Verso Corp
Form 10-K/A
August 24, 2018

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-K/A

(Amendment No. 2)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2017

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ________ to ________

Verso Corporation

(Exact name of registrant as specified in its charter)

Delaware	**001-34056**	**75-3217389**
(State of Incorporation or Organization)	**(Commission File Number)**	**(IRS Employer Identification Number)**

8540 Gander Creek Drive

Miamisburg, Ohio 45342

(Address, including zip code, of principal executive offices)

(877) 855-7243

(Registrant s telephone number, including area code)

Securities registered pursuant to section 12(b) of the Act:

Title of each class	**Name of each exchange on which registered**
Class A common stock, $0.01 par value	**New York Stock Exchange**

Securities registered pursuant to Section 12(g) of the Act: Class B common stock, $0.01 par value

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405) is not contained herein, and will not be contained, to the best of registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of large accelerated filer, accelerated filer, smaller reporting company, and emerging growth company in Rule 12b-2 of the Exchange Act.

Large accelerated filer	Accelerated filer
Non-accelerated filer	Smaller reporting company
	Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

As of June 30, 2017, the aggregate market value of the voting and non-voting common equity of Verso Corporation held by non-affiliates, computed by reference to the price at which the common equity was last sold on the last business day of the most recently completed second fiscal quarter, was approximately $137,409,355. For purposes of this calculation, only those shares held by directors, executive officers and holders of 10% or more of the voting securities of Verso Corporation have been excluded as held by affiliates. Such exclusion should not be deemed a determination or an admission by Verso Corporation or any such person that such individuals or entities are or were, in fact, affiliates of Verso Corporation.

As of August 13, 2018, Verso Corporation had 34,553,364 shares of Class A common stock, par value $0.01 per share, and no shares of Class B common stock, par value $0.01 per share, outstanding.

DOCUMENTS INCORPORATED BY REFERENCE: None.

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EXPLANATORY NOTE

This Amendment No. 2 to Form 10-K (this Amendment) amends the Annual Report on Form 10-K for the fiscal year ended December 31, 2017 (the 2017 Form 10-K) originally filed with the Securities and Exchange Commission (the SEC) on March 8, 2018 by Verso Corporation, a Delaware corporation (Verso), as amended by Amendment No. 1 to Form 10-K (Amendment No. 1 and, together with the 2017 Form 10-K, the Original Filing) originally filed with the SEC on April 30, 2018. Verso is filing this Amendment solely to update the information contained in Item 11 of Amendment No. 1. Specifically, Verso is updating the information contained in Item 11 of Amendment No. 1 by including herein the more fulsome compensation disclosures provided by Verso in its Definitive Proxy Statement on Schedule 14A filed with the SEC on August 23, 2018 in which Verso did not avail itself of the smaller reporting company scaled disclosures previously contained in Amendment No. 1. In addition, the compensation information provided for Verso s named executive officers in Item 11 of Amendment No. 1 incorrectly overstated fiscal year 2017 compensation for the named executive officers by including as fiscal year 2017 compensation the grant of certain performance-based restricted stock unit awards that were approved by the Compensation Committee (the Compensation Committee) of Verso s Board of Directors in 2017 but as to which the vesting criteria were not determined until 2018. Since the vesting criteria for these awards were not determined until 2018, these awards are not considered to have been granted until 2018 and, accordingly, these awards constitute fiscal year 2018 (not fiscal year 2017) compensation for the named executive officers.

Except as described above, no other changes have been made to the Original Filing. The 2017 Form 10-K and Amendment No. 1 continue to speak as of their respective dates, and Verso has not updated the disclosures contained therein to reflect any events which occurred at a date subsequent to the filing of such filings.

In this Amendment, Verso Corporation is referred to interchangeably as Verso, we, our and us.

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Verso Corporation

Amendment No. 2 to Annual Report on Form 10-K

December 31, 2017

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PART III

Item 11. Executive Compensation

Compensation Discussion and Analysis

This Compensation Discussion and Analysis describes our compensation arrangements for 2017 with our named executive officers listed in the table below. Except as otherwise stated, references to the named executive officers in this Compensation Discussion and Analysis do not include Mr. Kesser.

Name	**Title**
B. Christopher DiSantis	President and Chief Executive Officer
Allen J. Campbell	Senior Vice President and Chief Financial Officer
Michael A. Weinhold	President of Graphic Papers
Adam St. John	Senior Vice President of Manufacturing
Kenneth D. Sawyer	Senior Vice President of Human Resources and Communications
Peter H. Kesser	Former Senior Vice President, General Counsel and Secretary

Executive Summary

The Compensation Committee is responsible for determining the compensation of our named executive officers. Our executive compensation program includes a number of features that we believe reflect best practices in the market and help ensure that the program reinforces our stockholders interests. These features are described in more detail below in this Compensation Discussion and Analysis and include the following:

In connection with his appointment as our President and Chief Executive Officer in 2017, we entered into an employment agreement with Mr. DiSantis. Under his employment agreement, Mr. DiSantis target direct compensation for 2017 (consisting of his annual base salary, target annual bonus and the target value of his 2017 equity award described below) is approximately 77% at-risk variable compensation (meaning that the compensation is performance-based and/or with a value dependent on our stock price).

Our Compensation Committee determined that for the equity awards granted to our named executive officers in or for 2017, unlike the grants made in prior years, a substantial portion of the award would be subject to performance-based vesting requirements. For Mr. DiSantis new-hire grant, the Compensation Committee determined that the vesting of 50% of the award would be contingent on performance. In 2018, the Compensation Committee established the performance-based vesting criteria for the grant, which is the compound annual growth rate (CAGR) of our stock price from January 1, 2017 to January 1, 2020 relative to the stock price CAGR over that three-year period for a peer group of companies selected by our Compensation Committee. The remaining 50% of the award vests over time, and is scheduled to vest in two installments on the third and fourth anniversaries of Mr. DiSantis start date with the Company, subject to his continued employment with us through those dates.

Like the equity award granted to Mr. DiSantis described above, the awards we granted to our other named executive officers in October 2017 also vest 50% based on the CAGR of our stock price from January 1, 2017 to January 1, 2020 relative to the stock price CAGR over that three-year period for the peer group. The remaining 50% of these awards vests over time, and is scheduled to vest in two installments in January 2020 and January 2021, subject to the executive s continued employment with us through those dates.

We provide our named executive officers with annual performance-based cash award opportunities, with the amount awarded to the executive determined based on our achievement of financial and operational performance goals established by the Compensation Committee for the year. Based on our performance against the goals established for 2017, the Compensation Committee determined that our named executive officers bonuses for 2017 would be paid at 144% of target. We believe this payout is appropriate in light of our performance during the year.

The Compensation Committee has retained an independent compensation consultant to provide advice on our executive compensation program.

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Executive Compensation Philosophy and Objectives

The Compensation Committee conducts an annual review of our executive compensation program to help ensure that: (1) the program is designed to align the interests of our named executive officers with our stockholders interests by rewarding performance that is tied to creating stockholder value; and (2) the program provides a total compensation package for each of our named executive officers that we believe is competitive.

Our executives compensation package consists primarily of a base salary, an annual performance-based cash opportunity, and long-term equity-based awards. We believe that in order to attract and retain top executives, we need to provide them with compensation levels that reward their continued service. Some of the elements, such as base salaries and annual bonuses, are paid out on a short-term or current basis. Other elements, such as benefits provided upon certain terminations of employment and equity awards that are subject to multi-year vesting schedules, are paid out on a long-term basis. We believe this mix of short- and long-term elements allows us to achieve our goals of attracting, retaining and motivating our top executives.

In structuring executive compensation packages, the Compensation Committee considers how each component promotes retention and motivates performance. Base salaries, severance and other termination benefits are primarily intended to attract and retain highly qualified executives. These elements of our executive compensation program are generally not dependent on performance. Annual cash bonus and long-term equity incentive opportunities provide further incentives to achieve performance goals specified by the Compensation Committee, to enhance alignment with stockholder interests and/or to continue employment with us through specified vesting dates.

We believe that by providing a significant portion of our named executive officers total compensation package in the form of equity-based awards, we are able to create an incentive to build stockholder value over the long-term and closely align the interests of our named executive officers to those of our stockholders by incentivizing our named executive officers to produce stockholder value. As described in more detail below, the annual equity awards granted to the named executive officers for 2017 are structured so that one-half of the award will vest only if we achieve specified levels of stock price performance relative to the performance of a peer group of companies over a three-year performance period and only if the executive remains employed with us through the end of the applicable performance period. The remainder of the award generally vests only if the executive remains employed with us over a multi-year period.

Our annual performance-based cash awards are also contingent upon the achievement of financial and operational performance goals established by the Compensation Committee, thereby providing additional incentives for our executives to achieve short-term or annual goals that we believe will maximize stockholder value over the long-term.

Compensation Determination Process

Role of the Compensation Committee and our Executive Officers

Our executive compensation program is determined and approved by our Compensation Committee. None of the named executive officers are members of the Compensation Committee or otherwise have any role in determining the compensation of the other named executive officers, although the Compensation Committee considers the recommendations of our Chief Executive Officer in setting compensation levels for our other executive officers.

Determination of Compensation

Except as otherwise noted, our Compensation Committee s executive compensation determinations are subjective and are generally based on the experience and general knowledge possessed by members of our Compensation Committee taking into account the executive s responsibilities and experience, our performance and the individual performance of the executive. As discussed below, in determining the compensation of our named executive officers, the Compensation Committee considers the compensation provided to executives at corresponding positions with a peer group of companies. However, we do not set executive compensation levels at any specific level or benchmark against other companies.

Compensation Consultant

For 2017, our Compensation Committee retained Lyons, Benenson & Company Inc. to serve as its independent compensation consultant. Other than its engagement by the Compensation Committee, Lyons Benenson provides no other services to us or any of our subsidiaries. The Compensation Committee has assessed the independence of Lyons Benenson and concluded that its engagement of Lyons Benenson does not raise any conflict of interest with us or any of our directors or executive officers.

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In January 2017, Lyons Benenson assisted the Compensation Committee in selecting the following peer group of companies in our industry to assist the committee in making its compensation decisions for 2017.

Bemis Company, Inc.	Neenah Paper, Inc.
Cenveo, Inc.	P.H. Glatfeller Company
Clearwater Paper Corporation	Packaging Corporation of America
Domtar Corporation	Resolute Forest Products Inc.
Graphic Packaging Holding Company	Schweitzer-Mauduit International, Inc.
Greif, Inc.	Sonoco Products Company
Kapstone Paper & Packaging Corporation	

The Compensation Committee, with advice from Lyons Benenson, decided that the peer companies should be publicly traded U.S. companies in the Company s industry with revenue of up to $9.0 billion, have an average total shareholder return above that of the Paper Products GICS Sub-Industry, and exceed the median for the Paper Products GICS Sub-Industry in two of three key performance areas (three-year revenue CAGR, three-year average return on invested capital, and three-year average operating margin), in each case as of the time the peer group was selected. For each of our named executive officers, Lyons Benenson provided information on the compensation levels for similarly situated executives with the peer companies. Although the Compensation Committee reviewed and discussed the peer company compensation data provided by Lyons Benenson to help inform its decision making process, the Compensation Committee does not set compensation levels at any specific level or percentile against the peer group data. The peer company data is only one point of information taken into account by the Compensation Committee in making compensation decisions.

The Role of Stockholder Say-on-Pay Votes

At the annual meeting of our stockholders held in May 2017, our stockholders were provided with an opportunity to cast an advisory vote on our executive compensation program through a say-on-pay proposal. Approximately 92 percent of votes cast were in favor of our executive compensation program. The Compensation Committee believes that our compensation program includes a number of features as noted above that reflect best practices in the market and that this voting result affirms stockholders support of the Company s approach in compensating its executive officers. Our Compensation Committee will continue to consider the outcome of the Company s say-on-pay proposals when making future compensation decisions for our named executive officers.

New CEO Employment Agreement

Mr. DiSantis was appointed our President and Chief Executive Officer, effective February 1, 2017. In connection with his appointment, we entered into an employment agreement with Mr. DiSantis that provides for him to receive an annual base salary of $825,000 and an annual bonus opportunity at a target level of 100% of base salary. He was also granted a restricted stock unit award with a target value as of the grant date of $2 million, with one-fourth of the award to vest on February 1, 2020, one-fourth of the award to vest on February 1, 2021, and one-half of the award to vest based on the achievement of performance goals to be established by the Compensation Committee for a three-year performance period commencing on January 1, 2017 and ending on January 1, 2020, with vesting in each case to be generally subject to Mr. DiSantis continued employment through the applicable vesting date. See Long-Term Equity Incentive Awards below for more information on this award. The agreement also provides that Mr. DiSantis annual equity-based awards commencing with 2018 will have a target value as of the grant date of $2 million. The agreement also provides certain severance protections as described under Potential Payments Upon Termination or Change in Control below. The agreement does not have a specified term. The terms of the agreement were negotiated with

Mr. DiSantis, and as an additional reference point in determining the terms of these agreements, the Compensation Committee reviewed data provided by Lyons Benenson on the compensation of chief executive officers of the peer companies identified above**.** The Compensation Committee believes the agreement provides Mr. DiSantis with appropriate performance incentives to grow the Company and create value for our stockholders, as well as appropriate retention incentives.

Current Executive Compensation Program Elements

The current elements of our executive compensation program are:

- base salaries;
- annual performance-based cash awards;
- equity-based incentive awards; and
- certain retirement and other benefits.

Base Salary

The compensation of Verso s executive officers begins with a base salary. In determining the initial annual base salaries or the amounts by which to increase the base salaries of our executive officers, we typically evaluate each executive officer s position and functional responsibilities, consider the executive officer s performance and contributions in the prior year, review the executive officer s base salary in comparison to the base salaries of similar positions with similar functional responsibilities at comparable companies, compare the executive officer s base salary to those of our other executive officers for internal equity purposes, and consider Verso s financial position and our resources available for compensation purposes.

As noted above, Mr. DiSantis base salary was set by the Compensation Committee when he joined the Company in 2017. Messrs. St. John and Sawyer each received base pay increase effective June 1, 2017, in the amount of 15.38% and 14.38%, respectively, above their base salary level as previously in effect. The Compensation Committee approved these increases based on its assessment of peer group data provided by the Compensation Committee s compensation consultant and the Compensation Committee s assessment of their positions. None of Verso s other named executive officers received increases in their base salaries in 2017.

Annual Cash Incentive Plan: 2017 Verso Incentive Plan

In July 2017, Verso, with the approval of the Compensation Committee, established and implemented the 2017 Verso Incentive Plan (2017 VIP), an annual, performance-based cash incentive plan for the benefit of our executive officers and other key employees. The 2017 VIP provided the participants with an opportunity to receive a cash incentive award based on Verso s, their departments and their individual performances in 2017. The 2017 VIP involved the quantitative measurement of Verso s actual performance against a series of operational and financial performance objectives for 2017. It also entailed a qualitative assessment of the contributions of each participant and his or her department to the achievement of our performance objectives.

The 2017 VIP was designed to provide the participants with an incentive for superior work and to motivate them toward even higher achievements and business results, to tie their goals and interests to those of Verso and our other stockholders, and to enable us to attract and retain highly qualified executive officers and other employees. The 2017 VIP was administered by the Compensation Committee. Generally, unless otherwise provided by an agreement with Verso, a participant must remain employed by Verso until the time bonuses are actually paid for the performance year in order to be eligible to receive a bonus under the plan, although the Compensation Committee had the discretion to pay a prorated portion of a participant s incentive award in the event that the participant s employment with us was terminated after establishment of the 2017 VIP because of his or her death, disability or retirement or the elimination of his or her position.

The 2017 VIP set forth Verso s performance objectives for 2017 to be used to establish the 2017 annual cash incentives for participants in the plan, the relative weighting of the performance objectives against each other, the threshold, target and maximum achievement levels of our performance objectives, and the funding associated with achieving the performance objectives at the various achievement levels. In establishing the performance objectives, their relative weighting, and their achievement levels, the Compensation Committee considered information provided by management concerning our operational and financial goals for 2017, with the purpose of reflecting those goals in the 2017 VIP. In establishing the funding levels, the Compensation Committee considered the other compensation provided to our executive officers and senior managers, with the aim of establishing total incentive compensation that was competitive. Taking these matters into consideration, the Compensation Committee approved the elements of the 2017 VIP as shown in the following table.

2017 Performance Objectives	Relative Weighting	Achievement Levels and Funding Levels Threshold	Target	Maximum
SG&A/Overhead Reductions(1)	20%	$ 19M	$ 23M	$ 27M
R-Gap Improvement(2)	20%	$ 40M	$ 52M	$ 64M
Safety(3)	10%	1.30	1.15	1.00
Working Capital(4)				
AP Dollars Increase Year End	15%	$ 15M	$ 20M	$ 25M
Inventory Dollars Decrease Year End	15%	$ 27M	$ 42M	$ 57M
Adjusted EBITDA(5)	20%	$ 110M	$ 135M	$ 160M
Funding percentage		50%	100%	200%
Funding amount		$ 5.1M	$ 10.3M	$ 20.5M

(1) SG&A Reduction refers to realized savings in SG&A and other overhead achieved by us by 2017 year end (SG&A/overhead expenses for 2017 compared to SG&A/overhead expenses for 2016).
(2) R-Gap Improvement means the net year-over-year change, measured in dollars, of improvements in various areas of operations.
(3) Safety refers to our number of OSHA recordable safety incidents during 2017 per 100 full-time employees.
(4) Working Capital includes two components (a) AP (Accounts Payable) Dollars Increase Year End, a measure of the improvements we made in extending the time for payment of accounts payable year-over-year, increasing AP DPO (Days Payable Outstanding) at year-end (year-end 2017 compared to year-end 2016), and (b) Inventory Dollars Decrease Year End, a measure of the improvements we made in reducing inventory year-over-year (year-end 2017 compared to year-end 2016).
(5) Adjusted EBITDA is our earnings before interest, taxes, depreciation and amortization, adjusted to exclude certain unusual items and to reflect changes in accounting principles, policies, practices and procedures adopted or implemented during the term of the 2017 VIP.

Under the 2017 VIP, the incentive pool, representing the total amount of incentive awards for all participants, was determined initially by adding together all the participants target-level incentive awards. A participant s target-level incentive award is a specified percentage of the participant s base salary. This initial pool represents the amount of the incentive pool at the target achievement level of performance, which also is referred to as the target-level incentive pool. If the incentive pool were to be funded at the threshold achievement level, the amount of the incentive pool would be equal to 50% of the target-level incentive pool. If, on the other hand, the incentive pool were to be funded at the maximum achievement level, the amount of the incentive pool would be equal to 200% of the target-level incentive pool. Under the 2017 VIP, the threshold, target and maximum funding levels of the incentive pool were approximately $5.1 million, $10.3 million and $20.5 million, respectively.

After determining the target-level incentive pool, the next step in determining the funding of the incentive pool was to consider the levels of achievement of Verso s performance objectives. After year-end, we calculated the achievement level and factored in the relative weighting of each of our performance objectives. By way of illustration only, if we had achieved the Adjusted EBITDA performance objective at the threshold level of achievement, then 50% of 20%, or a net of 10%, of the target-level incentive pool would have been funded. For any performance objective that was achieved at a level between the threshold and target achievement levels or between the target and maximum achievement levels, we used linear interpolation to determine the appropriate incentive pool funding percentage attributable to such performance objective. This methodology was used to determine the incentive pool funding percentage attributable to the achievement of each of our performance objectives, and the results were added together. Next, the actual amount of the incentive pool was determined by multiplying the total incentive pool funding percentage by the amount of the target-level incentive pool.

The Compensation Committee, applying the methodology set forth in the 2017 VIP, funded the incentive pool at approximately $14.83 million, representing a funding percentage of 144% of the target-level incentive pool. The Compensation Committee determined the funding of the incentive pool based on the following actual levels of achievement of Verso s performance objectives as set forth in the 2017 VIP:

2017 Performance Objectives	Relative Weighting	Actual Achievement Levels	Funding Levels
SG&A/Overhead Reductions	20%	$ 31.4M	40.0%
R-Gap Improvement	20%	$ 42.1M	11.8%
Safety	10%	1.11	12.7%
Working Capital			
AP Dollars Increase Year-End	15%	$ 69.8M	30.0%
Inventory Dollars Decrease Year-End	15%	$ 76.0M	30.0%
Adjusted EBITDA	20%	$ 134.4M	19.8%
Funding percentage			144%(1)
Funding amount (144% of the target level of $10.3 million)			$ 14.83M

(1) Rounded to the nearest whole number

The amount of a participant s incentive award under the 2017 VIP was determined by reference to his or her target-level incentive award percentage. A participant s target-level incentive award percentage is the percentage of his or her base salary that the participant would receive as an incentive award under the 2017 VIP in the event that the incentive pool were to be funded at the target level of 100%. The target-level incentive award percentage reflects our assessment of a participant s ability, considering his or her position with us, to affect our operational and financial performance. They also take into account the other compensation to which a participant is entitled, the target-level incentive award percentages for positions with similar functional responsibilities at comparable companies, and, in the case of Mr. DiSantis, the applicable provisions of his employment agreement with us. The target-level incentive award percentages range from 5% to 100% of a participant s base salary at the end of the year, depending on the participant s employment grade level with us. The target-level incentive award percentages of our named executive officers were 100% of base salary for Mr. DiSantis, 80% of base salary for Mr. Campbell, and 75% of base salary for Mr. Weinhold, Mr. St. John and Mr. Sawyer. In each case, a participant s incentive award is capped at 200% of his or her target-level incentive award.

The amount of a participant s incentive award under the 2017 VIP could be affected by the level of achievement of his or her group/individual performance objectives. A participant s group/individual performance objectives, which were established at the beginning of the year in consultation with his or her supervisor, are intended to be linked to and supportive of the achievement of our performance objectives. The requirement to develop group/individual performance objectives applied to all participants in the 2017 VIP other than Mr. DiSantis, our Chief Executive Officer. Our named executive officers other than Mr. DiSantis developed their group/individual performance objectives in early 2017. While the Compensation Committee had the discretion to make adjustments to a participant s incentive award to take into account extraordinary or unforeseen events and circumstances, the Compensation Committee did not make any adjustments for individual performance in the 2017 VIP incentive awards payable to our named executive officers. With respect to Mr. DiSantis, his 2017 VIP incentive award was based solely on the level of achievement of Verso s performance objectives.

In summary, the incentive pool for the 2017 VIP was funded at approximately $14.83 million, representing a funding percentage of 144% of the target-level incentive pool, and the 2017 VIP incentive awards for our executive officers were equal to 144% of their target-level incentive awards. Mr. DiSantis award was prorated to reflect the period of his employment with the Company during 2017. Additional information about the 2017 VIP incentive awards paid to our named executive officers is set forth in the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table.

2016 Retention Plan

In July 2016, upon emerging from its Chapter 11 reorganization, Verso established and implemented the 2016 Retention Plan, a service-based retention award plan for the benefit of our executive officers and certain key senior managers. Each of the named executive officers participate in the plan (other than Mr. DiSantis who was not employed by Verso when the plan was adopted). The purpose of the 2016 Retention Plan is to provide the participants with financial incentives to continue their employment with Verso as we develop and implement our long-range strategic initiatives following our reorganization. The 2016 Retention Plan provides for three levels of retention awards based on the participants   positions within Verso s management. The values of the retention award are varying percentages of the participants   base salaries, with our executive officers receiving retention awards at the 85% level. For the executive officers, the retention awards consist of cash and awards of restricted stock units (RSUs) comprising 70% and 30%, respectively, of the total value of the participant s award (based on the grant date fair value of the RSUs awarded). The cash retention awards vest in three installments of 15%, 15% and 70% on December 31, 2016, June 30, 2017, and June 30, 2018, respectively. The

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RSU retention awards vest in three equal installments on each of the first, second and third anniversaries of the grant date of July 28, 2016. In order to vest in an installment of a cash or RSU retention award, the participant must remain continuously employed by Verso or one of our subsidiaries through the applicable vesting date of the installment. Except in certain circumstances specified in the award documents as described below under Potential Payments Upon Termination of Employment or Change in Control, if a participant s employment with us terminates before any portion of a cash or RSU retention award becomes vested, the unvested portion of the award will expire, regardless of the reason for the termination of employment. If, in connection with the termination of a participant s employment, the participant is entitled to acceleration of the unvested portion of his or her cash retention award, such accelerated award will be reduced by the amount of any termination allowance that the participant receives under our severance policy.

The cash retention awards paid to our named executive officers in 2017 under the 2016 Retention Plan are set forth in the Bonus column of the Summary Compensation Table. Under applicable SEC rules, the value of the RSU awards granted under the 2016 Retention Plan was reported as compensation for the executive in 2016 when the award was granted.

Long-Term Equity Incentive Awards

To further align the interests of our named executive officers with those of the Company s stockholders, we believe that a significant portion of each named executive officer s compensation opportunity should be in the form of equity-based awards. The Compensation Committee makes a subjective determination each year as to the type and number of long-term incentive equity awards to be granted to our named executive officers in that year. To help inform its decision making process, the Compensation Committee considers a number of factors, including the executive s position with the Company and total compensation package, the executive s performance of his individual responsibilities, the equity participation levels of comparable executives at comparable companies, the Compensation Committee s general assessment of Company and individual performance and the executive s contribution to the success of the Company s financial performance. A formula is not used for these purposes and none of these factors is given any particular weight over another as the ultimate equity award grant determinations by the Compensation Committee are subjective.

For 2017, the Compensation Committee approved equity awards, in the form of RSUs, to the named executive officers, with the vesting of 50% of the award generally based on our performance over the three-year period commencing on January 1, 2017 and ending on January 1, 2020, and the vesting of the other 50% of the award being time-based, subject to the executive s continued employment with us through the vesting dates. RSUs are designed both to link executives interests with those of our stockholders (as the value of the RSUs depends on the price of our common stock) and to provide a long-term retention incentive for the vesting period (as the RSUs generally have value regardless of stock price volatility and vesting of the entire award is generally contingent on the executive s continued employment through the vesting date). In addition, fewer RSUs can be awarded to deliver the same grant-date value as stock options (determined using the equity award valuation principles applied in the Company s financial reporting).

The table below reflects the annual equity awards for the named executive officers for 2017 as approved by the Compensation Committee in 2017. The awards to Mr. DiSantis were approved by the Compensation Committee in February 2017 in connection with his joining the Company, while the awards to the other named executive officers were approved in October 2017.

Name

	Time-Based RSUs	Performance-Based RSUs (Target)
B. Christopher DiSantis	125,944	125,945
Allen J. Campbell	46,610	46,610
Michael A. Weinhold	46,610	46,610
Adam St. John	42,373	42,373
Kenneth D. Sawyer	42,373	42,373

The performance-based RSUs are eligible to vest and be paid depending on the CAGR of the Company s stock price over the 2017-2019 performance period relative to the CAGR during that period of the stock prices over that same period for the peer group of companies selected by the Compensation Committee to assess our executive compensation program for 2017 identified above. The vesting of the performance RSUs would be determined at the end of the performance period in accordance the following table (with the vesting percentage to be determined by linear interpolation for performance between the levels indicated in the table):

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CAGR Performance Relative to the Peer Companies	Vesting Percentage
Below 50th Percentile	0%
50th Percentile	50%
60th Percentile	100%
70th Percentile or Higher	150%

The performance awards cannot vest at more than 150% of the RSUs subject to the award.

The time-based RSUs granted to the named executive officers in 2017 are scheduled to vest in two installments, subject to the executive s continued employment through the applicable vesting dates. The grant to Mr. DiSantis is scheduled to vest as to one-half of the grant on each of February 1, 2020 and February 1, 2021 (the third and fourth anniversaries of his commencing employment with the Company). The grants to the other named executive officers are scheduled to vest as to one-half of the grant on each of January 1, 2020 and January 1, 2021.

While the Compensation Committee approved the performance- and time-based RSU awards described above for our named executive officers in 2017, the Compensation Committee did not establish the performance-based vesting criteria for the performance-based RSUs until February 2018. Since this criteria was not established until 2018, under FASB ASC Topic 718 the performance-based RSUs approved by the Compensation Committee in 2017 are not considered to have been granted until 2018. Accordingly, and in accordance with applicable SEC rules, the grant date fair value of each named executive officer s performance-based RSUs approved by the Compensation Committee in 2017 is not included in the Summary Compensation Table on page 11, and the awards are not included in the Grants of Plan-Based Awards During Fiscal Year 2017 table on page 14. These awards will be included as compensation for the named executive officers for 2018 in accordance with applicable SEC rules.

Additional information regarding the material terms of the equity awards granted to our named executive officers for 2017 is set forth in the Grants of Plan-Based Awards During Fiscal Year 2017 table below. Information regarding the material terms of the equity awards granted to our named executive officers following fiscal year 2017 is set forth below under the heading Actions Taken Subsequent to Fiscal Year 2017.

Actions Taken Subsequent to Fiscal Year 2017

In February 2018, the Compensation Committee approved the performance-based vesting criteria, discussed above, for the performance-based RSUs approved by the Compensation Committee in 2017. In February 2018, the Compensation Committee also approved the compensation program for fiscal year 2018 for each of our named executive officers. Similar to the equity awards approved by the Compensation Committee in 2017, as described above, each executive was granted an RSU award that vests 50% based on our stock price CAGR over the three-year period commencing on January 1, 2018 and ending on January 1, 2021, relative to the stock price CAGR over that period for the peer companies identified above, with the remaining 50% being scheduled to vest in two installments on January 1, 2021 and January 1, 2022.

The number of RSUs subject to the new awards approved by the Compensation Committee in 2018 is as follows:

Name	Time-Based RSUs	Performance-Based RSUs (Target)
B. Christopher DiSantis	59,277	59,277
Allen J. Campbell	16,301	16,301

Michael A. Weinhold	16,301	16,301
Adam St. John	14,819	14,819
Kenneth D. Sawyer	14,819	14,819

The Compensation Committee also approved increases in the base salary for each named executive officer (other than Mr. DiSantis) as follows (in each case effective as of March 1, 2018):

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Name	Prior Base Salary		New Base Salary	
Allen J. Campbell	$	433,500	$	442,170
Michael A. Weinhold	$	433,500	$	446,505
Adam St. John	$	375,000	$	382,500
Kenneth D. Sawyer	$	350,000	$	353,500

Additional Benefits

In addition to our tax-qualified retirement plans, we provide our executives the opportunity to elect to defer a portion of their compensation under our nonqualified deferred compensation plan, and we may also make additional discretionary contributions to the executives accounts under the plan through our Executive Retirement Program. We believe these plans offer a tax-advantaged way to help our executives save for their retirement. We also provide group medical, dental, life and other insurance coverage for our executive officers and other eligible employees. In addition, under our executive financial counseling policy, we pay the costs of personal investment, estate planning, tax and other financial counseling services, subject to an annual cap of $9,500 or $6,500 (depending on the executive s position with us), for our executive officers.

During 2017, we relocated our headquarters to Miamisburg, Ohio. In connection with this relocation, we made certain payments to the named executive officers under our relocation policy and made certain one-time cost of living adjustment payments to them. For more information on these benefits, please see the Summary Compensation Table below.

Severance and Other Benefits upon Termination of Employment

The Company believes that severance protections, particularly in the context of a change in control transaction, can play a valuable role in attracting and retaining key executive officers.

Under his employment agreement with the Company, Mr. DiSantis would be entitled to severance benefits in the event of a termination of employment by the Company without cause or by him for good reason. The other named executive officers participate in our severance policy and would be eligible for benefits if their employment is terminated by us without cause or in certain other circumstances. The Company has determined that it is appropriate to provide the named executive officers with severance benefits under these circumstances in light of their positions with the Company and as part of their overall compensation package. We have also entered into confidentiality and non-competition agreements (referred to as CNC Agreements) with our named executive officers (other than Mr. DiSantis) that provide for the executive to receive compensation in consideration for the executive s covenants not to compete with us or solicit our employees for 12 months following their termination. We believe these agreements, as well as similar restrictive covenants agreed to by Mr. DiSantis in connection with entering into his employment agreement with the Company, provide important protections for the Company following the termination of an executive s employment.

The Company believes that the occurrence, or potential occurrence, of a change in control transaction will create uncertainty regarding the continued employment of the Company s executive officers as many change in control transactions result in significant organizational changes, particularly at the senior executive level. In order to encourage the Company s executive officers to remain employed with the Company during an important time when their prospects for continued employment following the transaction may be uncertain, the Company s equity award agreements with the named executive officers provide for accelerated vesting of the award if the executive s employment is actually or constructively terminated by the Company without cause in connection with a change in control.

The payment of cash severance benefits is only triggered by an actual or constructive termination of employment. However, as described below under Grants of Plan-Based Awards, outstanding equity-based awards granted under the Company s equity incentive plans, including those awards held by the named executive officers, may accelerate on a change in control of the Company if they are not assumed by the acquiring entity and are to be terminated on the transaction and, pursuant to the terms of his employment agreement, Mr. DiSantis is entitled to accelerated vesting of his equity awards in connection with a change in control of the Company.

For more information regarding these severance arrangements, please see Potential Payments upon Termination or Change in Control below.

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Tax Considerations

Federal income tax law generally prohibits a publicly-held company from deducting compensation paid to a current or former named executive officer that exceeds $1 million during the tax year. Certain awards granted before November 2, 2017 that were based upon attaining pre-established performance measures that were set by the company s compensation committee under a plan approved by the company s stockholders, as well as amounts payable to former executives pursuant to a written binding contract that was in effect on November 2, 2017, may qualify for an exception to the $1 million deductibility limit.

As one of the factors in its consideration of compensation matters, the Compensation Committee notes this deductibility limitation. However, the Compensation Committee has the flexibility to take any compensation-related actions that it determines are in the best interests of the Company and its stockholders, including awarding compensation that may not be deductible for tax purposes. There can be no assurance that any compensation will in fact be deductible.

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Executive Compensation Tables

Summary Compensation Table 2015-2017

The following Summary Compensation Table presents information regarding the compensation that Verso provided to our named executive officers for their services in 2015, 2016 and 2017. The Summary Compensation Table should be read in conjunction with the additional information about our executive compensation provided in the narratives and tables that follow the Summary Compensation Table.

Name and Principal Position	Year	Base Salary ($)[1]	Bonus ($)[2]	Stock Awards ($)[3]	Option Awards ($)[3]	Non-Equity Incentive Plan Compensation ($)[4]	All Other Compensation ($)[5]	Total ($)
B. Christopher DiSantis[6] *President and Chief Executive Officer*	2017	756,250		999,995		1,087,103	68,684	2,912,032
Allen J. Campbell	2017	433,500	37,931	274,999		499,392	167,716	1,413,538
Senior Vice President and	2016	427,125	37,931	108,376		346,800	166,928	1,087,160
Chief Financial Officer	2015	119,327	693,000	6,000	15,000		44,763	878,090
Michael A. Weinhold[7]	2017	433,500	37,931	274,999		468,180	197,118	1,411,728
President of Graphic Papers	2016	427,125	37,931	108,376		325,125	132,037	1,030,594
	2015	406,662	269,875	12,358	370,233		128,801	1,187,929
Adam St. John[8] *Senior Vice President of Manufacturing*	2017	354,167	29,000	250,001		405,000	100,393	1,138,561
Kenneth D. Sawyer[8] *Senior Vice President of Human Resources and Communications*	2017	331,667	26,775	250,001		378,000	125,490	1,111,933
Peter H. Kesser	2017	178,500	31,238				1,539,876	1,749,614
Former Senior Vice President, General Counsel and	2016	351,750	31,238	89,252		267,750	95,072	835,062
Secretary	2015	338,484	222,250	12,050	88,085		93,189	754,058

(1) Mr. DiSantis joined Verso on February 1, 2017, and his annual base salary was set at $825,000. The amount in the table reflects his actual base salary earned for the portion of the fiscal year he was employed by Verso.

(2) The 2017 bonus consists of a cash retention award made under the 2016 Retention Plan to certain of our named executive officers that was subject to the executive officer s continued employment with Verso through June 30, 2017.

(3) The amounts reported in these columns reflect the fair value on the grant date of the equity awards granted to our named executive officers during the applicable fiscal year. The fair values on the grant date of the RSU grants reported in the Stock Awards column, computed in accordance with FASB ASC Topic 718, were based on the closing sale price per share of our Class A common stock on the NYSE on the applicable grant date. The fair values on the grant date of the stock options granted in 2015 reported in the Option Awards column, computed in

accordance with FASB ASC Topic 718, were estimated using the Black-Scholes option pricing model. In determining the fair values of these option grants, we made certain assumptions relating to the expected weighted-average life of the stock options, volatility rates, risk-free interest rates, and dividend yields. We used the simplified method of calculating the expected lives of the stock options due to our limited exercise history; the expected volatility was estimated using Verso s historical volatility; the expected risk-free interest rates were based on the market yield of U.S. Treasury securities; and the expected dividend yield was assumed to be zero because we had no plans to declare dividends.

(4) The 2017 non-equity incentive plan compensation consists of cash payments to our named executive officers under the 2017 Verso Incentive Plan.

(5) The all other compensation paid to or for the benefit of our named executive officers for 2017 consists of the following:

(a) matching contributions under the Retirement Savings Plan as follows: Mr. DiSantis $12,225; Mr. Campbell $16,363; Mr. Weinhold $16,038; Mr. St. John $14,625; Mr. Sawyer $12,623; and Mr. Kesser $14,726;

(b) discretionary contributions under the Supplemental Salary Retirement Program as follows: Mr. DiSantis $8,100; Mr. Campbell $8,100; Mr. Weinhold $8,100; Mr. St. John $8,100; and Mr. Sawyer $8,100;

(c) discretionary contributions under the Deferred Compensation Plan as follows: Mr. DiSantis $14,588; Mr. Campbell $18,024; Mr. Weinhold $17,597; Mr. St. John $11,578; and Mr. Sawyer $10,760;

(d) matching contributions under the Deferred Compensation Plan as follows: Mr. DiSantis $21,656; Mr. Weinhold $17,250; Mr. St. John $12,281;

(e) contributions under the Executive Retirement Program as follows: Mr. Campbell $78,030; Mr. Weinhold $60,690; Mr. St. John $45,500; Mr. Sawyer $42,840; and Mr. Kesser $49,980;

(f) payments under our executive financial counseling policy as follows: Mr. DiSantis $9,500; Mr. Campbell $6,500; Mr. Weinhold $6,500; Mr. St. John $6,500; Mr. Sawyer $6,500; and Mr. Kesser $2,943;

(g) company paid life and disability insurance premiums as follows: Mr. DiSantis $2,615; Mr. Campbell $2,091; Mr. Weinhold $2,091; Mr. St. John $1,809; Mr. Sawyer $1,688; and Mr. Kesser $431;

(h) payments under our employee relocation policy in connection with the Company s move of its headquarters to Miamisburg, Ohio in 2017, as follows: Mr. Campbell $23,965; Mr. Weinhold $46,778; Mr. Sawyer $29,020; and Mr. Kesser $10,000;

(i) cost of living adjustment in lump sum cash payments in connection with the Company s move of its headquarters to Miamisburg, Ohio in 2017, as follows: Mr. Campbell $14,643; Mr. Weinhold $22,074; and Mr. Sawyer $13,959; and

(j) benefits to Mr. Kesser of $1,461,796 pursuant to the separation agreement entered into with Mr. Kesser see Separation Agreement with Peter H. Kesser below.

(6) Mr. DiSantis became our President and Chief Executive Officer and a member of our board of directors on February 1, 2017.

(7) Mr. Weinhold became our President of Graphic Papers on February 1, 2017. He previously was our Senior Vice President of Sales, Marketing and Product Development.

(8) Mr. St. John and Mr. Sawyer were not named executive officers for 2015 and 2016. Accordingly, their compensation for these years is not reported in the table.

Agreements with Named Executive Officers

Employment Agreement with B. Christopher DiSantis. We entered into an employment agreement with B. Christopher DiSantis when he became our President and Chief Executive Officer on February 1, 2017. The principal components of Mr. DiSantis compensation under the agreement are as follows:

an annual salary of $825,000, subject to increase at the discretion of our board of directors;

a cash incentive award payable under our annual, performance-based incentive plan, with a target-level award amount equal to 100% of his base salary;

an initial grant of RSUs under our performance incentive plan with a fair market value of $2 million on the date of grant (Initial DiSantis RSU Award), of which 25% is scheduled to vest on the third anniversary of his employment date, 25% is scheduled to vest on the fourth anniversary of his employment date, and 50% is scheduled to vest subject to the attainment of performance criteria described above in Current Executive Compensation Program Elements Long-Term Equity Incentive Awards ;

with respect to each fiscal year during Mr. DiSantis employment with us commencing on the first anniversary of his employment date, a targeted equity or equity-based award with a fair market value of $2 million on the grant date, with the terms of each such award to be determined by the board of directors in its reasonable discretion; and

the right to participate in our employee benefit plans, programs and arrangements.

With respect to potential severance benefits, the agreement provides that if we terminate Mr. DiSantis employment without cause (as defined in the employment agreement) or if he resigns for good reason (as defined in the employment agreement), then we are required to provide him with the following benefits, subject to Mr. DiSantis execution of our customary waiver and release of claims:

two times his annual base salary, payable in 24 equal monthly installments after the termination date (DiSantis Continued Base Salary);

a prorated portion of his annual bonus for the calendar year in which the termination date occurs based on actual performance;

a monthly amount equal to our portion of any premiums (grossed up for income taxes) for continued coverage for him and his eligible dependents under our employee health and welfare plans for 18 months after the termination date;

with respect to the Initial DiSantis RSU Award, acceleration of (1) the next tranche of time-based RSUs that is scheduled to vest following the termination date and (2) the performance-based RSUs at target level; and

cost of outplacement assistance (up to $25,000) and attorney s fees incurred in connection with the termination (up to $25,000) (DiSantis Professional Fees).

If Mr. DiSantis employment terminates due to his death or disability, then we are required to provide the same benefits as described above (other than the DiSantis Continued Base Salary and DiSantis Professional Fees) to him or his estate, as applicable. Pursuant to the terms of his employment agreement, Mr. DiSantis is entitled to accelerated vesting of his equity awards in connection with a change in control of the Company.

As a condition to Mr. DiSantis employment, he also executed a restrictive covenant agreement, which requires Mr. DiSantis to comply with a perpetual confidentiality covenant as well as non-competition and non-solicitation/non-hire covenants extending for 12 months and 24 months, respectively, after the termination of his employment for any reason.

CNC Agreements with Other Named Executive Officers. We have confidentiality and non-competition agreements (CNC agreements) with each of our named executive officers other than our Chief Executive Officer. The CNC agreements, which have substantially identical terms, require each named executive officer to comply with a perpetual confidentiality covenant as well as non-competition and non-solicitation/non-hire covenants extending for 12 months after the termination of his employment for any reason.

Under each CNC agreement, if the named executive officer s employment is terminated by either party and for any reason, we are required to provide him (or his estate) with the following payments and benefits, subject to the named executive officer s execution of our customary waiver and release of claims and to his compliance with his obligations under the CNC agreement:

any unpaid annual incentive award for any calendar year completed on or before the termination date;

a prorated portion of his annual incentive award for the calendar year in which the termination date occurred;

payments equal to 180% (for Mr. Campbell), 175% (for Mr. Weinhold), 175% (for Mr. St. John), or 165% (for Mr. Sawyer through 2017; currently 175%) of his base salary, payable in 12 equal monthly installments;

subsidized medical and dental insurance coverage for him and his eligible dependents for up to two years after the later of the last day of the month in which the termination date occurs or the last day of any period up to six months for which we have provided him with a subsidy for continued coverage pursuant to our severance policy;

reimbursement of the cost of converting his group life insurance coverage to an individual policy and the premiums on the individual policy for up to two years after the termination date;

income tax gross-ups on the amounts paid with respect to the continued medical and dental insurance coverage and the life insurance conversion and coverage; and

a contribution to his account under the DC Plan in an amount equal to the projected value of certain lost retirement benefits consisting of our contributions under the Retirement Plan, SSRP, DC Plan, and ERP that we would have made if he had remained actively employed with us for two years after the termination date.

Grants of Plan-Based Awards During Fiscal Year 2017

The following table presents information regarding the non-equity incentive awards and equity-based awards granted to each of our named executive officers during fiscal year 2017.

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Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards[1] Threshold ($)	Target ($)	Maximum ($)	Estimated Future Payouts Under Equity Incentive Plan Awards Threshold (#)	Target (#)	Maximum (#)	All Other Stock Awards: Number of Shares of Stock or Units[2] (#)	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards ($/Sh)	Grant Date Fair Value of Stock and Option Awards ($)[3]
B. Christopher DiSantis	N/A	756,250	825,000	1,650,000							
	2/7/2017							125,944			999,995
Allen J. Campbell	N/A	173,400	346,800	693,600							
	10/12/2017							46,610			274,999
Michael A. Weinhold	N/A	162,563	325,125	650,250							
	10/12/2017							46,610			274,999
Adam St. John	N/A	132,813	265,625	531,251							
	10/12/2017							42,373			250,001
Kenneth D. Sawyer	N/A	124,375	248,750	497,500							
	10/12/2017							42,373			250,001
Peter H. Kesser	N/A	133,875	267,750	535,500							

(1) These columns reflect the threshold, target and maximum award opportunities for performance-based cash awards payable under the 2017 VIP.

(2) This column reflects the number of shares subject to the time-based RSU awards granted to named executive officers during 2017. The vesting criteria for performance-based RSU awards were set by the Compensation Committee in 2018, and thus such RSUs will be reported in 2018 and are not included in the table.

(3) The amounts reported in this column reflect the fair value of these awards on the grant date as determined under the principles used to calculate the value of equity awards for purposes of our audited consolidated financial statements. For the assumptions and methodologies used to value the awards reported in this column of the table above, see footnote 3 to the Summary Compensation Table above.

Description of Plan-Based Awards

The non-equity incentive plan awards reported in the table above were granted under the 2017 Verso Incentive Plan. For a description of the material terms of these awards, see Compensation Discussion and Analysis Current Executive Compensation Program Elements Annual Cash Incentive Plan: 2017 Verso Incentive Plan.

Each of the equity incentive awards reported in the Grants of Plan-Based Awards During Fiscal Year 2017 table above was granted under, and is subject to, the terms of our Performance Incentive Plan (the PIP), which we established upon emerging from our Chapter 11 reorganization. The PIP is administered by the Compensation Committee. The Compensation Committee has authority to interpret the plan provisions and make all required determinations under the plan. This authority includes making required proportionate adjustments to outstanding awards upon the occurrence of certain corporate events such as reorganizations, mergers and stock splits, and making provision for any tax withholding obligations incurred in respect of awards to be satisfied. Awards granted under the plan are generally only transferable to a beneficiary of a named executive officer upon his death. However, the Compensation Committee may establish procedures for the transfer of awards to other persons or entities, provided that such transfers comply with applicable securities laws and, with limited exceptions set forth in the plan document, are not made for value.

Under the terms of awards granted under the PIP, if there is a change in control of Verso, outstanding awards granted under the plan (including awards held by our named executive officers) will generally terminate unless the Compensation Committee provides for the substitution, assumption, exchange or other continuation of the outstanding awards. The Compensation Committee has discretion to provide for outstanding awards to become vested and/or to be canceled in exchange for the right to receive a cash payment in connection with the change in control transaction.

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Each of the equity awards granted to our named executive officers in 2017 was in the form of RSUs. Each RSU represents the right to receive, upon vesting, one share of our Class A common stock. If any dividends are paid by the Company while the RSUs are outstanding, the executive would be credited with additional RSUs that are subject to the same vesting and payment terms as the underlying RSUs. For a description of the vesting terms of the equity incentive awards reported in the table above, see Compensation Discussion and Analysis Current Executive Compensation Program Elements Equity-Based Awards.

Outstanding Equity Incentive Awards at 2017 Fiscal Year-End

The following table provides information about the unvested RSUs held by our named executive officers as of December 31, 2017. There were no unvested shares of restricted stock and no unexercised stock options held by our named executive officers as of such date.

Name	Grant Date	Number of Shares or Units of Stock that Have Not Vested (#)	Market Value of Shares or Units of Stock that Have Not Vested ($)[1]
B. Christopher DiSantis	2-07-2017	125,944[2]	2,212,836
Allen J. Campbell	7-28-2016	6,283[3]	110,392
	10-12-2017	46,610[4]	818,938
Michael A. Weinhold	7-28-2016	6,283[3]	110,392
	10-12-2017	46,610[4]	818,938
Adam St John	7-28-2016	4,805[3]	84,424
	10-12-2017	42,373[4]	744,494
Kenneth D. Sawyer	7-28-2016	4,435[3]	77,923
	10-12-2017	42,373[4]	744,494
Peter H. Kesser	7-28-2016	[5]	[5]

(1) The market value of the unvested RSUs is computed based on the $17.57 closing sale price per share of our Class A common stock on the NYSE on December 31, 2017.

(2) The unvested portion of this RSU award is scheduled to vest in two equal installments on February 1, 2020 and February 1, 2021, subject to continued employment or service.

(3) The unvested portion of this RSU award is scheduled to vest in two equal installments on July 28, 2018 and July 28, 2019, subject to continued employment or service.

(4) The unvested portion of this RSU award is scheduled to vest in two equal installments on January 1, 2020 and January 1, 2021, subject to continued employment or service.

(5) Mr. Kesser received payment in lieu of issuance of 7,761 shares of Class A common stock as described below under the heading Separation Agreement with Peter H. Kesser.

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Option Exercises and Stock Vested During Fiscal Year 2017

The following table presents information regarding the exercise of stock options and vesting of stock awards for our named executive officers during fiscal year 2017.

	Option Awards		Stock Awards	
Name	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise ($)(1)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting ($)(2)
B. Christopher DiSantis				
Allen J. Campbell			3,141	14,983
Michael A. Weinhold			3,141	14,983
Adam St. John			2,402	11,458
Kenneth D. Sawyer			2,217	10,575
Peter H. Kesser				

(1) The value realized upon the exercise of a stock option is calculated by multiplying (i) the number of shares of our common stock to which the exercise of the option related, by (ii) the difference between the per-share closing price of our common stock on the date the stock option was exercised and the per-share exercise price of the options.

(2) The value realized upon the vesting of a stock award is calculated by multiplying (i) the number of shares of our common stock that vested, by (ii) the per-share closing price of our common stock on the vesting date.

Retirement Benefits

Verso provides benefits to our executive officers and other eligible employees under the following retirement plans and programs as a means of attracting and retaining qualified employees:

- Retirement Savings Plan, a tax-qualified, 401(k) defined contribution plan;
- Supplemental Salary Retirement Program, a tax-qualified defined contribution program implemented under the Retirement Savings Plan;
- Deferred Compensation Plan, a non-qualified defined contribution plan; and
- Executive Retirement Program, a non-qualified defined contribution program implemented under the Deferred Compensation Plan.

Information about the benefits that we provide under these retirement plans and programs on behalf of our executive officers is set forth in the sections below as well as the Summary Compensation Table.

Retirement Savings Plan. The Retirement Savings Plan (Retirement Plan) is a tax-qualified, 401(k) defined contribution plan which in 2017 permitted eligible employees to defer the receipt of up to the lesser of 85% or $18,000 of their employment compensation on a pre-tax basis, or if an employee is age 50 or over, to defer up to $6,000 in additional compensation up to a limit of $24,000. Employees also may defer amounts of their employment compensation in excess of these limits on an after-tax basis. The employee deferrals of employment compensation are subject to certain limits imposed by the Internal Revenue Code. In addition, Verso makes matching contributions for employees who defer a portion of their employment compensation under the Retirement Plan. We match 100% of the first 3%, and 50% of the second 3%, of the employees deferrals. The employee deferrals under the Retirement Savings Plan are immediately and fully vested and non-forfeitable. For employees hired by us before January 1, 2009, our matching contributions under the Retirement Plan are fully vested and non-forfeitable. For employees hired by us on or after January 1, 2009 and prior to November 1, 2017, our matching contributions under the Retirement Plan were subject to three-year cliff vesting measured from the date on which an employee s employment with us commenced, such that after the employee had been continuously employed by us for three years, all of our past and future matching contributions became fully vested and non-forfeitable. Since November 1, 2017, matching contributions under the Retirement Plan are immediately and fully vested.

Supplemental Salary Retirement Program. The Supplemental Salary Retirement Program (SSRP) is a tax-qualified defined contribution program implemented under the Retirement Plan pursuant to which Verso may make discretionary contributions. Under the SSRP, Verso may make an annual contribution to each eligible employee s account under the Retirement Plan of 3% of an employee s eligible compensation. An employee s eligible compensation consists of the employee s salary, bonus and cash incentive compensation paid during the immediately preceding year. For all of our employees, our SSRP contributions are subject to three-year cliff vesting measured from the date on which an employee s employment with us commences, such that after the employee has been continuously employed by us for three years, all of our past and future contributions become fully vested and non-forfeitable.

Deferred Compensation Plan. The Deferred Compensation Plan (DC Plan) is a non-qualified defined contribution plan that permits eligible employees to defer the receipt of up to 85% of their base salary and up to 100% of their cash incentive compensation, by contributing such amounts to their accounts under the DC Plan. The DC Plan also permits Verso to make matching contributions and discretionary contributions to employees accounts under the DC Plan. We match 100% of the first 3%, and 50% of the second 3%, of the employees deferrals under the DC Plan, subject to the same restrictions and limitations, as are described above for the Retirement Plan, and including the requirement that the employee must not qualify for our matching contributions under the Retirement Plan. The employee deferrals under the DC Plan, as well as company matching contributions are immediately and fully vested.

Executive Retirement Program. The Executive Retirement Program (ERP) is a non-qualified defined contribution program implemented under the DC Plan for the benefit of our executives and selected senior managers. Under the ERP, Verso may make an annual discretionary contribution to each eligible employee s account under the DC Plan. Our ERP contribution is equal to between 4% and 10% of an employee s eligible compensation, depending on the employee s employment pay grade with us. An employee s eligible compensation consists of the employee s base salary and target-level incentive award under the VIP, in each case determined as of January 1 of the year for which our ERP contribution is made.

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Non-Qualified Deferred Compensation Table Fiscal 2017

The following table presents information regarding the contributions to and earnings on the named executive officers deferred compensation balances during 2017, and the total deferred amounts for the named executive officers at the end of 2017.

Name	Plan	Executive Contributions in Last Fiscal Year[1] ($)	Registrant Contributions in Last Fiscal Year ($)	Aggregate Earnings in Last Fiscal Year ($)	Aggregate Withdrawals/ Distributions ($)	Aggregate Balance at Last Fiscal Year End[2] ($)
B. Christopher DiSantis	SSRP					
	DC Plan	28,875	21,656	2,448		52,979
	ERP					
Allen J. Campbell	SSRP		25,620	2,541		28,161
	DC Plan					
	ERP		78,030	9,775		87,805
Michael A. Weinhold	SSRP		33,375	27,988		180,064
	DC Plan	22,999	17,250	34,486		227,136
	ERP		60,690	22,906		136,923
Adam St. John	SSRP		5,506	859		21,219
	DC Plan	18,000	12,281	1,969		32,250
	ERP		45,500	17,788		99,970
Kenneth D. Sawyer	SSRP		11,014	4,107		36,533
	DC Plan					
	ERP		42,840	5,367		48,207
Peter H. Kesser	SSRP		14,025	13,590	17,402	59,064
	DC Plan			34,987	23,285	145,966
	ERP		49,980	27,194	47,833	116,366
	Lost Retirement Benefits[3]		196,288	21,466		217,754

(1) The executive s contributions in each case are included in the 2017 Salary column of the Summary Compensation Table.

(2) The balances at the end of 2017 in this column reflect the following aggregate amounts that were previously reported as compensation in the appropriate columns of the Summary Compensation Table for years through and including 2017 to the extent the executive was a named executive officer for the applicable year: Mr. Weinhold $118,701 (SSRP), $152,401 (DC), and $53,327 (ERP); Mr. St. John $12,013 (SSRP), $36,682 (ERP); Mr. Sawyer $21,412 (SSRP); and for Mr. Kesser $48,851 (SSRP), $134,264 (DC), and $87,025 (ERP).

(3) Pursuant to Mr. Kesser s separation agreement, we paid $196,288 into his account maintained under the DC Plan. Refer to Separation Agreement with Peter H. Kesser on page 22.

Potential Payments upon Termination of Employment or Change in Control

The following section provides information about our named executive officers potential benefits upon the termination of their employment or a change in control of Verso under our plans, programs, policies and agreements that were in effect in 2017.

Severance Policy. Verso has adopted and implemented a severance policy for the benefit of our salaried employees, including our executive officers other than Mr. DiSantis, and specific groups of hourly employees whose employment with us is terminated under certain circumstances. The severance policy applies in the event that (1) we terminate the employee s employment without cause (as defined in the policy), (2) we eliminate the employee s position and do not offer him or her a similar position, (3) we close the facility where the employee works and do not offer him or her a similar position at another Verso facility, or (4) we sell the facility where the employee works and neither the purchaser (or its affiliate) nor Verso offers him or her a similar

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position. The principal benefit under the severance policy is a termination allowance payable in cash to the terminated employee which is based, in large measure, on the employee s job-tier, the employee s years of applicable service with us and our predecessors, and his or her annual base salary or wages in effect immediately prior to the termination of employment. The amount of the termination allowance equals the sum of (a) a minimum number of weeks of eligible pay based on the employee s job tier and (b) for all employees except our executive officers, a number of additional weeks of eligible pay determined according to a formula that takes into account the employee s years of eligible service, subject in each case to the total amount of the termination allowance not exceeding 13 to 52 weeks of eligible pay, depending on employee s job tier and years of service. Our executive officers are entitled to receive a termination allowance equal to 52 weeks of eligible pay, regardless of their years of eligible service. The Severance Policy also gives us the discretion to offer other termination benefits, such as subsidized medical and dental insurance coverage for a specified period after the termination of employment and outplacement services appropriate for the employee s position with us.

Severance Benefits Provided under Agreements with Named Executive Officers. As described above, we entered into an employment agreement with B. Christopher DiSantis, our President and Chief Executive Officer, in 2017 which, among other things, provides for him to receive specified benefits in the event of certain terminations of his employment. In addition, we have entered into CNC agreements with each of our executive officers other than Mr. DiSantis which, among other things, provide for them to receive specified benefits in the event of any termination of their employment. Information about the potential and actual severance benefits provided for in these agreements between us and our named executive officers is set forth in the Agreements with Named Executive Officers section above.

2017 VIP. The 2017 VIP, our annual, performance-based incentive plan, allowed us the discretion to pay a prorated portion of a participant s incentive award in the event that the participant s employment with us terminated after February 2017 because of his or her death, disability or retirement or the elimination of his or her position. In such event, the participant would be entitled to receive a prorated incentive award if it is approved by the Administration Committee (as defined in the VIP) constituted under the 2017 VIP.

PIP and RSU Award Agreements. In 2016 and 2017, Verso granted RSUs under the PIP to our executive officers and certain key senior managers as part of their annual compensation or, with respect to Mr. DiSantis, in connection with his commencing employment with us. The PIP, together with the award agreements thereunder, contain provisions addressing the effects on the RSUs of the termination of an executive officer s employment with us. The PIP provides that its administrator has the authority to establish the effect, if any, of a termination of employment on the rights and benefits of each award made under the PIP and, in so doing, may make distinctions based upon, among other things, the cause of termination and type of award. The form of award agreement under which the RSU awards were granted states that, as a general rule, upon the termination of a grantee s employment, regardless of the reason (whether with or without cause, voluntarily or involuntarily), any unvested portion of the RSU award that has not become vested on or before the termination of employment date will terminate.

However, the RSU award agreement for Mr. DiSantis 2017 grant provides for the following vesting acceleration benefits:

Upon the consummation of a change of control (as defined in the award agreement), all unvested time-based RSUs will fully vest and all performance-based RSUs will vest at target level.

If Mr. DiSantis employment is terminated (1) due to his death or disability or (2) as a result of a termination of employment that constitutes a qualifying termination, which is defined in his award agreement as a termination of employment either (a) by us without cause (as defined in the award agreement) or (b) by Mr. DiSantis for good reason (as defined in the award agreement); then, subject to the condition that Mr. DiSantis provide us with a general release in a form provided by us, the next tranche of time-based RSUs scheduled to vest following the termination date will vest, and the performance-based RSUs will vest at target level.

The award agreements for the 2017 RSU awards for each of the other named executive officers provide for the following vesting acceleration benefits:

If the executive s employment with us is terminated and the termination is a qualifying termination which is defined in each award agreement as a termination of employment either (1) by us without cause (as defined in the award agreement) or (2) by the executive for good reason (as defined in the award agreement), in each case, within twelve months following a change of control (as defined in the award agreement) then (a) all unvested time-based RSUs will vest and, (b) with respect to the performance-vesting RSUs, (i) if Verso is the surviving company following such change of control, then a pro-rata number of RSUs that may be eligible to vest will be determined on such qualified termination based on the number of days the executive was employed by Verso during the performance period, with such number of RSUs to vest at the end of the performance period based on actual performance, or (ii) if Verso is not the surviving company following such change of control, then all performance-based RSUs will vest at target level.

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If the executive s employment is terminated due to his death or disability, then all unvested time-based RSUs will vest and all performance-based RSUs will vest at target level.

If the executive s employment is terminated as a result of a qualified termination, then, subject to the condition that the executive provide us with a general release in a form provided by us, (1) the vesting of the next tranche of time-based RSUs that is scheduled to vest following the termination date will vest and, (2) with respect to the performance-based RSUs, a pro-rata number of RSUs that may be eligible to vest will be determined on such qualified termination based on the number of days the executive was employed by Verso during the performance period, with such number of RSUs to vest at the end of the performance period based on actual performance.

The award agreements for the 2016 RSU awards for Messrs. Campbell, Weinhold, St. John and Sawyer provide that if the executive s employment is terminated in a qualifying termination (as described above) or due to the executive s death or disability, then all unvested RSUs subject to the executive s award will vest, subject, in the case of a qualifying termination, to the condition that the executive provide us with a general release in a form provided by us.

Vacation Policy. Verso has a vacation policy that, among other things, provides for a payment in lieu of any earned, unused vacation upon the termination of an eligible employee s employment under certain circumstances. Under the policy, we will provide vacation pay to a terminated employee if the termination of employment is (1) by the employee (referred to as a voluntary termination) and the employee has completed at least six months of employment with us and gives us at least two weeks of prior notice of termination, (2) by us (referred to as an involuntary termination) and the employee has completed at least six months of employment with us, or (3) due to the employee s retirement, death or disability. Under such circumstances, a terminated employee (or his or her estate) is entitled to receive a payment equal to the daily equivalent of his or her base salary multiplied by the number of earned, unused vacation days during the calendar year in which the termination date occurred.

Quantification of Potential Termination and Change in Control Benefits. The following table provides the estimated value of the benefits that would be payable to the named executive officers if a termination of their employment in the circumstances described above and/or a change in control of the Company had occurred on the last business day of fiscal 2017.

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Name	Cash Severance[1] ($)	Health and Welfare Benefits[2] ($)	Equity Award Accelerated Vesting[3] ($)	Outplacement Benefits ($)	Noncompete Payment[4] ($)	Total ($)
B. Christopher DiSantis						
Involuntary Termination	2,475,000	36,968	3,319,272	50,000		5,881,240
Voluntary Termination		36,968				36,968
Death/Disability	2,475,000	36,968	3,319,272			5,831,240
Change in Control/No Termination			4,425,690			4,425,690
Change in Control/Involuntary Termination	2,475,000	36,968	4,425,690	50,000		6,987,658
Allen J. Campbell						
Involuntary Termination	433,500	47,832	519,861	9,500	1,409,179	2,419,872
Voluntary Termination		47,832			1,409,179	1,457,011
Death/Disability		47,832	1,338,799		1,394,552	2,781,183
Change in Control/No Termination						
Change in Control/Involuntary Termination	433,500	47,832	1,748,268	9,500	1,409,179	3,648,279
Michael A. Weinhold						
Involuntary Termination	433,500	47,617	519,861	9,500	1,338,475	2,348,953
Voluntary Termination		47,617			1,338,475	1,386,092
Death/Disability		47,617	1,338,799		1,330,663	2,717,079
Change in Control/No Termination						
Change in Control/Involuntary Termination	433,500	47,617	1,748,268	9,500	1,338,475	3,577,360
Adam St. John						
Involuntary Termination	375,000	46,680	456,662	9,500	1,164,265	2,052,107
Voluntary Termination		46,680			1,164,265	1,210,945
Death/Disability		46,680	1,201,155		1,157,076	2,404,911
Change in Control/No Termination						
Change in Control/Involuntary Termination	375,000	46,680	1,573,411	9,500	1,164,265	3,168,856
Kenneth D. Sawyer						
Involuntary Termination	350,000	31,416	450,161	9,500	1,062,121	1,903,198
Voluntary Termination		31,416			1,062,121	1,093,537
Death/Disability		31,416	1,194,655		1,047,346	2,273,417
Change in Control/No Termination						
Change in Control/Involuntary Termination	350,000	31,416	1,566,910	9,500	1,062,121	3,019,947

(1) For Mr. DiSantis, the amount is equal to the severance and bonus to which he would be entitled pursuant to the terms of his employment agreement. For all other named executive officers, the amount is equal to one year of

salary pursuant to the terms of our severance policy.

(2) This column shows the Company s estimated costs to provide health and welfare benefits for the executive and his eligible dependents following termination of employment (including, as applicable, the estimated costs to reimburse the executive for taxes imposed with respect to these benefits). This benefit is part of the description of benefits following a termination of employment pursuant to the agreements described above under Agreements with the Named Executive Officers, and as such is not also included in the calculation represented in footnote 4 to this table.

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(3) This value is the closing price of our common stock on the NYSE on the last trading day of 2017 multiplied by the number of shares subject to the accelerated portion of the award. With respect to performance-vesting RSUs, the value of the target number of shares subject to the awards previously approved by the Compensation Committee has been included.

(4) The amounts in this column reflect all other payments that the executive would have been entitled to receive upon termination of employment as of December 31, 2017 in consideration for his covenant not to compete following a termination of employment pursuant to the CNC agreements described above under Agreements with the Named Executive Officers, specifically:

- any unpaid annual incentive award for any calendar year completed on or before the termination date;
- payments equal to 180% (for Mr. Campbell), 175% (for Mr. Weinhold), 175% (for Mr. St. John), or 165% (for Mr. Sawyer) of his base salary, payable in 12 equal monthly installments;
- reimbursement of the cost of converting his group life insurance coverage to an individual policy and the premiums on the individual policy for up to two years after the termination date, grossed up to cover the cost of income taxes;
- a contribution to his account under the DC Plan in an amount equal to the projected value of certain lost retirement benefits consisting of our contributions under the Retirement Plan, SSRP, DC Plan, and ERP that we would have made if he had remained actively employed with us for two years after the termination date.

Separation Agreement with Peter H. Kesser

We entered into a separation agreement with Mr. Kesser in connection with his resignation as our Senior Vice President, General Counsel and Secretary on June 30, 2017. Under the agreement, in compliance with his CNC agreement described below, and in addition to his other accrued and vested benefits under Verso s benefit plans and the second installment of his retention bonus under our 2016 Retention Plan in the amount of $31,238, we agreed to provide to or for the benefit of Mr. Kesser a total of $1,461,796 consisting of the following:

- $357,000 payment as severance under our severance policy;
- $624,750, payable in 12 equal monthly installments, as compensation for the performance of his obligations under his CNC agreement;
- $196,288 as a contribution equivalent to two years of lost retirement benefits to his deferred compensation plan account;
- $110,943 as a prorated, discounted portion of his target-level annual incentive award payable under our incentive plan for 2017;

$49,877 (estimate) of premiums and administrative fees for 36 months (6 months fully subsidized and 30 months partially subsidized) of continued medical and dental insurance coverage for him and his eligible dependents;

$56,461.28, in lieu of the issuance of 7,761 shares of our Class A common stock upon the accelerated vesting of the RSUs previously granted under the PIP;

$66,477 consisting of housing and relocation subsidies and payments in lieu of this prorated 2017 contribution under the SSRP, unused vacation time, executive-level outplacement services, a fully paid, two-year individual term life insurance policy, and his remaining allowance under our executive financial counseling policy.

Mr. Kesser provided Verso with a release of claims and agreed to comply with certain non-competition, non-solicitation and other covenants under his separation agreement and CNC agreement.

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Director Compensation

Elements of Director Compensation

The compensation arrangements for our non-employee directors are as follows:

- annual cash payments of $120,000 to each director for serving on the board of directors, plus, as applicable, $100,000 to the Chairman of the Board (waived for 2017 by Co-Chairmen Carr and Davis), $20,000 to the chairperson of the Audit Committee, $15,000 to the chairperson of the Compensation Committee, $15,000 to the chairperson of the Finance and Planning Committee, $30,000 per month to the chairperson of the Strategic Alternatives Committee, and $20,000 per month to each member of the Strategic Alternatives committee other than the chairperson; and

- an annual award of RSUs granted under the PIP with an aggregate fair market value of $80,000 on the grant date, rounded to the nearest whole share.

In addition, we reimburse each non-employee director for his reasonable, out-of-pocket expenses incurred to attend meetings of the board of directors and its committees.

2017 Director Compensation

The following table shows the compensation that we paid and provided to our non-employee directors for their services in 2017.

Name[1]	Fees Earned or Paid in Cash ($)	Stock Awards ($)[2]	Total ($)
Robert M. Amen	201,359	80,003	281,362
Alan J. Carr	201,667	80,003	281,670
Eugene I. Davis	240,000	80,003	320,003
Jerome L. Goldman	140,000	80,003	220,003
Steven D. Scheiwe	186,667	80,003	266,670
Jay Shuster	125,000	80,003	205,003

(1) On May 12, 2017, we granted to each of Messrs. Amen, Carr, Davis, Goldman, Shuster and Scheiwe an equity incentive award of 13,180 RSUs, which had an aggregate fair market value of $80,003 based on the $6.07 closing sale price per share of our Class A common stock on the NYSE on the grant date.

(2) The following table provides information about the number of shares subject to unvested RSU awards, and the number of shares subject to vested RSU awards as to which payment of the RSUs is deferred until the non-employee director ceases to be a member of the board of directors or a change in control of Verso occurs, held by our non-employee directors as of December 31, 2017. Our non-employee directors did not hold any other Verso equity awards or Verso stock options as of December 31, 2017.

Name	Stock Awards (Unvested) (#)	Stock Awards (Vested and Deferred) (#)
Robert M. Amen	13,180	6,957
Alan J. Carr	13,180	6,957
Eugene I. Davis	13,180	6,957
Jerome L. Goldman	13,180	6,957
Steven D. Scheiwe	13,180	9,631
Jay Shuster	13,180	6,957

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PART IV

Item 15. Exhibits, Financial Statement Schedules

(a) The following documents are filed as part of this report:

3. Exhibits

The exhibits listed in the exhibit index of the 2017 Form 10-K and Amendment No. 1 are incorporated by reference in this report. The following exhibits are included in this Amendment (and are numbered in accordance with Item 601 of Regulation S-K).

Exhibit Number	Description of Exhibit
31.5*	Certification of Principal Executive Officer.
31.6*	Certification of Principal Financial Officer.

* Filed herewith.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: August 24, 2018

VERSO CORPORATION

By: /s/ B. Christopher DiSantis
B. Christopher DiSantis
President, Chief Executive Officer, and Director

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