



PRO WATCHLIST



SAVE \$2 ON JUST FOR MEN ORIGINAL FORMULA



SAVE NOW

# Leading U.S. paper company Verso files for bankruptcy



COMMENTS [Start the Discussion](#)

Tom Hals  
Tuesday, 26 Jan 2016 | 10:42 AM ET

WILMINGTON, Del, Jan 26 (Reuters) - Verso Corp, a leading U.S. producer of printing and specialty papers, filed for Chapter 11 bankruptcy on Tuesday to cut its debt in the face of falling demand for catalogs and magazines and cheaper imports.

Verso, which is controlled by private equity firm Apollo Global Management, plans to seek approval for a plan that would shed \$2.4 billion of its debt and would cede ownership of the company to its creditors, according to a company statement.

The company said it has support for the plan from a majority of its creditors in most classes of its debt. That could smooth the restructuring process, which needs to be approved by a formal vote of creditors.

The Memphis, Tennessee-based company owns eight manufacturing plants in six states and generated \$2.4 billion in revenue in the first nine months of 2015, according to court records. It employs 5,172 people.

Verso's products are used primarily in catalogs, magazines and glossy advertising brochures.

The company said the bankruptcy would have virtually no impact on its daily operations, and it is seeking to borrow up to \$600 million to fund its business while it is in Chapter 11.

Verso acquired NewPage Corp a year ago to increase its scale, but the company has said that merger-related savings were more than offset by rising prices for wood, falling prices for its products and competition from imports that benefit from a strong dollar.

Verso said in court papers it had about \$3.9 billion in debt and estimated its assets were worth about \$2.9 billion.

NewPage had filed for bankruptcy protection in 2011 and emerged a year later.

Verso was acquired by Apollo in 2006 from International Paper, and went public in 2008. Its pink sheet stock was trading for less than a penny a share on Tuesday.

Today's Mortgage Rate

3.01%  
APR

[Calculate New Payment](#)

30-Year Fixed 3.50% 3.61% APR

15-Year Fixed 3.00% 3.02% APR

## FROM THE WEB

Sponsored Links by Taboola

[The Sandwich Generation Is One Of The Most Stressed Ever](#)

Merrill Lynch

["Normal" Belts Are Going the Way of the Dinosaur. Here's Why.](#)

SlideBelts

[And the Best Stock for 2016 is .....](#)

VentureCapital News

[The Hybrid Cloud Solution You've Been Waiting For](#)

Microsoft



 [Print page](#)  [Email page](#)  [Download PDF](#)  [Add to Briefcase](#)  
[« Previous Release](#) | [Next Release »](#)

## **Verso Corporation Positions Company for Long-Term Success by Initiating Process to Restructure Debt**

**Verso Corporation and its Subsidiaries File Voluntary Petitions under Chapter 11 of U.S. Bankruptcy Code and Expect To Reach Agreed-Upon Terms for Plan of Reorganization with Certain Creditors and to Obtain up to \$600 million in Debtor-in-Possession Financing Package  
Normal Operations to Continue**

MEMPHIS, Tenn., Jan. 26, 2016 /PRNewswire/ -- Verso Corporation (OTCPink: VRSZ) today announced that the company and its subsidiaries have filed voluntary petitions with the United States Bankruptcy Court in the District of Delaware to reorganize under Chapter 11 of the U.S. Bankruptcy Code. Verso's board of directors authorized the filing of the Chapter 11 cases to facilitate a debt restructuring necessary to strengthen the company's balance sheet and to position Verso for long-term success. Verso expects today's announcement will have virtually no impact on the day-to-day operations of the company.

"While filing for Chapter 11 protection was a difficult decision, we are pleased that we enter this process with strong creditor support. We have worked together with a broad spectrum of financial creditors to develop a restructuring plan to eliminate \$2.4 billion of our outstanding debt and to exit the Chapter 11 process in a short timeframe," said Verso President and CEO David J. Paterson. The expected agreement on terms for a plan of reorganization is with creditors holding at least a majority in principal amount of most classes of funded debt of Verso and its subsidiaries. Verso anticipates that upon finalizing agreed-upon terms, the plan of reorganization would result in the holders of its funded debt receiving equity of Verso in exchange for their claims.

Verso also expects to finalize a debtor-in-possession (DIP) financing package totaling up to \$600 million in the next day that will provide the company with significant operational flexibility to successfully reorganize. The DIP package will provide Verso with sufficient liquidity to support its ongoing operations for the foreseeable future during the Chapter 11 process.

Verso will promptly seek immediate relief from the Bankruptcy Court through the filing of customary first day motions that will allow the company to transition its business into Chapter 11, including, among other things, granting the authority to pay pre-petition wages, salaries and benefits and to honor customer programs.

Paterson explained the filing, noting that "since Verso acquired NewPage Holdings Inc. in January 2015, a confluence of external factors, including an accelerated and unprecedented decline in demand for our products, a significant increase in foreign imports resulting from a strong U.S. dollar relative to foreign currencies, and Verso's impending financial obligations made it apparent that action was needed." He further noted that "Verso chose to take this proactive step with the firm belief that our company will emerge from the Chapter 11 process as a stronger company that is positioned to compete and win, even as challenges in the overall economic environment continue."

Verso expects the reorganization process to have virtually no impact on its daily business. "Verso intends to operate our business as usual with an unwavering focus on running our facilities safely and efficiently, delivering the high quality products and services our customers have come to expect from us, maintaining valued relationships with our suppliers, protecting the environment, and being a good neighbor in the communities where we operate," Paterson said.

A link titled "Verso Restructuring" has been added to the home page of Verso's website, [versoco.com](http://versoco.com), to provide information about the bankruptcy process and legal filings made with the Bankruptcy Court. The company's Consolidated Water Power Company subsidiary is not part of the bankruptcy filing.

### ***About Verso***

Verso Corporation is the turn-to company for those looking to successfully navigate the complexities of paper sourcing and performance. The leading North American producer of printing and specialty papers and pulp, Verso provides insightful solutions that help drive improved customer efficiency, productivity, brand awareness and business results. Verso's long-standing reputation for quality and reliability is directly tied to our vision to be a company with passion that is respected and trusted by all. Verso's passion is rooted in ethical business practices that demand safe workplaces for our employees and sustainable wood sourcing for our products. This passion, combined with our flexible manufacturing capabilities and an unmatched commitment to product performance, delivery and service, make Verso a preferred choice among commercial printers, paper merchants and brokers, converters, publishers and other end users. For more information, visit us online at [versoco.com](http://versoco.com).

### ***Forward-Looking Statements***

In this press release, all statements that are not purely historical facts are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements may be identified by the words "believe," "expect," "anticipate," "project," "plan," "estimate," "intend," "potential" and other similar expressions, including statements relating to Verso's ability to obtain up to \$600 million in DIP financing and the expected impact on Verso's operations as a result of the Chapter 11 filings. Forward-looking statements are based on currently available business, economic, financial and other information and reflect management's current beliefs, expectations and views with respect to future developments and their potential effects on Verso. Actual results could vary materially depending on risks and uncertainties that may affect Verso and its business. Verso's actual actions and results may differ materially from what is expressed or implied by these statements due to a variety of factors, including (a) the potential adverse impact of the Chapter 11 filings on Verso's liquidity or results of operations, (b) changes in Verso's ability to meet financial obligations during the Chapter 11 process or to maintain contracts that are critical to Verso's operations, (c) the outcome or timing of the Chapter 11 process, (d) the effect of the Chapter 11 filings on Verso's relationships with third parties and employees, (e) proceedings that may be brought by third parties in connection with the Chapter 11 process, (f) the Bankruptcy Court approval, (g) the increased administrative costs related to the Chapter 11 process, (h) Verso's ability to maintain adequate liquidity to fund operations during the Chapter 11 process and thereafter, and (i) other risks and uncertainties listed from time to time in Verso's filings with the Securities and Exchange Commission. Verso assumes no obligation to update any forward-looking statement made in this press release to reflect subsequent events or circumstances or actual outcomes.



Logo- <http://photos.prnewswire.com/prnh/20151104/283769LOGO>

To view the original version on PR Newswire, visit: <http://www.prnewswire.com/news-releases/verso-corporation-positions-company-for-long-term-success-by-initiating-process-to-restructure-debt-300209711.html>

SOURCE Verso Corporation

News Provided by Acquire Media

[Close window](#) | [Back to top](#)



## **Restructuring: Chapter 11 Process Frequently Asked Questions**

### **What happens during the Chapter 11 process?**

- Chapter 11 is a tool used by companies to restructure debt and position their businesses for long-term success. This process generally allows a filing entity to continue operating as usual while working with creditors to develop a Plan of Reorganization that details how the company will address its obligations and restructure its debt. At the completion of the process, the completed plan must be approved by the Bankruptcy Court before the company can emerge from bankruptcy as a financially stronger company.

### **What does “going into” and “coming out of” Chapter 11 mean?**

- “Going into” means a corporation, in this case Verso and its subsidiaries, has filed documents with the U.S. Bankruptcy Court to request protection under the U.S. Bankruptcy Code. Following the filing of those papers, the corporation is operating “in” or “under” Chapter 11 and is able to take advantage of certain provisions in the law.
- When the company completes a Plan of Reorganization and it is approved by creditors, it is then “confirmed” by the court and the organization “comes out” or “emerges” from Chapter 11 as a reorganized entity.

### **Who is the claims agent in Verso’s Chapter 11 case and how can I access the legal filings?**

- Prime Clerk is the claims agent in Verso’s Chapter 11 case. Verso’s case information and legal filings can be accessed via the Prime Clerk website at <https://cases.primeclerk.com/verso> . A link to the Prime Clerk website can also be found on the “Verso Restructuring” page of Verso’s website, [versoco.com](http://versoco.com).

### **Where is the Chapter 11 case being heard?**

- Verso’s Chapter 11 case is being heard in the United States Bankruptcy Court for the District of Delaware.



## **Court-Supervised Restructuring: Frequently Asked Questions**

### **Why did Verso choose to file for reorganization under Chapter 11 of the U.S. Bankruptcy Code?**

- Verso chose to file voluntary petitions under Chapter 11 of the U.S. Bankruptcy Code to facilitate a debt restructuring to strengthen the company's balance sheet and position its business for long-term success. The Chapter 11 filing will have virtually no impact on the day-to-day operations of the Company.
- Verso believes that restructuring its debt through the proven court-supervised Chapter 11 process will enable the company to maximize value for all stakeholders.

### **Will Verso remain open for business during the Chapter 11 process?**

- Yes. The Chapter 11 filings will have virtually no impact on the day-to-day operations of the company. Verso intends to operate our business as usual with an unwavering focus on running our facilities safely and efficiently, delivering the high quality products and services our customers have come to expect from us, maintaining valued relationships with our suppliers, protecting the environment, and being a good neighbor in the communities where we operate.
- Verso expects to complete its restructuring and emerge as a stronger company that is better positioned for long-term success.

### **How long have you known that filing was a possibility?**

- In recent months, a confluence of external factors, including an accelerated and unprecedented decline in demand for Verso's coated paper products, a significant increase in foreign imports resulting from a strong U.S. dollar relative to foreign currencies, and Verso's impending financial obligations made it apparent that action was needed.
- Verso chose to take this proactive step with the firm belief that our company will emerge from the Chapter 11 process as a stronger company that is better positioned to compete and win, even as challenges in the overall economic environment continue.

### **Did the company attempt to settle these matters outside of the Chapter 11 process?**

- Verso's senior management and the company's board of directors considered a variety of restructuring alternatives and determined that it was in the best long-term interest of the company and its stakeholders to restructure its debt through the court-supervised process.

**Did the company attempt to settle these matters with a prepackaged Chapter 11 process?**

- Verso has worked together with a broad spectrum of financial creditors to develop a plan of reorganization that will eliminate \$2.4 billion of our outstanding debt and will permit us to exit the Chapter 11 process in a short timeframe.

**What is the company's liquidity position?**

- Verso has worked together with a broad spectrum of financial creditors to develop a plan of reorganization that will eliminate \$2.4 billion of our outstanding debt and will permit us to exit the Chapter 11 process in a short timeframe. We expect to emerge as a financially stronger company that is better positioned to compete and win in a dynamic global marketplace.

**How much debt will be eliminated through the restructuring?**

- Verso has worked together with a broad spectrum of financial creditors to develop a plan of reorganization that will eliminate \$2.4 billion of our outstanding debt and will permit us to exit the Chapter 11 process in a short timeframe.

**How will the filing affect day-to-day operations?**

- The Chapter 11 filings will have virtually no impact on Verso's day-to-day operations. We intend to operate our business as usual with an unwavering focus on running our facilities safely and efficiently, delivering the high quality products and services our customers have come to expect from us, maintaining valued relationships with our suppliers, protecting the environment, and being a good neighbor in the communities where we operate.
- The previously announced indefinite idling of Verso's paper mill in Wickliffe, Kentucky, will continue as the company continues to evaluate alternative strategic options for this mill.

**Does Verso still plan to sell some of its mills?**

- While we initially contemplated the possibility of selling certain mills as part of the restructuring effort, our anticipated plan of reorganization does not include the sale of any active mills.

**Will Verso close any of its mills as a result of the restructuring? When will these decisions be made and announced?**

- Verso currently has no plans to close any of its mills as a result of the restructuring.
- Verso's long-term success depends on the company's ability to align its supply of products with our customers' demand for them. We are continuously evaluating our business to assure that it operates as efficiently as possible and that our supply remains in balance with our customers' demand.

### **How long will it take for Verso to complete the court-supervised restructuring?**

- Verso has worked together with a broad spectrum of financial creditors to develop a plan of reorganization that will eliminate \$2.4 billion of our outstanding debt and will permit us to exit the Chapter 11 process in approximately six months, barring unforeseen circumstances between the petition filing and emergence.

### **What are the important milestones in the restructuring process?**

- On January 26, 2016, Verso and its subsidiaries filed voluntary petitions under Chapter 11 of the United States Bankruptcy Code. Verso already has completed the next step in the process, which was to file a series of first day motions that seek to provide additional protection for various groups. These motions are generally granted in the days immediately after the filings.
- Verso has worked together with a broad spectrum of financial creditors to develop a plan of reorganization that will eliminate \$2.4 billion of our outstanding debt and will permit us to exit the Chapter 11 process in a short timeframe. We expect to emerge as a financially stronger company that is better positioned to compete and win in a dynamic global marketplace.

### **Who owns Verso now and who is calling the shots?**

- Verso remains a public company and is owned by its shareholders. The company's stock is traded on the over-the-counter (OTCPink) market. Decisions about Verso's operations and the company's overarching strategic direction will continue to be made by senior management with oversight by the company's board of directors.

### **Will the owners of Verso's funded debt ultimately own the company after the restructuring is complete?**

- Verso anticipates that upon finalizing agreed-upon terms, the plan of reorganization would result in the holders of its funded debt receiving equity of Verso in exchange for their claims.

### **What do you expect Verso to look like after the restructuring?**

- Today's announcement is about restructuring Verso's balance sheet, not our operations. Verso believes that a successful restructuring will provide new opportunities to build on our prior operational improvements and invest in our business in ways that will enhance our industry leadership.
- Verso's long-term success depends on the company's ability to align its supply of products with our customers' demand for them. We are continuously evaluating our business to assure that it operates as efficiently as possible and that our supply remains in balance with our customers' demand.

**How do you know that Verso will be able to operate successfully in the future?**

- Verso believes that a successful restructuring will provide new opportunities to build on our prior operational improvements and invest in our business in ways that will enhance our industry leadership.
- Verso is an operationally strong company. We expect the restructuring to result in a balance sheet that will better align the company's capital structure with its operations and position Verso for long-term success.