

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEW JERSEY**

In re:

THE NEWARK GROUP, INC., *et al.*,¹

Debtors

Chapter 11

Case No. 10-_____

Joint Administration Requested

**JOINT PREPACKAGED PLAN OF REORGANIZATION
OF THE NEWARK GROUP, INC., *ET AL.***

NO CHAPTER 11 CASES HAVE BEEN COMMENCED AT THIS TIME. THE SOLICITATION MATERIALS ACCOMPANYING THIS JOINT PREPACKAGED PLAN OF REORGANIZATION HAVE NOT BEEN APPROVED BY THE BANKRUPTCY COURT AS CONTAINING “ADEQUATE INFORMATION” WITHIN THE MEANING OF BANKRUPTCY CODE SECTION 1125(a). FOLLOWING THE COMMENCEMENT OF THEIR CHAPTER 11 CASES, THE DEBTORS EXPECT TO PROMPTLY SEEK AN ORDER OF THE BANKRUPTCY COURT (A) SCHEDULING COMBINED HEARING ON ADEQUACY OF PREPETITION SOLICITATION PROCEDURES, ADEQUACY OF THE DISCLOSURE STATEMENT AND CONFIRMATION OF JOINT PLAN OF REORGANIZATION AND ESTABLISHING PROCEDURES FOR OBJECTING TO DISCLOSURE STATEMENT AND PLAN; (B) APPROVING FORM AND MANNER OF NOTICE OF COMBINED HEARING ON DISCLOSURE STATEMENT AND CONFIRMATION OF PLAN; AND (C) GRANTING RELATED RELIEF.

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Dated: May 7, 2010

¹ The Debtors in these Chapter 11 Cases, along with the last four digits of each Debtor’s federal tax identification number, are The Newark Group, Inc. (4844); Jackson Drive Corp. (4573); and NP Cogen, Inc. (9626).



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INTRODUCTION

The Newark Group, Inc. ("**The Newark Group**" or the "**Company**"), Jackson Drive Corp. ("**Jackson**"), and NP Cogen, Inc. ("**Cogen**") (collectively, the "**Debtors**") propose the following plan of reorganization for the resolution of the outstanding claims against and interests in the Debtors. Reference is made to the Disclosure Statement, distributed contemporaneously herewith, for a discussion of the Debtors' history, business, properties and operations, projections for those operations, risk factors, a summary and analysis of this Plan, and certain related matters including, among other things, the securities to be issued under this Plan. Subject to certain restrictions and requirements set forth herein and in 11 U.S.C. § 1127 and Federal Rules of Bankruptcy Procedure 3019, the Debtors, with the consent of the Coalition of Prepetition Noteholders, the ORIX DIP Facility Lenders, the ORIX Exit Facility Lenders, the ORIX DIP Facility Agent, the ORIX Exit Facility Agent, the ABL DIP Facility Administrative Agent, and the ABL Exit Facility Administrative Agent, reserve the right to alter, amend, modify, revoke or withdraw this Plan prior to its substantial consummation in accordance with the terms hereof, the Confirmation Order, and the Bankruptcy Code.

ALL HOLDERS OF CLAIMS AND INTERESTS THAT ARE ENTITLED TO VOTE ARE ENCOURAGED TO READ THIS PLAN AND THE DISCLOSURE STATEMENT IN THEIR ENTIRETY BEFORE VOTING TO ACCEPT OR REJECT THE PLAN.

In the event of any inconsistencies between this Plan and Disclosure Statement, the terms and provisions of this Plan shall control.

SECTION I

DEFINED TERMS AND RULES OF INTERPRETATION

1.1 **Defined Terms**

As used herein, capitalized terms shall have the meanings set forth below. Any term that is not otherwise defined herein, but that is used in the Bankruptcy Code or the Bankruptcy Rules, shall have the meaning given to that term in the Bankruptcy Code or the Bankruptcy Rules, as applicable.

"ABL DIP Facility" means that certain debtor in possession credit facility entered into pursuant to the ABL DIP Facility Credit Agreement.

"ABL DIP Facility Administrative Agent" means Wells Fargo Bank, National Association, as administrative agent and collateral agent under the ABL DIP Facility Credit Agreement.

"ABL DIP Facility Claims" means all Claims held by the ABL DIP Facility Administrative Agent and the ABL DIP Facility Lenders pursuant to the ABL DIP Facility Credit Agreement and the DIP Financing Order.

“ABL DIP Facility Credit Agreement” means that certain Amended and Restated Loan and Security Agreement, by and among the ABL DIP Facility Lenders, the ABL DIP Facility Administrative Agent and The Newark Group, substantially in the form attached to the Disclosure Statement as Exhibit C, together with all related documents, instruments, and agreements, delivered pursuant to or in connection therewith, as may be amended, supplemented, or otherwise modified from time to time, to be entered into upon entry of the DIP Financing Order.

“ABL DIP Facility Lenders” means the lenders party to the ABL DIP Facility Credit Agreement.

“ABL Exit Facility” means that certain financing facility to be entered into on the Effective Date pursuant to the ABL Exit Facility Credit Agreement.

“ABL Exit Facility Administrative Agent” means Wells Fargo Bank, National Association as administrative agent and collateral agent under the ABL Exit Facility Credit Agreement.

“ABL Exit Facility Credit Agreement” means that certain Second Amended and Restated Loan and Security Agreement dated as of the Effective Date, by and among The Newark Group, Newark Group International, B.V. (“NGI”), and certain domestic subsidiaries of The Newark Group as borrowers; certain domestic subsidiaries of The Newark Group as guarantors; the ABL Exit Facility Lenders and the ABL Exit Facility Administrative Agent, substantially in the form attached to the Disclosure Statement as Exhibit D, together with all related documents, instruments, and agreements delivered pursuant to or in connection therewith, as may be amended, supplemented, or otherwise modified from time to time.

“ABL Exit Facility Lenders” means the lenders party to the ABL Exit Facility Credit Agreement.

“Administrative Expense Claim” means a Claim against the Debtors for costs and expenses of administration of these Chapter 11 Cases (including, without limitation, Claims arising under sections 328, 330, 363, 364(c)(1), 365, 503(b), and 507(a)(2) and 1114(e) of the Bankruptcy Code) including, without limitation, (a) any actual and necessary costs and expenses of preserving the Debtors’ Estates and operating the Debtors’ businesses; (b) all compensation for legal, financial, advisory, accounting and other services and reimbursement of expenses Allowed by the Bankruptcy Court under sections 328, 330 or 503(b) of the Bankruptcy Code; (c) all Coalition Advisor Claims, without any requirement for the filing of retention applications or fee applications in these Chapter 11 Cases; (d) any indebtedness or obligations incurred or assumed by the Debtors, as debtors-in-possession, during these Chapter 11 Cases; (e) any payment to be made under this Plan or order of this Court to cure a default on an assumed executory contract or unexpired lease; (f) all Claims of the Prepetition Indenture Trustee without any requirement for the filing of retention applications or fee applications in these Chapter 11 Cases; (g) out-of-pocket expenses incurred by members of the Coalition of Prepetition Noteholders; and (h) DIP Facility Claims (which, in accordance with the terms of the DIP Financing Order, are granted super-priority administrative claim status). All fees and charges assessed against the Debtors’ Estates under section 1930, chapter 123, of title 28 of the United

States Code are excluded from the definition of Administrative Expense Claim and shall be paid in accordance with Section 12.8 of the Plan.

“Allowed” means, with respect to a Claim or Interest against the Debtors, or any portion thereof, in any Class or category specified, (a) a Claim or Interest as to which no objection or request for estimation has been Filed, or as to which any objection has been determined by a Final Order in favor of the respective Holder of such Claim or Interest, to the extent such objection is determined in favor of the respective Holder of such Claim or Interest; or (c) a Claim or Interest that is expressly allowed (i) by a Final Order, or (ii) pursuant to the terms of this Plan, provided, however, that no General Unsecured Claims shall be deemed Allowed.

“Ballot” means the form of ballot distributed to each Holder of an Impaired Claim and to each Holder of an Impaired Interest that, in each case, is entitled to vote on the Plan for the purposes of accepting or rejecting the Plan.

“Bankruptcy Code” means title 11 of the United States Code, 11 U.S.C. §§ 101-1532, as now in effect or hereafter amended, as applicable to these Chapter 11 Cases.

“Bankruptcy Court” means the United States Bankruptcy Court for the District of New Jersey or any other court with jurisdiction over these Chapter 11 Cases.

“Bankruptcy Rules” means the Federal Rules of Bankruptcy Procedure as promulgated by the United States Supreme Court under section 2075 of title 28 of the United States Code, as now in effect or hereafter amended, and any Local Rules of the Bankruptcy Court.

“Business Day” means any day other than a Saturday, a Sunday or a “legal holiday” (as defined in Bankruptcy Rule 9006(a)).

“By-Laws” means the by-laws of the Reorganized Company, in substantially the form attached to the Disclosure Statement as Exhibit K.

“Cash” means legal tender of the United States of America.

“Causes of Action” means any and all actions, claims, rights, causes of action, accounts, controversies, agreements, promises, rights to legal remedies, rights to equitable remedies, rights to payment for goods and services and otherwise, rights of setoff or recoupment, defenses, demands, damages, suits or proceedings of any kind or nature, whether under contract or tort, in law or in equity or otherwise, whether known or unknown, contingent or matured, liquidated or unliquidated, against any Person or Entity, and all rights and remedies with respect thereto, including causes of action brought prior to the Petition Date, including all rights under the Bankruptcy Code, including, without limitation, the right to require the turnover of property of the Debtors’ Estates, or any applicable non-bankruptcy law or rule.

“Certificate of Incorporation” means the amended and restated Certificate of Incorporation of the Reorganized Company, in substantially the form attached to the Disclosure Statement as Exhibit J.

“Chapter 5 Claims” means any and all claims arising under Chapter 5 of the Bankruptcy Code or similar state statutes that the Debtors or their Estates may hold against any Person or Entity as of the Petition Date.

“Chapter 11 Cases” means the chapter 11 bankruptcy cases that the Debtors intend to commence in the Bankruptcy Court seeking to confirm this Plan.

“Claim” means a “claim” as defined in section 101(5) of the Bankruptcy Code.

“Class” means each category of Holders of Claims or Interests established under Section II of this Plan pursuant to sections 1122 and 1123(a)(1) of the Bankruptcy Code.

“Coalition Advisor Claims” means (i) all reasonable fees and expenses incurred by the Coalition Advisors, whether prior to or after the Petition Date, pursuant to the terms of their respective pre-Petition Date engagement letters, in each case, without any requirement for the filing of retention applications or fee applications in the Debtors’ Chapter 11 Cases; and (ii) out-of-pocket expenses incurred by the members of the Coalition of Prepetition Noteholders in connection with the Chapter 11 Cases, which, in each case ((i) and (ii) above), shall be Allowed in full and shall not be subject to any avoidance, reductions, setoff, offset, recharacterization, subordination (whether equitable, contractual or otherwise), counterclaims, cross-claims, defenses, disallowance, impairment, objection or any other challenges under any applicable law or regulation by any Person.

“Coalition Advisors” means Milbank, Tweed, Hadley & McCloy LLP, as counsel to the Coalition of Prepetition Noteholders; PricewaterhouseCoopers as financial advisor to the Coalition of Prepetition Noteholders; and any local counsel to the Coalition of Prepetition Noteholders.

“Coalition of Prepetition Noteholders” means the coalition comprised of certain Holders of the Prepetition 2014 Notes.

“Code” means the Internal Revenue Code of 1986, as amended.

“Confirmation Date” means the date on which the clerk of the Bankruptcy Court enters the Confirmation Order.

“Confirmation Hearing” means the hearing held by the Bankruptcy Court on confirmation of the Plan, as such hearing may be adjourned or continued from time to time by the Debtors with the consent of the Coalition of Prepetition Noteholders, the ORIX DIP Facility Lenders, the ORIX Exit Facility Lenders, the ORIX DIP Facility Agent, the ORIX Exit Facility Agent, the ABL DIP Facility Administrative Agent, and the ABL Exit Facility Administrative Agent, or by the Bankruptcy Court.

“Confirmation Order” means the order of the Bankruptcy Court confirming this Plan pursuant to section 1129 of the Bankruptcy Code in form and substance satisfactory to the Debtors, the Coalition of Prepetition Noteholders, the ORIX DIP Facility Lenders, the ORIX Exit Facility Lenders, the ORIX DIP Facility Agent, the ORIX Exit Facility Agent, the ABL DIP Facility Administrative Agent, and the ABL Exit Facility Administrative Agent.

“**Cure Amount**” means the dollar amount required under section 365 of the Bankruptcy Code to cure the Debtors’ default, if any, under an executory contract or unexpired lease and to compensate the non-Debtor party or parties to such contract or lease for any actual pecuniary loss to such non-Debtor party resulting from such default, at the time such contract or lease is assumed by the Debtors.

“**Current Management Group**” means the following individuals who are current employees of The Newark Group:

Name	Position in The Newark Group
Robert H. Mullen	Chief Executive Officer, President, and Chairman of the Board
Joseph E. Byrne	Vice President and Chief Financial Officer
William D. Harper	Senior Vice President, European Operations
Richard M. Poppe	Senior Vice President, Paperboard Mills
Johnny Gold	Senior Vice President, Recycled Fibers
Philip B. Jones	Senior Vice President, Converted Products
Jim Carbine	Vice President, BCI
Carl Crook	Vice President, Human Resources
Lynn M. Herro	Vice President, Corporate Controller and Assistant Secretary

“**Debtors**” means, collectively, The Newark Group, Inc., Jackson Drive Corp., and NP Cogen, Inc. (each individually, a “**Debtor**”). When the term “Debtors” is used with respect to periods after the Effective Date, “Debtors” shall mean the “Reorganized Debtors.”

“**Debtors-in-Possession**” means, collectively, The Newark Group, Inc., Jackson Drive Corp., and NP Cogen, Inc., in their capacities as debtors-in-possession pursuant to sections 1107 and 1108 of the Bankruptcy Code in these Chapter 11 Cases.

“**Deferred Compensation Agreement**” means the agreement, substantially in the form attached to the Disclosure Statement as Exhibit O, to be implemented on the Effective Date, pursuant to which the Current Management Group will receive the right, upon the occurrence of certain events, to receive deferred compensation.

“**DIP Facilities**” means, collectively, those certain debtor-in-possession credit facilities entered into pursuant to the ABL DIP Facility Credit Agreement and the ORIX DIP Facility Credit Agreement.

“**DIP Facility Agents**” means, collectively, the administrative agents and the collateral agents under the DIP Facility Credit Agreements.

“**DIP Facility Claim**” means any Claim arising from or in connection with the DIP Facility Credit Agreements.

“**DIP Facility Credit Agreements**” means, collectively, the ABL DIP Facility Credit Agreement and the ORIX DIP Facility Credit Agreement.

“DIP Facility Lenders” means, collectively, the lenders party to the DIP Facilities.

“DIP Financing Order” means the Order entered by the Bankruptcy Court approving the DIP Facilities.

“Disallowed Claim” means all or such part of a Claim that is disallowed by a Final Order of the Bankruptcy Court or other court of competent jurisdiction.

“Disbursing Agent” means any Person or Entity designated by the Debtors as a disbursing agent under Section 6.3 hereof; and/or the Debtors in their capacity as a disbursing agent under Section 6.3 hereof.

“Disclosure Statement” means that certain disclosure statement relating to this Plan, including, without limitation, all Exhibits and schedules thereto, as the same may be amended, supplemented or otherwise modified from time to time with the consent of the Coalition of Prepetition Noteholders, the ORIX DIP Facility Lenders, the ORIX Exit Facility Lenders, the ORIX DIP Facility Agent, the ORIX Exit Facility Agent, the ABL DIP Facility Administrative Agent, and the ABL Exit Facility Administrative Agent, and that is prepared and distributed in accordance with sections 1125 and 1126 of the Bankruptcy Code and Bankruptcy Rule 3018, as approved by the Bankruptcy Court pursuant to sections 1125 and 1126 of the Bankruptcy Code.

“Disputed Claim” means any Claim against the Debtors, including any portion thereof (a) that is neither an Allowed Claim nor a Disallowed Claim or (b) for which a written request for payment has been made, to the extent the Debtors or any party-in-interest have interposed a timely objection or request for estimation, which objection or request for estimation has not been withdrawn or determined by a Final Order.

“Distribution Date” means a date selected by the Reorganized Company that is not later than thirty (30) days after the Effective Date.

“Distribution Record Date” means the date established by the Debtors for determining the Holders of Claims and Interests entitled to distributions pursuant to the Plan; and with respect to all Classes, shall be the Confirmation Date or such other date as may be designated in the Confirmation Order.

“DTC” means the Depository Trust Company.

“Effective Date” means a Business Day on or after the Confirmation Date specified by the Debtors with the consent of the Coalition of Prepetition Noteholders, the ORIX DIP Facility Lenders, the ORIX Exit Facility Lenders, the ORIX DIP Facility Agent, the ORIX Exit Facility Agent, the ABL DIP Facility Administrative Agent, and the ABL Exit Facility Administrative Agent, on which (i) no stay of the Confirmation Order is in effect, and (ii) the conditions to effectiveness of this Plan specified in Section IX hereof have been satisfied or waived in accordance with the terms hereof.

“Equity Interests” means all Interests directly arising from, under, or relating in any way to, the equity Interests of the Debtors, and all Claims arising out of or relating thereto, other than those arising under the ESOP that are classified as Class 9 ESOP Interests, Treasury

Interests, and Intercompany Interests held by The Newark Group in Jackson Drive Corp. and NP Cogen, Inc.

“Equity Warrants” means the Warrants issued to the Holders of Interests in Class 8, pursuant to the terms of the Warrant Agreement.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended.

“ESOP” means The Newark Group’s Employee Stock Ownership Plan, dated April 22, 2002, as the same has been modified or amended.

“ESOP Additional Put Rights” means the expanded put option under the ESOP, as amended by the ESOP Plan Amendments, pursuant to which ESOP Distributees who hold ESOP Distributed Shares during the ESOP plan year ending April 30, 2010, will be eligible for two additional sixty day periods in which to exercise their put rights, the first such period during calendar year 2011 and the second such period during calendar year 2012.

“ESOP Allocated Shares” means common stock of the Company that has been allocated to the account of any ESOP Beneficiary as of the Effective Date, but does not include any common stock of the Company that, as of the Effective Date, constitutes ESOP Distributed Shares.

“ESOP Beneficiary” means an ESOP Participant who holds ESOP Allocated Shares in its ESOP account as of the Effective Date.

“ESOP Distributed Shares” means common stock of the Company that has been distributed to an ESOP Distributee as of the Effective Date pursuant to Section 7.3 of the ESOP, provided such ESOP Distributee has, as of the Effective Date, neither (x) received payment for the ESOP Distributed Shares as to which the Participant has exercised the put right pursuant to the Bankruptcy Code and Section 7.6 of the ESOP nor (y) submitted a proof of claim in respect of the ESOP Distributed Shares.

“ESOP Distributee” means an ESOP Participant who holds ESOP Distributed Shares as of the Effective Date.

“ESOP Distributions” means ESOP distributions pursuant to the ESOP Statutory Put Right, the ESOP Additional Put Rights, and cash distributions in respect of ESOP Shares (to the extent the ESOP provides for such cash distributions in the future).

“ESOP Floor Price” means the minimum redemption price to be paid by the Company in respect of each share of New Common Stock as to which any ESOP Participant exercises the put right pursuant to Section 7.6 of the ESOP, and shall be an amount per share equal to (a) the sum of (i) total enterprise value of the Company less (ii) outstanding funded indebtedness of the Company multiplied by (b) the percentage of outstanding New Common Stock distributed in respect of the ESOP Shares divided by (c) the number of ESOP Shares, in each case as of the Effective Date and on a consolidated basis.

“ESOP Independent Fiduciary” means Grandview Capital Strategies, Inc., in its capacity as an independent fiduciary to the ESOP pursuant to Section 2.15 of the ESOP.

“ESOP Interests” means all Interests directly arising from, under, or relating in any way to, the ESOP, including the ESOP, all ESOP Allocated Shares and all ESOP Distributed Shares, and all Claims arising out of or relating thereto.

“ESOP Participant” means an ESOP Beneficiary or an ESOP Distributee.

“ESOP Plan Amendments” means the amendments to the ESOP, as described in the ESOP Settlement Agreement, which will be effective on the Effective Date and filed with the Plan Supplement.

“ESOP Settlement Agreement” means the settlement agreement by and between the ESOP Independent Fiduciary and The Newark Group, a copy of which is attached to the Disclosure Statement as Exhibit H.

“ESOP Shares” means ESOP Distributed Shares and ESOP Allocated Shares.

“ESOP Statutory Put Right” means the statutory distribution and put option requirements pursuant to Section 409(h) of the Code.

“ESOP Trust” means the trust fund created under the ESOP.

“ESOP Trustees” means the trustees of the ESOP Trust pursuant to Section 2.31 of the ESOP.

“Estate(s)” means the estate(s) of the Debtors under section 541 of the Bankruptcy Code.

“Exhibit” means an exhibit to the Plan (if any) and/or the Disclosure Statement.

“Exit Facilities” means, collectively, the ABL Exit Facility and the ORIX Exit Facility.

“Exit Facility Credit Agreements” means, collectively, the ABL Exit Facility Credit Agreement and the ORIX Exit Facility Credit Agreement.

“File,” “Filed” or “Filing” means, respectively, file, filed or filing with the Bankruptcy Court or its authorized designee in the Chapter 11 Cases.

“Final Order” means an order or judgment of the Bankruptcy Court (or other court of competent jurisdiction) entered by the clerk of the Bankruptcy Court on the docket in these Chapter 11 Cases (or on the docket of any other court of competent jurisdiction), which has not been reversed, vacated or stayed and as to which (a) the time to appeal, petition for certiorari or move for a new trial, reargument or rehearing has expired and as to which no appeal, petition for certiorari or other proceedings for a new trial, reargument or rehearing shall then be pending, or (b) if an appeal, writ of certiorari, new trial, reargument or rehearing thereof has been sought, such order or judgment of the Bankruptcy Court shall have been affirmed by the highest court to which such order was appealed, or certiorari shall have been denied or a new trial, reargument or

rehearing shall have been denied or resulted in no modification of such order, and the time to take any further appeal, petition for certiorari or move for a new trial, reargument or rehearing shall have expired; provided, however, that the possibility that a motion under Rule 59 or Rule 60 of the Federal Rules of Civil Procedure, or any analogous rule under the Bankruptcy Rules, may be Filed relating to such order, shall not cause such order not to be a Final Order.

“General Unsecured Claim” means any Claim against any of the Debtors that is not an Administrative Expense Claim, a DIP Facility Claim, a Priority Tax Claim, a Priority Non-Tax Claim, an Other Secured Claim, a Prepetition ABL Claim, a Prepetition CL Claim, a Prepetition Notes Claim, a Von Zuben Subordinated Unsecured Note Claim, or a Claim arising from an Equity Interest or an ESOP Interest, and shall include, without limitation, all Claims held by current and former employees of The Newark Group (including all accrued but unpaid obligations under the SARP and The Newark Group, Inc. Stock Option Plan), and any other employee agreement or arrangement (other than Claims and Interests arising from the ESOP), but shall not include Claims that are disallowed or released, whether by operation of law or pursuant to an order of the Bankruptcy Court, written release or settlement, the provisions of this Plan or otherwise.

“Holder(s)” means an Entity or individual holding a Claim or Interest.

“Impaired” means, with respect to any Class of Claims or Interests, “impaired” within the meaning of section 1124 of the Bankruptcy Code.

“Intercompany Claims” means all prepetition Claims against any Debtor held by another Debtor or a Non-Debtor Affiliate.

“Intercompany Interests” means all prepetition Interests of any Debtor held by any other Debtor or a Non-Debtor Affiliate.

“Intercreditor Agreement” means that certain intercreditor agreement to be executed simultaneously with the execution of the DIP Facility Credit Agreements by and among The Newark Group, Inc., Newark Group International, B.V., and certain domestic subsidiaries of The Newark Group, as borrowers, certain domestic subsidiaries of The Newark Group as guarantors; the ORIX DIP Facility Agent and the ORIX Exit Facility Agent, and Wells Fargo Bank, National Association, in its capacity as administrative agent and collateral agent under the ABL DIP Facility Credit Agreement and the ABL Exit Facility Credit Agreement; substantially in the form attached to the Disclosure Statement as Exhibit M.

“Intercreditor Agreements” means, collectively, the Prepetition Intercreditor Agreement and the Intercreditor Agreement.

“Interest(s)” means, without limitation, any equity security in any Debtor that is of a kind specified in section 101(16) of the Bankruptcy Code and any options, warrants, puts, calls, subscriptions or other similar rights or other agreements, commitments, or outstanding securities, contractual or otherwise, obligating the Debtors to issue, transfer, purchase, redeem, or sell any shares of capital stock or other securities, and/or obligating the Debtors to acquire any such interest or to convert into any such interest, any claims arising out of any appraisal or dissenter’s rights, any claims arising from rescission of a purchase, sale or other acquisition of any common

stock or other equity security (or any right, claim, or interest in and to any common stock or equity security) of the Debtors, and any claims for damages or any other relief arising from any such purchase, sale, or other acquisition of such common stock or other equity security, including Interests owned by the ESOP; provided, however, that for the purposes of treatment under the Plan, “Interest” shall not include any (x) Intercompany Interests or (y) Interests of any Debtor in the treasury of such Debtor.

“**Interim Compensation Order**” means an order, if any, Establishing Procedures for Interim Compensation and Reimbursement of Expenses of Professional Pursuant to §§ 105 and 331, which may be entered by the Bankruptcy Court.

“**Jackson Drive Mortgage**” means that Mortgage and Security Agreement dated July 19, 2004 between Jackson Drive Corp. and Liberty Commercial Mortgage Corporation, as amended through the date hereof, together with all related instruments and documents related thereto.

“**Lien**” means, with respect to any interest in property, any mortgage, lien, pledge, charge, security interest, easement or encumbrance of any kind whatsoever affecting such interest in property to secure payment of a debt or performance of an obligation.

“**Management Warrants**” means the Warrants to be granted to each member of the Current Management Group on the Effective Date pursuant to the terms of the Warrant Agreement.

“**Mullen**” means Mr. Robert H. Mullen.

“**Mullen Note**” means the promissory note dated as of April 15, 2008, made by The Newark Group, as maker, to Mullen, as payee.

“**New Common Stock**” means the shares of common stock, par value \$.01 per share, of the Reorganized Company, authorized and issued hereunder to be (i) delivered to Holders of certain Claims and Interests under the Plan; (ii) authorized for the purposes specified herein in connection with any management incentive plan to be implemented after the Effective Date; or (iii) reserved for issuance upon exercise of the Equity Warrants and the Management Warrants.

“**The Newark Group**” means The Newark Group, Inc., a New Jersey corporation.

“**Non-Debtor Affiliate(s)**” means, individually or collectively, Integrated Paper Recyclers LLC; Newark Paperboard Products, Ltd.; Newark Group International B.V.; Newark Group International, S.L.; Newark Catalana, S.L.; Newark Graphicboard Products Berlin GmbH; Alcover Cogeneración, A.I.E.; Derivados del Cartón, S.L.; Servicárrega, S.L.; Servicios y Mantenimientos de Papeleras, S.L.; Newark San Andrés, S.L.; Fibor Packaging B.V.; Videcart, S.A.; Atelier des Landes S.A.; Paper, S.A.; Newark Viersen GmbH; and Newark Energie GmbH.

“**ORIX DIP Facility**” means that certain debtor-in-possession credit agreement entered into pursuant to the ORIX DIP Facility Credit Agreement.

“**ORIX DIP Facility Agent**” means ORIX Finance Corp. as administrative agent and collateral agent under the ORIX DIP Facility Credit Agreement.

“ORIX DIP Facility Credit Agreement” means that certain Senior Secured, Super-Priority Debtor-in-Possession Credit Agreement, by and among the ORIX DIP Lenders, the ORIX DIP Facility Agent and The Newark Group, which agreement shall be consistent with the terms contained in that certain term sheet dated May 3, 2010, a copy of which is attached to the Disclosure Statement as Exhibit I and which agreement will be included in the Plan Supplement, together with all related documents and instruments delivered pursuant to or in connection therewith, as may be amended from time to time, to be entered into upon entry of the DIP Financing Order.

“ORIX DIP Facility Claims” means all Claims held by the ORIX DIP Facility Agent and the ORIX DIP Facility Lenders arising under and in connection with the ORIX DIP Facility Credit Agreement and the DIP Financing Order.

“ORIX DIP Facility Lenders” means the lenders party to the ORIX DIP Facility Credit Agreement.

“ORIX DIP Facility Term Sheet” means that certain term sheet dated May 3, 2010 setting forth the terms of the ORIX DIP Facility Credit Agreement, a copy of which is attached to the Disclosure Statement as Exhibit I.

“ORIX Exit Facility” means that certain financing facility to be entered into by the Reorganized Company on the Effective Date pursuant to the ORIX Exit Facility Credit Agreement.

“ORIX Exit Facility Agent” means ORIX Finance Corp. as administrative agent, collateral agent, and control agent for the ORIX Exit Facility Lenders under the ORIX Exit Facility Credit Agreement.

“ORIX Exit Facility Credit Agreement” means that certain Amended and Restated Loan and Security Agreement by and among The Newark Group as borrower; Cogen and certain domestic subsidiaries of The Newark Group as guarantors; the ORIX Exit Facility Lenders; and the ORIX Exit Facility Agent, dated as of the Effective Date, substantially in the form attached to the Disclosure Statement as Exhibit G, together with all related documents and instruments delivered pursuant to or in connection therewith, as may be amended from time to time.

“ORIX Exit Facility Lenders” means the lenders from time to time party to the ORIX Exit Facility Credit Agreement.

“ORIX Facility Agents” means, collectively, the ORIX DIP Facility Agent and the ORIX Exit Facility Agent.

“ORIX Facility Lenders” means, collectively, the lenders from time to time party to the ORIX Exit Facility Credit Agreement and the lenders from time to time party to the ORIX DIP Facility Credit Agreement.

“Other Secured Claim” means any Secured Claim, other than a Claim arising pursuant to or in connection with a DIP Facility, a Prepetition ABL Claim or a Prepetition CL Claim, but,

for the avoidance of doubt, including any Claim arising in connection with the Jackson Drive Mortgage.

“Petition Date” means the date on which the Debtors file their petitions to commence their Chapter 11 Cases.

“Plan” means this chapter 11 plan of reorganization, including the Exhibits (if any) to the Plan and Disclosure Statement, and all supplements, appendices and schedules thereto, either in its present form or as the same may be altered, amended or modified from time to time in accordance with the provisions of the Bankruptcy Code and with the consent of the Coalition of Prepetition Noteholders, the ORIX DIP Facility Lenders, the ORIX Exit Facility Lenders, the ORIX DIP Facility Agent, the ORIX Exit Facility Agent, the ABL DIP Facility Administrative Agent, and the ABL Exit Facility Administrative Agent.

“Plan Documents” means the documents to be executed, delivered, assumed, and/or performed in conjunction with the consummation of the Plan on or about the Effective Date, including, but not limited to, the Certificate of Incorporation, the By-Laws, the Exit Facility Credit Agreements, the Reorganized Company Stockholders’ Agreement, the DIP Facility Credit Agreements, a list of the executory contracts and unexpired leases, if any, to be rejected under this Plan, and any other documents relevant to the implementation of this Plan, each in form and substance satisfactory to the Company, the Coalition of Prepetition Noteholders, the ORIX DIP Facility Lenders, the ORIX Exit Facility Lenders, the ORIX DIP Facility Agent, the ORIX Exit Facility Agent, the ABL DIP Facility Administrative Agent, and the ABL Exit Facility Administrative Agent.

“Plan Supplement” means the compilation of documents and forms of documents, schedules, and Exhibits to the Plan (if any) to be Filed by the Debtors, each such document, schedule, and Exhibit in form and substance satisfactory to the Company, the Coalition of Prepetition Noteholders, the ORIX DIP Facility Lenders, the ORIX Exit Facility Lenders, the ORIX DIP Facility Agent, the ORIX Exit Facility Agent, the ABL DIP Facility Administrative Agent, and the ABL Exit Facility Administrative Agent, no later than ten (10) days before the deadline for filing objections to confirmation of the Plan, or such later date as may be approved by the Bankruptcy Court on notice to parties-in-interest, as it may thereafter be altered, amended, modified, or supplemented from time to time in accordance with the terms hereof, and in form and substance satisfactory to the Company, the Coalition of Prepetition Noteholders, the ORIX DIP Facility Lenders, the ORIX Exit Facility Lenders, the ORIX DIP Facility Agent, the ORIX Exit Facility Agent, the ABL DIP Facility Administrative Agent, and the ABL Exit Facility Administrative Agent, and in accordance with the Bankruptcy Code and the Bankruptcy Rules, and additional documents in form and substance satisfactory to the Company, the Coalition of Prepetition Noteholders, the ORIX DIP Facility Lenders, the ORIX Exit Facility Lenders, the ORIX DIP Facility Agent, the ORIX Exit Facility Agent, the ABL DIP Facility Administrative Agent, and the ABL Exit Facility Administrative Agent, Filed with the Bankruptcy Court before the Effective Date as amendments to the Plan Supplement.

“Plan Support Agreement” means that certain Plan Support Agreement dated as of May 7, 2010, a copy of which (without exhibits and signature pages) is attached to the Disclosure Statement as Exhibit B.

“Prepetition 2014 Notes” means those certain 9-3/4% senior unsecured subordinated notes due 2014 issued by The Newark Group on March 12, 2004, pursuant to the Prepetition Indenture as they may be amended, modified, restated or supplemented from time to time in accordance with the terms thereof.

“Prepetition ABL Administrative Agent” means Wells Fargo Bank, National Association, as successor by merger to Wachovia Bank, National Association, in its capacity as administrative agent and collateral agent under the Prepetition ABL Credit Facility.

“Prepetition ABL Claims” means all Claims arising under or in connection with the Prepetition ABL Credit Facility.

“Prepetition ABL Credit Facility” means that certain loan and security agreement dated as of March 9, 2007 by and among The Newark Group, Newark Group International, B.V., the guarantors from time to time party thereto, the Prepetition ABL Lenders, and the Prepetition ABL Administrative Agent, pursuant to which the Prepetition ABL Lenders agreed to provide certain credit facilities to the borrowers thereunder, as amended through the date hereof, together with all related instruments, documents, and agreements related thereto.

“Prepetition ABL Lenders” means those certain lenders and other financial institutions from time to time party to the Prepetition ABL Credit Facility.

“Prepetition CL Administrative Agent” means Wells Fargo Bank, National Association, as successor by merger to Wachovia Bank, National Association, in its capacity as administrative agent under the Prepetition CL Credit Facility.

“Prepetition CL Claims” means all Claims arising under or in connection with the Prepetition CL Credit Facility.

“Prepetition CL Credit Facility” means that certain loan and security agreement dated as of March 9, 2007 by and among The Newark Group, the guarantors from time to time party thereto, the Prepetition CL Lenders and the Prepetition CL Administrative Agent, pursuant to which the Prepetition CL Lenders agreed to provide term loans and arrange for the issuance of letters of credit for the benefit of the borrowers thereunder, as such loan and security agreement has been amended through the date hereof, together with all related instruments and documents related thereto.

“Prepetition CL Lenders” means those certain lenders and other financial institutions from time to time party to the Prepetition CL Credit Facility.

“Prepetition Indenture” means that certain indenture dated as of March 12, 2004 relating to the Prepetition 2014 Notes, by and between The Newark Group, the guarantors from time to time party thereto and The Bank of New York, as trustee, as it may be amended, modified, restated or supplemented and in effect from time to time in accordance with the terms thereof.

“Prepetition Indenture Trustee” means The Bank of New York or any successor thereof in its capacity as indenture trustee under the Prepetition Indenture.

“Prepetition Intercreditor Agreement” means that agreement dated as of March 9, 2007 which set forth, *inter alia*, the respective rights, liabilities, and priorities of the claims and interests of the Prepetition ABL Administrative Agent, the Prepetition ABL Lenders, the Prepetition CL Administrative Agent and the Prepetition CL Lenders.

“Prepetition Noteholder” means a Holder of a Prepetition 2014 Note.

“Prepetition Notes” means (a) the Prepetition 2014 Notes and (b) the Mullen Note.

“Prepetition Notes Claim” means any Claim against any Debtor arising under or in connection with (a) the Prepetition Indenture, the Prepetition 2014 Notes, and related documents, and (b) the Mullen Note.

“Priority Non-Tax Claim” means any Claim against the Debtors other than an Administrative Expense Claim or a Priority Tax Claim, entitled to priority in payment as specified in section 507(a) of the Bankruptcy Code.

“Priority Tax Claim” means any Claim against the Debtors of a governmental unit of the kind entitled to priority in payment as specified in sections 502(i) and 507(a)(8) of the Bankruptcy Code.

“Pro Rata” means, with respect to a Claim or Interest, that proportion that a Claim or Interest in a particular Class bears to the aggregate amount of all Claims or Interests in such Class (other than any Claims or Interests held by the Debtors) except in cases where Pro Rata is used in reference to multiple Classes, in which case Pro Rata means the proportion that a Claim or Interest in a particular Class bears to the aggregate amount of all Claims or Interests in such multiple Classes.

“Reincorporation Transactions Document” means the document outlining the transactions to be implemented for purposes of reincorporating The Newark Group as a Delaware corporation, in substantially the form to be included as part of the Plan Supplement, which shall be in form and substance satisfactory to the Coalition of Prepetition Noteholders.

“Reinstated or Reinstatement” means (a) leaving unaltered the legal, equitable and contractual rights to which a Claim entitles the Holder of such Claim so as to leave such Claim Unimpaired, or (b) notwithstanding any contractual provision or applicable law that entitles the Holder of such Claim to demand or receive accelerated payment of such Claim after the occurrence of a default, (i) curing any such default that occurred before or after the Petition Date, other than a default of a kind specified in section 365(b)(2) of the Bankruptcy Code; (ii) reinstating the maturity (to the extent such maturity has not otherwise accrued by the passage of time) of such Claim as such maturity existed before such default; (iii) compensating the Holder of such Claim for any damages incurred as a result of any reasonable reliance by such Holder on such contractual provision or such applicable law; (iv) if such Claim arises from any failure to perform a non-monetary obligation other than a default arising from failure to operate a nonresidential real property lease subject to section 365(b)(1)(A) of the Bankruptcy Code, compensating the Holder of such Claim (other than the Debtors or an Insider) for any actual pecuniary loss incurred by such Holder as a result of such failure; and (v) not otherwise altering the legal, equitable or contractual rights to which such Claim entitles the Holder of such Claim.

The Debtors reserve their legal, equitable and contractual rights and defenses to dispute the liability and/or the amount of any Reinstated Claim in any court of competent jurisdiction after the Effective Date of the Plan.

“Released Parties” means (i) the Debtors, (ii) the Non-Debtor Affiliates, (iii) the Coalition of Prepetition Noteholders, (iv) the Prepetition Noteholders, (v) the Prepetition Indenture Trustee, (vi) the lenders, the administrative agent and the collateral agent under the Prepetition ABL Credit Facility (to the extent not previously released and discharged) and the Prepetition CL Credit Facility (including but not limited to the members of the Ad Hoc Consortium of Prepetition CL Lenders), (vii) the DIP Facility Lenders and the DIP Facility Agents, (viii) the present and former directors, officers and employees of the Debtors and the Non-Debtor Affiliates who were serving in such capacity on or after the Petition Date, (ix) any attorneys, financial advisors, investment bankers, accountants, consultants, or other professionals of the parties described in clauses (i) through (viii) hereof (including, without limitation, the Coalition Advisors and the Advisors to the Ad Hoc Consortium of Prepetition CL Lenders); provided, however, that such attorneys and professional advisors shall only include those that provided services related to the Debtors, the Chapter 11 Cases, the Solicitation Materials, the Disclosure Statement, the Plan, the Plan Support Agreement, and all financing and other transactions leading up to and contemplated by this Plan, and (x) the officers, directors, employees, agents, affiliates, predecessors, successors and assigns of each of the parties described in clauses (i) through (ix) hereof.

“Reorganized Company” means The Newark Group, Inc. and any successor thereto on or after the Effective Date, after giving effect to the restructuring transactions occurring on or before the Effective Date in accordance with the Reincorporation Transactions Document and this Plan.

“Reorganized Company Stockholders’ Agreement” means that certain stockholders agreement to be entered into (or deemed to be entered into) by the Reorganized Company and the Holders of New Common Stock, other than Holders of New Common Stock received as a result of ESOP Interests that do not arise from, under, or relate to ESOP Distributed Shares, on the Effective Date, substantially in the form attached to the Disclosure Statement as Exhibit F.

“Reorganized Debtors” means the Debtors or any successors thereto by merger, consolidation or otherwise, on or after the Effective Date, after giving effect to the restructuring transactions occurring on or before the Effective Date in accordance with this Plan.

“SARP” means the Company’s Stock Appreciation Rights Program.

“Savings and Pension Plans” means (i) those two defined savings plan for the benefit of the Company’s employees that are qualified under section 401(k) of the Internal Revenue Code; and (ii) those seven (7) defined benefit pension plans for certain of the Company’s employees; each of which plan is administered by Diversified Investment Advisors.

“Schedules” means, to the extent the requirement to file the Schedules is not waived by the Bankruptcy Court, the schedules of assets and liabilities and the statements of financial affairs that will be Filed by the Debtors pursuant to section 521 of the Bankruptcy Code,

Bankruptcy Rule 1007, and the Official Bankruptcy Forms of the Bankruptcy Rules, as such schedules and statements have been or may be supplemented or amended through the Confirmation Date.

“Secured Claim” means, pursuant to section 506 of the Bankruptcy Code, that portion of a Claim against any Debtor that is reflected in the Schedules or a proof of claim Filed as a secured claim which is (a) secured by a valid, perfected and enforceable security interest, lien, mortgage or other encumbrance, that is not subject to avoidance under applicable bankruptcy or non-bankruptcy law, in or upon any right, title or interest of any Debtor in and to property of the relevant Estate, to the extent of the value of the Holder’s interest in such property as of the relevant determination date or (b) Allowed as such pursuant to the terms of this Plan (subject to the occurrence of the Effective Date). The defined term “Secured Claim” includes any Claim against any Debtor that is subject to a permissible setoff under section 553 of the Bankruptcy Code, to the extent of such permissible setoff.

“Solicitation Period” means that certain period during which the Debtors will distribute for voting the Solicitation Package to, among others, Holders of Impaired Claims and Interests.

“Subsidiary Interests” means, collectively, all of the issued and outstanding shares of stock or membership interests of Jackson, Cogen, and the Non-Debtor Affiliates, existing prior to the Effective Date, which stock and interests are owned, directly or indirectly, by The Newark Group.

“Terms of Management Compensation and Employment for Reorganized The Newark Group, Inc.” means the term sheet setting forth the terms of employment and compensation of certain executives of The Newark Group after the Effective Date, substantially in the form as attached to the Disclosure Statement as Exhibit L.

“Treasury Interests” means Interests of any Debtor held in the treasury of such Debtor.

“TNG Global” means, collectively, the Debtors and the Non-Debtor Affiliates.

“Unimpaired” means, with respect to a Claim or Interest, that such Claim or Interest is not Impaired within the meaning of section 1124 of the Bankruptcy Code as a result of being either (a) Reinstated or (b) paid in full and in Cash on or prior to the Effective Date pursuant to the terms of this Plan or any order of the Bankruptcy Court.

“Von Zuben” means Mr. Frederick G. von Zuben.

“Von Zuben Settlement Agreement” means the settlement agreement by and between Von Zuben and The Newark Group, effective as of May 7, 2010.

“Von Zuben New Subordinated Notes” means two separate subordinated notes to be issued by the Reorganized Debtor to Von Zuben on the Effective Date in the principal amounts of \$800,000 and \$550,000, substantially in the forms attached to the Disclosure Statement as Exhibit E.

“Von Zuben Subordinated Unsecured Note” means the subordinated Installment Promissory Note dated August 10, 2005 between The Newark Group, as maker, and Von Zuben, as payee.

“Von Zuben Subordinated Unsecured Note Claim” means any and all Claims of Von Zuben arising under or in connection with the Von Zuben Subordinated Unsecured Note.

“Voting Agent” means Kurtzman Carson Consultants, LLC.

“Voting Deadline” means 5:00 P.M. Eastern Time on June 7, 2010, unless extended by the Debtors with the consent of the Coalition of Prepetition Noteholders, the ORIX DIP Facility Lenders, the ORIX Exit Facility Lenders, the ORIX DIP Facility Agent, and the ORIX Exit Facility Agent.

“Voting Record Date” means May 4, 2010, the date established by the Debtors for determining the Holders of Claims and Interests entitled to vote on the Plan.

“Warrants” means the warrants to be issued under this Plan pursuant to the terms of the Warrant Agreement.

“Warrant Agreement” means the form of warrant agreement for issuance with respect to the Equity Warrants and the Management Warrants in substantially the form attached to the Disclosure Statement as Exhibit N.

1.2 Rules of Interpretation

For purposes of this Plan, unless otherwise provided herein: (a) whenever from the context it is appropriate, each term, whether stated in the singular or the plural, will include both the singular and the plural; (b) unless otherwise provided in this Plan, any reference in this Plan to a contract, instrument, release, or other agreement or document being in a particular form or on particular terms and conditions means that such document will be substantially in such form or substantially on such terms and conditions; (c) any reference in this Plan to an existing document, schedule or exhibit means such document, schedule, or exhibit, as it may have been or may be amended, modified, or supplemented pursuant to this Plan; (d) any reference to an Entity as a Holder of a Claim or Interest includes that Entity’s successors and assigns; (e) all references in this Plan to Sections, Articles and Schedules are references to Sections, Articles and Schedules of or to this Plan as the same may be amended, waived or modified from time to time; (f) the words “herein,” “hereof,” “hereto,” “hereunder,” and other words of similar import refer to this Plan as a whole and not to any particular section, subsection or clause contained in this Plan; (g) captions and headings to Articles and Sections are inserted for convenience of reference only and are not intended to be a part of or to affect the interpretation of this Plan; (h) subject to the provisions of any contract, certificates or articles of incorporation, by-laws, instruments, releases, or other agreements or documents entered into in connection with this Plan, the rights and obligations arising under this Plan shall be governed by, and construed and enforced in accordance with, federal law, including the Bankruptcy Code and Bankruptcy Rules; (i) the rules of construction set forth in section 102 of the Bankruptcy Code will apply; and (j) in computing any period of time prescribed or allowed by this Plan, the provisions of Bankruptcy Rule 9006(a) will apply.

1.3 Exhibits

All Exhibits attached to this Plan (if any) and the Disclosure Statement are incorporated into and are a part of this Plan as if set forth in full herein. However, notwithstanding anything to the contrary herein, any failure by any Debtor or Non-Debtor Affiliate to observe or perform any term or condition of any Exhibit so incorporated shall not be deemed to be a failure to observe or perform any term or condition of, or constitute an Event of Default under, this Plan: (i) unless and until any cure or grace period provided in the applicable Exhibit shall have expired without cure; or (ii) if such failure under the applicable Exhibit shall have been waived as provided therein.

SECTION II

CLASSIFICATION OF CLAIMS AND INTERESTS

All Claims and Interests, except Administrative Expense Claims, DIP Facility Claims and Priority Tax Claims, are placed in the Classes set forth below. In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Expense Claims, DIP Facility Claims and Priority Tax Claims, as described below, have not been classified.

A Claim or Interest is placed in a particular Class only to the extent that the Claim or Interest qualifies within the description of such Class and is in a different Class to the extent that it qualifies within the description of such different Class, but the same portion of a Claim may not be in more than one Class. A Claim or Interest is also placed in a particular Class for all purposes, including voting, confirmation and distribution under this Plan and under sections 1122 and 1123(a)(1) of the Bankruptcy Code. However, a Claim or Interest is placed in a particular Class for the purpose of receiving distributions pursuant to this Plan only to the extent that such Claim or Interest is an Allowed Claim or Interest in that Class and such Claim or Interest has not been paid, released or otherwise settled prior to the Effective Date.

2.1 Unclassified Claims

The following Unclassified Claims are Unimpaired under this Plan:

- A. **Administrative Expense Claims**
- B. **DIP Facility Claims**
- C. **Priority Tax Claims**

2.2 Classified Claims

The following are the Classes of Claims established under this Plan:

- A. **Class 1: Priority Non-Tax Claims.** Class 1 consists of all Priority Non-Tax Claims against the Debtors. Claims in Class 1 are Unimpaired. Holders of Claims in Class 1 will be deemed to accept the Plan and are not entitled to vote to accept or reject the Plan.

- B. **Class 2: Other Secured Claims.** Class 2 consists of all Other Secured Claims against the Debtors, including the Jackson Drive Mortgage. Claims in Class 2 are Unimpaired. Holders of Claims in Class 2 will be deemed to accept the Plan and are not entitled to vote to accept or reject the Plan.
- C. **Class 3: Prepetition ABL Claims.** Class 3 consists of all Prepetition ABL Claims against the Debtors. Claims in Class 3 are Unimpaired. Holders of Claims in Class 3 will be deemed to accept the Plan and are not entitled to vote to accept or reject the Plan.
- D. **Class 4: Prepetition CL Claims.** Class 4 consists of all Prepetition CL Claims against the Debtors. Claims in Class 4 are Unimpaired. Holders of Claims in Class 4 will be deemed to accept the Plan and are not entitled to vote to accept or reject the Plan.
- E. **Class 5: General Unsecured Claims.** Class 5 consists of all General Unsecured Claims against the Debtors. Claims in Class 5 are Unimpaired. Holders of Claims in Class 5 will be deemed to accept the Plan and are not entitled to vote to accept or reject the Plan.
- F. **Class 6: Prepetition Notes Claims.** Class 6 consists of all Prepetition Notes Claims against the Debtors. Claims in Class 6 are Impaired. Holders of Claims in Class 6 are entitled to vote to accept or reject the Plan.
- G. **Class 7: Von Zuben Subordinated Unsecured Note Claim.** Class 7 consists of the Von Zuben Subordinated Unsecured Note Claim. Holders of the Class 7 Claim are Impaired. Holders of Claims in Class 7 are entitled to vote to accept or reject the Plan.

2.3 **Classes of Interests**

The following are the Classes of Interests established under this Plan:

- A. **Class 8: Equity Interests.** Class 8 consists of all Interests directly arising from, under, or relating in any way to, the Equity Interests of the Debtors, and all Claims arising out of or relating thereto, other than those arising under the ESOP that are classified as Class 9 ESOP Interests, Treasury Interests, and Intercompany Interests held by The Newark Group in Jackson Drive Corp. and NP Cogen, Inc. Interests in Class 8 are Impaired. Holders of Interests in Class 8 are entitled to vote to accept or reject the Plan.²
- B. **Class 9: ESOP Interests.** Class 9 consists of all Interests directly arising from, under, or relating in any way to, the ESOP, including the ESOP, all ESOP Allocated Shares and all ESOP Distributed Shares, and all Claims arising out of

² Pursuant to Section 3.5 herein, the Interests in Debtors Jackson Drive Corp. and NP Cogen, Inc. owned by The Newark Group will not be Impaired. Therefore, the Intercompany Interests owned by the Newark Group in Jackson Drive Corp. and NP Cogen, Inc. are not entitled to, and will not, vote on the Plan.

or relating thereto. Interests in Class 9 are Impaired. Holders of Interests in Class 9 are entitled to vote to accept or reject the Plan.

SECTION III

TREATMENT OF CLAIMS AND INTERESTS

3.1 Unclassified Claims

A. *Administrative Expense Claims.* In full satisfaction, settlement, release, and discharge of and in exchange for each Allowed Administrative Expense Claim, each Holder of an Allowed Administrative Expense Claim will receive payment in full and in Cash of any unpaid portion of such Allowed Administrative Expense Claim as follows:

- (i) with respect to the Allowed Coalition Advisor Claims, in the ordinary course of business but no later than the Effective Date without the requirement to file a retention application or fee application with the Bankruptcy Court, with any unused portion of the retainers held by the Coalition Advisors to be refunded to the Debtors within forty-five (45) days of the Effective Date;
- (ii) in the case of professional advisors, subject to the provisions of sections 328, 330, 331 and 503(b) of the Bankruptcy Code and the Interim Compensation Order, as soon as practicable after final Bankruptcy Court approval thereof;
- (iii) in the case of the Prepetition Indenture Trustee, (x) payment in the ordinary course of business (subject to the Debtors' prior receipt of invoices and reasonable documentation in connection therewith and without the requirement to file a fee application with the Bankruptcy Court), but no later than the Effective Date, of the Prepetition Indenture Trustee Claims, provided that such fees, costs and expenses are reimbursable under the terms of the Prepetition Indenture and (y) payment in the ordinary course of business (subject to the Debtors' prior receipt of invoices and reasonable documentation in connection therewith) of all reasonable fees, costs, and expenses incurred by the Prepetition Indenture Trustee after the Effective Date, to the extent the Prepetition Indenture Trustee is involved in making distributions on account of the Prepetition Notes Claims; and
- (iv) with respect to each other Allowed Administrative Expense Claim, (x) payment in the ordinary course of business as such claims become due; provided, however, that Allowed Administrative Expense Claims not yet due or that represent obligations incurred by the Debtors in the ordinary course of business during the Chapter 11 Cases, or assumed by the Debtors during the Chapter 11 Cases, shall be paid or performed when due

in the ordinary course of business and in accordance with the terms and conditions of the particular agreements governing such obligations, (y) such other date as may be agreed upon between the Holder of such Allowed Administrative Expense Claim and the Debtors, or (z) as provided for in a Final Order.

B. **DIP Facility Claims.**

- (i) **ABL DIP Facility Claims.** The ABL DIP Facility Claims shall be deemed Allowed in their entirety for all purposes under the Plan and the Chapter 11 Cases, and shall not be subject to avoidance, reduction, setoff, re-characterization, subordination (whether equitable, contractual or otherwise), counterclaim, cross-claim, defense, disallowance, impairment, objection, or any other challenges under any applicable law, rule, or regulation by any Person. On the Effective Date, in full satisfaction, settlement, release, and discharge of and in exchange for each Allowed ABL DIP Facility Claim, each Holder of an Allowed ABL DIP Facility Claim shall either be paid in full and in Cash from the proceeds of the ABL Exit Facility or otherwise or receive such treatment as to which the Holders of any ABL DIP Facility Claims shall have agreed upon in writing. Notwithstanding anything to the contrary herein, the liens and security interests securing the ABL DIP Facility Claims shall continue in full force and effect in accordance with the terms, conditions, and covenants of the ABL Exit Facility Credit Agreement, or until such time as the Allowed ABL DIP Facility Claims have been indefeasibly paid in full and in Cash and all commitments under the ABL DIP Facility are cancelled, after which such liens and security interests shall be deemed terminated in accordance with the terms of the ABL DIP Facility Credit Agreement. Each Allowed ABL DIP Facility Claim shall include all unpaid interest, fees, costs, and other charges through the Effective Date, accrued at the rates provided for in the ABL DIP Facility Credit Agreement.
- (ii) **ORIX DIP Facility Claims.** The ORIX DIP Facility Claims shall be deemed Allowed in their entirety for all purposes of the Plan and the Chapter 11 Cases, and, for the avoidance of doubt, shall not be subject to avoidance, reduction, setoff, offset, re-characterization, subordination (whether equitable, contractual, or otherwise), counterclaim, cross-claim, defense, disallowance, impairment, objection, or any other challenges under any applicable law, rule, or regulation by any Person. On the Effective Date, in full satisfaction, settlement, release, and discharge of and in exchange for each Allowed ORIX DIP Facility Claim, each Holder of an Allowed ORIX DIP Facility Claim shall either be paid in full and in Cash from the proceeds of the ORIX Exit Facility or otherwise receive such treatment as to which the Holders of any ORIX DIP Facility Claims shall have agreed upon in writing, and all commitments under the ORIX DIP Facility Credit Agreement shall be cancelled. Notwithstanding

anything to the contrary herein, the liens and security interests securing the ORIX DIP Facility Claims shall continue in full force and effect in accordance with the terms, conditions, and covenants of the ORIX Exit Facility Credit Agreement or, if the ORIX Exit Facility Agreement is not entered into, until such time as all of the Allowed ORIX DIP Facility Claims have been indefeasibly paid in full and in Cash and all commitments under the ORIX DIP Facility are cancelled, after which such liens and security interests shall be deemed terminated in accordance with the terms of the ORIX DIP Facility Credit Agreement. Each Allowed ORIX DIP Facility Claim shall include all unpaid interest, fees, costs, and other charges through to the Effective Date, accrued at the rates provided for in the ORIX DIP Facility Credit Agreement.

- C. **Priority Tax Claims.** In full satisfaction, settlement, release, and discharge of and in exchange for each Allowed Priority Tax Claim, in the ordinary course of business as such claims become due, each Holder of an Allowed Priority Tax Claim shall receive, at the election of the Debtors: (i) Cash equal to the amount of such Allowed Priority Tax Claim; (ii) such other treatment as to which the Debtors or the Reorganized Debtors and the Holder of such Allowed Priority Tax Claim shall have agreed upon in writing; or (iii) such other treatment as will cause such Claim not to be Impaired; provided, however, that any Priority Tax Claim not due and owing on the Effective Date will be paid when such Claim becomes due and owing.

3.2 **Classes of Claims**

Unless the Holder of a Claim and the Debtors, with the approval of the Coalition of Prepetition Noteholders, the ORIX DIP Facility Lenders, the ORIX Exit Facility Lenders, the ORIX DIP Facility Agent, the ORIX Exit Facility Agent, the ABL DIP Facility Administrative Agent, and the ABL Exit Facility Administrative Agent, agree to a different treatment, each Holder of a Claim shall receive as follows:

- A. **Class 1: Priority Non-Tax Claims.** Each Holder of an Allowed Priority Non-Tax Claim shall have its Claim Reinstated to the extent that such Claim is not paid in the ordinary course of business prior to the Effective Date.
- B. **Class 2: Other Secured Claims.** Each Holder of an Allowed Other Secured Claim shall have its Claim Reinstated and shall retain its Lien on the property that secures each such Claim, to the extent that such Claim is not paid in the ordinary course of business prior to the Effective Date.
- C. **Class 3: Prepetition ABL Claims.** The Prepetition ABL Claims shall be deemed Allowed for all purposes of this Plan and the Chapter 11 Cases. In full satisfaction, settlement, release, and discharge of and in exchange for each Allowed Prepetition ABL Claim (to the extent such Allowed Prepetition ABL Claim has not been previously indefeasibly paid in full, satisfied and released), each Holder of an Allowed Prepetition ABL Claim shall have been paid in full

and in Cash from the proceeds of the ABL DIP Facility or otherwise on the day the ABL DIP Facility closes, or shall have received such treatment as to which each Holder of an Allowed Prepetition ABL Claim shall have agreed upon, in accordance with the terms of the ABL DIP Facility, including, without limitation, a release and discharge of each Holder of an Allowed Prepetition ABL Claim. Each Allowed Prepetition ABL Claim shall include all unpaid interest accrued at the rate provided for in the Prepetition ABL Credit Facility up to the date the DIP Financing Order is entered, plus fees, costs and other charges provided for under the Prepetition ABL Credit Facility up to the day the DIP Financing Order is entered.

- D. **Class 4: Prepetition CL Claims.** The Prepetition CL Claims shall be deemed Allowed for all purposes of this Plan and the Chapter 11 Cases. In full satisfaction, settlement, release, and discharge of and in exchange for each Allowed Prepetition CL Claim (to the extent such Allowed Prepetition CL Claim has not been previously indefeasibly paid in full, satisfied and released), each Holder of an Allowed Prepetition CL Claim shall be paid in full and in Cash from the proceeds of the ORIX DIP Facility or otherwise on the day the ORIX DIP Facility closes, or shall have received such treatment as to which each Holder of an Allowed Prepetition CL Claim shall have agreed upon, in accordance with the terms of the ORIX DIP Facility, including, without limitation, a release and discharge of each Holder of an Allowed Prepetition CL Claim. Each Allowed Prepetition CL Claim shall include all unpaid interest accrued at the rate provided for in the Prepetition CL Credit Facility up to the day the Prepetition CL Claims are paid in full and in Cash from the proceeds of the ORIX DIP Facility or otherwise.
- E. **Class 5: General Unsecured Claims.** Each Holder of an Allowed General Unsecured Claim shall have its Claim Reinstated to the extent that such Claim is not paid in the ordinary course of business prior to the Effective Date.
- F. **Class 6: Prepetition Notes Claims.** The Prepetition Notes Claims shall be deemed Allowed for all purposes of this Plan and the Chapter 11 Cases. On the Effective Date, in full satisfaction, settlement, release, and discharge of and in exchange for each Allowed Prepetition Notes Claim, each Holder of an Allowed Prepetition Notes Claim shall receive its Pro Rata share of 96.5% of the New Common Stock to be issued on the Effective Date, subject to dilution by all subsequent issuances of shares, including pursuant to the exercise of the Equity Warrants and the Management Warrants, provided that, as a condition to receipt of New Common Stock, each Holder of a Prepetition Notes Claim will be required to execute a counterpart of the Reorganized Company Stockholders' Agreement. The Debtors shall pay all Coalition Advisor Claims and the reasonable fees and expenses of any counsel for the Prepetition Indenture Trustee incurred in connection with the Chapter 11 Cases, in each case, without the need for any application to the Bankruptcy Court. Except to the extent set forth in this Plan, all contractual subordination provisions shall remain in place and shall continue to be enforceable on and after the Effective Date. On the Effective Date,

the Prepetition Indenture shall be cancelled, provided, however, that those provisions contained in the Prepetition Indenture shall continue in effect solely for the purposes of (a) allowing the Prepetition Indenture Trustee or the Disbursing Agent, as applicable, to make distributions on account of Class 6, and to perform such other necessary administrative functions with respect thereto, and (b) permitting such parties to maintain any rights (but not any liens) they may have for fees, costs, and expenses thereunder, which provisions shall continue in accordance with the terms of the Prepetition Indenture. On the Effective Date, the Mullen Note shall be cancelled.

- G. **Class 7: Von Zuben Subordinated Unsecured Note Claim.** The Von Zuben Subordinated Unsecured Note Claim shall be deemed Allowed for all purposes of this Plan and the Chapter 11 Cases. In full satisfaction, settlement, release, and discharge of and in exchange for the Von Zuben Subordinated Unsecured Note Claim, Von Zuben shall be entitled to receive: (a) a Cash payment of \$250,000 payable not later than three (3) Business Days after the Effective Date; (b) the Von Zuben New Subordinated Notes; and (c) a Cash payment of not more than \$15,000, payable not later than the later of (x) three (3) Business Days after the Effective Date and (y) receipt by the Reorganized Debtor of an invoice therefor in respect of the fees and expenses of counsel to Von Zuben incurred in connection with negotiation of the Von Zuben Settlement Agreement. The distributions made to the Holders of the Von Zuben Subordinated Unsecured Note Claim will not be subject to any of the subordination provisions contained in the Von Zuben Subordinated Unsecured Note. On the Effective Date, the Von Zuben Subordinated Unsecured Note shall be cancelled.

3.3 **Classes of Interests**

Unless the Holder of an Interest and the Debtors, with the approval of the Coalition of Prepetition Noteholders, the ORIX DIP Facility Lenders, the ORIX Exit Facility Lenders, the ORIX DIP Facility Agent, the ORIX Exit Facility Agent, the ABL DIP Facility Administrative Agent, and the ABL Exit Facility Administrative Agent agree to a different treatment, each Holder of an Interest shall receive as follows:

- A. **Class 8: Equity Interests.** Each Holder of an Equity Interest shall have its Equity Interest cancelled, annulled and extinguished on the Effective Date. On the Effective Date, in full satisfaction, settlement, release, and discharge of and in exchange for each Equity Interest, each Holder of an Equity Interest shall receive its Pro Rata share of (i) 1.5% of the New Common Stock to be issued on the Effective Date, subject to dilution by all subsequent issuances of shares, including pursuant to the exercise of the Equity Warrants and the Management Warrants, and (ii) five year Equity Warrants to purchase 15% of the New Common Stock to be issued on the Effective Date, (calculated by including the aggregate number of shares issuable upon exercise of the Equity Warrants, but not including the shares issuable upon exercise of the Management Warrants), subject to dilution by all subsequent issuances of shares, including pursuant to the exercise of the Management Warrants, at a price based on an equity value of \$157.5 million in

consideration of the cancellation of its Equity Interests; provided that, as a condition to receipt of New Common Stock, each Holder of a Class 8 Interest will be required to execute a counterpart of the Reorganized Company Stockholders' Agreement.

- B. **Class 9: ESOP Interests.** On the Effective Date, (i) each Holder of an ESOP Interest, including the ESOP and all ESOP Participants, shall have its ESOP Shares cancelled, annulled and extinguished; (ii) in full satisfaction, settlement, release, and discharge of and in exchange for the cancelled ESOP Shares, the ESOP, as amended by the ESOP Plan Amendments, shall be assumed by the Reorganized Company, and the Reorganized Company shall continue to perform its obligations under the ESOP as amended by the ESOP Plan Amendments; (iii) the ESOP Participants shall receive their Pro Rata share of 2% of the New Common Stock to be issued on the Effective Date, subject to dilution by all subsequent issuances of shares including pursuant to the exercise of the Equity Warrants and the Management Warrants, provided, however, that the New Common Stock to be issued on account of the ESOP Allocated Shares shall be distributed to the ESOP and allocated to the accounts of the ESOP Beneficiaries on a Pro Rata basis, and each Holder of a Class 9 Interest (other than the ESOP) will be required, as a condition to such Holder's receipt of New Common Stock, to execute a counterpart of the Reorganized Company Stockholders' Agreement; and (iv) to the extent that (a) with respect to an ESOP Beneficiary's ESOP Allocated Shares, the ESOP Beneficiary instructs the ESOP Independent Fiduciary to direct the ESOP Trustees to vote such shares in favor of the Plan and (b) with respect to an ESOP Distributee's ESOP Distributed Shares, the ESOP Distributee votes such shares in favor of the Plan, such ESOP Beneficiary and ESOP Distributee will unconditionally cancel, waive and release any current or potential claims and interests that it holds, or that could be brought on its behalf by the ESOP or any fiduciary of the ESOP, against the Company and any present or former fiduciaries or administrators of the ESOP (as determined immediately prior to the Effective Date) relating to the ESOP with respect to any and all ESOP Interests, including as described in Section 10.2 herein, in each case to the extent permitted by the Code, the Bankruptcy Code and ERISA.

3.4 Special Provision Regarding Unimpaired and Reinstated Claims

Except as otherwise specifically provided in this Plan, nothing herein shall be deemed to affect, diminish or impair the Debtors' or the Reorganized Debtors' rights and defenses, both legal and equitable, with respect to any Reinstated Claim or Unimpaired Claim, including, but not limited to, legal and equitable defenses to setoffs or recoupment against Reinstated Claims or Unimpaired Claims; and, except as otherwise specifically provided in this Plan, nothing herein shall be deemed to be a waiver or relinquishment of any Claim, Cause of Action, right of setoff, or other legal or equitable defense which the Debtors had immediately prior to the Commencement Date, against or with respect to any Claim left Unimpaired by the Plan. The Reorganized Debtors shall have, retain, reserve, and be entitled to assert all such Claims, Causes of Action, rights of setoff, and other legal or equitable defenses which they had immediately prior to the Commencement Date fully as if the Chapter 11 Cases had not been commenced, and

all of the Reorganized Debtors' legal and equitable rights respecting any Reinstated Claim or Claim left Unimpaired by the Plan may be asserted after the Confirmation Date to the same extent as if the Chapter 11 Cases had not been commenced.

3.5 Intercompany Claims and Intercompany Interests; Treasury Interests

Notwithstanding anything to the contrary contained in this Plan, Intercompany Claims and Intercompany Interests by and between the Debtors and Non-Debtor Affiliates shall be Unimpaired and shall remain in full force and effect on and after the Effective Date.

Notwithstanding anything to the contrary contained in this Plan, Interests of any Debtor held in the treasury of such Debtor shall be cancelled, annulled and extinguished without consideration on the Effective Date.

3.6 Claims and Interests Entitled to Vote

According to the Bankruptcy Code, only Holders of Impaired Claims and Interests are entitled to vote. The Disclosure Statement, the Plan, and related materials (the "**Solicitation Package**") are being furnished prior to the commencement of the Chapter 11 Cases to, and the Debtors are soliciting votes on the Plan from, the Holders of Allowed Claims and Interests in Classes 6, 7, 8, and 9, which Classes are deemed to be Impaired, as follows:

- A. Holders of the Prepetition Notes Claims, including Mullen and those whose names (or the names of whose nominees) appear as of the Voting Record Date in the list of Holders maintained by the Prepetition Indenture Trustee or in the list of participants provided by the DTC;
- B. Von Zuben, as the Holder of the Class 7 Von Zuben Subordinated Unsecured Note Claim as of the Voting Record Date;
- C. Holders of Equity Interests whose names appear in the Debtors' records as of the Voting Record Date; and
- D. Holders of ESOP Interests, including the ESOP, ESOP Beneficiaries, and ESOP Distributees, whose names appear on the records maintained by the ESOP Trustees and the Debtors as of the Voting Record Date.

IF SUCH NOMINEES OF THE HOLDERS OF ELIGIBLE CLAIMS AND/OR INTERESTS DO NOT HOLD FOR THEIR OWN ACCOUNT, THEY SHOULD PROVIDE COPIES OF THE SOLICITATION PACKAGE TO THE BENEFICIAL OWNERS OF THEIR ELIGIBLE CLAIMS AND/OR INTERESTS.

SECTION IV

ACCEPTANCE OR REJECTION OF THE PLAN

4.1 Acceptance by an Impaired Class

In accordance with section 1126(c) of the Bankruptcy Code and except as provided in section 1126(e) of the Bankruptcy Code, an Impaired Class of Claims shall have accepted this Plan if this Plan is accepted by the Holders of at least two-thirds (2/3) in dollar amount and more than one-half (1/2) in number of the Claims of such Class that have timely and properly voted to accept or reject this Plan. In accordance with section 1126(d) of the Bankruptcy Code and except as provided in section 1126(e) of the Bankruptcy Code, an Impaired Class of Interests shall have accepted this Plan if this Plan is accepted by Holders of at least two-thirds (2/3) in amount of Allowed Interests of such Class that have timely and properly voted to accept or reject this Plan.

4.2 Presumed Acceptances by Unimpaired Classes

Classes 1, 2, 3, 4, and 5 are Unimpaired by this Plan. Under section 1126(f) of the Bankruptcy Code, Holders of such Claims are conclusively presumed to accept this Plan, and thus the votes of the Holders of such Claims will not be solicited.

4.3 Summary of Classes Voting on this Plan

As a result of the provisions of Sections 3.1, 3.2, and 3.3 of this Plan, only the votes of Holders of Claims and Interests in Classes 6, 7, 8, and 9 will be solicited with respect to this Plan.

4.4 Non-Consensual Confirmation

If any Impaired Class fails to accept this Plan by the requisite statutory majorities, the Debtors, with the consent of the Coalition of Prepetition Noteholders, the ORIX DIP Facility Lenders, the ORIX Exit Facility Lenders, the ORIX DIP Facility Agent, the ORIX Exit Facility Agent, the ABL DIP Facility Administrative Agent, and the ABL Exit Facility Administrative Agent, reserve the right (i) to confirm this Plan by a “cram-down” of such non-accepting Class pursuant to section 1129(b) of the Bankruptcy Code other than with respect to Class 6 Prepetition Notes Claims and (ii) to propose any modifications to this Plan and to confirm this Plan as modified, without re-solicitation, to the extent permitted by the Bankruptcy Code, with the consent of the Coalition of Prepetition Noteholders, the ORIX DIP Facility Lenders, the ORIX Exit Facility Lenders, the ORIX DIP Facility Agent, the ORIX Exit Facility Agent, the ABL DIP Facility Administrative Agent, and the ABL Exit Facility Administrative Agent.

SECTION V

MEANS FOR IMPLEMENTATION OF THE PLAN

5.1 Authorization and Issuance of New Common Stock

- A. *Issuance of New Common Stock.* On the Effective Date, the Reorganized Company shall issue an aggregate of 28,730,100 shares of New Common Stock. Each Holder of an Allowed Prepetition Notes Claim will receive, in consideration of the cancellation of its Allowed Prepetition Notes Claim, its Pro Rata share of 96.5% of the New Common Stock to be issued on the Effective Date, subject to dilution by all subsequent issuances of shares, including pursuant to the exercise of the Equity Warrants and the Management Warrants, provided that, as a condition to receipt of New Common Stock, each Holder of a Prepetition Notes Claim will be required to execute a counterpart of the Reorganized Company Stockholders' Agreement. Each Holder of an Equity Interest shall receive, in consideration of the cancellation of its Equity Interests, its Pro Rata share of (i) 1.5% of the New Common Stock to be issued on the Effective Date, subject to dilution by all subsequent issuances of shares, including pursuant to the exercise of the Equity Warrants and the Management Warrants, and (ii) five year Equity Warrants to purchase 15% of the New Common Stock to be issued on the Effective Date, (calculated by including the aggregate number of shares issuable upon exercise of the Equity Warrants, but not including the shares issuable upon exercise of the Management Warrants), subject to dilution by all subsequent issuances of shares, including pursuant to the exercise of the Management Warrants, at a price based on an equity value of \$157.5 million, in consideration of the cancellation of shares of its Equity Interests; and the ESOP and each ESOP Distributee shall receive, in consideration of: (1) the cancellation of its ESOP Shares; and (2) if the ESOP Participant provided voting instructions to vote in favor of the Plan or voted directly in favor of the Plan, the cancellation, waiver, and release of the claims described in Section 10.2 of this Plan; its Pro Rata share of 2% of the New Common Stock to be issued on the Effective Date, subject to dilution by all subsequent issuances of shares, including pursuant to the exercise of the Equity Warrants and the Management Warrants; provided that, as a condition to receipt of New Common Stock, each Holder of a Class 8 Interest or a Class 9 Interest, other than the ESOP, will be required to execute a counterpart of the Reorganized Company Stockholders' Agreement. As of the Effective Date, all Interests that have been authorized to be issued but that have not been issued and all Treasury Interests shall be deemed cancelled and extinguished without any further action of any party. The New Common Stock shall not be registered under the Securities Act of 1933, as amended, and shall not be listed for public trading on any securities exchange. Distribution of such New Common Stock shall be made by delivery of one or more certificates representing such shares as described herein or made by means of book-entry exchange through the facilities of DTC in accordance with the customary practices of DTC, as and to the extent practicable, as provided in Section 6.5 herein. The Certificate of Incorporation will set forth the rights and preferences under the New Common Stock. On the

Effective Date, except as otherwise provided for herein, all Interests, including any stockholder agreements, registration rights agreements, repurchase agreements and repurchase arrangements, or other instruments or documents evidencing or creating any obligations of any Debtor that relate to Interests that are Impaired under this Plan shall be cancelled, and the obligations of the Debtors under any stockholder agreements, registration rights agreements, repurchase agreements and repurchase arrangements shall be discharged. The issuance of New Common Stock, Warrants, any additional shares of New Common Stock issuable upon exercise of the Warrants, and any other securities pursuant to this Plan and any subsequent sales, resales, transfers, or other distributions of such securities shall be exempt from any federal or state securities laws registration requirements to the fullest extent permitted by section 1145 of the Bankruptcy Code.

- B. **Reorganized Company Stockholders' Agreement.** On the Effective Date, the Reorganized Company and the Holders of New Common Stock, except Holders of New Common Stock received on account of ESOP Interests that do not arise from, under, or relate to ESOP Distributed Shares, shall enter into (or be deemed to enter into, as provided below) the Reorganized Company Stockholders' Agreement. The Reorganized Company Stockholders' Agreement shall be binding on all parties entitled to receive New Common Stock under the Plan, other than Holders of New Common Stock received as a result of ESOP Interests that do not arise from, under, or relate to ESOP Distributed Shares, and upon all successors and assigns of such parties, regardless of whether such parties execute the Reorganized Company Stockholders' Agreement. The Reorganized Company Stockholders' Agreement shall contain provisions governing the rights of Holders of the New Common Stock including, without limitation, access to information, certain transfer restrictions such as drag-along and tag-along rights and limits on the number of record Holders.

5.2 Continued Corporate Existence and Vesting of Assets in the Reorganized Debtors

On the Effective Date, the Reorganized Debtors shall continue to exist as separate corporate entities in accordance with the applicable laws in the respective jurisdiction(s) in which they are incorporated or organized and pursuant to their respective certificates, articles of incorporation and by-laws in effect prior to the Effective Date, except to the extent such certificates, articles of incorporation and by-laws are to be amended pursuant to the terms of this Plan; provided, however, notwithstanding the foregoing, the Reorganized Company may be reincorporated as a Delaware corporation in accordance with the Reincorporation Transactions Document. Notwithstanding anything to the contrary in this Plan, Reinstated Claims against a particular Debtor or Reorganized Debtor shall remain the obligations solely of such Debtor or Reorganized Debtor following the Effective Date and shall not become obligations of any other Debtor or Reorganized Debtor by virtue of this Plan, the Chapter 11 Cases, or otherwise. Except as otherwise provided in this Plan, on and after the Effective Date, all property of the Estates of the Debtors, including all Causes of Action and any property acquired by the Debtors or the Reorganized Debtors under or in connection with this Plan, shall vest in the Reorganized Debtors free and clear of all Claims, liens, charges, other encumbrances and interests, provided however,

neither the Debtors nor the Reorganized Debtors shall pursue any Chapter 5 Claims and all such Chapter 5 Claims are released pursuant to Section X of this Plan. On and after the Effective Date, the Reorganized Debtors may operate their businesses and may use, acquire and dispose of property and compromise or settle any Claims without supervision of or approval by the Bankruptcy Court and free and clear of any restrictions of the Bankruptcy Code or the Bankruptcy Rules, other than restrictions expressly imposed by this Plan or the Confirmation Order. Without limiting the foregoing, the Reorganized Debtors may pay the charges that they incur on or after the Effective Date for professionals' fees, disbursements, expenses or related support services without application to the Bankruptcy Court.

5.3 Corporate Governance, Directors, Officers and Corporate Action

- A. **Certificate of Incorporation and By-Laws.** On the Effective Date, The Newark Group intends, but shall not be required, to reincorporate as a Delaware corporation by means of the transactions described in the Reincorporation Transactions Document, and the Certificate of Incorporation and By-Laws of the Reorganized Company shall go into effect and shall (i) include, among other things, pursuant to section 1123(a)(6) of the Bankruptcy Code, a provision prohibiting the issuance of non-voting equity securities, but only to the extent required by section 1123(a)(6) of the Bankruptcy Code; and (ii) authorize a sufficient number of shares of New Common Stock to allow for the issuance of the shares of New Common Stock and Warrants contemplated by the Plan. On or prior to the Effective Date, The Newark Group shall make such filings in the states of Delaware and New Jersey as shall be necessary or desirable to effect any such reincorporation and to provide for the effectiveness on the Effective Date of the Certificate of Incorporation. In addition, on or about the Effective Date, the certificates, articles of incorporation, and by-laws of the Reorganized Debtors shall be amended as necessary to satisfy the provisions of this Plan and the Bankruptcy Code. After the Effective Date, the Reorganized Company may amend and restate its Certificate of Incorporation and By-Laws as permitted by applicable law and applicable provisions of the Reorganized Company Stockholders' Agreement.
- B. **Directors and Officers of the Reorganized Company.** On the Effective Date, the term of the current members of the board of directors of the Company shall expire. Subject to any requirement of Bankruptcy Court approval pursuant to section 1129(a)(5) of the Bankruptcy Code, on the Effective Date, the initial board of directors of the Reorganized Company will consist of five (5) directors. Four (4) of the board members shall be designated by the Coalition of Prepetition Noteholders. The identity of the four board members designated by the Coalition of Prepetition Noteholders shall be set forth in the Plan Supplement. On the Effective Date, Robert Mullen shall continue to serve as the chief executive officer of the Company and shall be the fifth member of the board of directors so long as he remains chief executive officer of the Reorganized Debtors. Attached to the Disclosure Statement as Exhibit L is the Terms of Management Compensation and Employment for Reorganized The Newark Group, Inc., setting forth the terms of employment and compensation of certain executives of The

Newark Group after the Effective Date. It is expected that each member of the Current Management Group will be employed by the Reorganized Company on and after the Effective Date on an at-will basis, except Mullen and Joseph Byrne, each of whom will receive employment and severance contracts as detailed in the Terms of Management Compensation and Employment for Reorganized The Newark Group, Inc. The form of employment and severance agreements with Mullen and Joseph Byrne will be included as part of the Plan Supplement. All other employment and severance contracts, if any, between the Company and any directors and officers of the Company, will be rejected as of the Effective Date. Each such director and officer shall serve from and after the Effective Date pursuant to the terms of the Certificate of Incorporation, the other constituent documents of the Reorganized Company, and applicable law. Thereafter, the Certificate of Incorporation, By-Laws, and the Reorganized Company Stockholders' Agreement shall govern the designation of directors. In addition, the boards of directors of Jackson, Cogen, and the Non-Debtor Affiliates shall be comprised of members of the board of directors of the Reorganized Company, or such other persons as are designated by the board of directors of the Reorganized Company. Pursuant to section 1129(a)(5) of the Bankruptcy Code, the identities of the directors and the officers of the Reorganized Company will be set forth in the Plan Supplement, together with all the other information that may be required by § 1129(a)(5).

- C. **Corporate Action.** On the Effective Date, any reincorporation of the Reorganized Company as a Delaware corporation, the adoption of the Certificate of Incorporation or similar constituent documents, the adoption of the By-Laws, the selection of directors and officers of the Reorganized Company and the other Reorganized Debtors, and all other actions contemplated by this Plan, including all actions required to be taken by the board of directors of the Debtors or the Reorganized Debtors, that the transactions contemplated herein shall not constitute a Change in Control for purposes of any employee agreements or arrangements (including the passage of any required resolutions), shall be authorized and approved in all respects or shall have otherwise occurred (subject to the provisions of this Plan). All matters provided for in this Plan involving the corporate structure of the Debtors or the Reorganized Debtors, and any corporate action required by the Debtors or the Reorganized Debtors in connection with this Plan, shall be deemed to have timely occurred in accordance with applicable law and shall be in effect, without any requirement of further action by the security Holders or directors of the Debtors or the Reorganized Debtors. On the Effective Date, the appropriate officers of the Reorganized Debtors and members of the board of directors of the Reorganized Debtors are authorized and directed to issue, execute and deliver the agreements, documents, securities and instruments contemplated by this Plan in the name of and on behalf of the Reorganized Debtors.

5.4 Termination of Liens

Except as otherwise provided herein or in any Plan Document, on the Effective Date, any Lien securing any Secured Claim (other than a Lien securing a Secured Claim that is Reinstated pursuant to Section 3.2 hereof) shall be deemed released and the Holder of such Secured Claim shall be authorized and directed to release any collateral or other property of any Debtor (including any cash collateral) held by such Holder and to take such actions as may be requested by the Debtors (or the Reorganized Debtors, as the case may be) to evidence the release of such Lien, including the execution, delivery, and filing or recording of such releases as may be requested by the Debtors (or the Reorganized Debtors, as the case may be).

5.5 Exit Financing

On the Effective Date, without any requirement of further action by Holders or directors of the Debtors or the Reorganized Debtors, the Reorganized Debtors shall be authorized and directed to enter into the Exit Facilities as well as any notes, documents or agreements in connection therewith, including, without limitation, any documents required in connection with the creation or perfection of Liens securing the obligations under the Exit Facilities. The foregoing documents shall be in form and substance acceptable to the Company, the Coalition of Prepetition Noteholders, the ORIX DIP Facility Lenders, the ORIX Exit Facility Lenders, the ORIX DIP Facility Agent, the ORIX Exit Facility Agent, the ABL DIP Facility Administrative Agent, and the ABL Exit Facility Administrative Agent.

5.6 Intercreditor Agreement

The Intercreditor Agreement shall be executed by the parties thereto simultaneous with the execution of the DIP Facility Credit Agreements. The Intercreditor Agreement shall govern, among other things, the lien and payment priorities of the DIP Facility Claims and, upon the Effective Date, shall be re-executed in the same form to govern, among other things, the lien and payment priorities of Claims arising under the Exit Facilities.

5.7 Management Incentive Plan

An additional amount of up to 5% of the fully diluted New Common Stock, determined in each case at the time of exercise, may be granted to any successors of the Current Management Group and to other members of management of the Reorganized Company from time to time, at the discretion of the Board of Directors of the Reorganized Company pursuant to a management incentive plan that may be enacted after the Effective Date.

5.8 Warrants

The terms of the Management Warrants to be issued to the Current Management Group on the Effective Date and the terms of the Equity Warrants to be issued to Class 8 Equity Interests on the Effective Date will be set forth in the applicable Warrant Agreement, which will be substantially in the form set forth in the Warrant Agreement attached hereto as Exhibit N.

5.9 Deferred Compensation Agreement

Pursuant to the terms of the Deferred Compensation Agreement, in substantially the form attached to the Disclosure Statement as Exhibit O, each member of the Current Management Group will be granted the right to receive, as deferred compensation, upon the occurrence of certain events, a share of the deferred compensation pool set forth opposite his or her name in column (B) of the table in Item 7 of the Terms of Management Compensation and Employment for Reorganized The Newark Group, Inc. The deferred compensation pool is equal to the lesser of (x) \$3.5 million and (y) 5% of the excess of the equity value of the Reorganized Company on the date of determination over \$87.5 million.

5.10 Management Bonus

On the Effective Date, the Reorganized Company shall pay from assets of the Reorganized Company an aggregate amount of \$500,000.00 in Cash to certain members of the Current Management Group in consideration for successfully achieving the consummation of the Plan. The amount of the management bonus to be paid to those certain members of the Current Management Group is set forth in column (C) of the table in Item 7 of the Terms of Management Compensation and Employment for Reorganized The Newark Group, Inc.

5.11 Additional Transactions Authorized Under this Plan

On or prior to the Effective Date, the Debtors, with the consent of the Coalition of Prepetition Noteholders, the ORIX DIP Facility Lenders, the ORIX Exit Facility Lenders, the ORIX DIP Facility Agent, the ORIX Exit Facility Agent, the ABL DIP Facility Administrative Agent, and the ABL Exit Facility Administrative Agent, shall be authorized to take any such actions as may be necessary or appropriate to Reinstate Claims or render Claims not Impaired, as provided for under this Plan.

SECTION VI

PROVISIONS GOVERNING DISTRIBUTIONS

6.1 Distributions for Claims in Classes 6 and 7 and Interests in Classes 8 and 9

Unless the Holder of a Class 6 Claim, a Class 7 Claim, a Class 8 Equity Interest, or a Class 9 ESOP Interest agrees to a different Distribution Date or except as otherwise provided herein, or as ordered by the Bankruptcy Court, distributions to be made on account of Claims in Class 6, Claims in Class 7, Interests in Class 8 and Interests in Class 9 shall be made on the Effective Date. Notwithstanding the date on which any distribution of New Common Stock, Warrants, or the Von Zuben New Subordinated Notes is actually made to a Holder of a Claim in Class 6 or Class 7 or an Interest in Class 8 or Class 9, as of the date of the distribution such Holder shall be deemed to have the rights of a Holder of such securities distributed as of the Effective Date. Any payment or distribution required to be made under this Plan on a day other than a Business Day shall be made on the next succeeding Business Day.

6.2 Interest on Claims

Except as otherwise specifically provided for in this Plan, the Confirmation Order or other order of the Bankruptcy Court (including, without limitation, the DIP Financing Order), or unless required by applicable bankruptcy or non-bankruptcy law, post-petition interest shall not accrue or be paid on any Claims (other than Secured Claims), and no Holder of a Claim (other than the Holder of a Secured Claim) shall be entitled to interest accruing on or after the Petition Date on any Claim.

6.3 Distributions by Disbursing Agent

Other than as specifically set forth in this Plan, the Disbursing Agent shall make all distributions required to be made under this Plan, provided, however, that: (i) distributions to the Prepetition CL Lenders, the Prepetition ABL Lenders, the ABL DIP Facility Lenders, and the ORIX DIP Facility Lenders, shall be made to, respectively, the Prepetition CL Administrative Agent, the Prepetition ABL Administrative Agent, and the ABL DIP Facility Administrative Agent, and the ORIX DIP Facility Agent, each of whom shall deliver such distributions to the Holders of Claims in accordance with the provisions of this Plan and in accordance with the terms of the relevant governing agreement; and (ii) distributions on account of the Prepetition Notes Claims will be made (x) to Mullen in the case of Prepetition Notes Claims arising under the Mullen Note and (y) to the Prepetition Indenture Trustee in the case of Prepetition Notes Claims arising under the Prepetition Indenture and the Prepetition 2014 Notes. The Prepetition Indenture Trustee shall deliver such distributions in accordance with the provisions of this Plan and the terms of the Prepetition Indenture. The Reorganized Debtors may act as Disbursing Agent or may employ or contract with other Persons or Entities to assist in or make the distributions required by this Plan.

6.4 Delivery of Distributions and Undeliverable or Unclaimed Distributions

The following terms shall govern the delivery of distributions and undeliverable or unclaimed distributions with respect to Claims.

- A. **Delivery of Distributions in General.** Subject to Bankruptcy Rule 9010, all distributions to Holders of Claims in Class 7 and Interests in Classes 8 and 9 shall be made at the addresses set forth in the Debtors' books and records unless such addresses are superseded by proofs of Claims or Interests or transfers of Claims or Interests, if any, Filed pursuant to Bankruptcy Rule 3001. In the case of Class 6 Prepetition Notes Claims, all distributions will be made to (x) Mullen in the case of Prepetition Notes Claims arising under the Mullen Note and (y) the Prepetition Indenture Trustee for the benefit of the Holders of Prepetition 2014 Notes and for distribution to the Holders of Prepetition Notes Claims arising thereunder. In the case of Class 9 ESOP Interests, the distributions will be made as provided in Section 3.3B herein.
- B. **Undeliverable and Unclaimed Distributions.**
- (i) **Holding and Investment of Undeliverable and Unclaimed Distributions.** If the distribution to any Holder of a Claim in Class 6 or Class 7 or an

Interest in Class 8 or Class 9 is returned to the Reorganized Debtors or the Disbursing Agent as undeliverable or is otherwise unclaimed, no further distributions shall be made to such Holder unless and until the Reorganized Debtors or the Disbursing Agent is notified in writing of such Holder's then current address.

- (ii) Failure to Claim Undeliverable Distributions. Any Holder of a Claim in Class 6 or Class 7 or an Interest in Class 8 or Class 9 that does not assert a claim pursuant to this Plan for an undeliverable or unclaimed distribution within one (1) year after the Effective Date shall be deemed to have forfeited its claim for such undeliverable or unclaimed distribution and shall be forever barred and enjoined from asserting any such claim for an undeliverable or unclaimed distribution against the Debtors or their Estates or the Reorganized Debtors or their property. Any New Common Stock for distribution on account of such Claim or Interest shall be cancelled and will be of no further force or effect. Nothing contained in this Plan shall require any Disbursing Agent, including, but not limited to, the Reorganized Company, to attempt to locate any Holder of an Allowed Claim or Interest.

6.5 Record Date for Distributions

The record date for distributions under this Plan shall be the Distribution Record Date.

- A. The Reorganized Debtors and the Disbursing Agent will have no obligation to recognize the transfer of, or the sale of any participation in, any Claim in Class 6 or Class 7 or Interest in Class 8 or Class 9 that occurs after the close of business on the Distribution Record Date, and will be entitled for all purposes herein to recognize and distribute only to those Holders of Claims in Class 6 and Class 7 and Interests in Class 8 and Class 9 that are Holders of such Claims or Interests, or participants therein, as of the close of business on the Distribution Record Date. The Reorganized Debtors and the Disbursing Agent shall recognize and deal for all purposes under this Plan with only those record Holders as follows:
 - (i) Mullen, as Holder of the Class 6 Prepetition Notes Claims arising under the Mullen Note, and Holders of the Class 6 Prepetition Notes Claims whose names (or the names of whose nominees) appear as of the Distribution Record Date in the list of Holders maintained by the Prepetition Indenture Trustee, or in the list of participants provided by the DTC;
 - (ii) Von Zuben, as the Holder of the Class 7 Von Zuben Subordinated Unsecured Note Claim as of the Distribution Record Date;
 - (iii) Holders of Class 8 Equity Interests whose names appear in the Debtors' records as of the Distribution Record Date;

- (iv) Holders of Class 9 ESOP Interests arising in respect of ESOP Allocated Shares according to the records maintained by the ESOP Trustees as of the Distribution Record Date; and
 - (v) Holders of Class 9 ESOP Interests arising in respect of ESOP Distributed Shares whose names appear in the Debtors' records as of the Distribution Record Date.
- B. Distributions of New Common Stock to Holders of Class 6 Prepetition Notes Claims administered by the Prepetition Indenture Trustee or to be distributed directly to Mullen may, in the discretion of the Disbursing Agent, be made by means of book-entry exchange through the facilities of DTC in accordance with the customary practices of DTC, as and to the extent practicable. In connection with such book-entry exchange, the Prepetition Indenture Trustee shall deliver instructions to DTC to effect distributions on a Pro Rata basis as provided under the Plan with respect to the Prepetition Notes Claims arising under the Prepetition 2014 Notes.

6.6 Allocation of Plan Distributions between Principal and Interest

Except as otherwise expressly provided in this Plan, to the extent that any Claim entitled to a distribution under this Plan is comprised of indebtedness and accrued but unpaid interest thereon, such distribution shall, for all income tax purposes, be allocated to the principal amount of the Claim first and then, to the extent that the consideration exceeds the principal amount of the Claim, to the portion of such Claim representing accrued but unpaid interest.

6.7 Means of Cash Payment

Payments of Cash made pursuant to this Plan shall be in U.S. dollars and shall be made, at the option and in the sole discretion of the Reorganized Debtors, by (a) checks drawn on or (b) wire transfer from a bank selected by the Reorganized Debtors. Cash payments to foreign creditors may be made, at the option of the Reorganized Debtors, in such funds and by such means as are necessary or customary in a particular foreign jurisdiction.

6.8 Sources of Cash for Plan Distributions

Except as otherwise provided in this Plan or the Confirmation Order, all Cash necessary for the Reorganized Debtors to make payments pursuant to this Plan may be obtained from existing Cash balances, revenue generated from the operations of the Debtors and the Reorganized Debtors, or from the proceeds of the Exit Facilities. The Reorganized Company may also make such payments using Cash received from its subsidiaries through the Reorganized Company's consolidated cash management systems.

6.9 Withholding and Reporting Requirements

In connection with this Plan and all distributions hereunder, the Reorganized Debtors shall comply with all withholding and reporting requirements imposed by any federal, state, local or foreign taxing authority, and all distributions hereunder shall be subject to any such

withholding and reporting requirements. The Reorganized Debtors shall be authorized to take any and all actions that may be necessary or appropriate to comply with such withholding and reporting requirements. All persons holding Claims or Interests shall be required to provide any information necessary to affect information reporting and the withholding of such taxes. Notwithstanding any other provision of this Plan, (a) each Holder of a Claim in Class 6 or Class 7 an Interest in Class 8 or Class 9 that is to receive a distribution pursuant to this Plan shall have sole and exclusive responsibility for the satisfaction and payment of any tax obligations imposed by any governmental unit, including income, withholding and other tax obligations, on account of such distribution and (b) no distribution shall be made to or on behalf of such Holder pursuant to this Plan unless and until such Holder has made arrangements satisfactory to the Reorganized Debtors for the payment and satisfaction of such tax obligations.

6.10 Setoffs

The Reorganized Debtors may, pursuant to section 553 of the Bankruptcy Code or applicable non-bankruptcy laws, but shall not be required to, set off against any Claim (excluding Prepetition Notes Claims) the payments or other distributions to be made pursuant to this Plan in respect of such Claim, or Claims of any nature whatsoever that the Debtors or the Reorganized Debtors may have against the Holder of such Claim; provided, however, that neither the failure to do so nor the allowance of any Claim hereunder shall constitute a waiver or release by the Reorganized Debtors of any such Claim that the Debtors or the Reorganized Debtors may have against such Holder.

6.11 Fractional Shares

No fractional shares of New Common Stock shall be distributed. When a fractional share would otherwise be called for, the actual issuance shall reflect a rounding up (in the case of more than .50) of such fraction to the nearest whole share of New Common Stock, or a rounding down of such fraction (in the case of .50 or less than .50) to the nearest whole share of New Common Stock. The total number of shares of New Common Stock to be distributed pursuant to this Plan shall be adjusted as necessary to account for the rounding provided for herein.

6.12 Exemption from Securities Laws

The issuance of the New Common Stock, Warrants and any additional shares of New Common Stock issuable upon exercise of the Warrants pursuant to this Plan and any subsequent sales, resales, transfers, or other distributions of such securities shall be exempt from any federal or state securities laws registration requirements to the fullest extent permitted by section 1145 of the Bankruptcy Code.

6.13 Preservation of Rights of Action

In accordance with section 1123(b) of the Bankruptcy Code, and except where such Causes of Action have been expressly released (including, for the avoidance of doubt, Chapter 5 Claims and all other Claims released pursuant to the Releases provided by Section X herein), the Reorganized Debtors shall retain and may enforce all rights to commence and pursue, as appropriate, any and all Causes of Action, whether arising before or after the Petition Date, and the Reorganized Debtors' rights to commence, prosecute, or settle such Causes of Action shall be

preserved notwithstanding the occurrence of the Effective Date. The Reorganized Debtors may pursue, sue on, settle, or compromise such Causes of Action, as appropriate, in accordance with the best interests of the Reorganized Debtors.

No Person or Entity may rely on the absence of a specific reference in the Plan, the Plan Documents, or the Disclosure Statement, to any Cause of Action against them as any indication that the Debtors or the Reorganized Debtors, as applicable, will not pursue any and all available Causes of Action against them. Except with respect to Causes of Action as to which the Debtors or Reorganized Debtors have released any Person or Entity on or before the Effective Date (including pursuant to the Releases by the Debtors or otherwise), the Debtors or Reorganized Debtors, as applicable, expressly reserve all rights to prosecute any and all Causes of Action against any Entity, except as otherwise expressly provided in the Plan. Unless any Causes of Action against an Entity are expressly waived, relinquished, exculpated, released, compromised, or settled in the Plan, any Plan Document, or in a Bankruptcy Court order, the Reorganized Debtors expressly reserve all Causes of Action, for later adjudication, and, therefore, no preclusion doctrine, including the doctrines of *res judicata*, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable, or otherwise), or laches, shall apply to such Causes of Action upon, after, or as a consequence of the confirmation or consummation of the Plan, or the occurrence of the Effective Date.

SECTION VII

TREATMENT OF EXECUTORY CONTRACTS, UNEXPIRED LEASES AND SAVINGS AND PENSION PLANS

7.1 Assumption of Executory Contracts and Unexpired Leases

On the Effective Date, all executory contracts or unexpired leases of the Debtors will be deemed assumed in accordance with, and subject to, the provisions and requirements of sections 365 and 1123 of the Bankruptcy Code, unless such executory contract or unexpired lease (i) was previously assumed or rejected by the Debtors pursuant to an order entered by the Bankruptcy Court, (ii) previously expired or terminated pursuant to its own terms, or (iii) is an executory contract to be rejected by the Debtors, after consultation with, and with the approval of, the Coalition of Prepetition Noteholders, the ORIX DIP Facility Lenders, the ORIX DIP Facility Agent, and the ABL DIP Facility Administrative Agent. Entry of the Confirmation Order by the Bankruptcy Court will constitute approval of such assumptions pursuant to sections 365(a) and 1123 of the Bankruptcy Code. Each executory contract and unexpired lease assumed pursuant to this Section VII shall revert in and be fully enforceable by the respective Reorganized Debtor in accordance with its terms, except as modified by the provisions of this Plan, or any order of the Bankruptcy Court authorizing and providing for its assumption, or applicable federal law.

7.2 Cure of Defaults of Assumed Executory Contracts and Unexpired Leases

Any monetary amounts by which each executory contract and unexpired lease to be assumed is in default shall be satisfied, pursuant to section 365(b)(1) of the Bankruptcy Code, by payment of the default amount in Cash on the Effective Date or on such other terms as the parties to each such executory contract or unexpired lease may otherwise agree, with the approval of the

Coalition of Prepetition Noteholders, the ORIX DIP Facility Lenders, the ORIX DIP Facility Agent, and the ABL DIP Facility Administrative Agent. In the event of a dispute regarding (a) the amount of any cure payments, (b) the ability of the Reorganized Debtors to provide “adequate assurance of future performance” (within the meaning of section 365 of the Bankruptcy Code) under the contract or lease to be assumed or (c) any other matter pertaining to assumption, the cure payments required by section 365(b)(1) of the Bankruptcy Code shall be made following the entry of a Final Order resolving the dispute and approving the assumption. Pending the Bankruptcy Court’s ruling on such dispute, the executory contract or unexpired lease at issue shall be deemed assumed by the respective Debtor unless otherwise ordered by the Bankruptcy Court.

7.3 Rejection Claims

In the event that the rejection of an executory contract or unexpired lease by any of the Debtors pursuant to the Plan results in damages to the other party or parties to such contract or lease, a Claim for such damages, if not previously evidenced by a timely filed proof of claim, shall be forever barred and shall not be enforceable against the Debtors or the Reorganized Debtors, or their respective properties or interest in property as agents, successors, or assigns, unless a proof of claim is filed with the Bankruptcy Court and served on counsel for the Debtors and the Reorganized Debtors on or before the date to be set by the Bankruptcy Court for filing such Claims.

7.4 Survival of Indemnification Obligations.

Except as otherwise provided in this Plan, the Confirmation Order, or in any document, instrument, release, or other agreement entered into in connection with this Plan, the obligations of the Debtors to indemnify any past and present directors, officers, agents, employees and representatives, pursuant to certificates or articles of incorporation, by-laws, contracts, agreements, and/or applicable statutes, in respect of all actions, suits and proceedings against any of such officers, directors, agents, employees and representatives, based upon any act or omission related to service with or for or on behalf of the Debtors, shall not be discharged or Impaired by confirmation or consummation of this Plan and such obligations shall be assumed by the Reorganized Debtors and shall continue as obligations of the Reorganized Debtors.

7.5 Insurance Policies

All insurance policies pursuant to which the Debtors have rights and obligations as of the dates of the entry of the Confirmation Order and that qualify as executory contracts shall be assumed by the respective Debtors and Reorganized Debtors and shall continue in full force and effect. All insurance policies shall revest in the Reorganized Debtors.

7.6 Post-Petition Contracts and Leases

All contracts, agreements and leases that were entered into by the Debtors or assumed by the Debtors after the Petition Date shall be deemed assigned by the Debtors to the respective Reorganized Debtors on the Effective Date.

7.7 Savings and Pension Plans

In furtherance of, and without in any way limiting Section 7.5, from and after the Effective Date, the Reorganized Company shall assume the obligations and shall continue to make the payment of all retiree benefits (if any), as that term is defined in section 1114 of the Bankruptcy Code, at the level established pursuant to section 1114(e)(1)(B) or (g), at any time prior to the Confirmation Date, for the duration of the period (if any) that the Company is obligated to provide such benefits. Notwithstanding anything in this Plan to the contrary, the Savings and Pension Plans shall become obligations of the Reorganized Company and shall otherwise be unaffected by confirmation of this Plan, and any Claims arising under the Savings and Pension Plans shall not be discharged or released or otherwise affected by this Plan or by these proceedings.

7.8 Compensation and Benefit Programs

Except as otherwise expressly provided in Section III, Section VII, or any other provisions of this Plan (and except as may otherwise be agreed between an employee and the Board of Directors of the Reorganized Company), the Reorganized Company shall continue to perform its obligations under all employment and severance contracts and policies, and all compensation and benefit plans, policies and programs of the Company applicable to its employees, retirees and non-employee directors and the employees and retirees of its subsidiaries, including, without limitation, all savings plans, retirement plans (including, but not limited to, the Savings and Pension Plans), the ESOP as amended by the ESOP Plan Amendments, healthcare plans, disability plans, severance benefit plans, incentive plans, life and accidental death and dismemberment insurance plans. Nothing herein shall restrict the rights of the Board of Directors of the Reorganized Company to change or modify any such policy, plan or program in accordance with its terms and applicable law.

SECTION VIII

PROVISIONS FOR RESOLVING DISPUTED CLAIMS AND DISPUTED INTERESTS

8.1 Resolution of Disputed Claims

Except as provided otherwise in this Plan or by order of the Bankruptcy Court, Holders of Claims shall not be required to file proofs of Claim with the Bankruptcy Court. The amount and validity of any disputed, contingent and/or unliquidated Claim shall be determined, resolved or adjudicated, as the case may be, in the manner in which such Claim would have been determined, resolved or adjudicated if the Chapter 11 Cases had not been commenced; provided, however, that the Debtors reserve the right to file with the Bankruptcy Court, on or before any claims objection deadline, if any, an objection to any Claim as to which the Holder of such Claim has Filed a proof of Claim in these Chapter 11 Cases. The Debtors shall be authorized to, and shall, with the consent of the Coalition of Prepetition Noteholders, the ORIX DIP Facility Lenders, the ORIX Exit Facility Lenders, the ORIX DIP Facility Agent, the ORIX Exit Facility Agent, the ABL DIP Facility Administrative Agent, and the ABL Exit Facility Administrative Agent, which consent shall not be unreasonably withheld, resolve all disputed Claims by

withdrawing or settling such objections thereto, or by litigating to judgment in the Bankruptcy Court, or such other court having jurisdiction, the validity, nature and/or amount thereof.

8.2 Objections to Claims

Only the Debtors or the Reorganized Debtors may object to the allowance of any Claim, including, without limitation, any Administrative Expense Claim. After the Effective Date, the Reorganized Debtors shall be accorded the power and authority to allow or settle and compromise any Claim without notice to any other party, or approval of, or notice to the Bankruptcy Court.

8.3 Estimation of Claims

The Debtors or the Reorganized Debtors may, at any time, request that the Bankruptcy Court estimate any contingent or unliquidated Claim pursuant to section 502(c) of the Bankruptcy Code regardless of whether the Debtors or Reorganized Debtors have previously objected to such Claim.

8.4 Preservation of Rights to Settle Claims

Except as otherwise provided in this Plan, the Confirmation Order, or in any other contract, instrument, release, indenture, or other agreement entered into in connection with this Plan, in accordance with section 1123(b) of the Bankruptcy Code, the Reorganized Debtors shall retain and may enforce, sue on, settle, or compromise (or decline to do any of the foregoing) all Claims, rights, Causes of Action, suits, and proceedings, whether in law or in equity, whether known or unknown, that the Debtors or their Estates may hold against any Person or Entity, without the approval of the Bankruptcy Court. The Reorganized Debtors or their successor(s) may enforce, sue on, settle, compromise, and/or pursue (or decline to do any of the foregoing) such retained Claims, rights, or Causes of Action, suits, or proceedings, as appropriate, in accordance with the best interests of the Reorganized Debtors or their successor(s) who hold such rights, other than the Chapter 5 Claims which neither the Debtors nor the Reorganized Debtors may pursue, sue on, settle, or compromise.

8.5 No Distributions Pending Allowance

Notwithstanding any other provision in this Plan, no payments or distributions shall be made with respect to all or any portion of a Disputed Claim unless and until all objections to such Disputed Claim have been settled or withdrawn or have been determined by Final Order and the Disputed Claim, or some portion thereof, has become an Allowed Claim.

8.6 Distributions on Account of Disputed Claims Once they are Allowed

To the extent that a Disputed Claim ultimately becomes an Allowed Claim, distributions (if any) shall be made to the Holder of such Allowed Claim in accordance with the provisions of this Plan. As soon as practicable after the date that the order or judgment of the Bankruptcy Court allowing any Disputed Claim becomes a Final Order, the Disbursing Agent shall provide to the Holder of such Claim the distribution (if any) to which such Holder is entitled under this Plan as of the Effective Date, without any interest to be paid on account of such Claim.

SECTION IX

CONFIRMATION AND CONSUMMATION OF THE PLAN

9.1 Conditions to Confirmation

The Plan shall not be confirmed unless and until the following conditions shall have been satisfied or waived in accordance with Section 9.3 of this Plan:

- A. The Confirmation Order confirming this Plan shall have been entered by the Bankruptcy Court.
- B. The Plan Support Agreement shall have been assumed by the Debtors and shall have remained in full force and effect and shall not have been terminated in accordance with the terms thereof.

9.2 Conditions to Effective Date

The Plan shall not become effective and the Effective Date shall not occur unless and until the following conditions shall have been satisfied or waived in accordance with Section 9.3 of this Plan:

- A. The Confirmation Order confirming this Plan shall have been entered by the Bankruptcy Court and shall have become a Final Order.
- B. The Exit Facility Credit Agreements and all related documents provided for therein or contemplated thereby shall be in form and substance acceptable to the Company, the Coalition of Prepetition Noteholders, the ORIX DIP Facility Lenders, the ORIX Exit Facility Lenders, the ORIX DIP Facility Agent, the ORIX Exit Facility Agent, the ABL DIP Facility Administrative Agent, and the ABL Exit Facility Administrative Agent, and shall have been duly and validly executed and delivered by all parties thereto, all conditions precedent thereto shall have occurred or shall have been satisfied and the Reorganized Debtors will have access to funding under the Exit Facilities as set forth hereunder.
- C. The Plan Support Agreement shall have been assumed by the Debtors and shall have remained in full force and effect and shall not have been terminated in accordance with the terms thereof.
- D. All documents and agreements necessary to implement this Plan on the Effective Date, including, but not limited to, the Plan Supplement and the Plan Documents, shall have been Filed in form and substance satisfactory to the Company, the Coalition of Prepetition Noteholders, the ORIX DIP Facility Lenders, the ORIX Exit Facility Lenders, the ORIX DIP Facility Agent, the ORIX Exit Facility Agent, the ABL DIP Facility Administrative Agent, and the ABL Exit Facility Administrative Agent, and duly and validly executed and delivered by all parties thereto.

- E. All other actions, documents, and agreements determined by the Debtors, the Coalition of Prepetition Noteholders, the ORIX DIP Facility Lenders, the ORIX Exit Facility Lenders, the ORIX DIP Facility Agent, the ORIX Exit Facility Agent, the ABL DIP Facility Administrative Agent, and the ABL Exit Facility Administrative Agent to be necessary to implement the Plan shall have been effected or executed and shall be in form and substance acceptable to the Debtors, the Coalition of Prepetition Noteholders, the ORIX DIP Facility Lenders, the ORIX Exit Facility Lenders, the ORIX DIP Facility Agent, the ORIX Exit Facility Agent, the ABL DIP Facility Administrative Agent, and the ABL Exit Facility Administrative Agent.
- F. All corporate actions required to be taken by Section VII of this Plan shall have been taken.
- G. Any material alteration to, or interpretation of, any term or provision of this Plan by the Bankruptcy Court shall have been acceptable to the Debtors, the Coalition of Prepetition Noteholders, the ORIX DIP Facility Lenders, the ORIX Exit Facility Lenders, the ORIX DIP Facility Agent, the ORIX Exit Facility Agent, and the ABL DIP Facility Administrative Agent, and the ABL Exit Facility Administrative Agent, each in their sole discretion.
- H. The Reorganized Company Stockholders' Agreement, the Certificate of Incorporation and the By-Laws of the Reorganized Company shall have been adopted and filed as necessary with the applicable authorities of the relevant jurisdiction(s) of incorporation or organization and shall have become effective in accordance with the corporate laws of such jurisdiction(s).
- I. All authorizations, consents, certifications, approvals, rulings, no-action letters, opinions or other documents or actions required by any law, regulation or order to be received or to occur in order to implement this Plan on the Effective Date shall have been obtained or shall have occurred unless failure to do so will not have a material adverse effect on the Reorganized Debtors.
- J. The Effective Date shall have occurred not later than one hundred fifteen (115) days after the Petition Date.

9.3 Waiver of Conditions

Each of the conditions set forth in Section 9.1 and 9.2 of this Plan, other than Subsection 9.1A, may be waived in whole or in part by the Debtors, with the prior written consent of the Coalition of Prepetition Noteholders, the ORIX DIP Facility Lenders, the ORIX Exit Facility Lenders, the ORIX DIP Facility Agent, the ORIX Exit Facility Agent, the ABL DIP Facility Administrative Agent, and the ABL Exit Facility Administrative Agent, without any notice to the Bankruptcy Court or parties-in-interest and without the need for a hearing.

9.4 Effect of Non-Occurrence of Conditions to Effective Date

If each of the conditions specified in Sections 9.1 and 9.2 has not been satisfied or waived in the manner provided in Section 9.3, then: (i) the Confirmation Order shall be vacated and shall be of no further force or effect; (ii) no distributions under the Plan shall be made; (iii) the Debtors and all Holders of Claims and Interests in the Debtors shall be restored to the status *quo ante* as of the day immediately preceding the Confirmation Date as though the Confirmation Date had never occurred; (iv) all of the Debtors' obligations with respect to the Claims and Interests shall remain unaffected by the Plan and nothing contained herein shall be deemed to constitute a waiver or release of any Claims by or against the Debtors or any other Person or to prejudice in any manner the rights of the Debtors or any Person in any further proceedings involving the Debtors and the Plan shall be deemed withdrawn; and (v) the Plan Support Agreement shall be terminated and the parties thereto shall have all rights and remedies under the terms thereof and under applicable law for such termination and any related covenant breach(es). Upon such occurrence, the Debtors shall file a written notification with the Bankruptcy Court and serve it upon such parties as the Bankruptcy Court may direct.

SECTION X

EFFECT OF PLAN CONFIRMATION

10.1 Binding Effect

Except as otherwise provided in section 1141(d)(3) of the Bankruptcy Code and subject to the occurrence of the Effective Date, on and after the Confirmation Date, the provisions of this Plan shall bind any Holder of a Claim against, or Interest in, the Debtors and such Holder's respective successors and assigns, whether or not the Claim or Interest of such Holder is Impaired under this Plan and whether or not such Holder has accepted this Plan.

10.2 Exculpation and Releases

- A. **Exculpation.** To the extent permitted by applicable law and approved by the Bankruptcy Court, from and after the Effective Date, the Released Parties shall neither have nor incur any liability to, or be subject to any right of action by, any Holder of a Claim or Interest, or any other party-in-interest, or any of their respective employees, representatives, financial advisors, attorneys, or agents acting in such capacity, or affiliates, or any of their successors or assigns, for any act or omission in connection with, relating to, or arising out of, these Chapter 11 Cases, formulating, negotiating or implementing the Plan Support Agreement and this Plan, the solicitation of acceptances of this Plan, the pursuit of approval of the Disclosure Statement and confirmation of this Plan, the confirmation of this Plan, the Plan Documents, the consummation of this Plan or the administration of this Plan or the property to be distributed under this Plan, or the restructuring transactions contemplated hereunder; provided, however, that the foregoing provision shall not apply to an act or omission that is determined by a Final Order of the Bankruptcy Court to have constituted willful misconduct or

gross negligence. Any of the Released Parties shall be entitled to rely, in all respects, upon the advice of counsel with respect to their duties and responsibilities under this Plan.

- B. **Releases by the Debtors.** To the extent permitted by applicable law and approved by the Bankruptcy Court, as of the Effective Date, for good and valuable consideration, including the service of the Released Parties to facilitate the restructuring of the Debtors and the implementation of the restructuring contemplated by this Plan, the adequacy of which is hereby confirmed, the Debtors and the Reorganized Debtors, in their individual capacities and as debtors-in-possession on behalf of the Debtors' Estates, will be deemed to release and forever waive and discharge all claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action and liabilities whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, equity or otherwise that are based in whole or part on any act, omission, transaction, event or other occurrence taking place on or prior to the Effective Date in any way relating to the Debtors, the Reorganized Debtors, the Chapter 11 Cases, this Plan or the Disclosure Statement, or any document or agreement related thereto that the Debtors or the Reorganized Debtors had or have against the Released Parties; provided, however, that the foregoing provision shall not apply to an act or omission that is determined by a Final Order of the Bankruptcy Court to have constituted willful misconduct or gross negligence.
- C. **Releases by Holders of Claims and Interests.** To the extent permitted by applicable law and approved by the Bankruptcy Court, as of the Effective Date, each Holder of a Claim or an Interest who votes to accept the Plan, or who, directly or indirectly, is entitled to receive a distribution under the Plan, including Persons entitled to receive a distribution via an attorney, agent, or trustee, shall be deemed to have conclusively, absolutely, unconditionally, irrevocably, and forever, released and discharged the Debtors, the Reorganized Debtors, and the Released Parties from any and all Claims, Interests, obligations, rights, suits, damages, causes of action, remedies, and liabilities whatsoever, including any derivative Claims, asserted on behalf of a Debtor, whether known or unknown, foreseen or unforeseen, existing or hereafter arising, in law, equity or otherwise, that such Entity would have been legally entitled to assert (whether individually or collectively), based on or relating to any act, omission, transaction, event or other occurrence taking place on or prior to the Effective Date, **provided, however,** that the foregoing release shall not operate to waive or release any Causes of Action of any releasing party: (1) against a Released Party arising from the contractual obligations owed to the releasing party; (2) expressly set forth in and preserved by the Plan, the Plan Supplement, Plan Documents or other related documents; or (3) arising from claims for fraud, gross negligence, willful misconduct, or criminal conduct. Notwithstanding anything to the contrary in the foregoing, the releases set forth above do not release any post-

Effective Date obligations of any party under the Plan or any document, instrument, or agreement (including those set forth in the Plan Supplement and other Plan Documents) executed to implement the Plan. In addition, to the extent that (1) an ESOP Beneficiary instructs the ESOP Independent Fiduciary to direct the ESOP Trustees to vote the ESOP Beneficiary's ESOP Allocated Shares in favor of the Plan, and (2) an ESOP Distributee votes its ESOP Distributed Shares in favor of the Plan, each such ESOP Beneficiary and ESOP Distributee shall be deemed, as of the Effective Date, to have unconditionally canceled, waived and released any current or potential claims and interests that it holds, or that could be brought on its behalf by the ESOP or any fiduciary of the ESOP, against the Company and any present or former fiduciaries or administrators of the ESOP (as determined immediately prior to the Effective Date) relating to the ESOP with respect to any and all ESOP Interests, in each case to the extent permitted by the Code, the Bankruptcy Code and ERISA.

- D. Injunction Related to Exculpation and Releases. All Persons that have held, hold or may hold any liabilities released or exculpated pursuant to this Section 10.2 will be permanently enjoined from taking any of the following actions against any Released Party or its property on account of such released liabilities: (i) commencing, conducting or continuing in any manner, directly or indirectly, any suit, action or other proceeding of any kind; (ii) enforcing, levying, attaching, collecting or otherwise recovering by any manner or means, directly or indirectly, any judgment, award, decree or order; (iii) creating, perfecting or otherwise enforcing in any manner, directly or indirectly, any lien; (iv) except as provided herein, asserting any setoff, right of subrogation or recoupment of any kind, directly or indirectly, against any obligation due a Released Party; and (v) commencing or continuing any action, in any manner, in any place that does not comply with or is inconsistent with the provisions of this Plan.**
- E. Chapter 5 Claims Expressly Released. As of the Effective Date, all Chapter 5 Claims are and shall be permanently released.**

10.3 Discharge of Claims and Termination of Interests

Except as otherwise provided herein or in the Confirmation Order, all consideration distributed under this Plan shall be in exchange for, and in complete satisfaction, settlement, discharge and release of, all Claims and Interests (other than Unimpaired Claims under this Plan not previously satisfied in full) of any nature whatsoever against the Debtors or any of their Estates, assets, properties or interest in property, and regardless of whether any property shall have been distributed or retained pursuant to this Plan on account of such Claims and Interests. Upon the Effective Date, the Debtors shall be deemed discharged and released under section 1141(d)(1)(A) of the Bankruptcy Code from any and all Claims and Interests (other than Unimpaired Claims under this Plan not previously satisfied in full), including, but not limited to, demands and liabilities that arose before the Effective Date, and all debts of the kind specified in section 502(g), 502(h) or 502(i) of the Bankruptcy Code, and the Interests.

10.4 Injunctions

- A. **Except as otherwise provided in this Plan or the Confirmation Order, from and after the Effective Date all Persons who have held, hold or may hold Claims against (other than Unimpaired Claims under this Plan not previously satisfied in full) or Interests in the Debtors, are:**
- (i) **permanently enjoined from taking any of the following actions against the Estates or any of their property on account of any such Claims or Interests and**
 - (ii) **permanently enjoined from taking any of the following actions against any of the Released Parties, the Debtors, the Reorganized Debtors or their property on account of such Claims or Interests:**
 - (a) **commencing or continuing, in any manner or in any place, any action, or other proceeding;**
 - (b) **enforcing, attaching, collecting or recovering in any manner any judgment, award, decree or order;**
 - (c) **creating, perfecting or enforcing any lien or encumbrance;**
 - (d) **asserting any right of setoff, subrogation or recoupment of any kind; and**
 - (e) **commencing or continuing, in any manner or in any place, any action that does not comply with or is inconsistent with the provisions of this Plan; provided, however, that nothing contained herein shall preclude such persons from exercising their rights pursuant to and consistent with the terms of this Plan.**
- B. **By accepting distributions pursuant to this Plan, each Holder of an Allowed Claim will be deemed to have specifically consented to the injunctions set forth in this Section 10.4.**

10.5 Term of Bankruptcy Injunction or Stays

All injunctions or stays provided for in the Chapter 11 Cases under section 105 or 362 of the Bankruptcy Code, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until the Effective Date.

SECTION XI

RETENTION OF JURISDICTION

11.1 Retention of Jurisdiction

Pursuant to sections 105(c) and 1142 of the Bankruptcy Code and notwithstanding entry of the Confirmation Order and the occurrence of the Effective Date, the Bankruptcy Court will retain exclusive jurisdiction over all matters arising out of, and related to, the Chapter 11 Cases and this Plan to the fullest extent permitted by law, including, among other things, jurisdiction to:

- A. allow, disallow, determine, liquidate, classify, estimate or establish the priority or secured or unsecured status of any Claim or Interest, including the resolution of any request for payment of any Administrative Expense Claim or Priority Tax Claim and the resolution of any objections to the allowance or priority of Claims or Interests;
- B. grant or deny any applications for allowance of compensation or reimbursement of expenses authorized pursuant to the Bankruptcy Code or this Plan for periods ending on or before the Effective Date;
- C. resolve any matters related to the assumption or assumption and assignment of any executory contract or unexpired lease to which any Debtor is a party or with respect to which the Debtors or the Reorganized Debtors may be liable and to hear, determine, and, if necessary, liquidate any Claims arising therefrom;
- D. ensure that distributions to Holders of Allowed Claims are accomplished pursuant to the provisions of this Plan;
- E. decide or resolve any motions, adversary proceedings, contested or litigated matters and any other matters and grant or deny any applications involving the Debtors that may be pending on the Effective Date;
- F. enter such orders as may be necessary or appropriate to implement or consummate the provisions of this Plan and all contracts, instruments, releases and other agreements or documents created in connection with this Plan, the Disclosure Statement or the Confirmation Order;
- G. resolve any cases, controversies, suits or disputes that may arise in connection with the consummation, interpretation, or enforcement of this Plan or any contract, instrument, release or other agreement or document that is executed or created pursuant to this Plan, or any Entity's rights arising from or obligations incurred in connection with this Plan or such documents;
- H. approve any modification of this Plan before or after the Effective Date pursuant to section 1127 of the Bankruptcy Code or approve any modification of the Disclosure Statement, the Confirmation Order or any contract, instrument, release or other agreement or document created in connection with this Plan, the

Disclosure Statement or the Confirmation Order, or remedy any defect or omission or reconcile any inconsistency in any Bankruptcy Court order, this Plan, the Disclosure Statement, the Confirmation Order or any contract, instrument, release or other agreement or document created in connection with this Plan, the Disclosure Statement or the Confirmation Order, in such manner as may be necessary or appropriate to consummate this Plan;

- I. hear and determine all applications for compensation and reimbursement of expenses of Professionals under this Plan or under sections 338, 330, 331, 363, and 503(b) of the Bankruptcy Code, which shall be payable by the Debtors only upon allowance thereof pursuant to the order of the Bankruptcy Court; provided, however, that the fees and expenses of the Reorganized Debtors and the Coalition of Prepetition Noteholders, incurred after the Effective Date, including counsel fees, may be paid by the Reorganized Debtors in the ordinary course of business and shall not be subject to the approval of the Bankruptcy Court;
- J. issue injunctions, enter and implement other orders, or take such other actions as may be necessary or appropriate to restrain interference by any Entity with consummation, implementation or enforcement of this Plan or the Confirmation Order;
- K. hear and determine causes of action by or on behalf of the Debtors or the Reorganized Debtors;
- L. hear and determine matters concerning state, local and federal taxes in accordance with sections 346, 505 and 1146 of the Bankruptcy Code;
- M. enter and implement such orders as are necessary or appropriate if the Confirmation Order is for any reason or in any respect modified, stayed, reversed, revoked or vacated, or if distributions pursuant to this Plan are enjoined or stayed;
- N. determine any other matters that may arise in connection with or relating to this Plan, the Disclosure Statement, the Confirmation Order or any contract, instrument, release, or other agreement, or document created in connection with this Plan, the Disclosure Statement or the Confirmation Order;
- O. enforce all orders, judgments, injunctions, releases, exculpations, indemnifications and rulings entered in connection with the Chapter 11 Cases;
- P. hear and determine all matters related to (i) the property of the Estates from and after the Confirmation Date and (ii) the activities of the Reorganized Debtors;
- Q. hear and determine disputes with respect to compensation of the Reorganized Debtors' professional advisors;
- R. hear and determine such other matters as may be provided for in the Confirmation Order or as may be authorized under the Bankruptcy Code; and

S. enter an order closing the Chapter 11 Cases.

SECTION XII

MISCELLANEOUS PROVISIONS

12.1 Surrender of Instruments

As a condition to participation under this Plan, the Holder of an equity security, note, debenture or other evidence of indebtedness of the Debtors that desires to receive the property to be distributed on account of a Class 6 Claim, a Class 7 Claim, a Class 8 Interest, or a Class 9 Interest based on such equity security, note, debenture or other evidence of indebtedness shall surrender such equity security, note, debenture or other evidence of indebtedness to the Debtors or the Reorganized Debtors or their designee (unless such Holder's Claim will be Reinstated by this Plan, in which case such surrender shall not be required), and shall execute and deliver such other documents as are necessary to effectuate this Plan; provided, however, that if a claimant is a Holder of an equity security, note, debenture or other evidence of indebtedness for which no physical certificate was issued to the Holder but which instead is held in book-entry form pursuant to a global security held by DTC or other securities depository or custodian thereof, then such Holder shall be deemed to have surrendered such Holder's equity security, note, debenture or other evidence of indebtedness upon surrender to the Debtors or Reorganized Debtors of such global security by DTC or such other securities depository or custodian thereof. Except as otherwise provided in this section, if no surrender of an equity security, note, debenture or other evidence of indebtedness occurs and a claimant does not provide an affidavit and indemnification agreement, in form and substance reasonably satisfactory to the Debtors or Reorganized Debtors, that such equity security, note, debenture or other evidence of indebtedness was lost, then no distribution may be made to any claimant whose Claim or Interest is based on such equity security, note, debenture or other evidence of indebtedness thereof. The Debtors or Reorganized Debtors shall make subsequent distributions only to the Persons (or their assignees) who surrender the securities for exchange and the record Holders of such securities shall be those Holders of record as of the Distribution Record Date.

12.2 Dissolution of Committees

Any official committee appointed pursuant to section 1102 of the Bankruptcy Code in these Chapter 11 Cases shall dissolve on the Effective Date.

12.3 Post-Confirmation Date Retention of Professionals

Upon the Effective Date, any requirement that professionals employed by the Reorganized Debtors comply with sections 327 through 331 of the Bankruptcy Code in seeking retention or compensation for services rendered after such date will terminate, and the Reorganized Debtors will be authorized to employ and compensate professionals in the ordinary course of business and without the need for Bankruptcy Court approval.

12.4 Bar Date for Certain Administrative Expense Claims

All applications for final allowance of fees and expenses of professional persons employed by the Debtors or any statutory committee appointed in these Chapter 11 Cases, pursuant to orders entered by the Bankruptcy Court and on account of services rendered prior to the Effective Date, shall be Filed with the Bankruptcy Court and served upon the Reorganized Debtors' counsel at the addresses set forth in Section 12.14 of this Plan, and upon counsel to the Coalition of Prepetition Noteholders, Milbank, Tweed, Hadley & McCloy LLP, 1850 K Street, NW, Suite 1100, Washington, DC 20006, Attn: Debra Alligood White, e-mail DWhite@milbank.com, no later than thirty (30) days after the Effective Date. Any such claim that is not Filed within this time period shall be discharged and forever barred. Objections to any application for allowance of Administrative Expense Claims described in this Section 12.4 must be Filed within twenty (20) days after the filing thereof.

12.5 Effectuating Documents and Further Transactions

On and after the Effective Date, the Debtors and the Reorganized Debtors are authorized to execute, deliver, file or record the Plan Documents and such other contracts, instruments, releases and other agreements or documents and take such actions as may be necessary or appropriate to effectuate, implement and further evidence the terms and conditions of this Plan and any notes or securities issued pursuant to this Plan, including actions that the Prepetition Indenture Trustee may reasonably request to further effect the terms of this Plan.

12.6 Corporate Action

Prior to, on, or after the Effective Date (as appropriate), all matters expressly provided for under this Plan that would otherwise require approval of the shareholders or directors of the Debtors or the Reorganized Debtors shall be deemed to have occurred and shall be in effect prior to, on, or after the Effective Date (as appropriate) pursuant to the applicable general corporation law of the state(s) in which the Debtors or the Reorganized Debtors are incorporated without any requirement of further action by the shareholders or directors of the Debtors or the Reorganized Debtors.

12.7 Exemption from Transfer Taxes

Pursuant to section 1146(a) of the Bankruptcy Code, (a) the issuance, transfer or exchange of notes or equity securities under this Plan; (b) the creation of any mortgage, deed of trust, lien, pledge or other security interest; (c) the making or assignment of any lease or sublease; or (d) the making or delivery of any deed or other instrument of transfer under this Plan, including, without limitation, merger agreements, agreements of consolidation, restructuring, disposition, liquidation or dissolution, deeds, bills of sale, and transfers of tangible property, will not be subject to any stamp tax or other similar tax.

12.8 Payment of Statutory Fees

All fees payable pursuant to section 1930, chapter 123, of title 28 of the United States Code, as determined by the Bankruptcy Court at the Confirmation Hearing, shall be paid on the Effective Date or as soon as practicable thereafter.

12.9 Amendment or Modification of this Plan

- A. Subject to section 1127 of the Bankruptcy Code and, to the extent applicable, sections 1122, 1123 and 1125 of the Bankruptcy Code, the Debtors, with the prior written consent of the Coalition of Prepetition Noteholders, the ORIX DIP Facility Lenders, the ORIX Exit Facility Lenders, the ORIX DIP Facility Agent, the ORIX Exit Facility Agent, the ABL DIP Facility Administrative Agent, and the ABL Exit Facility Administrative Agent, may alter, amend or modify this Plan or the Plan Documents at any time prior to or after the Confirmation Date but prior to the substantial consummation of this Plan.
- B. A Holder of a Claim or Interest that has accepted this Plan shall be deemed to have accepted this Plan, any Plan Supplements, and the Plan Documents, in each case, as altered, amended or modified, if the proposed alteration, amendment or modification does not materially and adversely change the treatment of the Claim or Interest of such Holder.
- C. Any reference in this Plan to matters being acceptable or satisfactory to, approved by, or requiring consent of the ORIX DIP Facility Lenders, shall be deemed to mean acceptable or satisfactory to, or approved by or requiring consent of the ORIX DIP Facility Lenders that hold at least 50.1% of the aggregate outstanding balance of the ORIX DIP Facility (or prior to the making of the initial loans thereunder, 50.1% of all aggregate commitments to make such loans), provided that unless there is only one ORIX DIP Facility Lender, there must be at least two ORIX DIP Facility Lenders (with ORIX DIP Facility Lenders that are affiliates of each other considered to be a single ORIX DIP Facility Lender for purposes of this proviso).
- D. Any reference in this Plan to matters being acceptable or satisfactory to, approved by, or requiring consent of the ORIX Exit Facility Lenders, shall be deemed to mean acceptable or satisfactory to, or approved by or requiring consent of the ORIX Exit Facility Lenders that hold at least 50.1% of the aggregate outstanding balance of the ORIX Exit Facility (or prior to the making of the initial loans thereunder, 50.1% of all aggregate commitments to make such loans), provided that unless there is only one ORIX Exit Facility Lender, there must be at least two ORIX Exit Facility Lenders (with ORIX Exit Facility Lenders that are affiliates of each other considered to be a single ORIX Exit Facility Lender for purposes of this proviso).

12.10 Severability of Plan Provisions

If, prior to the Confirmation Date, any term or provision of this Plan is determined by the Bankruptcy Court to be invalid, void or unenforceable, the Bankruptcy Court will have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void or unenforceable, and such term or provision will then be applicable as altered or interpreted. Notwithstanding any such holding, alteration or interpretation, the remainder of the

terms and provisions of this Plan will remain in full force and effect and will in no way be affected, impaired, or invalidated by such holding, alteration, or interpretation. The Confirmation Order will constitute a judicial determination and will provide that each term and provision of this Plan, as it may have been altered or interpreted in accordance with the foregoing, is valid and enforceable pursuant to its terms.

12.11 Successors and Assigns

This Plan shall be binding upon and inure to the benefit of the Debtors, and their respective successors and assigns, including, without limitation, the Reorganized Debtors. The rights, benefits and obligations of any Entity named or referred to in this Plan shall be binding on, and shall inure to the benefit of, any heir, executor, administrator, successor or assign of such Entity.

12.12 Revocation, Withdrawal or Non-Consummation of the Plan

Subject to the obligations and covenants of the Debtors under the Plan Support Agreement, the Debtors reserve the right to revoke or withdraw this Plan prior to the Confirmation Date and to file a subsequent plan of reorganization. If the Debtors revoke or withdraw this Plan or if confirmation or consummation of this Plan does not occur, then, (a) this Plan shall be null and void in all respects, (b) any settlement or compromise embodied in this Plan (including the fixing or limiting to an amount certain any Claim or Interest or Class of Claims or Interests), assumption or rejection of executory contracts or leases affected by this Plan, and any document or agreement executed pursuant to this Plan shall be deemed null and void and (c) nothing contained in this Plan shall (i) constitute a waiver or release of any Claims by or against, or any Interests in, such Debtor or any other Person, (ii) prejudice in any manner the rights of such Debtor or any other Person or (iii) constitute an admission of any sort by the Debtors or any other Person.

12.13 Time

In computing any period of time prescribed or allowed by the Plan unless otherwise set forth herein or determined by the Bankruptcy Court, the provisions of Bankruptcy Rule 9006 shall apply.

12.14 Notice

All notices, requests and demands to or upon the Debtors or the Reorganized Debtors to be effective shall be in writing and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when actually delivered or, in the case of notice by facsimile transmission, when received and telephonically confirmed, addressed as follows:

THE NEWARK GROUP, INC.

Attn: Corporate Law Department

20 Jackson Drive

Cranford, N.J. 07106

Telephone: (908) 276-4000

Facsimile: (908) 276-2888

with a copy to:

LOWENSTEIN SANDLER P.C.

Attn: Paul Kizel

65 Livingston Avenue

Roseland, N.J. 07068-1791

Telephone: (973) 597-2500

Facsimile: (973) 597-2478

12.15 Governing Law

Except to the extent that the Bankruptcy Code, the Bankruptcy Rules or other federal law is applicable, or to the extent that an Exhibit or schedule to this Plan or the Disclosure Statement provides otherwise, the rights and obligations arising under this Plan shall be governed by, and construed and enforced in accordance with the laws of the State of New Jersey, without giving effect to the principles of conflicts of law of such jurisdiction.

12.16 Tax Reporting and Compliance

The Reorganized Debtors are hereby authorized, on behalf of the Debtors, to request an expedited determination under section 505 of the Bankruptcy Code of the tax liability of the Debtors for all taxable periods ending after the Petition Date through, and including, the Effective Date.

12.17 Exhibits

All Exhibits attached to this Plan (if any) and the Disclosure Statement are incorporated into and are a part of this Plan as if set forth in full herein. However, notwithstanding anything to the contrary herein, any failure by any Debtor or Non-Debtor Affiliate to observe or perform any term or condition of any Exhibit so incorporated shall not be deemed to be a failure to observe or perform any term or condition of, or constitute an Event of Default under, this Plan: (i) unless and until any cure or grace period provided in the applicable Exhibit shall have expired without cure; or (ii) if such failure under the applicable Exhibit shall have been waived as provided therein.

12.18 Filing of Additional Documents

On or before substantial consummation of this Plan, the Reorganized Debtors and the Debtors, with the approval of Coalition of Prepetition Noteholders, the ORIX DIP Facility Lenders, the ORIX Exit Facility Lenders, the ORIX DIP Facility Agent, the ORIX Exit Facility Agent, the ABL DIP Facility Administrative Agent, and the ABL Exit Facility Administrative Agent, shall File such agreements and other documents as may be necessary or appropriate to effectuate and further evidence the terms and conditions of this Plan.

12.19 Reservation of Rights

Except as expressly set forth herein, this Plan shall have no force and effect unless the Bankruptcy Court has entered the Confirmation Order. The filing of this Plan, any statement or provision contained in this Plan, or the taking of any action by the Debtors with respect to this Plan shall not be and shall not be deemed to be an admission or waiver of any rights of the Debtors with respect to the Holders of Claims and Interests.

Respectfully submitted,

THE NEWARK GROUP, INC.

By: /s/ Robert H. Mullen
Robert H. Mullen
President

Date: May 7, 2010

JACKSON DRIVE CORP.

By: /s/ Robert H. Mullen
Robert H. Mullen
President

Date: May 7, 2010

NP COGEN, INC.

By: /s/ Robert H. Mullen
Robert H. Mullen
President

Date: May 7, 2010

Prepared by:

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Dated: May 7, 2010
Roseland, New Jersey