

Verso Paper Corp.
Form 10-Q
May 07, 2009
UNITED STATES

SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2009

or

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

For the transition period from _____ to _____

Commission file number: 333-148201

Verso Paper Corp.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

75-3217389

(I.R.S. Employer Identification Number)

6775 Lenox Center Court, Suite 400

Memphis, Tennessee 38115-4436

(Address of principal executive offices) (Zip Code)

(901) 369-4100

(Registrant's telephone number, including area code)

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

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

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

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Yes _____ No ___ü__

As of April 30, 2009, the registrant had 52,046,647 outstanding shares of common stock, par value \$0.01 per share.

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

VERSO PAPER CORP.

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands of U.S. dollars)	March 31, 2009	December 31, 2008
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 16,993	\$ 119,542
Accounts receivable - net	147,501	74,172
Accounts receivable from related parties	7,553	8,312
Inventories	224,411	195,934
Prepaid expenses and other assets	5,761	2,512
Total Current Assets	402,219	400,472
Property, plant, and equipment - net	1,095,807	1,115,990
Reforestation	12,657	12,725
Intangibles and other assets - net	84,063	88,513
Goodwill	18,695	18,695
Total Assets	\$ 1,613,441	\$ 1,636,395
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	\$ 85,517	\$ 118,920
Accounts payable to related parties	3,830	4,135
Accrued liabilities	90,628	125,565
Current maturities of long-term debt	2,850	2,850
Total Current Liabilities	182,825	251,470
Long-term debt	1,345,036	1,354,821
Other liabilities	41,866	40,151
Total Liabilities	1,569,727	1,646,442
Commitments and contingencies (Note 12)	-	-
Stockholders' Equity (Deficit):		
Preferred stock -- par value \$0.01 (20,000,000 shares authorized, no shares issued)	-	-
Common stock -- par value \$0.01 (250,000,000 shares authorized with 52,046,647 shares issued and outstanding on March 31, 2009 and on December 31, 2008)	520	520
Paid-in-capital	211,838	211,752
Retained deficit	(125,505)	(180,048)
Accumulated other comprehensive loss	(43,139)	(42,271)
Total Stockholders' Equity (Deficit)	43,714	(10,047)
Total Liabilities and Stockholders' Equity	\$ 1,613,441	\$ 1,636,395

See notes to unaudited condensed consolidated financial statements.

VERSO PAPER CORP.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands of U.S. dollars, except per share data)	Three Months Ended March 31, 2009	Three Months Ended March 31, 2008
Net sales	\$ 287,074	\$ 453,907
Costs and expenses:		
Cost of products sold - (exclusive of depreciation, amortization, and depletion)	268,940	375,402
Depreciation, amortization, and depletion	34,323	32,188
Selling, general, and administrative expenses	15,387	14,194
Restructuring and other charges	171	1,718
Operating income (loss)	(31,747)	30,405
Interest income	(58)	(191)
Interest expense	27,085	33,716
Other income, net	(113,317)	-
Net income (loss)	\$ 54,543	\$ (3,120)
Earnings (loss) per share	\$ 1.05	\$ (0.08)
Weighted average common shares outstanding - basic and diluted	52,046,647	38,046,647
Included in the financial statement line items above are related-party transactions as follows (Notes 10 and 11):		
Net sales	\$ 26,780	\$ 36,189
Purchases included in cost of products sold	1,120	1,039
Restructuring and other charges	-	847

See notes to unaudited condensed consolidated financial statements.

VERSO PAPER CORP.
 UNAUDITED CONDENSED CONSOLIDATED
 STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
 FOR THE PERIODS ENDED MARCH 31, 2009 AND 2008

(In thousands)	Common Shares	Common Stock	Paid-in- Capital	Retained Deficit	Accumulated Other Comprehensive Income (Loss)	Total Equity
Beginning balance - January 1, 2008	38,046	\$ 380	\$ 48,489	\$ (114,100)	\$ (9,870)	\$ (75,101)
Net loss	-	-	-	(3,120)	-	(3,120)
Other comprehensive income:						
Net unrealized gains on derivative						
financial instruments	-	-	-	-	3,011	3,011
Defined benefit pension plan prior service cost amortization	-	-	-	-	218	218
Total other comprehensive income	-	-	-	-	3,229	3,229
Comprehensive income (loss)	-	-	-	(3,120)	3,229	109
Equity award expense	-	-	77	-	-	77
Ending balance - March 31, 2008	38,046	\$ 380	\$ 48,566	\$ (117,220)	\$ (6,641)	\$ (74,915)
Beginning balance - January 1, 2009	52,046	\$ 520	\$ 211,752	\$ (180,048)	\$ (42,271)	\$ (10,047)
Net income	-	-	-	54,543	-	54,543
Other comprehensive income (loss):						
Net unrealized losses on derivative						
financial instruments	-	-	-	-	(1,165)	(1,165)
Defined benefit pension plan:						
Net actuarial loss					79	79
Prior service cost amortization	-	-	-	-	218	218
Total other comprehensive income	-	-	-	-		