

Form 5500 Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Annual Return/Report of Employee Benefit Plan This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), 6057(b), and 6058(a) of the Internal Revenue Code (the Code). ▶ Complete all entries in accordance with the instructions to the Form 5500.	OMB Nos. 1210-0110 1210-0089 2012 This Form is Open to Public Inspection
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Part I	Annual Report Identification Information
For calendar plan year 2012 or fiscal plan year beginning <u>01/01/2012</u> and ending <u>12/31/2012</u>	
A This return/report is for:	☐ a multiemployer plan; ☐ a multiple-employer plan; or ☒ a single-employer plan; ☐ a DFE (specify) ____
B This return/report is:	☐ the first return/report; ☐ the final return/report; ☐ an amended return/report; ☐ a short plan year return/report (less than 12 months).
C If the plan is a collectively-bargained plan, check here.	☐
D Check box if filing under:	☒ Form 5558; ☐ automatic extension; ☐ the DFVC program; ☐ special extension (enter description)

Part II	Basic Plan Information —enter all requested information				
1a Name of plan <u>VERSO PAPER CORP. PENSION PLAN FOR HOURLY EMPLOYEES</u>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">1b Three-digit plan number (PN) ▶</td> <td style="width: 20%; text-align: center;"><u>003</u></td> </tr> <tr> <td colspan="2">1c Effective date of plan <u>08/01/2006</u></td> </tr> </table>	1b Three-digit plan number (PN) ▶	<u>003</u>	1c Effective date of plan <u>08/01/2006</u>	
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1c Effective date of plan <u>08/01/2006</u>					
2a Plan sponsor's name and address; include room or suite number (employer, if for a single-employer plan) <u>VERSO PAPER CORP.</u> <u>6775 LENOX CENTER CT. STE 400</u> <u>MEMPHIS, TN 38115</u>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td>2b Employer Identification Number (EIN) <u>75-3217389</u></td> </tr> <tr> <td>2c Sponsor's telephone number <u>901-369-4124</u></td> </tr> <tr> <td>2d Business code (see instructions) <u>322100</u></td> </tr> </table>	2b Employer Identification Number (EIN) <u>75-3217389</u>	2c Sponsor's telephone number <u>901-369-4124</u>	2d Business code (see instructions) <u>322100</u>	
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2c Sponsor's telephone number <u>901-369-4124</u>					
2d Business code (see instructions) <u>322100</u>					

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature. Signature of plan administrator	<u>10/11/2013</u> Date	<u>KENNY SAWYER</u> Enter name of individual signing as plan administrator
SIGN HERE	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE	Signature of DFE	Date	Enter name of individual signing as DFE
Preparer's name (including firm name, if applicable) and address; include room or suite number. (optional)			Preparer's telephone number (optional)

3a Plan administrator's name and address ☒ Same as Plan Sponsor Name ☐ Same as Plan Sponsor Address		3b Administrator's EIN 3c Administrator's telephone number 																											
4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report: a Sponsor's name VERSO PAPER CORP.		4b EIN 56-2597634 4c PN 003																											
5 Total number of participants at the beginning of the plan year		<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%; text-align: center;">5</td> <td style="text-align: right;">1149</td> </tr> </table>	5	1149																									
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6 Number of participants as of the end of the plan year (welfare plans complete only lines 6a , 6b , 6c , and 6d).		<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="2" style="background-color: #cccccc; height: 20px;"></td> </tr> <tr> <td style="width: 10%; text-align: center;">6a</td> <td style="text-align: right;">503</td> </tr> <tr> <td style="text-align: center;">6b</td> <td style="text-align: right;">435</td> </tr> <tr> <td style="text-align: center;">6c</td> <td style="text-align: right;">201</td> </tr> <tr> <td style="text-align: center;">6d</td> <td style="text-align: right;">1139</td> </tr> <tr> <td style="text-align: center;">6e</td> <td style="text-align: right;">9</td> </tr> <tr> <td style="text-align: center;">6f</td> <td style="text-align: right;">1148</td> </tr> <tr> <td style="text-align: center;">6g</td> <td></td> </tr> <tr> <td style="text-align: center;">6h</td> <td style="text-align: right;">5</td> </tr> </table>			6a	503	6b	435	6c	201	6d	1139	6e	9	6f	1148	6g		6h	5									
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7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)		<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%; text-align: center;">7</td> <td></td> </tr> </table>	7																										
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8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions: 1B 1G 3H																													
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9a Plan funding arrangement (check all that apply) <table style="width: 100%;"> <tr> <td style="width: 5%;">(1)</td> <td style="width: 5%;">☐</td> <td>Insurance</td> </tr> <tr> <td>(2)</td> <td>☐</td> <td>Code section 412(e)(3) insurance contracts</td> </tr> <tr> <td>(3)</td> <td>☒</td> <td>Trust</td> </tr> <tr> <td>(4)</td> <td>☐</td> <td>General assets of the sponsor</td> </tr> </table>		(1)	☐	Insurance	(2)	☐	Code section 412(e)(3) insurance contracts	(3)	☒	Trust	(4)	☐	General assets of the sponsor	9b Plan benefit arrangement (check all that apply) <table style="width: 100%;"> <tr> <td style="width: 5%;">(1)</td> <td style="width: 5%;">☐</td> <td>Insurance</td> </tr> <tr> <td>(2)</td> <td>☐</td> <td>Code section 412(e)(3) insurance contracts</td> </tr> <tr> <td>(3)</td> <td>☒</td> <td>Trust</td> </tr> <tr> <td>(4)</td> <td>☐</td> <td>General assets of the sponsor</td> </tr> </table>	(1)	☐	Insurance	(2)	☐	Code section 412(e)(3) insurance contracts	(3)	☒	Trust	(4)	☐	General assets of the sponsor			
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10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)																													
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SCHEDULE SB (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Single-Employer Defined Benefit Plan Actuarial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500 or 5500-SF.	OMB No. 1210-0110 2012 This Form is Open to Public Inspection
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For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012

▶ **Round off amounts to nearest dollar.**

▶ **Caution:** A penalty of \$1,000 will be assessed for late filing of this report unless reasonable cause is established.

A Name of plan <u>VERSO PAPER CORP. PENSION PLAN FOR HOURLY EMPLOYEES</u>	B Three-digit plan number (PN) ▶ <u>003</u>
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF <u>VERSO PAPER CORP.</u>	D Employer Identification Number (EIN) <u>75-3217389</u>
E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B	F Prior year plan size: ☐ 100 or fewer ☐ 101-500 ☒ More than 500

Part I	Basic Information
1 Enter the valuation date: Month _____ Day _____ Year _____	
2 Assets:	
a Market value	2a <u>27380074</u>
b Actuarial value	2b <u>27380074</u>
3 Funding target/participant count breakdown:	
a For retired participants and beneficiaries receiving payment.....	3a <u>255</u> <u>9191527</u>
b For terminated vested participants.....	3b <u>142</u> <u>2144844</u>
c For active participants:	
(1) Non-vested benefits.....	3c(1) <u>87785</u>
(2) Vested benefits.....	3c(2) <u>15951464</u>
(3) Total active	3c(3) <u>752</u> <u>16039249</u>
d Total	3d <u>1149</u> <u>27375620</u>
4 If the plan is in at-risk status, check the box and complete lines (a) and (b)	☐
a Funding target disregarding prescribed at-risk assumptions	4a
b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been in at-risk status for fewer than five consecutive years and disregarding loading factor	4b
5 Effective interest rate	5 <u>7.08 %</u>
6 Target normal cost.....	6 <u>2315496</u>

Statement by Enrolled Actuary

To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

SIGN HERE		<u>09/24/2013</u>
Signature of actuary		Date
<u>MICHAEL J. HOLM</u>		<u>11-03912</u>
Type or print name of actuary		Most recent enrollment number
<u>VERISIGHT, INC.</u>		<u>312-488-6778</u>
Firm name		Telephone number (including area code)
<u>135 S. LASALLE ST SUITE 2225</u> <u>CHICAGO, IL 60603</u>		
Address of the firm		

If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions ☐

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500 or 5500-SF.

Schedule SB (Form 5500) 2012
v. 120126

Part II Beginning of Year Carryover Prefunding Balances		(a) Carryover balance	(b) Prefunding balance
7	Balance at beginning of prior year after applicable adjustments (line 13 from prior year)	0	618
8	Portion elected for use to offset prior year's funding requirement (line 35 from prior year)	0	0
9	Amount remaining (line 7 minus line 8)	0	618
10	Interest on line 9 using prior year's actual return of <u>4.33</u> %	0	27
11	Prior year's excess contributions to be added to prefunding balance:		
a	Present value of excess contributions (line 38a from prior year)		625080
b	Interest on (a) using prior year's effective interest rate of <u>6.36</u> % except as otherwise provided (see instructions)		39755
c	Total available at beginning of current plan year to add to prefunding balance		664835
d	Portion of (c) to be added to prefunding balance		0
12	Other reductions in balances due to elections or deemed elections	0	645
13	Balance at beginning of current year (line 9 + line 10 + line 11d – line 12)	0	0

Part III Funding Percentages			
14	Funding target attainment percentage	14	100.01 %
15	Adjusted funding target attainment percentage	15	100.01 %
16	Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement	16	80.99 %
17	If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage	17	%

Part IV Contributions and Liquidity Shortfalls					
18 Contributions made to the plan for the plan year by employer(s) and employees:					
(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
04/16/2012	1100000				
07/12/2012	1100000				
09/13/2013	193161				
Totals ►			18(b)	2393161	18(c) 0

19 Discounted employer contributions – see instructions for small plan with a valuation date after the beginning of the year:		
a Contributions allocated toward unpaid minimum required contributions from prior years.	19a	0
b Contributions made to avoid restrictions adjusted to valuation date	19b	0
c Contributions allocated toward minimum required contribution for current year adjusted to valuation date	19c	2311106
20 Quarterly contributions and liquidity shortfalls:		
a Did the plan have a "funding shortfall" for the prior year?	☒ Yes ☐ No	
b If line 20a is "Yes," were required quarterly installments for the current year made in a timely manner?	☒ Yes ☐ No	
c If line 20a is "Yes," see instructions and complete the following table as applicable:		

Liquidity shortfall as of end of quarter of this plan year			
(1) 1st	(2) 2nd	(3) 3rd	(4) 4th
0	0	0	0

Part V Assumptions Used to Determine Funding Target and Target Normal Cost

21 Discount rate:				
a Segment rates:	1st segment: 5.54%	2nd segment: 6.85%	3rd segment: 7.52 %	☐ N/A, full yield curve used
b Applicable month (enter code).....				21b 4
22 Weighted average retirement age				22 63
23 Mortality table(s) (see instructions) ☐ Prescribed - combined ☒ Prescribed - separate ☐ Substitute				

Part VI Miscellaneous Items

24 Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment.	☐ Yes ☒ No
25 Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment.	☐ Yes ☒ No
26 Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment.....	☒ Yes ☐ No
27 If the plan is subject to alternative funding rules, enter applicable code and see instructions regarding attachment.....	27

Part VII Reconciliation of Unpaid Minimum Required Contributions For Prior Years

28 Unpaid minimum required contributions for all prior years	28	0
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (line 19a).....	29	0
30 Remaining amount of unpaid minimum required contributions (line 28 minus line 29)	30	0

Part VIII Minimum Required Contribution For Current Year

31 Target normal cost and excess assets (see instructions):			
a Target normal cost (line 6)	31a	2315496	
b Excess assets, if applicable, but not greater than line 31a	31b	4454	
32 Amortization installments:			
a Net shortfall amortization installment	Outstanding Balance	Installment	
b Waiver amortization installment	0	0	
33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month <u>10</u> Day <u>07</u> Year <u>2013</u>) and the waived amount	33		
34 Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33)...	34	2311042	
	Carryover balance	Prefunding balance	Total balance
35 Balances elected for use to offset funding requirement.....	0	0	0
36 Additional cash requirement (line 34 minus line 35)	36	2311042	
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c)	37	2311106	
38 Present value of excess contributions for current year (see instructions)			
a Total (excess, if any, of line 37 over line 36)	38a	64	
b Portion included in line 38a attributable to use of prefunding and funding standard carryover balances	38b	0	
39 Unpaid minimum required contribution for current year (excess, if any, of line 36 over line 37)	39	0	
40 Unpaid minimum required contributions for all years.....	40	0	

Part IX Pension Funding Relief Under Pension Relief Act of 2010 (See Instructions)

41 If an election was made to use PRA 2010 funding relief for this plan:			
a Schedule elected	☐ 2 plus 7 years ☐ 15 years		
b Eligible plan year(s) for which the election in line 41a was made	☐ 2008 ☐ 2009 ☐ 2010 ☐ 2011		
42 Amount of acceleration adjustment	42		
43 Excess installment acceleration amount to be carried over to future plan years	43		

SCHEDULE C (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Service Provider Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110
		2012
		This Form is Open to Public Inspection.

For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012

A Name of plan <u>VERSO PAPER CORP. PENSION PLAN FOR HOURLY EMPLOYEES</u>	B Three-digit plan number (PN) ▶ <u>003</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>VERSO PAPER CORP.</u>	D Employer Identification Number (EIN) <u>75-3217389</u>

Part I Service Provider Information (see instructions)

You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1 Information on Persons Receiving Only Eligible Indirect Compensation

a Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions)..... ☒ Yes ☐ No

b If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation
DIVERSIFIED RETIREMENT CORPORATION

13-3689044

(b) Enter name and EIN or address of person who provided you disclosure on eligible indirect compensation
NATIONWIDE

23-0990450

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2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

DIVERSIFIED RETIREMENT CORPORATION

13-3689044

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
11 12 15 28 38 50 59 61 62 63 64	RECORDKEEPER	47838	Yes ☒ No ☐	Yes ☒ No ☐	0	Yes ☒ No ☐

(a) Enter name and EIN or address (see instructions)

NATIONAL FINANCIAL SERVICES

04-3523567

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
33 71	SECURITIES BROKER	0	Yes ☒ No ☐	Yes ☐ No ☒	0	Yes ☒ No ☐

(a) Enter name and EIN or address (see instructions)

STEPHENS INC.

111 CENTER STREET
LITTLE ROCK, AR 72201

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
16 53	BROKER	0	Yes ☒ No ☐	Yes ☐ No ☒	11492	Yes ☐ No ☒

2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

NATIONWIDE

23-0990450

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
28 50	NONE	97999	Yes ☒ No ☐	Yes ☒ No ☐	3871	Yes ☐ No ☒

(a) Enter name and EIN or address (see instructions)

VERSIGHT, INC.

91-2190307

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
11 50	NONE	27282	Yes ☒ No ☐	Yes ☐ No ☒	6622	Yes ☐ No ☒

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

Part I Service Provider Information (continued)

3 If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
DIVERSIFIED RETIREMENT CORPORATION	11 12 15 28 38 50 59 61 62 63 64	0
(d) Enter name and EIN (address) of source of indirect compensation		(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
PIMCO 1345 AVENUE OF THE AMERICAS NEW YORK, NY 10105	REVENUE SHARING SEE ATTACHMENT TO LINE 2(H)	

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
DIVERSIFIED RETIREMENT CORPORATION	11 12 15 28 38 50 59 61 62 63 64	0
(d) Enter name and EIN (address) of source of indirect compensation		(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
PRUDENTIAL 751 BROAD STREET NEWARK, NJ 07102	REVENUE SHARING SEE ATTACHMENT TO LINE 2(H)	

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
NATIONAL FINANCIAL SERVICES	33 71	0
(d) Enter name and EIN (address) of source of indirect compensation		(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
PIMCO 1345 AVENUE OF THE AMERICAS NEW YORK, NY 10105	REVENUE SHARING SEE ATTACHMENT TO LINE 2(H)	

Part I Service Provider Information (continued)

3 If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
NATIONAL FINANCIAL SERVICES	33 71	0
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
PRUDENTIAL 751 BROAD STREET NEWARK, NJ 07102	REVENUE SHARING SEE ATTACHMENT TO LINE 2(H)	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
STEPHENS INC.	16 53	11492
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
DIVERSIFIED RETIREMENT CORPORATION 13-3689044	COMMISSIONS	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

Part II Service Providers Who Fail or Refuse to Provide Information

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide

Part III **Termination Information on Accountants and Enrolled Actuaries (see instructions)**
(complete as many entries as needed)

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

SCHEDULE D (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration	DFE/Participating Plan Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ► File as an attachment to Form 5500.	OMB No. 1210-0110 2012 This Form is Open to Public Inspection.
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For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012

A Name of plan <u>VERSO PAPER CORP. PENSION PLAN FOR HOURLY EMPLOYEES</u>	B Three-digit plan number (PN)	<u>003</u>
C Plan or DFE sponsor's name as shown on line 2a of Form 5500 <u>VERSO PAPER CORP.</u>	D Employer Identification Number (EIN) <u>75-3217389</u>	

Part I	Information on interests in MTIAs, CCTs, PSAs, and 103-12 IEs (to be completed by plans and DFEs) (Complete as many entries as needed to report all interests in DFEs)
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a Name of MTIA, CCT, PSA, or 103-12 IE: <u>SSGA RUSSELL LARGE CAP VALUE INDEX</u>		
b Name of sponsor of entity listed in (a): <u>STATE STREET GLOBAL ADVISORS</u>		
c EIN-PN <u>04-0025081-081</u>	d Entity code <u>C</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>3928543</u>
a Name of MTIA, CCT, PSA, or 103-12 IE: <u>SSGA S&P 500 INDEX SL CLASS I</u>		
b Name of sponsor of entity listed in (a): <u>STATE STREET GLOBAL ADVISORS</u>		
c EIN-PN <u>04-0025081-065</u>	d Entity code <u>C</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>642013</u>
a Name of MTIA, CCT, PSA, or 103-12 IE: <u>SSGA RUSSELL LARGE CAP GROWTH INDEX</u>		
b Name of sponsor of entity listed in (a): <u>STATE STREET GLOBAL ADVISORS</u>		
c EIN-PN <u>04-0025081-104</u>	d Entity code <u>C</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>2223077</u>
a Name of MTIA, CCT, PSA, or 103-12 IE: <u>SSGA INTERNATIONAL INDEX NL FUND C</u>		
b Name of sponsor of entity listed in (a): <u>STATE STREET GLOBAL ADVISORS</u>		
c EIN-PN <u>90-0337987-166</u>	d Entity code <u>C</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>698895</u>
a Name of MTIA, CCT, PSA, or 103-12 IE:		
b Name of sponsor of entity listed in (a):		
c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
a Name of MTIA, CCT, PSA, or 103-12 IE:		
b Name of sponsor of entity listed in (a):		
c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
a Name of MTIA, CCT, PSA, or 103-12 IE:		
b Name of sponsor of entity listed in (a):		
c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)

Part II Information on Participating Plans (to be completed by DFEs)

(Complete as many entries as needed to report all participating plans)

a Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN

SCHEDULE H (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110 2012 This Form is Open to Public Inspection
For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012		
A Name of plan VERSO PAPER CORP. PENSION PLAN FOR HOURLY EMPLOYEES	B Three-digit plan number (PN) ▶	003
C Plan sponsor's name as shown on line 2a of Form 5500 VERSO PAPER CORP.	D Employer Identification Number (EIN) 75-3217389	

Part I	Asset and Liability Statement		(a) Beginning of Year	(b) End of Year
1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.				
	Assets			
a Total noninterest-bearing cash	1a			
b Receivables (less allowance for doubtful accounts):				
(1) Employer contributions	1b(1)	4562027		193161
(2) Participant contributions	1b(2)			
(3) Other	1b(3)	63684		
c General investments:				
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)			
(2) U.S. Government securities	1c(2)			
(3) Corporate debt instruments (other than employer securities):				
(A) Preferred	1c(3)(A)			
(B) All other	1c(3)(B)			
(4) Corporate stocks (other than employer securities):				
(A) Preferred	1c(4)(A)			
(B) Common	1c(4)(B)			
(5) Partnership/joint venture interests	1c(5)			
(6) Real estate (other than employer real property)	1c(6)			
(7) Loans (other than to participants)	1c(7)			
(8) Participant loans	1c(8)			
(9) Value of interest in common/collective trusts	1c(9)			7492528
(10) Value of interest in pooled separate accounts	1c(10)			
(11) Value of interest in master trust investment accounts	1c(11)			
(12) Value of interest in 103-12 investment entities	1c(12)			
(13) Value of interest in registered investment companies (e.g., mutual funds)	1c(13)	24086807		23305122
(14) Value of funds held in insurance company general account (unallocated contracts)	1c(14)			
(15) Other	1c(15)			

1d Employer-related investments:

		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)		
(2) Employer real property	1d(2)		
e Buildings and other property used in plan operation	1e		
f Total assets (add all amounts in lines 1a through 1e)	1f	28712518	30990811

Liabilities

g Benefit claims payable	1g		
h Operating payables	1h		
i Acquisition indebtedness	1i		
j Other liabilities	1j	1114662	47838
k Total liabilities (add all amounts in lines 1g through 1j)	1k	1114662	47838

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	27597856	30942973
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Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

Income

		(a) Amount	(b) Total
a Contributions:			
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	2393161	
(B) Participants	2a(1)(B)		
(C) Others (including rollovers)	2a(1)(C)		
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		2393161
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	710	
(B) U.S. Government securities	2b(1)(B)		
(C) Corporate debt instruments	2b(1)(C)		
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans	2b(1)(E)		
(F) Other	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		710
(2) Dividends: (A) Preferred stock	2b(2)(A)		
(B) Common stock	2b(2)(B)		
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)	665138	
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		665138
(3) Rents	2b(3)		
(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)		
(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		
(5) Unrealized appreciation (depreciation) of assets: (A) Real estate	2b(5)(A)		
(B) Other	2b(5)(B)		
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts	2b(6)		507897
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds).....	2b(10)		1243089
c Other income.....	2c		794
d Total income. Add all income amounts in column (b) and enter total.....	2d		4810789

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	1136353	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3)	2e(4)		1136353
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions).....	2g		
h Interest expense.....	2h		
i Administrative expenses: (1) Professional fees	2i(1)		
(2) Contract administrator fees	2i(2)		
(3) Investment advisory and management fees	2i(3)	97999	
(4) Other	2i(4)	231320	
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		329319
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		1465672

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		3345117
l Transfers of assets:			
(1) To this plan.....	2l(1)		
(2) From this plan	2l(2)		

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) ☐ Unqualified (2) ☐ Qualified (3) ☒ Disclaimer (4) ☐ Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)? ☒ Yes ☐ No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: **MAYER HOFFMAN MCCANN P.C.**

(2) EIN: **43-1947695**

d The opinion of an independent qualified public accountant is **not attached** because:

(1) ☐ This form is filed for a CCT, PSA, or MTIA. (2) ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

4 CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete lines 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete lines 4j and 4l. MTIAs also do not complete line 4l.

During the plan year:

a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.).....

b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.).....

	Yes	No	Amount
4a		X	
4b		X	

	Yes	No	Amount
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)		X	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.)		X	
e Was this plan covered by a fidelity bond?	X		5000000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)	X		
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.)	X		
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?		X	
l Has the plan failed to provide any benefit when due under the plan?		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)			
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.			

5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year?
 If "Yes," enter the amount of any plan assets that reverted to the employer this year..... ☐ Yes ☒ No Amount:

5b If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)

5b(2) EIN(s)	5b(3) PN(s)

Part V Trust Information (optional)

6a Name of trust

6b Trust's EIN

SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Retirement Plan Information This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110 2012 This Form is Open to Public Inspection.
---	--	--

For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012

A Name of plan <u>VERSO PAPER CORP. PENSION PLAN FOR HOURLY EMPLOYEES</u>	B Three-digit plan number (PN) ▶ <u>003</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>VERSO PAPER CORP.</u>	D Employer Identification Number (EIN) <u>75-3217389</u>

Part I	Distributions
---------------	----------------------

All references to distributions relate only to payments of benefits during the plan year.

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....	1	<u>0</u>
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): <u>13-3689044</u> <u>23-0990450</u>		
Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.		
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year.....	3	<u>4</u>

Part II	Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part)
----------------	--

4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)?.....	☐ Yes	☒ No	☐ N/A
If the plan is a defined benefit plan, go to line 8.			
5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month _____ Day _____ Year _____ If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.			
6 a Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived)	6a		
b Enter the amount contributed by the employer to the plan for this plan year	6b		
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount).....	6c		
If you completed line 6c, skip lines 8 and 9.			
7 Will the minimum funding amount reported on line 6c be met by the funding deadline?	☐ Yes	☐ No	☐ N/A
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change?.....	☐ Yes	☐ No	☒ N/A

Part III	Amendments
-----------------	-------------------

9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box.....	☐ Increase	☐ Decrease	☐ Both	☒ No
--	-----------------------------------	-----------------------------------	-------------------------------	--

Part IV	ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.
----------------	---

10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?.....	☐ Yes	☐ No
11 a Does the ESOP hold any preferred stock?	☐ Yes	☐ No
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.).....	☐ Yes	☐ No
12 Does the ESOP hold any stock that is not readily tradable on an established securities market?	☐ Yes	☐ No

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

- 14** Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

a The current year	14a	
b The plan year immediately preceding the current plan year	14b	
c The second preceding plan year	14c	

- 15** Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a The corresponding number for the plan year immediately preceding the current plan year	15a	
b The corresponding number for the second preceding plan year	15b	

- 16** Information with respect to any employers who withdrew from the plan during the preceding plan year:

a Enter the number of employers who withdrew during the preceding plan year	16a	
b If line 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers	16b	

- 17** If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

- 18** If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

- 19** If the total number of participants is 1,000 or more, complete lines (a) through (c)

a Enter the percentage of plan assets held as:
 Stock: 29.0% Investment-Grade Debt: 61.0% High-Yield Debt: _____% Real Estate: 4.0% Other: 6.0%

b Provide the average duration of the combined investment-grade and high-yield debt:
☐ 0-3 years ☒ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

c What duration measure was used to calculate line 19(b)?
☒ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify): _____

**VERSO PAPER CORP. PENSION PLAN
FOR HOURLY EMPLOYEES**

Financial Statements
Years Ended December 31, 2012 and 2011

VERSO PAPER CORP. PENSION PLAN FOR HOURLY EMPLOYEES

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Mayer Hoffman McCann P.C.

An Independent CPA Firm

Clark Tower
5100 Poplar Avenue, 30th Floor
Memphis, Tennessee 38137
901-685-5575 ph
901-685-5583 fx
www.mhm-pc.com

Independent Auditor's Report

To the Benefits Committee
Verso Paper Corp. Pension Plan for Hourly Employees
Memphis, Tennessee

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of Verso Paper Corp. Pension Plan for Hourly Employees, which comprise the statements of net assets available for benefits as of December 31, 2012 and 2011, and the related statements of changes in net assets available for benefits for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the *Basis for Disclaimer of Opinion* paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in note 4 which was certified by Nationwide Trust Company, FSB and State Street Bank and Trust Company, the custodians of the Plan, except for comparing the information with the related information included in the financial statements. We have been informed by the plan administrator that the custodians hold the Plan's investment assets and execute investment transactions. The plan administrator has obtained certifications from the custodians as of December 31, 2012 and 2011 and for the years then ended, that the information provided to the plan administrator by the custodians is complete and accurate.

Disclaimer of Opinion

Because of the significance of the matter described in the *Basis for Disclaimer of Opinion* paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

Other Matter

The supplemental schedule of assets (held at end of year) as of December 31, 2012 and the schedule of reportable transactions for the year ended December 31, 2012, which are the responsibility of plan management, are presented for the purpose of additional analysis and are not a required part of the financial statements but are required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. Because of the significance of the matter described in the *Basis for Disclaimer of Opinion* paragraph, we do not express an opinion on the supplemental schedules.

Report on Form and Content in Compliance with DOL Rules and Regulations

The form and content of the information included in the financial statements and the supplemental schedules, other than that derived from the information certified by the custodians, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

Mayer Hoffman McCann P.C.

Memphis, Tennessee
October 10, 2013

VERSO PAPER CORP. PENSION PLAN FOR HOURLY EMPLOYEES

Statements of Net Assets Available for Benefits
December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Assets		
Investments		
Mutual funds	\$ 23,305,122	\$ 24,086,807
Common/collective trust funds	<u>7,492,528</u>	<u>-</u>
	30,797,650	24,086,807
Receivables		
Employer contributions	193,161	4,562,027
Other	<u>-</u>	<u>63,684</u>
	<u>193,161</u>	<u>4,625,711</u>
Total assets	30,990,811	28,712,518
Liabilities		
Due to Verso Paper Corp. Pension Plan for Hourly Employees (Androscoggin)	-	1,114,662
Accrued expenses	<u>47,838</u>	<u>-</u>
Total liabilities	<u>47,838</u>	<u>1,114,662</u>
Net assets available for benefits	<u>\$ 30,942,973</u>	<u>\$ 27,597,856</u>

The accompanying notes are an integral
part of these financial statements.

VERSO PAPER CORP. PENSION PLAN FOR HOURLY EMPLOYEES

Statements of Changes in Net Assets Available for Benefits For the Years Ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Additions to net assets attributed to:		
Investment income		
Net appreciation in fair value of investments	\$ 1,752,490	\$ 831,392
Dividends	665,138	672,034
Investment expense	<u>(97,999)</u>	<u>(315,959)</u>
	2,319,629	1,187,467
Employer contributions	<u>2,393,161</u>	<u>8,229,302</u>
Total additions	4,712,790	9,416,769
Deductions from net assets attributed to:		
Benefits paid to participants and beneficiaries	1,136,353	638,985
PBGC premiums	156,200	125,683
Administrative expenses	<u>75,120</u>	<u>42,736</u>
Total deductions	<u>1,367,673</u>	<u>807,404</u>
Net increase in net assets	3,345,117	8,609,365
Transfers to Verso Paper Corp. Pension Plan for Hourly Employees (Androscoggin)	-	(14,966,826)
Net assets available for benefits		
Beginning of year	<u>27,597,856</u>	<u>33,955,317</u>
End of year	<u>\$ 30,942,973</u>	<u>\$ 27,597,856</u>

The accompanying notes are an integral
part of these financial statements.

VERSO PAPER CORP. PENSION PLAN FOR HOURLY EMPLOYEES

Notes to Financial Statements
December 31, 2012 and 2011

Note 1 - Description of Plan

The following description of Verso Paper Corp. Pension Plan for Hourly Employees provides only general information. Readers should refer to the Plan Agreement for a more complete description of the Plan's provisions.

General

Verso Paper Corp. Pension Plan for Hourly Employees (the "Plan") is a non-contributory defined benefit pension plan covering full time and part time Union employees of Verso Paper Corp. (the "Company") who have attained the age of twenty-one (21) and completed one year of service as a union employee at the mills in Bucksport, Maine or Sartell, Minnesota. The Plan was established on August 1, 2006 for the benefit of eligible employees, retired employees, and/or their beneficiaries. Employees who were participants in the International Paper Retirement Plan as of August 1, 2006, became participants in the Plan as of August 1, 2006. The Plan is maintained under collective bargaining agreements. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), as amended.

Employees hired on or after May 1, 2011 are ineligible to participate in the Plan. On April 30, 2011, Androscoggin participants were spun off into a newly formed plan, Verso Paper Corp. Pension Plan for Hourly Employees (Androscoggin). As a result, the Plan transitioned benefit obligations amounting to \$17,983,117 associated with the employees transferred to the Androscoggin plan. Assets transferred during 2011 totaled \$14,966,826 with a remaining liability as of December 31, 2011 of \$1,114,662.

On May 28, 2012, the Sartell Mill in Sartell, Minnesota suffered a major fire and explosion causing substantial damage to the mill's paper warehouse and important infrastructure. On August 2, 2012, Verso Paper Corp. announced, after a comprehensive assessment, they would not be reopening the Sartell Mill. Consequently, employees at this location were terminated. The Plan was amended so that all affected participants' benefits became 100% vested. As a result of the Sartell mill closure, the Company may be required to meet additional pension funding requirements.

Pursuant to an amendment and restatement of the Plan Agreement effective January 1, 2012, the Plan's name was changed from Verso Paper Company Pension Plan for Hourly Employees to Verso Paper Corp. Pension Plan for Hourly Employees.

Pension benefits

For eligible Sartell employees hired prior to September 1, 2007 and eligible Bucksport employees hired prior to June 1, 2008, the monthly benefit is equal to \$50 per year of credited service including \$3 per year of credited service under the International Paper Retirement Plan. For eligible employees of Sartell and Bucksport mills hired subsequent to September 1, 2007 and June 1, 2008, respectively, the monthly benefit is equal to \$45 per year of credited service. The Plan permits reduced benefits for certain participants electing early retirement as defined in the Plan Agreement.

VERSO PAPER CORP. PENSION PLAN FOR HOURLY EMPLOYEES

Notes to Financial Statements (Continued)
December 31, 2012 and 2011

Note 1 - Description of Plan (continued)

Pension benefits (continued)

With respect to any participant who became a participant as of August 1, 2006, the plan administrator shall credit the participant with the credited service earned under the retirement plan of International Paper Company as of July 31, 2006, and offset the benefit computed under the Plan by the amount of the participant's accrued normal retirement benefit under the retirement plan of International Paper Company as of July 31, 2006.

Vesting

Benefits become vested after a participant has five years of vesting service or after attainment of age sixty-five (65).

Death and disability benefits

If an active participant dies, the participant's surviving spouse is entitled to a death benefit as defined in the Plan Agreement. Active participants who become totally disabled receive annual benefits as defined in the Plan Agreement.

Note 2 - Summary of significant accounting policies

Basis of accounting

The financial statements of the Plan are prepared using the accrual method of accounting.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and changes therein and disclosures of contingent assets and liabilities and the actuarial present value of accumulated plan benefits at the date of the financial statements. Accordingly, actual results could differ from those estimates.

Reclassifications

Certain reclassifications have been made to the 2011 financial statements in order to conform to the 2012 financial statement presentation.

Investments

The Plan's investments are stated at fair value. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The Plan's Benefits Committee determines the Plan's valuation policies, in accordance with accounting principles generally accepted in the United States of America, utilizing information provided by the custodians. See note 6 for discussion of fair value measurements.

VERSO PAPER CORP. PENSION PLAN FOR HOURLY EMPLOYEES

Notes to Financial Statements (Continued)
December 31, 2012 and 2011

Note 2 - Summary of significant accounting policies (continued)

Investments (continued)

Purchases and sales of securities are recorded on a trade-date basis. Dividends are recorded on the ex-dividend date. Net appreciation in fair value of investments includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Benefit payments

Benefit payments are recorded when paid.

Administrative expenses

The Plan's expenses are paid either by the Plan or the Company, as provided by the Plan document. Expenses that are paid directly by the Company are excluded from these financial statements. Certain expenses incurred in connection with general administration of the Plan that are paid by the Plan are recorded as deductions in the accompanying statements of changes in net assets available for benefits. In addition, certain investment related expenses reduced investment income presented in the accompanying statements of changes in net assets available for benefits.

Note 3 - Actuarial present value of accumulated plan benefits

Accumulated plan benefits are those estimated future periodic payments, including lump-sum distributions, that are attributable under the Plan's provisions to the service rendered by employees through the valuation date. Accumulated plan benefits include benefits expected to be paid to retired or terminated employees or their beneficiaries, beneficiaries of employees who have died, and present employees or their beneficiaries. The accumulated plan benefits are based upon date of retirement and years of credited service, as detailed in the Plan Agreement. Benefits payable under all circumstances (retirement, death, disability, and termination of employment) are included, to the extent they are deemed attributable to employee service rendered to the valuation date.

The actuarial present value of accumulated plan benefits is determined by the Plan's independent enrolled actuary, and is the amount that results from applying actuarial assumptions to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawal or retirement) between the valuation date and the expected date of payment. The actuarial present value of accumulated plan benefits is presented on a beginning of year benefit information date.

VERSO PAPER CORP. PENSION PLAN FOR HOURLY EMPLOYEES

Notes to Financial Statements (Continued)
December 31, 2012 and 2011

Note 3 - Actuarial present value of accumulated plan benefits (continued)

The actuarial present value of accumulated plan benefits as of January 1, 2012 and 2011 is as follows:

	<u>2012</u>	<u>2011</u>
Vested benefits		
Participants and beneficiaries currently receiving payments	\$ 10,643,842	\$ 8,056,489
Other participants	<u>22,398,520</u>	<u>33,219,153</u>
	33,042,362	41,275,642
Non-vested benefits	<u>112,721</u>	<u>469,135</u>
Total actuarial present value of accumulated plan benefits	<u>\$ 33,155,083</u>	<u>\$ 41,744,777</u>

The changes in the actuarial present value of accumulated plan benefits are as follows:

	<u>2012</u>	<u>2011</u>
Actuarial present value of accumulated plan benefits as of beginning of prior year	\$ 41,744,777	\$ 32,191,526
Benefits accumulated	3,855,206	6,290,096
Increase for interest due to decrease in discount period	2,125,642	1,768,996
Spinoff of Androscoggin benefit obligation	(17,023,574)	-
Change in actuarial assumptions	3,092,017	2,099,625
Benefits paid during the year	<u>(638,985)</u>	<u>(605,466)</u>
Actuarial present value of accumulated plan benefits as of beginning of current year	<u>\$ 33,155,083</u>	<u>\$ 41,744,777</u>

The more significant methods and assumptions used by the actuaries in their valuation are as follows:

Actuarial cost method - projected unit credit cost method
 Asset valuation - Market value of assets on valuation date plus contributions receivable
 Interest rate -7.08% effective rate for 2012, 6.36% effective rate for 2011
 Normal retirement age - 65
 Early retirement age - 55 with 10 years of credited service, benefit formula
 Basis of accumulated plan benefits - credited years of service, benefit formula
 Mortality rates - 2012 annuitant and non-annuitant table (static) for 2012 (2011 annuitant and non-annuitant table (static) for 2011)

VERSO PAPER CORP. PENSION PLAN FOR HOURLY EMPLOYEES

Notes to Financial Statements (Continued)
December 31, 2012 and 2011

Note 3 - Actuarial present value of accumulated plan benefits (continued)

Changes in actuarial assumptions and/or methods include the following:

- The mortality table and interest rate were updated as required by the Pension Protection Act of 2006 (PPA) and permitted under the Worker, Retiree and Employer Recovery Act of 2008 (WRERA). The mortality table was changed from the IRS 2011 Static Mortality Table to the IRS 2012 Static Mortality Table. The interest rate was changed from the IRC 430(h) Funding Segment Rates for September 2010 (3.78%, 6.31%, and 6.57%) to the IRC 430(h) Funding Segment Rates for September 2011, as adjusted by MAP-21, (5.54%, 6.85%, and 7.52%). The IRC 430(h) Funding Segment Rates for September 2011, not adjusted for MAP-21m (2.06%, 5.25%, and 6.32%), were used to determine: the maximum deductible contribution and the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 960 liability.
- All other assumptions and methods are identical to those used in the prior valuation.

The foregoing actuarial assumptions are based upon the presumption that the Plan will continue. If the Plan were terminated, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated plan benefits.

Note 4 - Investments

The custodians of the Plan's investments have supplied the plan administrator with certifications as to the completeness and accuracy of all information presented in the accompanying financial statements and the supplemental schedules pertaining to investments, investment income, and reportable transactions as of December 31, 2012 and 2011, and for the years then ended.

The fair value of the individual investments which represent five percent (5%) or more of the Plan's net assets available for benefits as of December 31, 2012 and 2011 is as follows:

	<u>2012</u>	<u>2011</u>
Vanguard Intermediate-Term Bond Index Fund	\$ 10,800,317	\$ -
DFA Inflation-Protected Securities I Fund	5,234,482	-
SSgA Russell Large Cap Value Index SL Class I Fund	3,928,543	-
Vanguard Short-Term Bond Index Fund	2,750,631	-
SSgA Russell Large Cap Growth Index SL Fund	2,223,076	-
Federated Total Return Bond Fund	-	4,817,364
Vanguard Total Bond Market Index Signal Fund	-	3,613,021
PIMCO Real Return Fund	-	2,408,681
Vanguard Short-Term Investment-Grade Fund	-	2,167,813
Legg Mason Western Asset Inflation Indexed Bond Fund	-	1,686,076

VERSO PAPER CORP. PENSION PLAN FOR HOURLY EMPLOYEES

Notes to Financial Statements (Continued)
December 31, 2012 and 2011

Note 4 - Investments (continued)

During 2012 and 2011, the Plan's investments (including investments bought, sold and held during the year) appreciated (depreciated) in value as follows:

	<u>2012</u>	<u>2011</u>
Mutual funds	\$ 1,244,593	\$ (131,083)
Common/collective trust funds	507,897	-
Pooled separate accounts	-	938,456
Insurance company general account	<u>-</u>	<u>24,019</u>
	<u>\$ 1,752,490</u>	<u>\$ 831,392</u>

Note 5 - Information prepared and certified by the custodians

The plan administrator has elected the method of annual reporting compliance permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Accordingly, Nationwide Trust Company, FSB and State Street Bank and Trust Company, the custodians of the Plan, have certified that the following data included in the accompanying financial statements and the supplemental schedules is complete and accurate with respect to investments:

- Investments at fair value
- Net appreciation in fair value of investments
- Dividends
- Schedule of assets (held at end of year)
- Schedule of reportable transactions

The Plan's independent public accountants did not perform auditing procedures with respect to this information, except for comparing such information to the related information included in the financial statements and the supplemental schedules.

Note 6 - Fair value measurements

FASB ASC 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described below.

VERSO PAPER CORP. PENSION PLAN FOR HOURLY EMPLOYEES

Notes to Financial Statements (Continued)
December 31, 2012 and 2011

Note 6 - Fair value measurements (continued)

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2: Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in inactive markets; inputs other than quoted market prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based upon the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used as of December 31, 2012 and 2011.

Mutual funds: Valued at the daily closing price as reported by the funds. Mutual funds held by the Plan are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily Net Asset Value (NAV) and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

Common/collective trust funds: Valued at the NAV units of the collective trust. The NAV, as provided by the custodian, is used as a practical expedient to estimating fair value. The NAV is based on the fair value of the underlying investments held by the fund less its liabilities. This practical expedient is not used when it is determined to be probable that the fund will sell the investment for an amount different than the reported NAV. Principal transactions (purchases and sales) may occur daily. Were the Plan to initiate a full redemption of the collective trust, the investment advisor reserves the right to temporarily delay withdrawal from the trust in order to ensure that securities liquidations will be carried out in an orderly business manner.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although plan management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

VERSO PAPER CORP. PENSION PLAN FOR HOURLY EMPLOYEES

Notes to Financial Statements (Continued)
December 31, 2012 and 2011

Note 6 - Fair value measurements (continued)

The following tables set forth by level, within the fair value hierarchy, the Plan's investments at fair value as of December 31, 2012 and 2011.

Investments at Fair Value as of December 31, 2012				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds				
Fixed income	\$ 20,390,183	\$ -	\$ -	\$ 20,390,183
Small capital equity	1,308,206	-	-	1,308,206
Emerging markets	697,309	-	-	697,309
Real estate	304,276	-	-	304,276
Money market	302,594	-	-	302,594
Commodities	<u>302,554</u>	-	-	<u>302,554</u>
Total mutual funds	23,305,122	-	-	23,305,122
Common/collective trust funds				
Large capital equity	-	6,793,632	-	6,793,632
International equity	-	<u>698,896</u>	-	<u>698,896</u>
Total common/collective trust funds	-	<u>7,492,528</u>	-	<u>7,492,528</u>
Total	<u>\$ 23,305,122</u>	<u>\$ 7,492,528</u>	<u>\$ -</u>	<u>\$ 30,797,650</u>

Investments at Fair Value as of December 31, 2011				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds				
Fixed income	\$ 16,619,897	\$ -	\$ -	\$ 16,619,897
Large capital equity	5,058,230	-	-	5,058,230
International equity	963,472	-	-	963,472
Small capital equity	963,472	-	-	963,472
Blended equity	<u>481,736</u>	-	-	<u>481,736</u>
Total	<u>\$ 24,086,807</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,086,807</u>

The fair value of the investments in the common/collective trust funds has been estimated using the net asset value of the investments. The common/collective trust funds listed above are redeemed on a daily basis and do not have any redemption restrictions. Additionally, there are no unfunded commitments.

VERSO PAPER CORP. PENSION PLAN FOR HOURLY EMPLOYEES

Notes to Financial Statements (Continued)
December 31, 2012 and 2011

Note 7 - Funding policy

The Company's funding policy is to make contributions to the Plan in the amounts that are estimated to fully provide all accrued benefits by the time each participant retires and to meet the minimum funding requirements of ERISA. The Company's contributions are to be made in cash no later than the earlier of the date permitted by law for meeting the minimum funding standards or the date for making tax deductible contributions. Based upon the January 1, 2012 actuarial valuation, the minimum contribution required by the Company was \$2,311,042 for the year ended December 31, 2012. Based upon the January 1, 2011 actuarial valuation, the minimum contribution required by the Company was \$7,371,856 for the year ended December 31, 2011. Actual contributions by the Company totaled \$2,393,161 for 2012 and \$8,229,302 for 2011.

Note 8 - Related party transactions

Plan investments consist of common/collective trust funds offered through State Street Bank and Trust Company. State Street Bank and Trust Company is the custodian for the Plan and these investments and related investment transactions qualify as party-in-interest transactions. TransAmerica Retirement Solutions Corporation is the third party administrator for the plan.

Prior to July 11, 2012, Nationwide Trust Company, FSB was the custodian and the third-party administrator for the Plan. Plan investments during this time consisted of interests in certain pooled separate accounts, a fixed income account, and mutual funds. These investments and related investment transactions qualify as party-in-interest transactions.

Fees paid to the related parties totaled \$149,708 in 2012 and \$110,114 in 2011.

The Company provides the Plan with certain management and administrative services for which no fees are charged.

Note 9 - Plan termination

Although it has not expressed the intention to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA.

In the event the Plan terminates, the net assets of the Plan will be allocated, as prescribed by ERISA and its related regulations, generally to provide the following benefits in the order indicated:

- a. Benefits attributable to employee contributions, taking into account those paid out before termination.

VERSO PAPER CORP. PENSION PLAN FOR HOURLY EMPLOYEES

Notes to Financial Statements (Continued)
December 31, 2012 and 2011

Note 9 - Plan termination (continued)

- b. Annuity benefits that former employees or their beneficiaries have been receiving for at least three years, or that employees eligible to retire for that three-year period would have been receiving if they had retired with benefits in the normal form of annuity under the Plan. The priority amount is limited to the lowest benefit that was payable (or would be payable) during those three years. The amount is further limited to the lowest benefit that would be payable under plan provisions in effect at any time during the five years preceding plan termination.
- c. Other vested benefits insured by the Pension Benefit Guaranty Corporation (PBGC) (a U.S. government agency) up to the applicable limitations discussed below.
- d. Vested benefits not insured by the PBGC.
- e. All nonvested benefits.

Certain benefits under the Plan are insured by the PBGC if the Plan terminates. Generally, the PBGC guarantees most vested normal age retirement benefits, early retirement benefits and certain disability and survivor's pensions. However, the PBGC does not guarantee all types of benefits under the Plan, and the amount of benefit protection is subject to certain limitations. Vested benefits under the Plan are guaranteed at the level in effect on the date of the Plan's termination. However, there is a statutory ceiling, which is adjusted periodically, on the amount of an individual's monthly benefit that the PBGC guarantees. For Plan terminations occurring during 2013, that ceiling is \$4,790 per month. That ceiling applies to those pensioners who elect to receive their benefits in the form of a single-life annuity and are at least 65 years old at the time of retirement or plan termination (whichever comes later). For younger annuitants or those who elect to receive their benefits in some form more valuable than a single-life annuity, the corresponding ceilings are actuarially adjusted downward.

Whether all participants receive their benefits should the Plan terminate at some future time will depend on the sufficiency, at that time, of the Plan's net assets to provide for accumulated benefit obligations and may also depend on the financial condition of the Plan sponsor and the level of benefits guaranteed by the PBGC.

Note 10 - Tax status

The Plan has received a determination letter from the Internal Revenue Service (IRS) dated November 6, 2008, stating that the Plan qualifies under the applicable sections of the Internal Revenue Code (IRC) and is, therefore, not subject to tax under present income tax law. The Plan, which has been amended since receiving the determination letter, is required to operate in conformity with the IRC to maintain its qualification. Management is not aware of any course of action or series of events that have occurred that might adversely affect the Plan's qualified status.

VERSO PAPER CORP. PENSION PLAN FOR HOURLY EMPLOYEES

Notes to Financial Statements (Continued)
December 31, 2012 and 2011

Note 10 - Tax status (continued)

Accounting principles generally accepted in the United States of America require plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The plan administrator has evaluated the tax positions taken by the Plan, and has concluded that as of December 31, 2012, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits in progress for any tax periods. The plan administrator believes it is no longer subject to IRS examinations for years prior to 2009.

Note 11 - Risks and uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the statement of net assets available for benefits.

Plan contributions are made and the actuarial present value of accumulated plan benefits are reported based on certain assumptions pertaining to interest rates, inflation rates, and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

Note 12 - Subsequent events

In accordance with FASB ASC 855, *Subsequent Events*, plan management has evaluated events that have occurred subsequent to the year ended December 31, 2012 through October 10, 2013, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements. No significant matters were identified for disclosure.

SUPPLEMENTAL SCHEDULES

VERSO PAPER CORP. PENSION PLAN FOR HOURLY EMPLOYEES

Schedule H, Line 4i - Schedule of Assets (Held at End of Year)

EIN: 75-3217389 / Plan Number: 003

December 31, 2012

(a)	(b)(c) Identity of Issue/Description	Number of Shares	(d) Cost	Current (e) Value
	<u>Mutual funds</u>			
	Vanguard Intermediate-Term Bond Index Fund	903,037	\$ 10,956,967	\$ 10,800,317
	DFA Inflation-Protected Securities I Fund	408,944	5,240,014	5,234,482
	Vanguard Short-Term Bond Index Fund	258,761	2,758,560	2,750,631
	Prudential High Yield Z Fund	225,949	1,255,877	1,292,431
	Vanguard Emerging Markets Stock Index Signal Fund	19,715	622,703	697,309
	Vanguard Small Cap Value Index Admiral Fund	21,013	623,946	655,612
	Vanguard Small Cap Growth Index Admiral Fund	20,850	614,154	652,594
	Vanguard Intermediate-Term Investment- Grade Admiral Fund	30,264	312,847	312,322
	Vanguard REIT Index Signal Fund	12,225	309,765	304,276
	Vanguard Prime Money Market Fund	302,594	302,594	302,594
	PIMCO Commodity Real Return Strategy Fund	45,565	<u>310,250</u>	<u>302,554</u>
			23,307,677	23,305,122
	<u>Common/collective trust funds</u>			
	The Collective Investment Funds of State Street Global Advisors			
*	SSgA Russell Large Cap Value Index SL Class I Fund	207,267	3,644,088	3,928,543
*	SSgA Russell Large Cap Growth Index SL Fund	203,206	2,125,717	2,223,076
*	SSgA International Index NL Fund C	43,760	607,508	698,896
*	SSgA S&P 500 Index SL Class I Fund	2,075	<u>607,408</u>	<u>642,013</u>
			<u>6,984,721</u>	<u>7,492,528</u>
			<u>\$ 30,292,398</u>	<u>\$ 30,797,650</u>

* Represents a party-in-interest

VERSO PAPER CORP. PENSION PLAN FOR HOURLY EMPLOYEES

Schedule H, Line 4j - Schedule of Reportable Transactions

EIN: 75-3217389 / Plan Number: 003

For the Year Ended December 31, 2012

Identity of (a) Party Involved	(b) Description of Asset	Purchase (c) Price	Selling (d) Price	Cost of (g) Asset	Current Value on Transaction (h) Date	Net Gain (i) (Loss)
<u>Single 5% transactions</u>						
Diversified	Vanguard Intermediate-Term Investment-Grade Fund	\$ 9,077,459	\$ -	\$ 9,077,459	\$ 9,077,459	\$ -
Nationwide	Federated Total Return Bond Fund	-	5,984,711	5,653,587	5,984,711	331,124
Diversified	DFA Inflation Protected Securities Fund	4,409,052	-	4,409,052	4,409,052	-
Nationwide	Vanguard Total Bond Market Index Signal Fund	-	3,902,501	3,794,612	3,902,501	107,889
Diversified	SSgA Russell Large Cap Value Index SL Class I Fund	3,112,272	-	3,112,272	3,112,272	-
Nationwide	PIMCO Real Return Institutional Fund	-	2,617,367	2,358,217	2,617,367	259,150
Diversified	Vanguard Short-Term Bond Index Fund	2,334,204	-	2,334,204	2,334,204	-
Nationwide	Vanguard Short-Term Investment-Grade Fund	-	2,071,846	2,025,116	2,071,846	46,730
Nationwide	Legg Mason Western Asset Inflation Indexed Bond Fund	-	1,826,091	1,667,226	1,826,091	158,865
Diversified	SSgA Russell Large Cap Growth Index SL Fund	1,815,492	-	1,815,492	1,815,492	-

VERSO PAPER CORP. PENSION PLAN FOR HOURLY EMPLOYEES

Schedule H, Line 4j - Schedule of Reportable Transactions (Continued)

EIN: 75-3217389 / Plan Number: 003

For the Year Ended December 31, 2012

Identity of (a) Party Involved	(b) Description of Asset	Purchase (c) Price	Selling (d) Price	Cost of (g) Asset	Current Value on Transaction (h) Date	Net Gain (i) (Loss)
<u>Series 5% transactions</u>						
Diversified	SSgA Russell Large Cap Value Index SL Class I Fund	\$ 3,645,049	\$ 1,022	\$ 3,645,049 961	\$ 3,645,049 1,022	\$ - 61
Diversified	SSgA Russell Large Cap Growth Index SL Fund	2,126,279	587	2,126,279 562	2,126,279 587	- 25
Diversified	DFA Inflation-Protected Securities I Fund	5,240,014	-	5,240,014	5,240,014	-
Diversified	Vanguard Short-Term Bond Index Fund	2,758,560	-	2,758,560	2,758,560	-
Diversified	Vanguard Intermediate-Term Investment- Grade Admiral Fund	10,956,967	-	10,956,967	10,956,967	-
Diversified	Vanguard Prime Money Market Fund	911,996	609,402	911,996 609,402	911,996 609,402	- -
Nationwide	Federated Total Return Bond Fund	1,623,463	6,542,930	1,623,463 6,179,838	1,623,463 6,542,930	- 363,092
Nationwide	Vanguard Total Bond Market Index Signal Fund	729,393	4,393,560	729,393 4,281,000	729,393 4,393,560	- 112,560

VERSO PAPER CORP. PENSION PLAN FOR HOURLY EMPLOYEES

Schedule H, Line 4j - Schedule of Reportable Transactions (Continued)

EIN: 75-3217389 / Plan Number: 005

For the Year Ended December 31, 2012

Identity of (a) Party Involved	(b) Description of Asset	Purchase (c) Price	Selling (d) Price	Cost of (g) Asset	Current Value on Transaction (h) Date	Net Gain (i) (Loss)
Series 5% transactions (continued)						
Nationwide	PIMCO Real Return Institutional Fund	\$ 444,842	\$ -	\$ 444,842	\$ 444,842	\$ -
		-	2,985,468	2,691,664	2,985,468	293,804
Nationwide	Vanguard Short-Term Investment-Grade Fund	400,996	-	400,996	400,996	-
		-	2,590,608	2,533,514	2,590,608	57,094
Nationwide	Invesco Van Kampen Growth and Income Fund Class Y	1,436,316	-	1,436,316	1,436,316	-
		-	1,471,935	1,426,759	1,471,935	45,176
Nationwide	Legg Mason Western Asset Inflation Indexed Bond Fund	331,729	-	331,729	331,729	-
		-	2,072,971	1,891,082	2,072,971	181,889
Nationwide	Vanguard Growth Index Fund Signal Shares	224,084	-	224,084	224,084	-
		-	1,544,462	1,439,852	1,544,462	104,610
Nationwide	Dodge & Cox Stock Fund	61,121	-	61,121	61,121	-
		-	1,334,760	1,334,886	1,334,760	(126)

Attachment to 2012 Form 5500
Schedule SB, line 26 - Schedule of Active Participant Data

Plan Name Verso Paper Corp. Pension Plan for Hourly Employees **EIN:** 75-3217389
Plan Sponsor's Name Verso Paper Corp. **PN:** 003

Attained Age	YEARS OF CREDITED SERVICE							
	Under 1			1 to 4			5 to 9	
	No.	Average	Cash Bal.	No.	Average	Cash Bal.	No.	Average
Under 25	8			1				
25 to 29	5			3				
30 to 34				3			2	
35 to 39	2			4				
40 to 44	4			2				
45 to 49	1			7			2	
50 to 54	3			5			2	
55 to 59	1			7			4	
60 to 64				2				
65 to 69								
70 & up								

Attained Age	YEARS OF CREDITED SERVICE							
	10 to 14			15 to 19			20 to 24	
	No.	Average	Cash Bal.	No.	Average	Cash Bal.	No.	Average
Under 25								
25 to 29								
30 to 34								
35 to 39	6						6	
40 to 44	12			11			47	
45 to 49	15			20			46	
50 to 54	10			3			30	
55 to 59	3			6			8	
60 to 64	1			5			2	
65 to 69				2				
70 & up								

Attained Age	YEARS OF CREDITED SERVICE									
	25 to 29			30 to 34			35 to 39			40 & up
	No.	Average	Cash Bal.	No.	Average	Cash Bal.	No.	Average	Cash Bal.	Average
Under 25										
25 to 29										
30 to 34										
35 to 39										
40 to 44										
45 to 49	16		1							
50 to 54	71		70			2				
55 to 59	43		76			79			2	
60 to 64	18		27			30			12	
65 to 69			1			2				
70 & up						1				

Attachment to 2012 Form 5500
Schedule SB, Part V - Statement of Actuarial Assumptions/Methods

Plan Name Verso Paper Corp. Pension Plan for Hourly Employees

EIN: 75-3217389

Plan Sponsor's Name Verso Paper Corp.

PN: 003

Describe all non-prescribed actuarial assumptions used to determine the funding target and target normal cost. Also, describe the method for determining the actuarial value of assets and any other aspects of the funding method for determining the Schedule SB entries that are not prescribed by law.

INTEREST: September 2011 Segment rates (2.06%, 5.25%, 6.32%) adjusted to (5.54%, 6.85%, 7.52%) under MAP-21; effective rate 7.08%

MORTALITY: 2012 IRS Annuitant & Non-annuitant Static Mortality Tables

RETIREMENT: see Line 22 attachment

WITHDRAWAL: Select/Ultimate rates by age- select apply during 1st 5 yrs
 (25:24.5%/9.6%), (30:21.6%/8.2%), (35:18.7%/6.8%), (40:18.7%/5.4%), (45:18.7%/5.4%),
 (50:18.7%/5.4%), (55:0.0%/0.0%)

DISABILITY: 1987 Commissioner's Group Disability table. Sample rates by (age:
 Male/Female): (25:.089%/.116%), (30:.105%/.155%), (35:.137%/.232%), (40:.202%/.305%),
 (45:.356%/.463%), (50:.662%/.729%), (55:1.187%/1.068%), (60:1.671%/1.253%),
 (65:2.075%/1.425%)

PERCENT MARRIED: Males 80%, Females 50%

AGE DIFFERENCE: Males are assumed to be 3 years older than their spouse

MAXIMUM BENEFIT: IRC 415 limitation

ATTACHMENT TO THE 2012 SCHEDULE H OF FORM 5500
LINE 4i – SCHEDULE OF ASSETS (HELD AT END OF YEAR) &
LINE 4j – SCHEDULE OF REPORTABLE TRANSACTIONS

Plan Sponsor: Verso Paper Corp.

Plan Name: Verso Paper Corp. Pension Plan for Hourly Employees

Plan Year: January 1, 2012 to December 31, 2012

EIN: 75-3217389

Plan No.: 003

Item 4i- Schedule of Assets Held at End of Year

Page 17 of the attached auditor's report of the Plan for the plan year ending December 31, 2012 provides the schedule of assets information.

Item 4j- Schedule of Reportable Transactions

Page 18-20 of the attached auditor's report of the Plan for the plan year ending December 31, 2012 provides the schedule of reportable transactions.

**SCHEDULE SB
(Form 5500)**Department of the Treasury
Internal Revenue ServiceDepartment of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

**Single-Employer Defined Benefit Plan
Actuarial Information**

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code).

► **File as an attachment to Form 5500 or 5500-SF.**

OMB No. 1210-0110

2012**This Form is Open to Public
Inspection**

For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012

► **Round off amounts to nearest dollar.**► **Caution:** A penalty of \$1,000 will be assessed for late filing of this report unless reasonable cause is established.**A** Name of plan

Verso Paper Corp. Pension Plan for Hourly Employees

B Three-digit
plan number (PN) ►

003

C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF

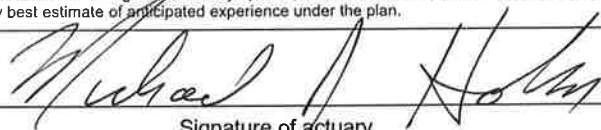
Verso Paper Corp.

D Employer Identification Number (EIN)

75-3217389

E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B**F** Prior year plan size: ☐ 100 or fewer ☐ 101-500 ☒ More than 500**Part I Basic Information****1** Enter the valuation date: Month 1 Day 1 Year 2012**2** Assets:**a** Market value **2a** 27,380,074**b** Actuarial value **2b** 27,380,074**3** Funding target/participant count breakdown:**(1) Number of participants****(2) Funding Target****a** For retired participants and beneficiaries receiving payment **3a** 255 9,191,527**b** For terminated vested participants **3b** 142 2,144,844**c** For active participants:(1) Non-vested benefits **3c(1)** 87,785(2) Vested benefits **3c(2)** 15,951,464(3) Total active **3c(3)** 752 16,039,249**d** Total **3d** 1,149 27,375,620**4** If the plan is in at-risk status, check the box and complete lines (a) and (b) ☐**a** Funding target disregarding prescribed at-risk assumptions **4a****b** Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been in at-risk status for fewer than five consecutive years and disregarding loading factor **4b****5** Effective interest rate **5** 7.08 %**6** Target normal cost **6** 2,315,496**Statement by Enrolled Actuary**

To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

**SIGN
HERE**

Signature of actuary

Michael J. Holm

Type or print name of actuary

Verisight, Inc.

Firm name

135 S. LaSalle St. Suite 2225

Chicago

IL 60603

Address of the firm

09/24/2013

Date

11-03912

Most recent enrollment number

(312) 488-6778

Telephone number (including area code)

If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions ☐

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500 or 5500-SF.

Schedule SB (Form 5500) 2012
v. 120126

Part II Beginning of Year Carryover Prefunding Balances

	(a) Carryover balance	(b) Prefunding balance
7 Balance at beginning of prior year after applicable adjustments (line 13 from prior year)	0	618
8 Portion elected for use to offset prior year's funding requirement (line 35 from prior year)	0	0
9 Amount remaining (line 7 minus line 8)	0	618
10 Interest on line 9 using prior year's actual return of <u>4.33</u> %		27
11 Prior year's excess contributions to be added to prefunding balance:		
a Present value of excess contributions (line 38a from prior year)		625,080
b Interest on (a) using prior year's effective interest rate of <u>6.36</u> % except as otherwise provided (see instructions)		39,755
c Total available at beginning of current plan year to add to prefunding balance		664,835
d Portion of (c) to be added to prefunding balance		0
12 Other reductions in balances due to elections or deemed elections	0	645
13 Balance at beginning of current year (line 9 + line 10 + line 11d – line 12)	0	0

Part III Funding Percentages

14 Funding target attainment percentage	14	100.01 %
15 Adjusted funding target attainment percentage	15	100.01 %
16 Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement	16	80.99 %
17 If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage	17	%

Part IV Contributions and Liquidity Shortfalls

18 Contributions made to the plan for the plan year by employer(s) and employees:					
(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
04/16/2012	1,100,000				
07/12/2012	1,100,000				
09/13/2013	193,161				
Totals ▶			18(b)	2,393,161	18(c) 0

19 Discounted employer contributions – see instructions for small plan with a valuation date after the beginning of the year:	
a Contributions allocated toward unpaid minimum required contributions from prior years	19a 0
b Contributions made to avoid restrictions adjusted to valuation date	19b 0
c Contributions allocated toward minimum required contribution for current year adjusted to valuation date	19c 2,311,106

20 Quarterly contributions and liquidity shortfalls:	
a Did the plan have a "funding shortfall" for the prior year?	☒ Yes ☐ No
b If line 20a is "Yes," were required quarterly installments for the current year made in a timely manner?	☒ Yes ☐ No
c If line 20a is "Yes," see instructions and complete the following table as applicable:	

Liquidity shortfall as of end of quarter of this plan year			
(1) 1st	(2) 2nd	(3) 3rd	(4) 4th
0	0	0	0

Part V Assumptions Used to Determine Funding Target and Target Normal Cost

21 Discount rate:				
a Segment rates:	1st segment: 5.54 %	2nd segment: 6.85 %	3rd segment: 7.52 %	☐ N/A, full yield curve used
b Applicable month (enter code).....				21b 4
22 Weighted average retirement age				22 63
23 Mortality table(s) (see instructions) ☐ Prescribed - combined ☒ Prescribed - separate ☐ Substitute				

Part VI Miscellaneous Items

24 Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment.	☐ Yes ☒ No
25 Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment.	☐ Yes ☒ No
26 Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment.	☒ Yes ☐ No
27 If the plan is subject to alternative funding rules, enter applicable code and see instructions regarding attachment	27

Part VII Reconciliation of Unpaid Minimum Required Contributions For Prior Years

28 Unpaid minimum required contributions for all prior years	28	0
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (line 19a).....	29	0
30 Remaining amount of unpaid minimum required contributions (line 28 minus line 29)	30	0

Part VIII Minimum Required Contribution For Current Year

31 Target normal cost and excess assets (see instructions):			
a Target normal cost (line 6).....	31a	2,315,496	
b Excess assets, if applicable, but not greater than line 31a	31b	4,454	
32 Amortization installments:	Outstanding Balance		Installment
a Net shortfall amortization installment.....	0		0
b Waiver amortization installment	0		0
33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount	33		
34 Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33) ..	34	2,311,042	
	Carryover balance	Prefunding balance	Total balance
35 Balances elected for use to offset funding requirement.....	0	0	0
36 Additional cash requirement (line 34 minus line 35).....	36	2,311,042	
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c).....	37	2,311,106	
38 Present value of excess contributions for current year (see instructions)			
a Total (excess, if any, of line 37 over line 36)	38a	64	
b Portion included in line 38a attributable to use of prefunding and funding standard carryover balances	38b	0	
39 Unpaid minimum required contribution for current year (excess, if any, of line 36 over line 37)	39	0	
40 Unpaid minimum required contributions for all years	40	0	

Part IX Pension Funding Relief Under Pension Relief Act of 2010 (See Instructions)

41 If an election was made to use PRA 2010 funding relief for this plan:		
a Schedule elected	☐ 2 plus 7 years ☐ 15 years	
b Eligible plan year(s) for which the election in line 41a was made	☐ 2008 ☐ 2009 ☐ 2010 ☐ 2011	
42 Amount of acceleration adjustment	42	
43 Excess installment acceleration amount to be carried over to future plan years	43	

Schedule C, Line 2(h) Formula Descriptions

Verso Paper Corp. Pension Plan for Hourly Employees

EIN No.: 75-3217389, Plan No. 003

Plan Year Ending: 12/31/2012

Indirect Compensation in the form of revenue sharing was paid to the following Service Providers:

DIVERSIFIED RETIREMENT CORPORATION	13-3689044
NATIONAL FINANCIAL SERVICES	04-3523567

Revenue amounts are shown in annualized basis points of plan assets invested in applicable fund

Fund Family	Fund Name	Start Date	End Date	Revenue to Diversified Retirement Corporation	Revenue to National Financial Services
PIMCO	PIMCO COMMODITY FUND	7/11/2012	12/31/2012	1.951	0.049
PRUDENTIAL	PRUDENTIAL HIGH-YIELD Z	7/11/2012	12/31/2012	24.390	0.610

Attachment to 2012 Form 5500
Schedule SB, line 22 - Description of Weighted Average Retirement Age

Plan Name <u>Verso Paper Corp. Pension Plan for Hourly Employees</u>	EIN: <u>75-3217389</u>
Plan Sponsor's Name <u>Verso Paper Corp.</u>	PN: <u>003</u>

The weighted average retirement age is equal to the normal retirement age of 63.

List the rate of retirement at each age and describe the methodology used to compute the weighted average retirement age, including a description of the weight applied at each potential retirement age.

For employees who, as of 8/1/2006, had attained age 55 with at least 10 years of service: 55-1%;56-1%;57-1%;58-1%;59-1%;60-1%;61-10%;62-50%;63-30%;64-20%;65-80%;66-50%;67-50%;68-50%;69-50%;70-100% (average age=62.7)

For all other employees:
 62-20%;63-10%;64-10%;65-80%;66-50%;67-50%;68-50%;69-50%;70-100% (average age=64.4)

Methodology:

- 1) at each age the number expected to retire is the number of lives at the beginning of the year times the rate at that age
- 2) the number of lives at the next age is the number at the prior age less the number expected to retire
- 3) the product of age and number expected to retire at each age is totaled
- 4) the value in 3) divided by the initial number of lives is the average weighted retirement age for the class
- 5) the overall average retirement age is the weighted average of the two classes

Attachment to 2012 Form 5500
Schedule SB, Part V - Summary of Plan Provisions

Plan Name Verso Paper Corp. Pension Plan for Hourly Employees

EIN: 75-3217389

Plan Sponsor's Name Verso Paper Corp.

PN: 003

Summary:

ELIGIBLE EMPLOYEES: hourly employees at Bucksport and Sartell mills who have attained age 21 and completed one year of service from date of hire.

CREDITED SERVICE: elapsed time from date of participation.

PRIOR SERVICE: service under IP Retirement Plan is recognized

ACCRUED BENEFIT: monthly benefit equal to \$3 times IP service plus Verso service at applicable rate times Verso service.

Bucksport: \$50 if employed at 5/31/08 (future hires - \$45)

Sartell: \$50 if employed at 8/31/07 (future hires - \$45)

NORMAL RETIREMENT: age 65

EARLY RETIREMENT: age 55 and 10 years of vesting service; Unreduced at age 62.

Reduced prior to age 62 (94% at 61; 87% at 60; 83% at 59; 78% at 58; 73% at 57; 69% at 56; 65% at 55). Unreduced at 61 if employed with 20 years of service.

WITHDRAWAL: Vested after 5 years, deferred to 65, eligible for early retirement at 55 with 10 years of service.

DISABILITY RETIREMENT: Immediate, no reduction with 10 years of service, payable after end of short term disability benefits.

PRE-RETIREMENT DEATH: 50% of reduced vested accrued benefit payable to spouse at employee's earliest retirement date.

NORMAL FORM: Life is single, reduced 50% J&S if married. Lumpsum if under \$5000

ACTUARIAL EQUIVALENCE: 7.0% 1983 GAM/Male -1 (spouse: Male -5)

**ATTACHMENT TO THE 2012 SCHEDULE H OF FORM 5500
LINE 4i – SCHEDULE OF ASSETS (HELD AT END OF YEAR) &
LINE 4j – SCHEDULE OF REPORTABLE TRANSACTIONS**

Plan Sponsor: Verso Paper Corp.

Plan Name: Verso Paper Corp. Pension Plan for Hourly Employees

Plan Year: January 1, 2012 to December 31, 2012

EIN: 75-3217389

Plan No.: 003

Item 4i- Schedule of Assets Held at End of Year

Page 17 of the attached auditor's report of the Plan for the plan year ending December 31, 2012 provides the schedule of assets information.

Item 4j- Schedule of Reportable Transactions

Page 18-20 of the attached auditor's report of the Plan for the plan year ending December 31, 2012 provides the schedule of reportable transactions.

Attachment to 2012 Form 5500
Schedule SB, line 25 - Change in Method

Plan Name Verso Paper Corp. Pension Plan for Hourly Employees

Plan Sponsor's Name Verso Paper Corp.

EIN: 75-3217389

PN: 003

Describe the change:

none

Attachment to 2012 Form 5500
Schedule SB, line 24 - Change in Actuarial Assumptions

Plan Name Verso Paper Corp. Pension Plan for Hourly Employees
Plan Sponsor's Name Verso Paper Corp.

EIN: 75-3217389
PN: 003

Describe any change in non-prescribed actuarial assumptions and justify any such change.
none. Sponsor did not elect to not use MAP-21 assumptions.