Post-Merger.

Additional Information

Our principal executive offices are located at 6775 Lenox Center Court, Suite 400, Memphis, Tennessee 38115-4436. Our telephone number is (901) 369-4100. Our website address is <http://www.versopaper.com>. Information on our website is not considered part of this prospectus.

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Summary Corporate Structure Pre- and Post-Merger

The following chart represents our summary corporate structure prior to the Merger. See Prospectus Summary The Merger and Principal Stockholders.

The following chart represents our summary corporate structure immediately following the consummation of the Merger and this offering. Verso Paper Corp. is the surviving entity of the merger of Verso Paper Corp., Verso Paper Two Corp., Verso Paper Three Corp., Verso Paper Four Corp. and Verso Paper Five Corp. See Prospectus Summary The Merger and Principal Stockholders.

Shares of common stock offered by us shares

Common stock to be outstanding after this offering shares

Use of proceeds

We estimate that the net proceeds to us from this offering, after deducting underwriting discounts and estimated offering expenses, will be approximately \$ million. We intend to use the net proceeds to repay the outstanding \$10.0 million senior secured term loan of Verso Fiber Farm LLC and make a related transfer to our parent, Verso Paper Management LP, to repay the outstanding \$250.0 million senior unsecured term loan facility of our subsidiary, Verso Paper Finance Holdings LLC, and for general corporate purposes, including working capital, the expansion of our production capabilities, research and development, purchases of capital equipment and potential acquisitions of businesses that we believe are complementary to our business. See Use of Proceeds.

Listing We will apply to have our common stock listed on the New York Stock Exchange under the trading symbol VRS.

The number of shares of common stock to be outstanding after this offering is based on _____ shares of common stock outstanding upon completion of the Merger and the filing of our amended and restated certificate of incorporation, and excludes _____ shares of common stock reserved for issuance under our equity compensation plans upon completion of this offering.

Except as otherwise indicated, all information in this prospectus:

gives effect to the Merger and the filing of our amended and restated certificate of incorporation, effecting a 1-for-1 stock split with respect to our common stock, which will occur prior to the effective date of the registration statement of which this prospectus is a part; and

assumes no exercise by the underwriters of their option to purchase over-allotments. shares of our common stock in this offering to cover

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Summary Historical Pro Forma Combined Financial Data

The following table presents our summary historical financial data and summary pro forma condensed financial data. The following information is only a summary and should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations, Unaudited Pro Forma Condensed Consolidated Financial Data and the combined audited financial statements of the Coated and Supercalendered Papers Division of International Paper and the audited combined financial statements of Verso Paper Corp. and notes thereto included elsewhere in this prospectus, as well as the other financial information included in this prospectus.

On August 1, 2006, our wholly-owned subsidiary, Verso Paper LLC, acquired the assets and certain of the liabilities of the Coated and Supercalendered Papers Division from International Paper, including the mills located in Jay, Maine, Bucksport, Maine, Quinnesec, Michigan and Sartell, Minnesota, together with other related facilities and assets and certain administrative and sales and marketing functions, pursuant to the terms of a purchase and sale agreement entered into between Verso Paper LLC and International Paper on June 4, 2006. We, along with our subsidiaries, were formed by affiliates of Apollo Management, L.P., which we refer to as Apollo, for the purpose of consummating the acquisition of the Coated and SC Papers Division from International Paper, or the Acquisition. In connection with the Acquisition, Verso Paper Holdings LLC issued \$1,185 million of debt, which we refer to as the Financing, consisting of a \$285 million term loan B facility, or the Term Loan B, \$600 million in aggregate principal amount of second priority senior secured notes and \$300 million in aggregate principal amount of senior subordinated notes. We also obtained a \$200 million revolving credit facility, which we refer to, together with the Term Loan B, as the senior secured credit facilities. As used in this prospectus, the term Transactions means, collectively, the Acquisition and the related Financing. See Management's Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources.

The historical combined statement of operations data for the years ended December 31, 2004 and 2005, and for the seven months ended July 31, 2006, have been derived from the combined financial statements of the Coated and Supercalendered Papers Division of International Paper, which we refer to as the Predecessor or the Division, which have been audited by Deloitte & Touche LLP an independent registered public accounting firm, and are included in this prospectus. The summary combined balance sheet data as of December 31, 2006, and the summary combined statement of operations data for the five months ended December 31, 2006, have been derived from the combined financial statements of Verso Paper Corp, which we refer to as the Successor which have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, and are included in this prospectus. The summary combined statements of operations data for the two months ended September 30, 2006, and for the nine months ended September 30, 2007, have been derived from the unaudited combined financial statements included elsewhere in this prospectus. The unaudited financial statements have been prepared on the same basis as the audited financial statements and, in the opinion of our management, include all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the information set forth herein. Interim financial statements are not necessarily indicative of results that may be experienced for the fiscal year or any future reporting period.

The pro forma condensed consolidated statement of operations data has been adjusted to give effect to the Transactions as if these events occurred on January 1, 2006.

The summary pro forma condensed consolidated financial data is for information purposes only and does not purport to present what our results of operations and financial condition would have been had the Transactions actually occurred on such date, nor does it project our results of operations for any future period or our financial condition at any future date.

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	Predecessor Combined			Successor Combined	Pro Forma	Successor Combined	
	Year Ended		Seven Months	Five Months	Year Ended	Two Months	Nine Months
	December 31,		Ended	Ended	December 31,	Ended	Ended
	2004	2005	July 31,	December 31,	December 31,	September 30,	September 30,
			2006	2006	2006	2006	2007
(dollars and tons in millions, except per share data)							
Statement of Operations Data:							
Net sales	\$ 1,463.3	\$ 1,603.8	\$ 904.4	\$ 706.8	\$ 1,611.2	\$ 298.8	\$ 1,183.0
Costs and expenses:							
Costs of products sold exclusive of depreciation and amortization	1,272.5	1,338.2	771.6	589.3	1,355.1	247.9	1,035.9
Depreciation and amortization	130.5	129.4	72.7	48.3	116.0	18.8	90.7
Selling, general and administrative expenses	65.3	65.6	34.3	14.4	44.5	5.4	38.0
Restructuring and other charges	0.6	10.4	(0.3)	10.1	9.8	3.7	16.5
Operating income (loss)	(5.6)	60.2	26.1	44.7	85.8	23.0	1.9
Interest expense	16.0	14.8	8.4	49.1	118.3	19.7	106.6
Interest income	(0.3)			(1.8)	(1.8)	(0.5)	(1.3)
Income (loss) before income taxes	(21.3)	45.4	17.7	(2.6)	(30.7)	3.8	(103.4)
Provision (benefit) for income taxes	(8.2)	17.9	7.0				
Net income (loss)	\$ (13.1)	\$ 27.5	\$ 10.7	\$ (2.6)	\$ (30.7)	\$ 3.8	\$ (103.4)
Per Share Data:							
Earnings (loss) per share				\$ (2,637)		\$ 3,782	\$ (103,416)
Common shares outstanding				1,000		1,000	1,000
Statement of Cash Flows Data:							