Verso Corporation
Transit Damage Prevention Team
IDEAlliance WebEx
July 21, 2015
Agenda

• Welcome and Introductions 5 mins. Ed

• Verso Overview 15 mins. Ed
  – Company mills and products Ed 5 mins.
  – 2015 Initiatives Ed 5 mins.
  – Transit Damage Team Overview Al 5 mins.

• Best Practices 5 mins. Steve

• Claims Process 5 mins. Danelle

• O/D Parings/Consignee Relationships 15 mins. Keith, Mary/Dan & Gerry
  – Danville – Andro Keith 5 mins.
  – Lomira – Duluth Mary/Dan 5 mins.
  – Versailles – Escanaba Gerry 5 mins.
Introductions

• Ed Pond – PS&D Technical Leader – Memphis, TN
• Al Hart – Transportation Coordinator – Quinnesec, MI
• Steve Shepp – PS&D Manager – Luke, MD
• Danelle Ramsey – Transit Damage Engineer – Miamisburg, OH
• Keith Bragg – PS&D Manager – Jay. ME
• Dan Luckenbill – Shipping Manager – Duluth, MI
• Gerry Nelson – PS&D Manager – Escanaba, MI
## Verso Shipping Managers

### Verso Corporation Mill Contact Info

<table>
<thead>
<tr>
<th>Company</th>
<th>Paper Mill</th>
<th>Mill Location</th>
<th>Shipping Manager</th>
<th>Title</th>
<th>Phone</th>
<th>E-Mail Address</th>
</tr>
</thead>
<tbody>
<tr>
<td>Verso</td>
<td>Duluth</td>
<td>100 N. Central Avenue, Duluth, MN 55807</td>
<td>1) Mary Tourville</td>
<td>PS&amp;D Manager</td>
<td>218-628-5374</td>
<td><a href="mailto:mary.tourville@versoco.com">mary.tourville@versoco.com</a></td>
</tr>
<tr>
<td>Verso</td>
<td>Duluth</td>
<td>100 N. Central Avenue, Duluth, MN 55807</td>
<td>2) Daniel Luckenbill</td>
<td>Shipping Supervisor</td>
<td>218-628-5366</td>
<td><a href="mailto:daniel.luckenbill@versoco.com">daniel.luckenbill@versoco.com</a></td>
</tr>
<tr>
<td>Verso</td>
<td>Escanaba</td>
<td>7100 County 426 M.5 Road, Escanaba, MI 49829</td>
<td>1) Gerry Nelson</td>
<td>PS&amp;D Manager</td>
<td>906-233-2570</td>
<td><a href="mailto:gerry.nelson@versoco.com">gerry.nelson@versoco.com</a></td>
</tr>
<tr>
<td>Verso</td>
<td>Escanaba</td>
<td>7100 County 426 M.5 Road, Escanaba, MI 49829</td>
<td>2) Jeff Burklund</td>
<td>Warehouse Manager</td>
<td>906-233-2571</td>
<td><a href="mailto:Jeffrey.Burklund@Versoco.com">Jeffrey.Burklund@Versoco.com</a></td>
</tr>
<tr>
<td>Verso</td>
<td>Luke</td>
<td>300 Pratt Street, Luke, MD 21540</td>
<td>1) Steve Shepp</td>
<td>PS&amp;D Manager</td>
<td>301-359-3311 x 3306</td>
<td><a href="mailto:steve.shepp@versoco.com">steve.shepp@versoco.com</a></td>
</tr>
<tr>
<td>Verso</td>
<td>Luke</td>
<td>300 Pratt Street, Luke, MD 21540</td>
<td>2) Patty Kittle</td>
<td>Shipping Supervisor</td>
<td>301-359-3311 x 3181</td>
<td><a href="mailto:patricia.kittle@versoco.com">patricia.kittle@versoco.com</a></td>
</tr>
<tr>
<td>Verso</td>
<td>Steven's Point</td>
<td>707 Arlington Place, Steven's Point, WI 54481</td>
<td>1) Gregg Gilhausen</td>
<td>PS&amp;D Manager</td>
<td>715-572-4703</td>
<td><a href="mailto:gregg.gilhausen@Versoco.com">gregg.gilhausen@Versoco.com</a></td>
</tr>
<tr>
<td>Verso</td>
<td>Wickliffe</td>
<td>1724 Fort Jefferson Hill Rd, Wickliffe, KY 42087</td>
<td>1) Lora Snowaert</td>
<td>PS&amp;D Manager</td>
<td>270-335-4245</td>
<td><a href="mailto:lora.snowaert@Versoco.com">lora.snowaert@Versoco.com</a></td>
</tr>
<tr>
<td>Verso</td>
<td>Wickliffe</td>
<td>1724 Fort Jefferson Hill Rd, Wickliffe, KY 42087</td>
<td>2) Richard Campbell</td>
<td>Shipping Supervisor</td>
<td>270-335-4330</td>
<td><a href="mailto:richard.campbell@Versoco.com">richard.campbell@Versoco.com</a></td>
</tr>
<tr>
<td>Verso</td>
<td>Wisconsin Rapids</td>
<td>310 Third Av. North, Wisconsin Rapids, WI 54495</td>
<td>1) Terry Dolan</td>
<td>Converting / Shipping Superintendent</td>
<td>715-422-4096</td>
<td><a href="mailto:terr.dolan@versoco.com">terr.dolan@versoco.com</a></td>
</tr>
<tr>
<td>Verso</td>
<td>Androscoggin</td>
<td>Riley Road, Jay, ME 04239</td>
<td>1) Keith Bragg</td>
<td>PS&amp;D Manager</td>
<td>207-897-1492</td>
<td><a href="mailto:keith.bragg@versoco.com">keith.bragg@versoco.com</a></td>
</tr>
<tr>
<td>Verso</td>
<td>Androscoggin</td>
<td>Riley Road, Jay, ME 04239</td>
<td>2) Richard Stewart</td>
<td>Finishing &amp; Shipping Supervisor</td>
<td>207-897-1652</td>
<td><a href="mailto:Richard.stewart@versoco.com">Richard.stewart@versoco.com</a></td>
</tr>
<tr>
<td>Verso</td>
<td>Quinnesec</td>
<td>W6791 US Highway 2, Quinnesec, MI 49876</td>
<td>1) Kay Jennings</td>
<td>Logistics Manager</td>
<td>906-779-3669</td>
<td><a href="mailto:Kay.jennings@versoco.com">Kay.jennings@versoco.com</a></td>
</tr>
<tr>
<td>Verso</td>
<td>Quinnesec</td>
<td>W6791 US Highway 2, Quinnesec, MI 49876</td>
<td>2) Al Hart</td>
<td>Shipping Supervisor</td>
<td>906-779-3672</td>
<td><a href="mailto:al.hart@versoco.com">al.hart@versoco.com</a></td>
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Verso At-A-Glance

Verso offers:
- Experienced Customer Service
- Distinguished Product Portfolio
- Manufacturing Flexibility

Office Locations
- **Headquarters**
  Memphis, Tennessee
- **Customer Service Center**
  Miamisburg, Ohio
- **Stevens Point, Wisconsin**
- **Duluth, Minnesota**
- **Technical Center**
  Wisconsin Rapids, Wisconsin

Sales Offices
- Located strategically in key U.S. magazine, catalog, commercial printing and specialty markets

Paper Mills
- 8 strategically located manufacturing facilities in the United States, with a total annual paper capacity of approximately 3.6 million tons.
  - Jay, Maine
  - Duluth, MN
  - Escanabo, MI
  - Luke, MD
  - Quinnesec, MI
  - Stevens Point, WI
  - Wickiffe, KY
  - Wisconsin Rapids, WI

Product Segments
- Coated Digital
- Coated Sheets
- Coated Web
- Supercalendered
- Uncoated Freesheet
- NBHK Market Pulp
- Specialty Papers
**Turn to us for manufacturing flexibility...**

All of our assets are located within the United States and produce ~3.6 million tons of paper annually*.

<table>
<thead>
<tr>
<th>MILL</th>
<th>CAPACITY (000 Tons)</th>
<th>GRADES PRODUCED</th>
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<tbody>
<tr>
<td>Androscoggin (Jay, ME)</td>
<td>635</td>
<td>CFS, CGW, UFS, Specialty</td>
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<tr>
<td>Duluth, MN</td>
<td>270</td>
<td>Supercalendered</td>
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<tr>
<td>Escanaba, MI</td>
<td>785</td>
<td>CFS, CGW, Specialty, Uncoated</td>
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<td>Luke, MD</td>
<td>500</td>
<td>CFS, Specialty</td>
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<tr>
<td>Quinnesec, MI</td>
<td>425</td>
<td>CFS</td>
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<td>Stevens Point, WI</td>
<td>190</td>
<td>Specialty</td>
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<td>Wickliffe, KY</td>
<td>285</td>
<td>CFS, Specialty, Uncoated</td>
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<tr>
<td>Wisconsin Rapids, WI</td>
<td>560</td>
<td>CFS, Specialty</td>
</tr>
</tbody>
</table>

| TOTAL:              | 3.65 million tons of paper |

- Located within close proximity of major printers and converters
- Convenient, cost-effective access to northern softwood fiber
Turn to us for quality products...
Printing Papers, Specialty Papers, Market Pulp

PRODUCT PORTFOLIO

Grade Categories

- CGW
- SC
- UFS
- Specialty
- Pulp

- Book
- Labels and Packaging
- Magazine
- Commercial Print
- Catalog
- Retail Inserts
Coated
Digital

PREMIUM DIGITAL SHEETS
- Futura
- Sterling Premium Digital
- Sterling Premium Digital HP Indigo
- Productolith Pts. Digital C2S
- Productolith Pts. Digital C1S

ECONOMY DIGITAL SHEETS
- Blazer Digital

INKJET WEB
- TrueJet
- TrueJet Hybrid

INKJET BOOK
- TrueJet Book

Coated
Sheets

PREMIUM COATED SHEETS
- Sterling Premium
- Productolith Pts. C2S
- Productolith Pts. C1S

ECONOMY COATED SHEETS
- Anthem Plus

C1S SHEETS
- Sterling Ultra C1S
- Sterling Litho C1S

Coated
Web

#2 COATED FREESHEET
- ArborWeb Plus
- Sterling Ultra
- Productolith Pts. C2S
- Productolith Pts. C1S

#3 COATED FREESHEET
- ArborWeb
- Influence

#3 COATED GROUNDWOOD
- Focus

#4 COATED GROUNDWOOD
- Liberty
- Balance

C1S
- Sterling Ultra C1S
- Sterling Litho C1S
- Aspect

C0ATED BOOK
- New Era Matte and ThinBulk
- Publishers Matte

Supercalendered

SCA+
- Voyager

SCA
- Superior Gloss

Uncoated
Freesheet

UFS
- Ideal Offset
- Ideal Offset Reply Card
Transit Damage Prevention

Ed Pond - Memphis
All as one .........

TWO RESPECTED PAPER MANUFACTURERS
ONE POWERFUL NEW RESOURCE.
Verso Process Improvement Process

- Benchmarking – Best Practice
Execution
2015 Initiatives

• Get Verso Transit Damage Team up and Running ASAP

• Customer & Consignee Teams

• R-Gap Closure

• Create Best Practices Books
  – implement best practices across our business
Vehicle Inspection Process Book

Process Book
PS&D Process-

Vehicle Inspection –
Standard

**Scope of Module:**
Effective inspection of vehicles is critical to ensure the safety, quality and suitability of the vehicle for product transport. This standard applies to all vehicles shipping outbound product from Verso facilities including 3rd party facilities. This standard does not supersede carrier’s responsibility to have equipment in compliance with applicable state, federal, regulatory and/or AAR requirements. Equipment that does not meet quality, safety or suitability for product transport will be rejected.

**Safety**
The safe entry and exit of the vehicle during loading and unloading is paramount. Ensuring that the vehicle is well equipped to transport product safely over the transport mode is critical. Prior to entry, vehicles must be properly secured to the loading dock and appropriate devices installed to prevent movement away from the dock during entry and exit.
Transit Damage Prevention Team

Al Hart - Quinnesec
Transit Damage Leadership Team

Leadership Team Members

• Al Hart - Quinnesec
• Danelle Ramsey – Miamisburg
• Keith Bragg – Andro
• Richard Campbell – Wickliffe
• Terry Dolan – Wisconsin Rapids
• Tom Connor – Smith Mountain Lake
• Ed Pond – Memphis
Verso Corporation Transit Damage Team

Transit Damage Prevention Team Members

• Each mill to identify a Champion
  – May also be Transit Damage Team Leadership Team member

• Champion to determine best approach for their facility
  – Recommendation is to establish a team at each site
  – Team comprised of people doing the work
Transit Damage Team Roles/Responsibilities

• Represent their facility on Verso Corporation Team
  – Best Practices Book Development
  – Rules and Regulation reviews

• Communicate goals, objectives and initiatives to their facility

• Ensure that processes and procedures are implemented and sustainable

• Participate in Customer and Consignee partnering
Transit Damage Team Roles/Responsibilities

• Identify resources, ask for help

• Participate in industry conferences and team meetings

• Review and respond to transit claims

• Take ownership and get it done!
Best Practices

Steve Shepp – Luke
Loading and Dunnage Review

• Objective – Identify best practices and materials used for loading and load securement.
  – Process – Engage multi-mill teams along with suppliers to conduct on site review at each mill
  – Document notable practices and differences at each site
  – Share transportation regulations that apply to Verso shippers
  – Completed reviews at eight mills
Dunnage Review

• Objectives
  – Identify most cost effective materials for each dunnage application
  – Establish common list of dunnage materials that will be used going forward at Verso facilities
  – Present common Verso load to our Customers from all Verso mills
Rail Dunnage – Wall pads/ Void fillers

- Standardize Composition - Strength
- Create standard list of items for the various applications
  - Two or three Wall liners
  - Two or three Void fillers
- Mills select items that fit their application from Standard list
Claims Process

Danelle Ramsey - Miamisburg
Working Relationships

Keith Bragg – Androscoggin
Working Relationships

- **Consignee** – RRD Danville – Julie Furbee
  - Chafe Damage event from 2014
- **Vendors** – Hexacomb
  - Development assistance on tapered wall liner.
  - Identify correct wall liner sizing to use based on car conditions.
- **Carrier** – Pan Am & Norfolk Southern
  - Allowing non AAR approved load patterns to be trailed during the chafe damage project in 2014.

- **Consignee** - Quad – East Greenville – Sylvester Nelson
  - Water Damage in 2013
- **Carriers** – Pottle’s Transportation
  - Water Damage project in 2013 working with mill & consignee to understand trailer water damage frequency vs. railcar.
- **Vendor** – Cascade
  - Development of water resistant heads that would repel water reducing claims.
  - Help with devolving audit points for operators to check to insure proper sealing at the time heads were applied.
  - Dwell Times – Temperature – Pressure at Header
RR Donnelly Danville O/D Parings

**Objective**
- Reduce chafe damage going into RR Donnelly Danville by eliminating the use of risers used as for blocking.
- Using collective data as an indicator of how to lead changes of load patterns riser placement.
- Using the SOP process to ensure each load was loaded consistently the same way each time for accurate data collection.

**Current Status:**
- Data showed that the project was successful chafe damage was significantly reduced when loads were loaded consistently by developed SOP.

**Next Steps**
- Apply same methodology at current location.
- Begin gathering data at new location to ensure the damage that we were seeing is the same as old location.
  - Is there a need?
- Begin educating loaders on the floor so that they understand the issues. Once that happens the results will follow.
  - Loaders will become part of the solving process.
  - Develop a plan to implement.
  - Loaders will own the process.
Quad Lomira / Duluth MN OD pairing

• Objective
  • Manage and reduce edge claims between Duluth Mill and Quad Lomira
  • Build a working partner in Quad Lomira to ensure 360 view of the issues and how to reduce claims

• Current status:
  • Brain stormed on a few idea’s that would give us detailed documentation on order shipping to this location
  • Marking rolls in cars to allow us to determine the position of the rolls getting damage. Looking for trends from this data and testing ways to eliminate.
  • Hosting loaders to follow rail cars to Lomira and watch unload, this would be around a large order to gain visibility in volume to define issues and document findings with possible solutions

• Next steps
  • Define and agree to methodology to gather data on defects
  • Define when Both Quad and Verso groups will be at each other locations to review the loading and unloading
  • Ensure the loaders and un-loaders are completely engaged in driving process change for Quad and Verso
  • Pose correct actions to defects, measure, adjust and report
Working Relationships
Gerry Nelson - Escanaba
Quad Versailles/Escanaba OD Pairing

• Objective
  – Manage and reduce edge rail damage claims between Escanaba Mill and Quad Versailles
  – Build a working relationship with Quad Versailles to ensure identified techniques or behavior changes in loading are positively impacting goal

• Current Status
  – Discussing path forward together including:
    • Marking of rolls in cars
    • Continue analysis of data collected thus far and additional data needed

• Next Steps
  – Continue discussions to target loads with Versailles to review loading and unloading
  – Document corrective actions to ensure techniques that are successful are utilized on as an ongoing process – Plan, Do, Check and Act
Working Relationship

• CN Training for the Escanaba Mill
  – CN provided on site training for proper marking and rejections of railcars
  – Established procedures for CN employees to come to the mill for repairing railcars for seals, minor holes, etc.

• Timeline for Damage Prevention Improvement – Escanaba
  – Aggressive railcar rejection – much more stringent railcar and trailer inspection procedure by loaders
  – Utilizing different dunnage material and loading patterns to eliminate/reduce roll damage
  – Extensive crew training on loading practices and inspection process for vehicles
  – Utilizing water resistant headers on the bottom of rolls
  – Utilizing different wrapper that will minimize water channeling